



## **Corporate Advisory Committees Can Help Corporations & CEOs Meet New Societal Mandates**



# Advisory Committees Can Help Corporations Meet New Societal Mandates

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of the advisory committee is its capacity to review and discuss corporate practices and strategies—not only corporate imaging and media.

## Before The Crisis

There comes a time in the life of every company when it will face a crisis—an event or series of events that portend negative results or consequences for the organization. If not handled properly, a crisis can seriously affect the company's profitability, reputation or ability to operate.

Of course, a crisis can result from a high-profile lawsuit alleging age, race or sexual discrimination; a defective product resulting in death or injury; poor or unsafe working conditions; a widespread data or privacy breach; the intemperate actions of a CEO or key executive, or a major accident leading to widespread harm to the environment, among other things. Whatever the reason, the best time to work with an advisory committee is before the fact, not after. All too often, we have seen companies emerge from a crisis with contrition and a resolve to do things better. More recently, we have seen the formation of citizen advisory committees or community advisory boards after a company has been pilloried in the press or raked through the coals of Congressional hearings. As part of their rehabilitation—both real and reputational—we have seen a CEO stand up months later to announce the ameliorative results of its recently-created advisory group. While there's nothing wrong with that, it is not the best way to proceed.

## Mastering Self-Regulation

Self-regulation is a popular notion in business, especially among leading trade associations which, if given the choice between government and self-regulation, would choose the latter. And there are some compelling economic and practical reasons for favoring self-regulation, including efficiency, uniformity and predictability.

Trade associations have mastered the fine art of self-regulation, including forming advisory committees, codes of conduct, and enforcement regimes. Industry groups from the advertising; direct selling; movie; publishing; marketing; broadcast, food; alcohol; beverage, and automotive industries, to name a few, all have established advisory committees to address issues of concern to consumers, regulators and the media.

## Not a Rubber Stamp

Unlike advisory committees set up by individual corporations, trade associations tend to draw from industry insiders and surrogates, rather than independent outsiders. This practice leads to often valid criticism that these committees are little more than rubber stamps.

When looking to set up an advisory committee, I recommend consideration of the following criteria:

- Leadership in civic, business, professional, education, community, philanthropic or faith-based endeavors
- Record of professional honesty, integrity, credibility

- Familiarity with the business or industry sector
- Demonstrated understanding of global and societal issues
- Independence of thought leadership

## Broaden the Search

These qualities are widespread among many entrepreneurs, professionals, academics, clergy and civic leaders in the marketplace today. CEOs should look for those individuals who will counsel, guide and otherwise help them deal with the range of societal issues of our day—inclusion, fairness, privacy, corporate responsibility, equity; accountability; public health; philanthropy; human rights; responsible marketing, and community re-investment, among others. Even when going public, an advisory committee of this type can play a unique and valuable role in the future character of a new public corporation.

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