



Top Reasons Why Peer Advisory Councils Fail

Learn more about the most common reason why peer advisory councils (PaCs) fail and how to avoid them!

A common myth among entrepreneurs is that business peer advisory councils are easy to launch and keep together. The fact is they are not. The brutal truth is the failure rate is incredibly high, more than 90%, for those trying to launch even just one group. And the retention rate of members can be low. Why does it appear so easy but in reality, it is not?

Experienced moderators make it look easy. There are no public statistics about success or failure rates because there are no public companies doing peer advisory councils where that data would be available. Instead, I can only convey my experience in the industry since 2005. I advocate talking with my peers and learning from others' mistakes to avoid repeating them myself.

From all my conversations and observations of watching entrepreneurs attempt launching in various markets, the failure rate is more than 50%. With some organizations, if you ask, you will find a shocking statistic of 1 in 10 succeeding whom they put through training. That is a 90% failure rate, or if you choose to think of a glass half full, a 10% success rate!

The common barriers that usually exist in any industry are not a factor in launching a peer advisory council or peer-to-peer group. But yet, there are significant barriers to success that are more personal and representative of the person putting the group together and keeping them together than is capital required, brand, or intellectual property.

Why business peer advisory councils fail

In all my years coaching others to run peer advisory councils, the #1 reason a group fails is the moderator.

The moderator has total control over the group's success, not failure.

Here is where it can go wrong.



#1: THE MODERATOR HAS MISALIGNED GOALS AND VALUES COMPARED TO THE MEMBERS

A shaky foundation to have a solid, functioning group happens with misaligned and conflicting personal goals between what is good for you and what is suitable for the group or individual members. The result is the moderator makes poor decisions.

How does this happen?

- They are under financial duress to form a group. They require the funds. As a result, they do not group true peers because simply having someone in the group is sufficient. Poor decisions are made on who is the best fit for the group. Accepting members who are joining for the wrong motives and are unaware of the commitment.
- They experience anxiety about getting a group started because of only have a few great members but need more to start a group.
- They are expecting consulting work from members participating. If that happens, it's an upside. Never the main reason to put a group together. If you push it, it won't happen. It's a natural progression to a member choosing you to help them outside the meeting because you have developed the relationship.
- Building the group incorrectly. Too small or too large of a group based on personal needs versus the group's needs. The right size for an in-person group is 10-12. Large enough for diversity and experiences but small enough for intimacy and for everyone to have the time they need. Too small of a group is risky if someone misses a meeting or leaves the group. Then not enough is present to generate good feedback, dialogue, and energy. They also can fall into the trap of being close friends vs. colleagues accountable to each other. Too large of a group, and the effectiveness is sacrificed even though you earn more money per hour. Another possible conflict.

#2: THE MODERATOR LACKS SOFT SKILLS

Building a group and ensuring it thrives takes soft skills. We have found through testing many successful and unsuccessful moderators what skill sets are essential.

They are

- **Diplomacy:** effectively and tactfully handling complex and sensitive situations and conversations.



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- **Collaboration:** connecting members to members, so the group is about them, not you. Cooperating with others.
- **Influence:** influencing the desired culture, your centers of influence to assist in your success, and prospects to join your group.
- **Empathy:** the ability to exhibit understanding in times of vulnerable conversations.
- **Team Builder:** Identify, sell and retain the right fit prospects to create a group that leverages their experiences and identifies synergies—the ability to build meaningful relationships.
- **Accountability:** Being answerable for personal actions and instilling in others personal accountability.
- **Continuous Learner:** taking the initiative to regularly learn new concepts, technologies, or/and new methods.

#3: POOR MODERATING

Nothing will frustrate a member faster than a poorly run meeting. They will feel like their time is wasted, get bored, disengage and ultimately quit. Why? Because they are not getting the value they expect and deserve and feel, the time is better spent elsewhere.

Examples of bad moderating are

- Consulting instead of moderating. Moderating is a science and an art. Consulting is kept outside the meeting. This is not the place for it. You are getting paid to moderate, not consult. Don't devalue your consulting expertise by giving it away in the meeting unnecessarily.
- Making it about you, not about the group. You should always answer and give your insights and opinions after all the members have talked.
- Members don't come first. Put your needs first over the members. Don't take lunch first, don't one-up each other, and don't be a self-promoter.
- Dominate the conversation as though you were also a member.
- Not holding members accountable to their goals, commitments, and expectations.
- Not being disciplined to start the meetings on time or end on time.
- Being unprofessional with stating personal opinions or judging others.



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- Favoring members over others.
- Not listening to the member's needs.
- Not asking members for feedback on what to improve upon.
- Worried more about sticking to the agenda vs. what the group needs. Being too rigid vs. flexible when needed.
- Not orchestrating the meeting but instead letting the members lead the meeting.
- Not moderating the meeting by members getting equal time to speak, participate and give opinions.
- Not preparing all members to show up ready to participate.
- Not exhibiting or modeling good membership.
- Not being vulnerable as well.
- Not planning for a good meeting.
- Lack of follow-up with the members or doing what you say you will do.
- Not expecting excellence and demanding it.
- Not challenging them.
- Not switching things up.
- Not listening or addressing issues immediately, letting things fester.
- Taking the group for granted.
- Lack of preparation for a great meeting.
- Not understanding what every member needs and why they are in the group.
- Don't self-reflect or audit to see where you can improve.
- Not creating a culture the group gravitates to.
- Not bonding the group to each other to create a sense of having each other's back.
- Not also understanding the personal side of everyone.
- Not creating fun with the group.
- Members are not bringing the real issues to the group.



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- Lack of vulnerability exhibited by the members and you.
- Someone with bad ethics or business practices is allowed in the group.
- Not addressing absenteeism, being late, or leaving early.
- Haven't created a deep level of questioning to help members solve challenges.
- Allowing someone to be a member that is there for networking.
- Bad experience with doing business with someone in the group is not addressed.

#4: DISAPPOINTING MEMBER EXPERIENCE AND EXPECTATIONS NOT MET

The member's experience is critical to the group's overall health and longevity. Once a member leaves a group, all the other members evaluate if they should leave because they are impacted.

Running a business peer advisory council is unique because all the members know each other and impact each other's experiences. If one change is made that is not perceived to enhance the experience but instead to take away from it, it impacts everyone. The impact is gauged by how strong the group is or isn't, whether the change is perceived as negative or positive, and how you handle it as a moderator. Not just one member is ever impacted; the entire group is impacted. One very bad move, and a group can blow up overnight.

Here are examples of what can negatively impact a member's overall experience.

- Interactions between members are too superficial.
- Lack of "meaty" topics discussed that prompt challenging thinking and learning.
- Members are not being genuine about what is going on.
- Stale topics are repeated and never dealt with.
- No new members were added to replace vacancies.
- Low energy in the meetings.
- Members exhibit that everything is good; they have no issues.
- Lack of real action taken by others to create success. Feeling of being in a "loser" group.
- Discovered member conflict of interest that isn't resolved.
- Not sharing the same values or perceived bad business practices by a member.
- Lack of rules of engagement to follow.



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- Not being held accountable by the group.
- Meetings are too loose and friendly, and it feels like time is wasted.
- Meetings are too predictable, stale, and boring.
- Lack of true peers in the group. The level of experiences and stage of company maturation is too different to relate to.
- Perception of not being able to help others in the group, not being able to reciprocate giving advice.
- Lack of professionalism exhibited by others in conversation or inactions.
- Feeling attacked vs. being helped or understood.
- Not being taken seriously, being dismissed.
- Not connecting with the other members, finding little in common.
- Lack of diversity represented different perspectives and opinions.

How hard is it to start a PaC?

It doesn't have to be hard to start a peer advisory council. It is only hard for those not equipped with the skills and knowledge to succeed. Do your research so you don't latch on to a bad model or program, and don't try to go it alone. There is considerable value financially in following someone else's proven model. Your credibility in your marketplace is at stake, so protect it by doing it right the first time.

Know how much time you are expected to devote to launching a PaC. Usually, it takes 200 hours to prepare your business, train, market, sell, and put your first group together. Those hours, at a minimum, are spread over at least four months. To be successful, you will need to know what commitments you already have and how starting a group fits into those commitments. Timing is important.

If you research whether you have the right skills to launch and sustain a group, connect with the right program, and follow the process, you will launch a group.



Why is the failure rate of launching a peer group so high?

1: It's the Industry, Not You.

One of the top reasons business peer advisory councils fail is the person starting the group is not qualified to do so and is not properly screened for a right fit to start and lead a group.

Many organizations that offer training are only concerned with getting your money. They do not take into consideration the qualities required for success. It's no different from a company searching for the right fit candidate with the soft and hard skills to hire for their open position. Therefore, this issue starts with those organizations responsible for supporting and educating those who aspire to start a PaC.

#2: The Moderator Lacks Business Experience

Having diverse business expertise to do all the functions of running your business PaC business is underrated. Functions specifically required are marketing, sales, client management, accounting, administration, and the ability to moderate. Having experience that relates to the type of group gives you credibility. Being proficient in all aspects of running a small company gives you an edge because this is a business, your business.

#3: Ineffective Marketing and Sales

Having an effective marketing approach is essential to launching quickly and having the selection to put the right members together.

Common marketing issues to launching are

- No solid marketing strategy covering multiple angles.
- Not enough connections to send an invitation to explore membership.
- Failure to devote time to do the heavy lifting of planning and execution.
- Believing you can do it all alone.
- Don't have centers of influence, referral partners, or sponsorships to help reach prospects.
- Make assumptions: people got their invite, call, email, etc.
- Not being quick to follow up with good sales practices.



#4: Lack of Discipline

Launching a group takes time, persistence, resilience, trust, and a positive mindset. The biggest mistake an entrepreneur will make is not being disciplined in the process. There are distinct methods that work and those that don't. Don't question or think your process will be better if you have never done this before. Take it from the book of those who have paved the way and taken the hard knocks for you. It is not necessary to reinvent the wheel.

Are certain industries or profiles not ideal for a business PaC?

Yes, there are industries and characteristics to avoid when creating your PaC group. Typically, industries with the following characteristics are not ideal fits (*note: there are always exceptions*):

- **The owners are the business's technicians.** They are sole practitioners like doctors who are performing the services they sell. They can never get away from attending a meeting, let alone implement suggestions from the group. Traditionally they don't "work on their business." They work "in the business" by design.
- **Companies with their advisory boards**, particularly due to funding from outside investors like Private Equity or Venture Capitalists. Those investors expect the CEO to get their advice from the ones who invested in the company.
- **Companies are so small** that the owner can't take time for a meeting without the business coming to a stop.
- **Local business is controlled by larger public companies** where most decisions are made. Examples: Hotels, restaurants, and retail stores.
- Other industries include
 - Government and public agencies,
 - Museums,
 - Gambling venues,
 - Entertainment venues
 - Military
 - Education
 - Individual and Family Services
 - International Affairs



Other peer advisory council challenges: 4 Myths

There are nuances to launching and running successful mastermind peer groups that are rarely discussed. The conversation always centers on the short term, what to expect vs. the long term. Here are a few myths to consider before embarking on your journey to start a peer advisory council.

- **Myth #1:** Once I learn to moderate, I'm good to go. You will never master perfectly being a moderator. Moderating is an art and a science. You can get very good at it, but it's a continuous journey. The longer you run a peer advisory council, the more you understand this.
- **Myth #2:** I must be a hard closer to get members. This is a consultative sale. There is no need to use hard closing techniques. It will never work out positively. This is a relationship sale, one in which you are searching for the reasons being in your group would be of value to them and the other members. It's an interview. Pretend you are a recruiter looking to match a company with a candidate and the candidate to the company. Find the match both ways, and you will have success!
- **Myth #3:** I can do this as a hobby. Treat this like a business, a chance to leave a legacy. You have members' financial well-being at stake, especially if your group is a CEO business group. They are counting on their participation to protect their business's biggest asset. To enable them to make better decisions and create greater wealth. Treat this endeavor with the respect and seriousness it deserves.
- **Myth #4:** I can learn this independently; it can't be that hard. Don't go it alone. The essence of why members join a group is not to go it alone. You should not either. Find other peers or an organization to align with so you get answers to starting and running groups successfully. Peers you can learn from, trust, lean on and reciprocate with.

Start a group successfully!

Follow this checklist to start a peer advisory council successfully.

- Step #1:** Assess your skills. Do you have what it takes to start and lead a peer advisory council?
- Step #2:** Reflect on why you want to be a moderator. Do your reasons match the philosophy of why your members are participating?



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- Step #3:** Do research on who you can learn from and talk to them. What training programs are available, and what organizations are there for you to be part of their community and learn from? Then join them.
- Step #4:** Create your business plan. Who can help you? Who can sponsor your groups? Who do you need to contract to help with a website page, materials, billing, marketing, etc.?
- Step #5:** Allocate time in your calendar to focus on executing and be disciplined to make it happen.

Now Go! Start now!

The world needs more successful peer advisory councils. They are powerful and life-changing for those participating in them, including you. You can make a difference in people's lives by doing this line of work. As Nelson Mandela said, "It is in our hands to make a difference."

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