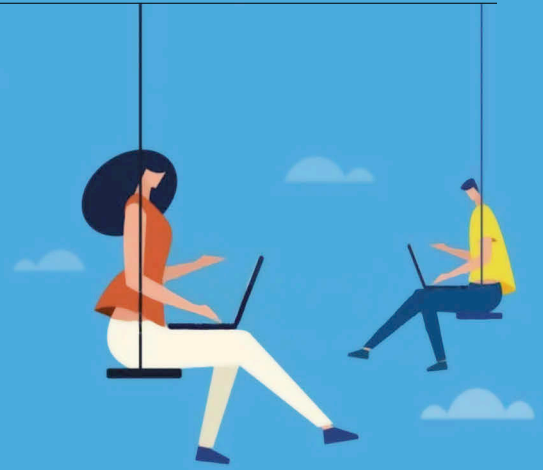


ELEVATING EXECUTIVE CUSTOMER ENGAGEMENT VIA STRATEGIC CUSTOMER ADVISORY BOARDS



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Imagine, if you will, the impact of having your most valued customers providing input into your strategic plan. Yes, the people who exchange money for the value you create through the products and services you offer are actually helping shape the roadmap for your business. They are telling you what is valuable to them and what they want to invest in for the outcomes they desire. This is true strategic value co-creation.

Now imagine that these key customers do so happily – so happily, in fact, that they become advocates for your company and consistently increase their spend with you. And finally, imagine the impact of having your entire team, including your executive leadership, aligned around the strategy that has been validated by your strategic accounts. Everyone is flying in formation.

This is not a pipe dream. It's what happens when companies learn to master a powerful yet underutilized initiative that is gaining steam in industries serving B2B customers: the strategic customer advisory board (CAB). CABs bring together company executives with C-Suite leaders from their strategic accounts for one-and-a-half to two days of forward-thinking dialogue, peer interaction and relationship building. These meetings typically occur offsite, two or three times per year, with continued engagement between meetings via written updates and/or conference calls.

Why CAB?

Two-way dialogue. CABs are designed to go deep into mutual areas of interest – as opposed to briefly discussing several topics at a more surface level. Effective CABs are conversations, not presentations. The output should be key insights that help the host organization make better strategic decisions while also giving customers the opportunity to influence the direction of a key partner.

More accurate roadmaps. An executive-level CAB can be a mechanism to help the C-Suite better understand the business issues that drive the buying decisions of their key customers. Without this strategic insight, their best-laid plans may fail to deliver results, and significant money may be wasted on a misguided roadmap.

Heightened executive engagement. Strategic customers expect access up the value chain and into the C-Suite of their partners. Strategic accounts that never get the chance to engage in real, meaningful dialogue with your executive management team will not fully value your relationship or feel valued themselves. If you have an executive team that won't commit to being part of the strategic customer engagement, that will need to change. CABs are, at their core, about creating that culture of executive engagement.



Alignment behind client goals. When strategic customers have invested time and energy into co-creating valuable ideas, they want to see those ideas come to fruition. All the great strategic masterminding of a CAB will be useless if the input cannot be converted into action.

More trust. When you execute on the ideas you develop with customers, you train them to trust you and your team. They will be more open in sharing challenges and insights. But execution takes alignment of your entire team behind the goals your key accounts have identified. If you can accomplish this and prove that you are different from your competitors, then you can start elevating your position in their minds from vendor to strategic advisor. In this process, you are building relationships on trust and authenticity, rather than on transactions and price.

Additional benefits of CABs include:

- Identifying new value streams that clients want and need that may become new sources of revenue
- Mitigating the risk that your strategies are off target, helping you better understand your customers' strategic priorities and illuminating ways in which you can support them.
- Building rapport with executives at your key customers

We strongly recommend that prior to launching a strategic CAB, the host company CEO or business unit leader commits to treating the initiative as an ongoing, organization-wide strategic initiative – not just a series of disconnected, one-off customer events. Companies are much more likely to get the full benefit of such a program when they can engage CAB members over a longer period of time and on a regular cadence. CAB members who agree to participate do so because they find inherent value both to themselves and to their organizations. If the value is inconsistent

or short term, you risk damaging the relationship and can actually do more harm than good.

What a CAB is NOT

To better understand what a CAB is, it helps to know what it is not.

Number one: It is not a sales event. While there are clearly sales-related benefits to having a CAB initiative, it must be very clear to all involved that the members are selected and engaged to be advisors – not to be sold to.

Number two: It is not a focus group or survey. A CAB is a professionally facilitated, intimate conversation with executive peers that dives deep into subject areas that are of mutual interest and benefit and creates value for both the host company and customers.

Number three: It is not a board of directors. CAB members do not have fiduciary responsibilities and do not have decision-making authority. They are advisors to the business whose insights are utilized as inputs for the executive team to use as their guide in running the organization.

Number four: It is not an event, but rather an initiative that aligns your entire organization behind helping your customers achieve their strategic goals. As a result, you will retain and expand these accounts and secure the insights your executive team needs to ensure that strategies are in alignment with those of your company's most valued accounts.

How to assemble the perfect CAB

Creating a diverse and representative board with multiple perspectives is key to driving engaging, relevant and valuable conversations. We recommend aiming for between 10 and 12 executives who are selected and vetted thoughtfully. A room full of raving fans will not deliver the same kind of actionable insight as a group representing a range of perspectives. While we look at more than 25 characteristics, we recommend, at the very least, considering the following four characteristics:

- Strength of the current relationship
- Length of tenure as a customer
- Geography
- Industry

When you assemble your list of candidates, it's important to include customers that are either strategic to your business now or have the potential to become so. Above all, it is critical to select members who will be positioned to have high-level, highly relevant conversations with both your executive team as well as with their fellow executives on the advisory board. These selected executives choose to participate in CABs for the opportunity to acquire best practices, discuss industry trends and drivers, build relationships with strategic partners, influence the direction of key suppliers and benchmark against their peers. If the composition of the advisory board includes members at various levels of experience and author-

ity, the perception of value to members is greatly diminished. It is therefore critical to make sure that those around the table are indeed peers in terms of their levels of responsibility and decision making.

One of our own clients was "CAB curious" but also skeptical that it could work as promised.

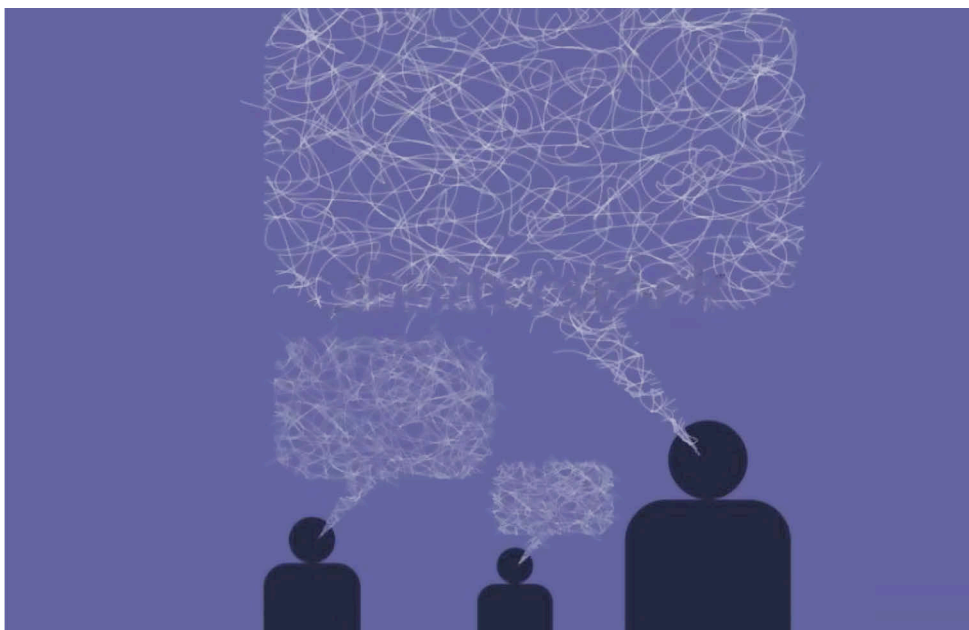
"Often, these boards sound great on paper, but the wrong mix of personalities, engagement models and domain experience can doom it to mediocrity," said Alex Frommeyer, founder and CEO of Beam Dental. "With assistance, we crafted a strategic CAB for our business, composed of a thoughtfully constructed group of seasoned professionals who are highly engaged, eager to share their positive and negative experiences with us and in their capacity as a CAB serve as a trusted partner in helping us grow and develop as a business."

Many companies, by the way, have multiple CABs, segmented by geography, product/service offering, customer type or area of focus (i.e. an Innovation CAB, CIO CAB, EMEA, APAC, Middle East, U.S. CABs, etc.). For larger organizations, having multiple CABs not only increases the overall impact of a CAB initiative, but also provides diverse perspectives that help paint a more holistic picture while, at the same time, identifying gaps across various market segments.

So you have a CAB. (Great.) What should you talk about?

In addition to discussing typical CAB topics such as industry trends and drivers, executive teams may also choose to focus on topics like:

- **Host company's strategic vision.** Most often, the CEO will



kick off the meeting by sharing elements of his or her vision for the future. This may include revenue predictions, upcoming capital improvements, hiring goals, new products and services under consideration or any other future-focused topics. Keep in mind that everything discussed in these meetings is held under non-disclosure agreements. By sharing confidential information with a few key customers, the CEO builds trust and affirms the advisory nature of the members' roles. Customers naturally become invested in the success of the host company as a result of this transparency and trust.

- **Product development.** Having the customers weigh in on product roadmap options can be very impactful when pre-testing the market for fit and determining priorities and timing.

- **Marketing and branding.** While a CAB is not a focus group, it is often helpful to get a feel for how marketing initiatives and messaging resonate with the customer C-Suite. Without a solid message, opportunities for new revenue from these members may be more challenging.

- **Technology.** The CTO may be asked to provide context for a conversation related to specific technology opportunities and/or challenges.

- **Position within the industry.** Asking your customers to candidly tell you how your organization compares to your competitors can be highly illuminating and impactful. Your customers have something you don't: outside perspective. As trust builds within the group, members will become more and more comfortable sharing this type of insight.

- **Customer satisfaction and loyalty.** While many people think of customer satisfaction and loyalty at the user level, it's important to remember that you want to strive for executives to feel loyal to your organization as well. This becomes especially important at

renewal time and when budget allocations are being evaluated.

- **Operations.** If your customers are feeling challenged because of operational issues with the delivery of your products and services, executives are often made aware of it. By having the opportunity to hear from your customers' leadership on areas of friction, you will be able to communicate your company's commitment to resolving those issues and ensuring that you care for every aspect of their organization.
- **Pricing and business models.** Exploring various pricing and business models with those who ultimately approve budgets – particularly for new products and services – can accelerate sales cycles and prevent roadblocks to new and recurring revenue.
- **Industry challenges and opportunities.** When gathering a group of peers within a specific industry, dynamic conversations result. There is never a shortage of input when it comes to threats and opportunities. Think of this as a group of C-Suite leaders doing a collective strengths, weaknesses, opportunities and trends analysis for their industry.
- **Customer drivers and priorities.** The ability to gain a deep understanding of what your customers prioritize and what drives

their buying decisions is perhaps the topic that packs the most powerful punch of all. By aligning your strategy with those of your strategic accounts, you solidify your position in the market and eliminate going down a path that may result in long-lasting and potentially devastating consequences.

As you can see, there is a lot that goes into developing a strategic customer advisory board initiative, but what's equally clear is the significant return on time and investment when done right. When you purposefully, consistently and effectively co-create value with your strategic accounts, you solidify your place in the market and secure the rarest competitive advantage of all. ■

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