

THINK TANK COUNCIL INSTITUTE ADVISORY BOARD

# How to launch a leading industry organization (and reap the benefits)

A GUIDE FOR ENTREPRENEURS AND VISIONARIES

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## Going “socialist” with your capitalist tendencies

### The power of third party validation: is it right for you, now?

You know what’s fun about building an institute, a board or an advisory council?

You get the best of both worlds—fearless entrepreneurial instincts paired with the stability and authority of a social enterprise.

There are benefits to invoking the power of a third party validating entity for your business, including:

- 1) Developing, promoting and publishing industry leading research that get you **HEADLINES**
- 2) Gaining deeper insights into your own industry through the **FELLOWSHIP** of noncompetitive peers
- 3) Creating rich content and context for **NEW INDUSTRY CONFERENCES**
- 4) A white hat vehicle for social proof of all kinds, from **social media groups to press conferences**

As Dave Kerpen of Likeable Social Media says, “Like is the new link.” By creating intentional groups that can work together on your mission and goals, you create a stronger social proof position.

But like all entrepreneurial endeavors, building an advisory board, a trade association, think tank, institute or council is not for the faint of heart. This white paper is a short guide to help you spend less time on the boring stuff and cut to the acceleration factor for your company.

You’ll:

- Fast track the “should I do this or not” decision
- Get samples of invitations to get you started
- Review some ideas about form and structure from a legal perspective
- Sketch the new organization’s future

## To be or not to be:

### 6 ways to make the go/no-go decision for today

The time is right for companies to take a look at building a third party “validation” machine under the following conditions:

1. You’re about to **launch a product or service** into big new territory where you haven’t made a reputation for yourself yet.
2. You have saturated your current niche and need more “juice” to **influence new friends and partners**.
3. You need a bigger **news presence** and at your current scale, you can’t quite get the headlines you hope for or the speaking engagements you need to grow.

4. You actually want, need and crave some guidance or **feedback** from aligned business interests and would like to formalize that powerful process.
5. You'd like to start a **conference**, but you want more than a user conference or client conference—you need to go bigger.
6. You want to give a big **award** in your industry but you sense your niche position as a business just isn't the right "angle" for attracting the right people to the award.

If this isn't you, then perhaps now is not the time for a third party validating organization. Keep reading to see if you reconsider.

## Did you know?

Reputation  
is worth **26%\*** of its  
market cap.

Let's take a step back from tactics of your new organization, and take a closer look at why this matters.

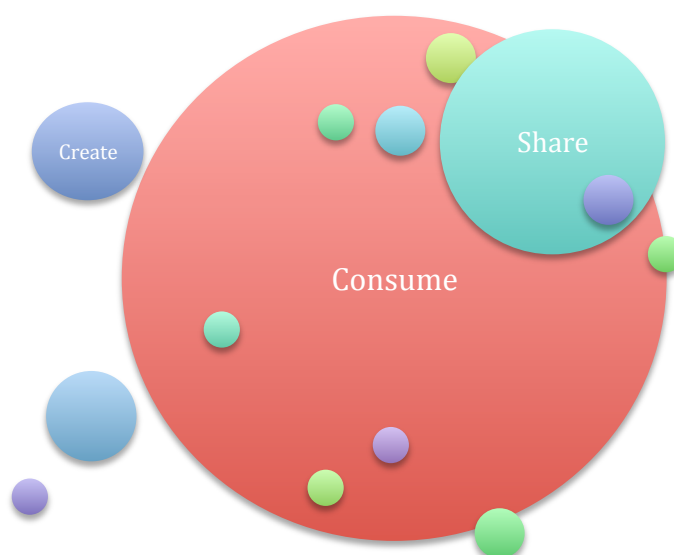
Reputation for your firm is a vital component of its overall valuation. According to this \*June 2012 **Echo Research and Reputation Dividend**

study, Apple currently has the most potent corporate reputation, worth 58% of its shareholder value. The reputations of ExxonMobil and Chevron followed in the rankings, at 56% of shareholder value each (\$645B). **From this perspective**, corporate reputations contribute a total of **\$3.19 trillion** to market cap in the S&P500 alone. (2012)

Third party groups like industry think tanks contribute to being able to **build your reputation**.

- ➔ 1% of people **create** content.
- ➔ 9% **share** it.
- ➔ 90% consume.

Become part of the 1% that creates to maximize your reputation capital.



## Answering **why** with **who**

### Writing the right mission statement

This is a strange way to put it—answering why with who—but you’ll understand in a few seconds.

The point of this section of the paper is to get you to focus on your VISION for what this group does through a LENS that will matter to people.

Maybe you know you want more connections and headlines, but why does it matter to the industry, society or culture?

If this group existed, and was doing a bang up job, what would be better? That’s part of why you’re doing it. Write that down. Write down the change you want to make in the world.

Can you think of any reasons this change won’t already happen, or reasons it should be accelerated? Write those down too. Think of risk and pain avoidance, greater efficiencies, moral imperatives . . .

Most importantly, WHOSE life would be better? Be very specific. Would it be better for employees or workers in the industry? Better for folk lift operators? Better for fashionistas? The more you can focus on **who is benefiting from the collaboration of your nonprofit**, the tighter you can hone in on your mission, which is... to make their life better.

For example, let’s say you are a company working in shale gas extraction. Lots of people find this a dirty business, and it can be tough to get positive media attention in such a politicized and polarized field. But as a good company, doing work you believe in, you want to create a coalition to explore cleaner ways to work together—including more efficient data exchange, but also simply finding less onerous inter-company transfers of commodities and power. Among the results you anticipate for members are reduced costs, greater efficiency, better environmental compliance (hence reduced penalties) and perhaps some technical innovation, if each engineering team is more aware of what the other is doing. You also truly HOPE you’ll get some attention from the media in a nice way if you “play it right.” All nice outcomes—but the secret here is to elevate it to the largest possible over-arching umbrella outcome, because that is what is the “big idea” that makes people pause and pay you attention. Inter-industry efficiency, financial gain or prestige alone will never get your group off the ground. People—the press, your board, and yourself—need something bigger than themselves to believe in. It is this social proof and mandate that gives the third party validating property such power.

The big idea here, for example, could possibly be a CLEAN SHALE COUNCIL dedicated to discovering ways (including processes, technologies and advocacy) that creates a cleaner environment through better techniques and best practices. This theoretical CLEAN SHALE COUNCIL could be dedicated then, to cleaner energy for more sustainable communities. That approach—think bigger until you really can’t get

“bigger” —is the right one for building out your mission, and for developing mission big enough that others want to follow you. When you have it, write that down because it will be something you use often, starting with the charter for your organization.

## How do you create powerful business connections through third party validation or nonprofits?

A third party or nonprofit, because of its nonprofit status AND the reputations of its board members, has a unique inherent authority.

When many people or leaders from diverse walks of life or business come together with one voice, there is inherent power in the social proof of the “consolidated body.” That means instant trust. You can use that to create communications platforms that help put forward messages of industry leadership or thought leadership.

To do this well, you have to build the leadership team of the association, think tank or council with the end goal in mind.

Here are components of leadership teams that most advisory councils find useful:

The profile	Why it matters
University professor related to your industry	University professors are valuable to: <ol style="list-style-type: none"> <li>1) prestigious association (implied) with a university that perhaps can become something more later on</li> <li>2) bring interns and labor to the table</li> <li>3) cast the glow of academic rigor to research</li> <li>4) provide truly “ivory tower” perspectives that can flesh out a platform or message</li> <li>5) speak with media from an incomparably valid perspective</li> </ol>
Lawyer	A partner from a prominent firm brings ad hoc legal advice as well as industry interest, and is also a terrific commentator for media
Retired “Fortune 500” CEO	As a counselor and connector, few people can beat the prospects of an able and retired Fortune 500 CEO. People of this stature lend weight and credibility to a start up

	advisory board.
Individuals from largest 3 firms in the industry	As you talk about the leadership of your organization, make a point to reach out to the big names. You might be surprised as their interest in thought leadership and making a difference. Do your research first—find out where that company is going, and make sure you align the mission of this group with supporting that direction.
Journalist	This position is unusual—but this paper is about modern techniques to create recognizable industry leadership, so let’s explain why we think a journalist makes sense. Today’s journalist is an aggregator of insights and opinions, and often works in numerous places during the course of a career. A natural writer is a tremendous asset, so reach out to the journalists with good reputations who cover your industry, and find one who seems aligned with your mission.
Analyst	Analysts may be tougher than CEOs to get on your advisory council, but it does not hurt to ask. Make it clear this is not a way to get coverage but a true attempt to correlate best practices and information... and you may get lucky. If you cannot find a working analyst who is willing to be on the inaugural board, try an author—even searching Amazon.com in your field for viable candidates.
Association leader	All established industries have their own associations, and one or two of these may be natural alignments for you. Your group will be more successful with buy-in from other associations rather than a feeling of competitiveness, so craft your mission statement carefully. Go ahead and see if one of the executives would like to take the opportunity to get closer to major companies in the industry through this nonprofit, industry leadership think tank.

## Filling seats at your table

Now that you have some roles to fill, how do you go about it? Chances are, you have one or two of the list above already in mind. Start by asking those one or two, leading with your mission and vision, and why you think they should be a part of it.

Many entrepreneurs and visionaries ask us right now for that email. For our clients, we tend to write it and even reach out to potential board members for them. That's part of our job as an industry leadership consultancy. But if you're doing this solo, see if this script can help:

Dear \_\_\_\_\_

*I'm forming a new organization our industry needs. I'm reaching out to a couple of thought leaders such as yourself in the early stages of formatting this powerful advocacy group, because I suspect you'd like to participate at the ground floor in this opportunity.*

*Today, as we know, millions of dollars are wasted per week, and millions of acres of land are ruined, because of a lack of inter-company cooperation in our industry. The EPA and others are trying to force feed a level of compliance, but we ourselves can step up and create better processes than outsiders can.*

*All we need is a trusted forum in which to do so. That's where the Clean Shale Council will perform.*

*The concept of this council is a nonpolitical group of leaders like yourself that can work behind the scenes to create opportunities for cleaner energy for more sustainable communities. Through it, the messages of all of our companies doing great things can find a voice. The Council will also provide a powerful positive, collaborative and collective voice our fast growing industry lacks.*

*The first meeting of this council is set for sixty days from now. Can I set up a time to get your thoughts about how we can make this most effective and get you involved?*

*Sincerely,*

*You*

**Your Title**

*And*

*Interim Executive Director, The Clean Shale Council (in organization period)*

Your situation may be different. Maybe there is no "outside pain" like the EPA—terrific! Maybe there is an enormous, unreached opportunity—reveal it! Your letter should also be followed by a phone call, or, depending on the character of your industry, perhaps a phone call is actually the first step.

Once you have your first couple of leaders on board, ask them each to find two more—sharing, first, the types of people you are looking for (from this list).

- ➔ Put a deadline for the initial board in everyone's mind, so that you know when you're "done."

## Scaling the third party organization

The truly "powerful" part of the third party validation method is that the glow of the work you do together reflects on all of the parties involved, and benefits everyone who is supporting the group.

This is a great way to multiple energy and impact and ultimately, create an efficient and cost effective brand position platform for your firm (and the other firms involved).

So what kind of organization do you want? That depends on the scale of your goals. There are essentially two main types:

- 1) Thought leadership bodies (phase 1)
- 2) Thought leadership bodies that drive tribes (phase 2)

To be practical about it, **go for a phase 1 "thought leadership body" first**. If it has legs and does well, branching into a phase 2 "tribe" organization is a relatively natural process. In the first phase of your organization, your goal is to have a responsive board. Typical early stage structures are:

- Advisory Council for X, where "x" is an example like "Clean Shale Council"
- Leadership Council for X
- X Industry Think Tank
- X Industry Forum

These loose groups are perfect for:

- Fielding research or focus groups
- A web presence with resources made public
- Commenting on issues through statements and press releases
- Providing some awards or honors to the industry
- Webinars or teleconferences
- White papers

As the organization grows or its capabilities naturally mature, many wish to enter phase 2.

**In a phase 2 organization**, members of the board step forward to either find funding through grants or sponsorships to launch industry activities. Typical phase two activities would include:

- 1) A seminar or conference for executives
- 2) A larger awards program for the industry, including an awards banquet
- 3) A speaker's bureau that regular speaks at industry events
- 4) Lobbying
- 5) An industry index or regularly compiled data deliverable created from among the member or board of directors' companies through an audited process



The interesting thing about the phase two activities is that they cannot be forced—they can be guided but they truly take a lot of “arms and legs” and “eyes and ears” and so the best position for you (as the visionary) to take, is coach. Be clear in your future goals and how you want to get there, but to truly lead an industry group to a performance level that includes conferences or large award ceremonies takes coaching rather than directing. If it’s good for the industry and good for all involved, these things have a way of developing their own organic power.

## Methods to Maximize Third Party Authority

THE METHOD	Impact	Next steps
Research or index for the industry	Nonprofits are more trusted than individual companies, and so your nonprofit can field <b>focus group research</b> from its own meetings on relevant questions in the industry	Have the board find 4 questions the industry needs answered, and vote. You can even do this remotely. But put the findings or opinion in a press release. Send it out. Wash, rinse, learn, repeat.
Putting on a conference	The member companies who form the board of directors are the ideal first conference attendees	Define a mission, and gather sponsorship commitments to see if the concept has legs
Awards program	It’s a tough sell to have a company give an award for the entire industry, but it’s a perfect fit for a nonprofit. Depending on the awards given, this is a perfect platform to meet emerging leaders in your industry	Define the type of person or company you all wish to know, and the qualities that make the “best” of that type. Find a couple of successful sample awards to copy from other industries.
Blog	A think tank blog is a simple way to feed journalists your own take on an industry without having to rely on analysts.	Make an editorial calendar and assign headlines to board members on a schedule. Have an administrative person follow up and post.
Media tour and desk-side briefings (i.e.,	The executive director of the new organization is in a unique	Develop a media list of journalists that the entire

<p>Bloomberg, etc.)</p>	<p>position to speak to journalists through desk-side briefings—not looking for coverage but for the opportunity to share perspective to shape the industry.</p>	<p>board would like to develop a relationship with.</p>
<p>Article writing for publications like HBR, Fortune, WSJ, Bloomberg</p>	<p>CEOs and Executives are powerful. Board members have a different kind of authority, and as guest bloggers for leading blogs like Harvard Business Review, leading with a nonprofit mission for an industry when you pitch them to write for them can be a winning strategy.</p>	<p>Develop a media list of bloggers that the entire board would like to develop a relationship with.</p>

## The paperwork: bylaws, charters, minutes etc.

Third party organizations are almost always nonprofits. They are incorporated as nonprofits, and after that, there isn't a lot of paperwork to it. The organization needs a set of bylaws to govern its basic operations, the size and make up of the board of directors, and the clear mission statement.

You need to answer the following questions for yourself about your future organization:

### What size board do I want?

If your organization will thrive on GROWING MEMBERS, a smaller board might make sense. If your organization will thrive through making predictions, serving as a focus group, creating conferences, or research, you may want a larger board. TIP: have an odd number of board members so you can easily pass votes.

### What will the board do?

This is the essential multi-million dollar question. Having a cogent answer is critical to a successful organization. Remember, the organization has to have a life beyond you—you want to form it, not necessarily administrate it. So ask yourself how you will know you are successful, and incorporate that into your mission. Questions like **how frequently will we meet**, and the like, are best hashed out at your first meeting.

## What are the procedures for holding meetings, electing directors, and appointing officers?

It's basic, but now's the time to set some of these concepts into motion—or at least into bullet form. The first board may be “appointed” by the interim executive director—you. From there forward, having a “board selection committee” is how most organizations move forward, and then nominees brought forward by the committee are passed with a vote by the entire board.

## How will we handle conflicts of interest?

Conflicts of interest are natural and even desirable in a board that's truly confronting issues in an industry. How do you handle them? Some organizations like Entrepreneur's Organization make it a practice to recommend following Robert's Rules of Order, where motions are made, carried, discussed, and voted upon. Other models have certain decisions made by committee or executive director.

## How grant monies will be distributed?

This may seem far down the road to you, but your tax advisor can suggest ways your nonprofit might benefit from applying for grants for innovation, technology or service in your industry, particularly if you are in technology or energy. Just a few moments spent considering how financial windfalls will be managed now, means a lot less argumentation later. 😊

Once you have answered these questions for yourself, you're ready to “fill in some blanks” in sample bylaws to get a draft of your own.

There are literally hundreds of samples of bylaws online for nonprofits. Since many organizations make their bylaws public, you can read through ones you like. We also have given you a link here to a very simple sample:

➔ Nonprofit bylaws:: <http://www.lectlaw.com/forms/f164.htm>

We're not attorneys, so the legal structure and ramifications of third party nonprofits you create is not our area of expertise. We're not going to give you legal advice, but we're glad to point you to some relatively clear online resources to get you started.

[Idealist.org](http://Idealist.org) is an online treasure trove of charter documents, do's and don'ts and bylaws for structuring a third party non profit.

Give yourself twenty minutes to dive into that online resource and you'll have figured out most of what you need to know.

Here are the link to pages on the Idealist.org cite you may find of interest, and of course, your legal counsel is your right hand resource in these matters:

- [Its own Charter Documents](#)
- [The laws of the state where it's incorporated \(and maybe others\)](#)
- [The regulations about fundraising wherever it solicits donations](#)
- [The limits on tax-exempt groups under the federal tax code](#)

## Ready to make your mark?

- ➔ We hope this paper helps you chart the next stage of your journey as an industry leader. If it does, we'd love to hear about it at:
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  - at our Write2Market LinkedIn page or Facebook page, or
  - @write2market on Twitter.
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