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The Formation and Use of Customer Advisory Boards/Councils

The **WISE** business executive must employ any and all resources available to successfully build and manage a business in today's environment. Those resources include other managers, investors, elected board members, professional advisors and increasingly, **Business Advisory Boards or Councils**.

Definition: A Business Advisory Board (BAB) is an informal council of individuals that is set up by an organization (for profit or not for profit) for the purpose of mentoring and advising Executive Management and for expanding the knowledge base of the management functions of the organization either on a function-specific or general basis. It is a non-statutory group of advisors that are free to provide advice and council without fiduciary complexities and without the requirement of consensus. In other words, the business executive may take any, all or none of the advice or council given by the BAB members.

The two types of BAB's are differentiated primarily by the focus and subject-matter expert composition.

- A. **Function-Specific:** Advisory Boards that are specifically focused on advising a particular function within an organization. Examples are Customer-centric, Sales, Technology, M & A transactions/strategy, Product/Service Strategy, International Expansion, etc. These may be formed on an ad-hoc basis or project-oriented basis.

- B. **General:** Advisory Boards that are focused on the overall management, direction and strategy of an organization. These are most common.

The following is a TEMPLATE that an organization might consider when setting up a Function-Specific Advisory Board that is Customer-focused – a “**Customer Advisory Council.**” (CAC). The template may be used as a descriptive document outlining the advantages and the specifics of the CAC and of course should be tailored to the specific requirements – products and services.

The “Organization name” Customer Advisory Council

“Organization name” is a leader in (describe the business of the organization the markets served and the market advantages of the organization).

Mission of the CAC

The “Organization name” Customer Advisory Council has been established for the purpose of providing strategic guidance and “thought leadership” in the development of our (describe the products and services). This will be accomplished by developing a clear understanding of the market for (products and services) and understanding the related specific needs of our customers.

Goals of the CAC

- Enhance communications with and develop a “voice of consensus” for the (market description) as it relates to “Organization Name”s (products and services).
- Prioritize strategic initiatives relating to the development and delivery of “Organization names” (products and services).
- Provide a review process for new products and services.
- Develop and deliver messages for the industry relating to new directions in (organization’s market).

Membership Benefits to Members of the CAC

- Have significant impact on the future development, delivery methodology, and marketing of “Organization names” (products and services).
- Have an opportunity to interface and establish relationships with peers in the industry focused on (organization’s market, products and services).
- Have the ability to interface directly with “Organization name” Executive Management.

Membership in the CAC

The CAC is comprised of representatives from “Organization name” customers who are leaders in their industry and who benefit from the products and services offered by “Organization name”.

1. Customer Membership criteria:
 - Customers who have been with “Organization name” for a long period of time;
 - Customers who are planning (use of the organizations products and services);

- Customers who have international and multinational operations;
 - Customers who are in key industries served by “Organization name” including, (list key industries served by the organization).
2. Customer Representative Membership criteria:
- Senior management individuals who are directly involved in their organization’s (function using (or could use) organization’s products and services);
 - Senior management individuals who are directly involved in their organization’s purchase of (organization’s products and services);
 - Senior management individuals who have a keen interest in (market and products and services).
3. Other members from “Organization name” and Subject Matter Experts:
- Senior Executives of “Organization name”, plus other “Organization name” executives as appropriate;
 - Advisors and “thought leaders” who have a keen interest in (organization’s products and services and market).

Meeting Frequency of the CAC

The goals of the CAC can be achieved with _____ in-person meetings per year and _____ teleconferences per year.

In addition, the members may be asked periodically by the Chairman of the CAC (“Organization name” CEO) for input on various initiatives relating to the development and marketing of the products and services of the Company.

Member Requirements of the CAC

While membership is voluntary, the CAC is an important and strategic part of “Organization name’s future. Because of this, we ask that the members of the CAC agree to the following:

- Attend at least one in-person meeting and one teleconference;
- Provide input and “thought leadership” from their experience and training relating to the Mission of the CAC;
- Gather information from their peers, their organization, and other affiliations relating to (organization’s products and services needs) of their organization and the ever-changing (organization’s market) in general;
- Provide case studies and other information relating to “Organization name”’s products and services when appropriate;
- Assist in surveys and information gathering related to the goals of the CAC;
- Execute a standard Non-Disclosure Agreement related to the Intellectual property and Confidential matters of the CAC and “Organization name”;
- Ensure that membership in this CAC is approved by the CAC member’s management.

Compensation and Expenses to members of the CAC

- Each member will be expected to provide his/her time without cost to “Organization name”;
- “Organization name” will/may provide the meals and accommodation for travel to the in-person meetings;
- “Organization name” will/may subsidize air travel;
- “Organization name” will/may pay for the cost of meeting rooms, teleconferencing, meals, etc. for the in-person meetings;

This template is to be used as a guide only and can certainly be expanded and tailored to the specific circumstances.



Lawrence P. Howorth is the President and Founder of HOWORTH International, LLC, (www.HOWORTHLLC.com) a multinational provider of Interim Management, Fractional/Part Time Management, Project Management and Advisory Services. With a global focus, HOWORTH International provides services across multiple industries in strategy, operations, finance, and business development.

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