

# Defining and Developing the Right Solutions: *Lessons Learned in Managing Solutions Councils*

Some of the biggest challenges in building a solutions business revolve around defining and developing the right solutions. This is especially difficult in large, multi-division companies because it means gaining agreement on which market opportunities to prioritize, which are the most appropriate offerings to meet customer needs, and where in the organization are the resources and capabilities to build and deliver the new offerings.

These are thorny internal issues with major organizational implications. Many companies attempt to address these issues by forming cross-organizational governance bodies to help identify, build and market solutions. These “solutions councils” (the most common name for such bodies) can indeed play a critical role in defining and developing the right solutions, but the specifics of the process matter greatly. Absent clear roles, responsibilities, and processes, these councils can become just another bureaucratic obstacle to success.

## The Role of a Solutions Council

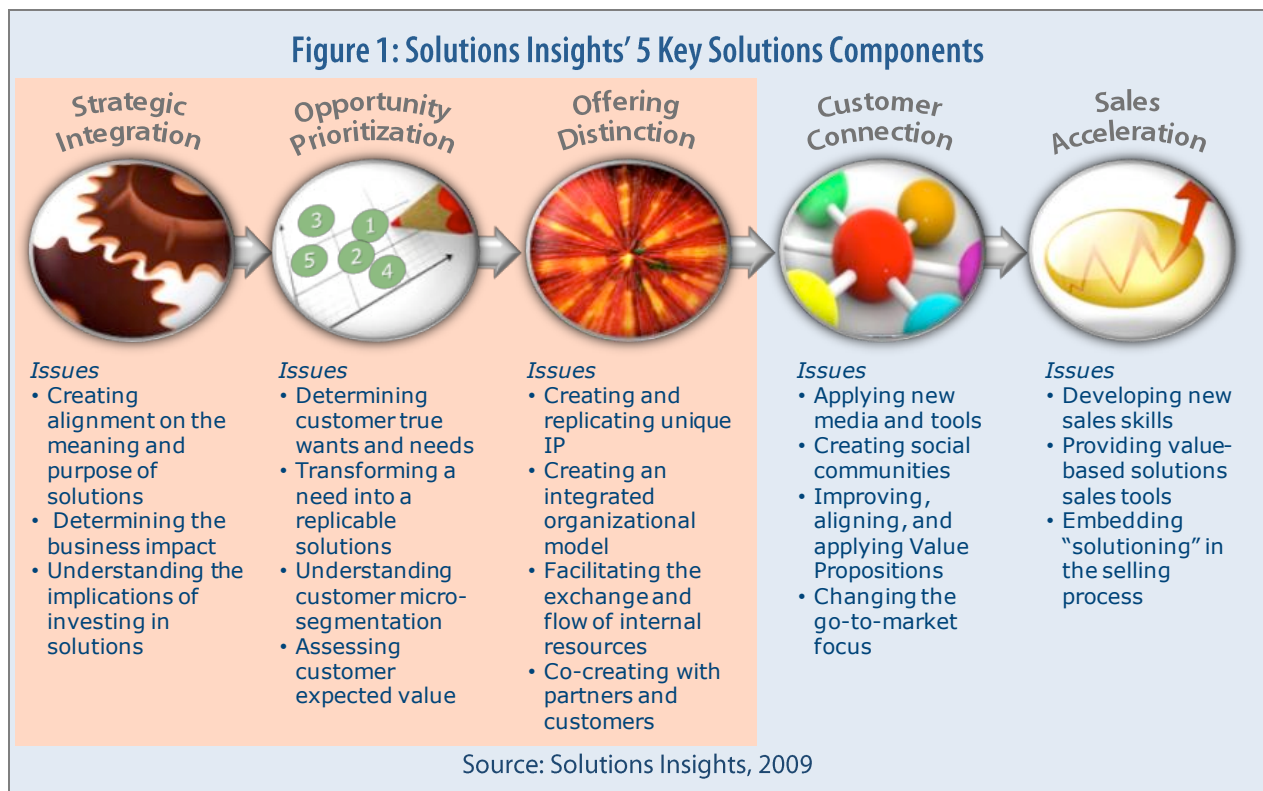
Based on numerous discussions with leaders and participants in solutions councils, we have found the following definition to be a useful one:

*“The role of a solutions council is to provide an organizational mechanism by which the various interests across an organization can collectively learn about, and make decisions related to, the company’s overall solutions business.”*

In practice, solutions councils typically focus on the identification and creation of new solutions to bring to market. They often play other roles as well, but defining and developing the right solutions lies at the heart of their work. In the language of Solutions Insights, they work mainly on the first three components of our model: Strategic Integration, Opportunity Prioritization, and Offering Distinction.

Specifically, the council provides the best venue for senior management to address and answer the following questions:

- Are we working collaboratively to ensure that we are leveraging all of our assets and resources across the company—and our partner ecosystem—as effectively as possible?
- Are we building or selecting solutions that address the most important wants and needs of our customers and provide us with a reasonable return?
- Are we shaping our solutions to ensure that they provide demonstrable value to customers and stand apart from competitive alternatives?



## Ten Lessons for Solutions Council Success

We have recently interviewed a group of marketing and business leaders from a number of our client companies about their respective solutions councils. The companies represent a range of industry segments, including information technology, systems integration, and telecommunications. Their offerings typically include a combination of hardware, software, and/or professional services, often adapted to specific industries and individual customers.

All of these companies have extensive experience in setting up and running solutions councils. Our discussions brought forth ten specific lessons for making solutions councils work.

### Defining Roles & Responsibilities

- **Obtain CXO sponsorship.** Employees across the company that deal with the council need to know that it has support from executives at the top of the organization. If top executives don't visibly sponsor and endorse it, the next levels of management will get the message that putting significant time and energy into the council will not be a career-enhancing move.
- **Empower the council to make decisions.** The council cannot be seen simply as an advisory group. The council should hold ultimate responsibility for the success of the solutions business. If decision-making authority is not part of the deal, the council runs the risk of getting inferior talent as members and little attention from the real decision-makers.

There may be some exceptions to this rule. We've seen companies where the council includes senior-level experts that focus on identifying which solutions are feasible and attractive. The final approval of major solutions initiatives is then made at an executive level, often involving the CEO and/or the COO. This model only works, however, if the higher level decision-makers consistently honor and respect council recommendations. This doesn't mean rubber-stamping all recommendations. But it does mean providing strong and compelling reasons for rejecting

council recommendations, as well as providing guidance to the group so that recommendations can be made with the right organizational context and information.

- **Include the right level of senior people from across the organization.** Council members should represent all of the organizational constituencies that contribute to the solutions portfolio. Members should also have authority to allocate the assets needed to create and enable the envisioned solutions. Companies that delegate junior staff as proxies prevent the group from making decisions about sharing resources, which is a major council role.

It is equally important that a council not be seen as driven and controlled from central headquarters alone. Including senior representatives from the relevant business units is essential, especially since many solutions emerge from the field and ultimately succeed or fail at that level.

Further, senior executives typically judge the value of councils and committees by the quality and the level of their peer participants. The “right” decision-makers will quickly opt out of the council if they perceive that their peers do not see it as an important decision-making body.

- **Give the council a budget.** The council may quickly be perceived as more of an academic group if it doesn’t make significant budget decisions. Moreover, the budget decisions need to affect all of the major stakeholders on the council. At one professional services firm, for example, a large share of the company’s R&D and offering development budget is taken out of the business units and placed in council hands. This ensures that business unit leaders pay attention to council decisions, and that development funds flow to the BUs where council members collectively see the greatest opportunities.

### *Sustaining Interest and Effectiveness: Processes and Activities*

- **Be clear about what a “solution” actually is.** This is the real starting point and should be a gating factor for any solutions development process. Council members should forge a clear consensus around solutions terminology before any significant investment is made in solutions activities. “Solutions” mean different things at different companies. Solutions Insights has a clear definition of what a solution is,<sup>1</sup> but frankly that’s not important. What is critical is that everyone on a council and within a company selling solutions has a clear, agreed definition and an understanding of the related taxonomy.

In fact, several of our council member interviewees felt that a lack of a common definition on solutions was a major hurdle to getting things done within their respective councils. For example, once solutions begin to succeed, and councils gain real influence over the business, product managers and others will rush to declare every new offering a “solution.” Absent strong and clear definitions, councils can easily bog down in diversionary debates and decisions.

- **Employ proven portfolio management processes and tools.** The council needs to be supported with the right information at the right time to make good decisions for the solutions portfolio. Each council member needs confidence that council decisions will contribute directly to a robust and profitable solutions business.

This simple statement is loaded with implications for council operations. In order to make sound decisions, each council member needs to be armed with the right information, which is not always easy to obtain, including:

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<sup>1</sup> While at ITSMA in the mid-2000s, the principals at Solutions Insights worked with many of the world’s top technology companies to agree on a common definition of a solution, as follows: “A solution is a combination of products and/or services with intellectual capital, focused on a particular customer problem and driving measurable business value.”

- **Strategic priorities:** Council members should have a clear view of corporate strategy and priorities to ensure that all portfolio decisions are made in the proper context.
- **Financial data:** This would include the cost of the resources, pricing ranges, the amount of investment required to build out the offering, development and delivery costs that need to be incurred by partners, high level ROI, cash flow projections, etc.
- **Portfolio management:** A description of how a potential new solution will fit into the overall portfolio. How will it complement existing offerings? What is the expected life cycle? Will it replace an existing offering? Will it be redundant, or overlap, with any existing offerings?
- **Description of the solutions components:** A breakdown of the products, services, processes, tools, unique IP, etc., that will be required for the new solution.
- **Resources required to develop and deliver the solution:** The immediate resource needs to create and validate the solution as well as the ongoing resources required for delivery if it succeeds.
- **Partner/channel requirements:** Solutions often require the contribution of IP and resources from partners. What are the requirements for partner contributions? What is the go-to-market plan? What is the plan for sharing costs and revenue?
- **Benchmark data:** Comparative data from other solutions development and launch activities can provide critical insight into the success rate of solutions decisions made by the Council, and why or why not they were good decisions.
- **Develop an internal marketing program around the council:** Given the importance of the council and the level of individuals that should be on it, it typically raises a lot of eyebrows around the company. Make sure that all key stakeholders are aware of what the council does and who's involved. Lack of information only creates an atmosphere of secrecy and suspicion. At the same time, making the council highly visible can provide both psychic and career-enhancing benefits to its members.

### *Running Council Meetings*

- **Keep the meetings strategic.** Interest will flag quickly if the meetings devolve to long discussions or disputes over tactical issues. Councils should convene so important managers and specialists can make key decisions that impact the company. Avoid being dragged into long, tedious political skirmishes with no clear outcome. We heard of long, painful meetings where too much time was spent discussing the availability and compensation for using a particular SME over a 2-day period to assist in a solutions development project, whether a beta solution should be launched in country A or B, and whether to pluralize a word in naming a new solution.

A good way to keep the group focused on strategy is to remind participants of the cost of having the meetings. Do a rough estimate of the revenue and costs that are represented at the table. A back of the envelope calculation will quickly show that the group simply can't afford to waste even five minutes on non-essential, non-strategic issues.

- **Pay attention to interpersonal dynamics.** There is a lot written about the time and energy spent on making sure professional sports teams, have "the right chemistry." Solutions councils will also live or die based upon the ability of council members to function as a cohesive team.

While there is no magic formula for building team chemistry, our interviewees pointed to several ideas, including:

- Regular meetings to ensure that council members have a chance to develop personal/professional relationships

- At least one or two extended face-to-face meetings each year amid the likely requirement that most meetings are done by teleconferencing
- Social or team-building activity built into a few of the first council meetings
- **Insist that council members prepare for decisions at all meetings.** Effective council meetings focus on decisions, not just discussion or debate. To make good decisions, though, council members need to come prepared. Too often this doesn't happen, and meetings eat up valuable time getting members up to speed on the issues, which leaves little time for decisions.

Ensuring preparation is a shared responsibility. The head of the council should make sure all necessary materials are distributed well in advance of the meeting, and talk individually with each member to review the decisions to be taken. Meanwhile, council members should exert peer pressure to help ensure that each participant does show up prepared. Council members should also agree that decisions would not be postponed if some members are unprepared. Some councils have even agreed to impose fines, added responsibilities, and, if necessary, outright ejection for participants who fail to prepare appropriately.

## Final Thought

As companies look more and more to solutions as a way out of the downturn and into more sustainable growth, the issues of solutions development and management increasingly come to the fore. While many companies have created some sort of solutions council to help manage the development process, the effectiveness of those councils seems to vary dramatically. As our interviewees suggested, how you organize and manage the council will determine its ultimate success.

## For More Information

The principals at Solutions Insights have tracked the interest of technology and other B2B firms in solutions for almost ten years, observing how companies have moved from using "solutions" simply as a marketing term to substantially changing their business models—getting closer to customers to address core business issues, integrating internal assets and intellectual capital to develop innovative offerings, and communicating real business value. For more information on our latest research, contact Steve Hurley at [shurley@solutionsinsights.com](mailto:shurley@solutionsinsights.com) or +1-781-929-8570.

## Point of View Series

Solutions Insights is publishing a series of short, research-based perspectives on critical issues in solutions strategy, marketing, and sales. Current publications include:

- [\*Adjusting to the New Reality: Four Steps for Solutions Growth\*](#) (Number 1 | April 2009)
- [\*Defining and Developing the Right Solutions: Lessons Learned in Managing Solutions Councils\*](#) (Number 2 | May 2009)

## About Solutions Insights

Solutions Insights is a B2B consulting and training firm that helps companies put meaning into the term "solutions." Building upon deep experience in the technology and professional services industries, we provide research, strategy, and programs that create internal alignment, market distinction, and faster routes to revenue. Learn more at [www.solutionsinsights.com](http://www.solutionsinsights.com).