

[Talking Technology](#)

[Grow your business with customer advisory board](#)

By Steve Burns, Capital News contributor



Last week we embarked on a series of articles on the four ways to grow any business—technology, manufacturing, retail, services—it doesn't matter as the four ways will work for any business.

In summary, there are just four ways to grow any business:

1. Increase the number of customers of the type you want to have.
2. Increase the number of times customers come back.
3. Increase the average transaction value of each sale.
4. Increase the effectiveness of each process in your business.

Understanding that there are just four ways to grow your business is the first step towards growing a profitable business.

Last week we looked some critical concepts such as segmenting and prioritizing your existing or target customers into A, B, C and D categories and obtaining feedback from your A customers using an unbiased third party.

This week we will look more closely at using a Customer Advisory Board as a key way to grow the number of customers of the type you want to have.

Just imagine one of your A customers sitting down at a luncheon with several other entrepreneurs.

The subject of your business comes up.

What will they say about you and your business? Will it be positive?

Will it be negative? Or worse yet, will it be nothing at all?

Will your A customer instead be silent, listening carefully to what is being said or internally thinking about the comparisons between your business and the one that is being discussed?

Your business is being evaluated every time you deliver your product/service, answer the phone, return a call, or sign an invoice or other correspondence.

How are you doing on all aspects of the customer experience in your customers' eyes? Do you really know or are you guessing?

I have found that setting up a Customer Advisory Board is one of the most useful ways to find out. A Customer Advisory Board is simply a small group of your valued customers that agree to provide feedback to you on a regular basis.

The benefits to establishing a Customer Advisory Board are many, including:

1. Adding value to your A customers by listening and responding to their needs and wants.
2. Gaining insights as to what motivated your A customers to chose your business in the first place, whether or not they have or continue to refer others to your business and what keeps them coming back.
3. Obtaining important feedback about the performance of your Team and any changes that you should make.
4. Allowing you to better allocate resources to the top priorities of your A customers.
5. Determining, from your A customer's perspective, how they think you should go about attracting more customers like them—your ideal customer profile.
6. Ensuring that you learn what isn't broken so you don't inadvertently fix it.

I have learned the lessons in the school of hard knocks to know exactly what should and shouldn't be done in setting up a Customer Advisory Board.

A critical must in my mind is that you think through what the purpose of the advisory board is, the profile and mix of the types of customers that you want involved, how large the group will be, how often you will meet, how your company will respond to their input and any expectations regarding time commitment for meetings, expected compensation, etc.

To clarify the compensation issue, I favour not paying customers to be on the advisory board.

I also favour using an ongoing Action Plan document to manage the outcomes and commitments made at each of the sessions.

There are a number of other critical considerations for you to think through.

For instance, I recommend that you chose your A customers only for your first experience with a Customer Advisory Board, that you limit the life of the Board to no longer than six months and that you start small before you formalize everything.

Every meeting should have a tight agenda with crisp questions to be asked and answered.

I recommend that you use a facilitator that will provide no content input into the meeting and will not be “responding” or “defending” issues as they are raised by customers.

You definitely need an experienced facilitator to help ensure that everything runs smoothly, either someone within your company or, if necessary, you may need to contract externally.

Either way, ensure that the ground rules are crystal clear to the facilitator, including their authority to run your Customer Advisory Board meeting.

The feedback received from a Customer Advisory Board can have an incredible impact on the future direction of your business.

You see, perhaps for the first time, you and your team will be held accountable to a whole new realm of customer expectations.

This is a day like no other in your business. For many businesses it is truly a turning point in the beginning of great things. It is a giant step on the path towards growing the number of customers of the type you want to have.

Steve Burns, CA, CMC, CFP, is the president and CEO of Burns Innovation Group Inc. (www.burnsinnovation.com) and Steve Burns Inc. Chartered Accountant (www.steveburns.ca), which provide consulting and accounting services to entrepreneurs. You can reach Steve at 763-4716:

steve@burnsinnovation.com