

How to Build – and Profit From – a C-Level Industry Council

One in a series of reports excerpted from *The Hidden Wealth of Customers* (Harvard Business Review Press, 2012)

EXECUTIVE SUMMARY

Overview

Building high-level industry councils can do wonders for a company's growth and industry reputation—and more companies can build such councils than think they can. In this report, you'll learn how Microsoft built its well-respected Interoperability Executive Customer (IEC) Council, what rewards the firm has reaped in the process—and how your firm can too.



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Why Build an Industry Council?

Your own industry council can:

- Provide you with much closer relationships with industry movers and shakers in your target industry—and prospects for your business.
- Help you gain much deeper knowledge about industry trends and needs.
- Enhance your reputation and brand.
- Create a fast track to becoming a leader—including thought leader—in your industry.
- Greatly expand your firm's key relationships within the industry and with related stakeholders.
- Greatly expand your ability to provide value to customers and prospects.
- Make you more interesting, and important, to industry media.

Key Steps

- Determine major needs this community (that is, key executives in your target industry) has—without regard to your business offerings.
- Ask, "Can we address it?"
- Appoint an executive driver.
- Build parallel working groups to implement projects.
- Report back from the first.
- Learn.

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FULL REPORT

Forming a C-Level Industry Council: You Have More Clout Than You Think

Forming an industry council of C-level executives is a daunting prospect. Attracting high-performing executives, working the logistics to get them together, holding their attention, and providing a serious impact on them and their businesses might seem like too much of a hill to climb. But more companies can pull this off than think they can. The rewards in terms of thought leadership, branding, and stature in your industry make it worth considering. In addition, running such a council is not as expensive as one might think.

Determine: Can You Do It?

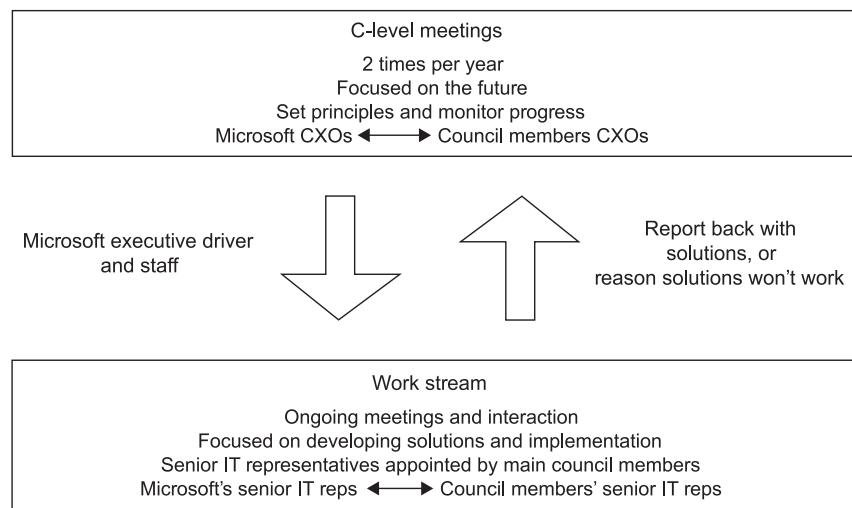
Start by taking one of the major C-level issues identified earlier in this chapter and ask: Can we plausibly help executives address this, at least in part? And would we be willing and able to work with other organizations, including competitors if necessary, to solve important problems raised by the council?

Building high-level industry councils can do wonders for a company's growth and industry reputation—and more companies can build such councils than think they can.

Bill Lee, *The Hidden Wealth of Customers*
(HBR Press 2012)

FIGURE 7-1

How Microsoft gets notable results from its Interoperability Executive Customer Council



As trust has grown over the years, Microsoft's industry council members open up to each other and Microsoft in remarkable ways.

Microsoft established an executive customer council about six years ago precisely by doing this. One of the major issues faced by CIOs for more than a decade—and one that won't be going away any time soon—is getting their increasingly complex technology systems, from a variety of vendors, to work smoothly together.

That compelling issue, plus the participation of several respected IT executives, created the foundation for Microsoft's Interoperability Executive Customer (IEC) Council. Today the IEC Council gathers some forty or so senior technology executives representing global organizations and governments twice each year. Its purpose is to evaluate and provide input into Microsoft's interoperability efforts.

Microsoft taps this group for input and dialogue on topics ranging from the company's own product plans and partnerships to participation in industry standards and to emerging industry trends and customer priorities. Representatives on the council include CIOs, CTOs, and other senior systems architects from large, well-known global organizations in the public and private sectors. The entire group benefits from the consistent participation of its membership. By now, as trust has grown over the years, IEC Council members open up to each other and Microsoft in remarkable ways, as we'll see in a moment.

It's Not About Your Resources; It's About the Peers You Can Attract

"But we're not Microsoft," you might say. "We can't command their resources or their reputation." In fact, industry councils aren't that expensive to run: they require executive leadership to drive them and

relatively inexpensive resources for the logistics and follow-up coordination. Several members of Microsoft's IEC Council have said that the two primary selling points for their participation are the simple model of the forum, which encourages outside perspectives, and the direct access they have to their peers.

Note that it's not the organizer's clout and visibility that draws people: it's the quality of the peers that you can attract, plus whether the time spent participating on the council will reap generous results that draw executives. Several years ago, a young man of whom few people had heard established the Global 50, which became a highly successful forum for CEOs of major corporations. He had little money and no reputation, but he did have connections to a few highly attractive (i.e., influential) CEOs, plus a convincing model that participation would result in significant benefits. That's what attracted the rest.

Realizing the Rewards of Industry Leadership

Spending quality personal "face time" with a room full of senior executive buyers from top organizations in attractive target markets allows one to gain deep insights into everything from their business concerns to their strategic direction, their personal agendas, industry information and insight, and more that wouldn't be available anywhere else. The rewards of gaining industry leadership through establishing an industry council should speak for themselves.

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Steve Ellis, Executive Vice President
of Wholesale Services, Wells Fargo

Expanding your industry knowledge and your network. For example, Wells Fargo has built senior executive advisory councils in a number of industries. These aren’t industry councils (they consist only of Wells Fargo customers), but they nonetheless provide invaluable industry information. “Our transportation council provides us with insights into that industry, and as a result, insights into our customers’ perspectives, that we just couldn’t get anywhere else,” says Steve Ellis, executive vice president of wholesale services. In addition, as your council grows, you gain the benefit of a virtuous circle effect: your network of senior leaders grows, which increases your ability to connect executives to other attractive peers, increasing your value to them dramatically.

Building your thought leadership. What’s more, the information a firm develops from collaborations with and between prestigious and influential council members can place it in a strong position of thought leadership on issues of high importance to the industry. Microsoft, for example, is busily building on that concept by creating interoperable products and technologies, along with thought leadership to grow industry awareness of the issue and encourage more cooperation from other vendors across the industry.

Enhancing your reputation and brand. Perhaps the greatest benefit to your firm is that, by playing well in the sand-box, so to speak, you can create goodwill for your brand image. Microsoft has done this through the IEC Council by publicly addressing an important

industry issue in precisely the way that industry leaders would want to have it addressed: by looking at all critical aspects—not just the ones that Microsoft itself can develop solutions for—and bringing in whatever resources it can, including other vendors, to solve problems on behalf of customers. This is true trusted adviser status, and Microsoft has achieved it—not just with individual customers but en masse in its industry. To date, Microsoft’s IEC Council members have identified some fifty key areas in which improved interoperability between their systems was needed, a majority of which have been resolved. For those issues too complex to be addressed through this forum, Microsoft is seeking ways in which it can bring other vendors and relevant organizations into the solution. In such ways, the firm has placed itself in a superb position to establish leadership and its long-term commitment to an important industry issue, and to foster openness in its efforts to help address it.

Making an Industry Council Work

To pull together and keep together such a high-influence group of executive customers that can provide this kind of value to Microsoft, the firm must deliver exceptional value as well (figure 7-1). Here’s how Microsoft does so.

Perhaps the greatest benefit of a dynamic industry council to your firm is that, by playing well in the sand-box, so to speak, you can create exceptional goodwill for your brand image.

Key Steps

Engaging C-Level Customers for Rapid Growth.

Determine major needs this community has—without regard to your business offerings.

Interoperability—getting technology systems to work in a complex, heterogeneous environment—is a significant problem for CIOs. Many of them have appealed to technology vendors for help in addressing the issue; the need was clearly there. Microsoft made the decision to demonstrate leadership by taking steps to actively address these concerns.

Ask, “Can we address it?” Does it make strategic sense to do so?” One reason it made sense for Microsoft to take on this challenge was to build its reputation for addressing an important industry need in a collaborative way.

Appoint an executive driver. Executive participation needs to go beyond sponsorship—someone who offers support and makes the occasional appearance. You’ll need a driver who gets heavily involved in meetings and in follow-up. Follow-up includes having an internal structure under the executive driver’s control that gets things done (see the next point).

Build parallel working groups to implement projects. This is key. It does no good to meet, brainstorm, and develop exciting projects with senior executives unless the projects turn into actions and results. Microsoft developed six working groups, composed of implementation people from both IEC Council members’ firms and Microsoft. The Microsoft working group members report to the executive driver. Failing to follow up is not an option.

In its first few years, the Microsoft IEC Council identified about 50 issues resulting from interoperability failures. Almost all were addressed and solved.

Report back from the first. As mentioned earlier, in its first few years, the Microsoft IEC Council identified about fifty “scenarios,” or technology and business issues resulting from interoperability failures. Almost all were addressed and solved: Microsoft has declined to pursue only a few—and communicates its decisions on why or why not to its members. As the IEC Council continues into its sixth year, the dialogue among council members today has evolved to address longer-range planning scenarios, touching on topics such as the consumerization of IT, systems management, virtualization, and the cloud.

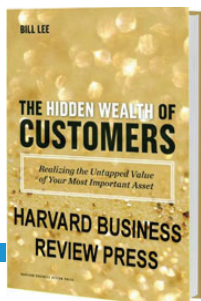
Learn. To gain more clout in the interoperability movement, Microsoft is sponsoring white papers and other publications on the subject based on its work with the IEC Council, in order to grow industry awareness and encourage more cooperation from skeptical vendors. It has also figured out how council members can engage more closely and influence senior Microsoft executives in ways that create substantial mutual value for both.

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To learn more about this topic, or to obtain other reports from *The Hidden Wealth of Customers*, please contact Bill at bill@centerforcustomerengagement.com or 1+ 214.907.5600.