PUTTING SOCIAL MEDIA TO WORK

A HARVARD BUSINESS REVIEW INSIGHT CENTER REPORT

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The HBR Insight Center highlights emerging thinking around today's most important business ideas. In this Insight Center, we'll focus on how social media can bring value to all parts of an organization — it's not just for marketing anymore.

EDITORS' WELCOME

BY SUSY JACKSON AND ANDREW O'CONNELL

There's been a lot of talk about social media's vast promise for business, but where are the deliverables? Sure, virtually all businesses are on Facebook and Twitter, and everyone knows that, in theory at least, social media tools can give companies direct access to customers and an opportunity to learn about their likes, dislikes, and desires. A number of corporations have become adept at using social media to geotarget customers, customize messages, and even communicate with individual consumers. And no marketing or reputational campaign would be complete these days without likes and tweets.

But what about social media's supposed power to change the way businesses innovate? Create strategy? Interact with employees?

That kind of progress may not be obvious, but evidence of social media's real promise is cropping up in all kinds of businesses, from knowledge companies to manufacturers to retailers. As corporate leaders develop a deeper understanding of social media's power, online interactions are becoming a rich resource. Some organizations are setting up listening posts to track customer sentiment. Others are creating collaborative environments for employees. Still others are learning how social media can boost sales.

During the next few weeks, HBR.org will investigate social media's value to all parts of your business, from strategy creation to recruitment to stakeholder engagement. For starters, innovation expert John Seely Brown writes about social media's role in transforming business; Roy Bahat, chairman of game console maker OUYA, will show how social media is changing the way businesses recruit and hire; and Raj Agnihotri of Ohio University will discuss social media's impact on the world of B2B sales. And that's just for starters.

By drawing on experts from the corporate world, academia, and consulting, this Insight Center will provide a multidimensional view of social media's blessings — and, of course, of the inevitable shortcomings and caveats. The goal is not only to help you understand social media platforms as they become ubiquitous in companies but also to help you make the best use of them to capture new value.

We see this Insight Center as a conversation: Please share your stories about social media's impact and help us understand how social media is changing your business as well as your customers' lives.

SOCIAL MEDIA WILL PLAY A CRUCIAL ROLE IN THE REINVENTION OF BUSINESS

BY JOHN SEELY BROWN

Corporations for the most part aren't going to reinvent themselves by improving on the core competencies they've been honing for years. Instead, if they're going to change, they're going to do so from the outside in, allowing ideas from the edge of the company to penetrate to the core. Social media will be a part of that transformation.

If all this sounds too abstract, consider Xerox's Palo Alto Research Center in the 1970s. Because it was on the company's fringe, PARC had the freedom to be radical, and it came up with a lot of radical ideas, many of which have become organic to the way we all work, such as graphical user interfaces, Ethernet, WYSIWYG, Smalltalk, and laser printing.

The challenge at PARC was that the company's core could be resistant to ideas from the edge, so some of those beautiful concepts went nowhere at Xerox.

But the business environment has changed in fundamental ways since then, and ideas from the edge have a much better chance of surviving. For one thing, we've got the cloud. Cloud computing means that small, idea-driven operations don't have to invest in building their own computing infrastructures. For a pretty reasonable cost, they can tap into processing speeds and storage capabilities that would have been unimaginable a few decades ago. They can use these resources to efficiently build prototypes, and when they've got something that works, they can also use the cloud to reach out to the marketplace. So they can do a lot on their own — they're nowhere near as dependent on the core as edge operations used to be.

As a result, some corporations are seeing a lot of exciting things happening on the edge. For example, Amazon Web Services offers cloud-based application services; P&G's Connect and Develop programs for encouraging external innovation partnerships are becoming a vital part of the company's growth strategy; and Microsoft's Xbox has become a platform for delivering a range of entertainment products. Fringe operations are attracting a lot of attention — and people — from the core. That's a trend that will only strengthen as companies realize the value of edge businesses.

Where does social media come in? Edge operations can use social media platforms such as Facebook and Twitter to engage the people at the core as well as to connect to other edge operations within the corporation — and even to edge companies at other companies. I believe that social media will help create an ecosystem of edge organizations and their parent companies. To get a sense of what this might look like, think of IBM's Jams platform for collaborative innovation.

This evolution in the way companies innovate reflects a shift in nothing less than the purpose of the firm. The classical view is that the firm exists to minimize transaction costs. But John Hagel and I suspect that the firm has a new purpose — namely, to promote the development of talents and capabilities and thereby attract and retain the best in the ongoing wars for talent and at the same time create an entrepreneurial culture that nurtures employees' questing and connecting dispositions.

That's what Google and Facebook seem to be doing. People are attracted to them because of their learning environments and because employees have the freedom to think radical thoughts. Companies like that are much more radical in their approach to innovation than is academia, which is limited by the requirements of the granting agencies. I only wish other companies were as willing as Google and Facebook to move out of their comfort zones when it comes to innovation and marketing.

It's no coincidence, by the way, that some of the most innovative companies are those that are tied into social media. Social media itself is a threat to the corporate comfort zone. How many executives have you heard say that even though their companies are on Facebook and Twitter, they don't use social media themselves? The transparency and unpredictability of social media can be deeply unsettling to people who have grown up in the comfort of corporate environments.

But the more executives experiment with social media, the more they'll see how it can play a crucial part in forming the infrastructure of the new ecology of edges that will ultimately transform corporations for the future.

IN THE TWITTER ERA, YOU SHOULD NEVER POST A JOB AGAIN

BY ROY BAHAT

One of the least reimagined tasks of a leader in a business or nonprofit is hiring. Depending on the amount of red tape at your company, the process might look something like this: decide you need a new hire, spend time drafting a description, post it in a bunch of places online, and then ... wait. (And yes, the best leaders start by sourcing hires from their own personal networks — but even in the era of LinkedIn, so many jobs still hit Craigslist or a job board somewhere.)

There's an alternative, and you're probably already exploring it.

Your personal participation in social media and your company's participation are so effective for finding the right candidates that I believe you should do something drastic: stop broadcasting new jobs entirely. Even if that means getting dramatically fewer candidates (a scary prospect for many companies, especially in the industry I know best — technology — where many jobs can be difficult to fill).

Why? **The best candidates are those who will be thrilled to work for you, not those who just need a new job and happen to stumble upon you.** People who follow you or your company on Twitter, Tumblr, etc., have already put their hands up and said they're interested in you. Today, you might think of your participation in social media as customer engagement, marketing, or just self-expression (which is how I think of it), but you're also recruiting.

Candidates who follow you will self-select out from working with you if they don't feel your personality matches their own. That will help you avoid disastrous hires who think they'll enjoy your company but in reality don't believe in it.

If candidates do engage with you through social media, you'll also have an equally immediate way of getting to know them — in a personal, verifiable way.

And most important, they will feel some connection with you and your company before you even start talking with them. They will have a sense of your idiosyncrasies and your passions.

Now, think about all the ways a traditional job posting is broken:

- µIt doesn't reach the best candidates, because it mostly hits people who are job hunting explicitly — many of the best candidates are happily employed somewhere and will never see it.
- It forces you to describe your company and role in a way that appeals to a broader audience, so you inevitably water down the language and add lots of not-so-useful filters (eight+ years' experience in a relevant field!).
- Candidates respond with an equally generic reply in the form of a unverifiable resume (a ritual that hasn't changed much since Leonardo da Vinci).
- You spend a lot of time screening mediocre candidates only to learn that many of them barely care about what you do.

If you want your candidates to have a high chance of being deep believers in what you do, be fans of yours personally, and navigate to you by design — consider restricting all your recruiting to social media. It will be less of a chore. And you're probably doing it already without realizing it.

Just pick the social media services you or your company like best, ideally ones you already like to use, and start by being more explicit about what roles you're hiring for and why. Let me know how it works. (I'd give you my contact information, but if you don't know how to find me through social media ...)

HOW TO CALCULATE THE VALUE OF A LIKE

BY DAN ZARRELLA

Over my decade working in web marketing, I've spent a ton of time at various marketing conferences, and I've read countless books and blogs about new media. I've noticed a disturbing trend over the past few years in the social media end of the communications world. Much of the advice and strategy I hear boils down to little more than "unicorns and rainbows" superstitions like "engage in the conversation" and "be awesome." Not only has much of the industry ignored hard metrics and dollars-and-cents ROI math, but there also has actually been a vocal opposition to measurement and accountability.

Effective marketers expect to see clear-cut, positive ROI for every other channel of online marketing, including email, search, and display advertising. But for some reason, many seem to forget about return when it comes to channels like Facebook and Twitter.

At HubSpot, the inbound marketing software company where I work, we're obsessed with hard data and metrics for every inch of our business. So it seemed like a no-brainer to me that we should understand exactly what the value of each social networking connection is to our bottom line. It was out of that love of numbers that I began work on the value of a like (VOAL) formula.

The VOAL formula ends up looking like this:

$$L / UpM \cdot (LpD \cdot 30) \cdot (C / L) \cdot CR \cdot ACV = \text{Value of a Like}$$

L (Total Likes): The total number of audience members connected to your social media account. On Facebook these are "likes" of your page, and on Twitter these are followers.

UpM (Unlikes per Month): The average number of fans who "unlike" your social network account each month. On Facebook this is an "unlike," and on Twitter this is an "unfollow."

LpD (Links per Day): The average number of times you're posting links and potentially converting links driven from your social media account. On Facebook this is the number of posts you're making per day that lead to a page on your website. On Twitter this is the number of times per day you're tweeting these kinds of links.

C (Average Clicks): The average number of clicks on the links to your site you're posting on your social media accounts.

CR (Conversion Rate): The average conversion rate of your website, from visit to sale or visit to lead. This can be an overall average, but for increased accuracy, use the conversion rate measured from traffic coming from the social network you're calculating.

ACV (Average Conversion Value): The average value of each "conversion." In this context, a conversion is the action you've used to measure CR for. It could be average sale price or average lead value. For increased accuracy, use the average conversion value of traffic coming from the specific social network.

It is relatively easy for any marketer with decent analytics software (like Google Analytics or HubSpot's Marketing Analytics) to track the traffic from social networks and assign lead or customer acquisition values. It becomes more difficult when we want to understand how much time or money we should feel comfortable spending to build our reach.

The first part of the formula uses UpM and L to calculate a churn rate for your social media following. This will allow you to derive the average length of time an individual user is subscribed to your social network profile.

The rest of the formula calculates the VOAL metric for each follower using the number of links they're exposed to over the length of time they follow your brand and the values from your conversion funnel.

To make this calculation easy for any marketer to do, I've built a calculator tool. Simply enter these six values for your business into ValueofALike.com, and the math will be done for you. The tool itself offers explanations about how to find the numbers needed. You can also adjust each value up or down to see the impact each metric has on the value of your followers and likes.

SHOULD YOUR BOSS CARE ABOUT YOUR KLOUT SCORE?

BY MICHAEL SCHRAGE

A confession: I don't know my Klout score.

A second confession: I don't want to know my Klout score.

A third confession: I'm a hypocrite. I'm almost always looking for ways to meaningfully assess how influential — positively and negatively — my colleagues, collaborators, and coworkers are.

"Influence" increasingly is the coin of the organizational realm. Influence defies title, credentials, and seniority. People may be smart, talented, and hardworking, but do they have influence? Are they perceived as people who can move collegial hearts and minds? Employees with influence — or with reputations for influence — enjoy understandable competitive advantages in the organizational marketplace. But who decides who has influence? And who decides how to measure it?

Kloutish services are simply logical and inevitable initiatives to measure that competitive advantage. Social media provides both the raw and the cooked material, allowing algorithmic innovators to bring a bit of digital dazzle to "influencer metrics." Decades ago in more analog times, Eugene Garfield and his Institute of Scientific Information pioneered "citations" as the way to quantitatively assess the influence of scientific papers (and their authors) on a discipline. Today, we have Klout, PeerIndex, Twitalyzer, and other "influence analytics" to give people — and their employers — the power to neurotically obsess over how influential the numbers say they are.

Memes that Klout scores — the ones that can cost you a job, or at least a job interview — have already gone viral on social media. Not unlike recommendation engines, influence scores seem destined to become one of those low-cost, high-impact online presences that will cast virtual shadows of disproportionate length and darkness. You think that Facebook photo of you puking at the frat party is going to come back to haunt you? Perhaps it's your single-digit — and falling — Klout score that should keep you up at night.

Of course, the Klouts and Twitalyzers are first-generation analytics that live web-wide in the digisphere. The real enterprise future of "influencer analytics" will soon be found inside the firewalls. With a few exceptions (salespeople, thought leaders, marketers), most organizations don't care about employee IQ — Influence Quotient — outside the enterprise. They're more concerned with how influential employees are inside the organization. Do their colleagues and subordinates "cite" and reference them? Are their comments and contributions appropriately acknowledged? Are they — forgive the cliché — "team players" and appropriately influential as such?

If you're running IBM, Siemens, Toyota, Exxon Mobil, CNOOC, or any Fortune 2000 global enterprise, you are going to invest in an internal Klout or PeerIndex to assess your internal influence marketplace. Quantitative assessments of influence will — and must — become part of job and performance reviews as well as indicators of leadership potential. This is part of the "googlefication" tide raised in an earlier post. Technology executives can talk about the "consumerization of IT" all they want, but the real impact or — please excuse me — influence is coming from the internalization of social media services. Enterprise social media services such as Jive, SharePoint, Yammer, and Socialtext — not to mention instant messaging and repurposed email — provide all the material necessary for importing a more enterprise-appropriate generation of Kloutish influencer metrics.

More sophisticated managements will make sure their enterprise analytics go beyond the Klout paradigm to identify "bad" influences and influencers. After all, if a business unit leader is as much a bad influence in some sectors as a "good" one in others, top management needs to know. Indeed, the future of influencer analytics may be in novel ways of identifying and categorizing the ratio between "positive" and "negative" influence impacts inside the enterprise. How do you rate and rank an employee who is a positive influencer with customers and suppliers but a negative influence on colleagues and subordinates?

Quantifying influence removes these questions from the realm of the hypothetical. The new reality is that enterprise social media may come into the enterprise with the promise of promoting better communication, coordination, and collaboration but will ultimately perform as the algorithmic arbiter of influence — good and bad. In other words, these metrics will enjoy enormous influence.

FEATURED COMMENT FROM HBR.ORG

"Great discussion … the concepts are quite relevant and applicable." —Mike Wise

IN SALES, SOCIAL MEDIA'S INDIRECT BENEFITS MATTER MOST

BY RAJ AGNIHOTRI

There's no better place to get a sense of the potential downside of social media for business than in B2B sales environments.

Sales managers are under a lot of pressure to get their reps to exploit interactive online technologies to the max, but that's a lot easier said than done. Simply telling sales professionals to start blogging or to jump on LinkedIn or Facebook has been shown to alienate customers, sap employee motivation, and undermine sales productivity. To avoid those pitfalls, managers need to spend time and money providing training, direction, encouragement, and feedback in a field that is changing constantly. But according to Brian Fetherstonhaugh, CEO of OgilvyOne Worldwide, only 9% of salespeople responding to a recent global survey reported any such efforts. Even if companies do make these investments, and the effort results in reps' being better able to negotiate social media's chaotic terrain, there still might not be much to show in terms of higher sales.

So it's no wonder that there's a lot of uncertainty about and even fear of social media in B2B sales departments. Nevertheless, my research with Prabakar Kothandaraman and Rajiv Kashyap of William Paterson University and Ramendra Singh of IIM Calcutta shows that with the right managerial support, sales departments can use social media to create significant value for customers. The key is to focus not on direct benefits such as profits or sales volume but on the indirect benefits — better market knowledge and increased customer engagement.

There's been a lot of grumbling in sales departments about social media, for understandable reasons: It challenges reps' familiar role as information brokers and threatens to interrupt traditional, tried-and-true approaches to communicating with customers, such as phone calls and in-person meetings, to some extent replacing them with forms of communication that can be disconcertingly transparent. For example, customers visiting SAP's Community Network talk openly about thorny issues ranging from product complexities to technical errors, and prospective customers can read every word. That kind of forum can be unsettling for sales reps who came of age before social media.

But social media isn't going away, and that's a good thing, because its upside is impressive. It can help reps build trust with customers and prospects; it can foster the interactivity that leads to deep customer engagement; it allows reps to hear customers' praise and gripes and to scout competitors' strengths and weaknesses; it gives reps a platform for educating customers, showcasing testimonials, and countering competitors' claims; it helps salespeople generate leads; and it facilitates the capture of important data about customers, ranging from their opinions to their birthdays.

A basic social media strategy should involve helping salespeople specify their objectives, engage customers, and monitor competitors; in addition, companies should assess reps' performance. Beyond that, social media can be used in the service of two very different approaches to sales: relational and transactional. The relational approach is exemplified by IBM's social media strategy, which emphasizes individual interactions as a way of building relationships and drawing customers in. Xerox also maintains numerous blogs that connect salespeople, prospects, customers, and product specialists.

The transactional approach was exemplified by Groupon's venture into the B2B area. It worked with a consulting firm, Ajilitee, that was willing to offer a discount for a data-analysis service to attendees of a cloud computing conference.

The approaches aren't mutually exclusive — a company can incorporate both into its overall strategy. But whatever the overarching strategy, there are certain capabilities that reps need to learn. Here are a few.

Generating content. Whether it's on blogs or Twitter, salespeople need to learn to position themselves as experts and provide valuable information for customers and prospects. That might mean offering suggestions and solutions on a continuous basis, or it might mean conducting live Q&A sessions on Facebook with customers. Generating useful information not only makes the company top of mind and educates customers, but it also sends a signal that the rep really cares about the buyer's bottom-line goals.

Monitoring. Salespeople need to learn where users are congregating on the web and monitor their discussions in order to gain critically important information on what customers think about the company and its products and competitors. But reps need to be careful about intruding in these forums. "You have to earn the right to ask for leads," SAP senior VP Mark Yolton says in a "Social Media Best Practice" seminar. At the same time, reps can use platforms such as Twitter to follow customers and learn what they're thinking and what they're interested in — information that can be useful to reps in providing a personal touch.

Developing leads. There are many ways to do this via social media. For example, a salesperson for an OEM, having learned through monitoring LinkedIn that a civil engineering firm has secured a large account, might send a congratulatory tweet to the firm and initiate a discussion of tools that the firm might find interesting. A salesperson can also ask for a LinkedIn recommendation from an existing client from the same industry to enhance credibility.

Salespeople obviously aren't born knowing how to do these things, so managers need to provide support in the form of training and in the hiring of technical staff. A seminar in writing for social media can be an effective way to help reps overcome any nerves about forms of online writing, such as blogging. Managers also need to shift resources in order to adjust to the new demands on salespeople's time.

Companies, moreover, should be willing to shift a significant piece of the marketing budget to social media and to the creation of positions with specialized responsibilities, such as virtual-community manager, social media strategist, social network moderator, and social marketing specialist.

When it comes to metrics, companies should develop measures that reflect strategic priorities and the importance of social media's indirect benefits — for example, customer engagement rate (the number of clickthroughs or the volume of posts or comments on a blog) and digital audience growth (the number of Facebook fans, Twitter followers, or LinkedIn connections). These results should be monitored on a weekly or monthly basis.

One caution: Don't be too reliant on metrics. Many of the benefits of social media, such as customer engagement, can't be easily quantified. But that doesn't make them any less important.

FEATURED COMMENT FROM HBR.ORG

"Thank you, [Raj], for your insight on how social media can affect sales. I completely agree on this phenomenon, especially under a consumer behavior perspective. … Social media is a very powerful tool, and every firm should start engaging with it." —Alara Büyükçınar

USE SOCIAL MEDIA TO BUILD EMOTIONAL CAPITAL

BY QUY HUY AND ANDREW SHIPILOV

Many organizations have started using social media tools internally to interact with their employees. However, in our survey of 1,060 global executives, only 30% of executives work for companies that benefited from the internal use of social media.

To understand why the rate is so low it's instructive to compare the social media experiences of two companies we studied.

The first (whose name is disguised to spare blushes) is TEKCO, a technology company. TEKCO followed a traditional approach to an IT implementation. Executives mobilized experts to develop internal applications that mirrored the functionality of Facebook and Twitter, and they built a platform that allowed for the creation of internal wiki pages. The company hired many open source technology developers to build new collaboration tools. For all this effort, the company had very little to show. When interviewed, TEKCO executives had difficulty identifying examples of tangible benefits their company obtained from social media. Contrary to initial expectations, social media adoption improved neither the ease of internal information sharing nor employee morale. Even operational efficiency was unaffected.

The second company (which we will name) is the Northern European subsidiary of Tupperware, the famous food container company. Tupperware took a very different approach, investing less than $50,000 in social media initiatives, but it obtained much more impressive results. Between 2008 and 2011, the turnover rate of Tupperware's predominately part-time salespeople (consultants, as the company calls them) fell by 15%. Both the ease with which best practices diffused throughout the company and the company's revenues increased.

What made the difference between these two experiences was that the project's leader, Stein Ove Fenne, managing director at Tupperware Nordic A/S, focused on building emotional capital in driving the initiative. He realized that the prime goal of the social media initiative should be to reinforce employees' positive feelings about the company, their colleagues, and their jobs. Tupperware's SM initiative — like those of other successful SM implementers — did this by focusing on four components of emotional capital.

Authenticity. What you communicate through social media has to be aligned with how you interact with people in the real world. Employees at TEKCO greeted with cynicism the senior executives' blog posts and podcasts about the importance of community spirit, because the same executives had previously engaged in a massive restructuring that involved layoffs. By contrast, Fenne's messages to sales consultants delivered through social media are consistent with his other actions. He has established personal relationships with many of them by visiting all major centers of activity. He invites key consultants to Tupperware's headquarters on a regular basis and literally rolls out a long red carpet in front of them as a symbol of appreciation. These behaviors are very consistent with his messaging in podcasts, emails, and blogs about how much the company values its sales consultants' contributions.

Pride. Pride is a better motivator than money is, and relying on financial or promotion incentives to elicit employee engagement in social media initiatives can backfire. When TEKCO executives made employees' contributions to internal wikis for knowledge sharing a part of their performance appraisal, many employees interpreted this as a coercive measure and posted entries of questionable quality only to satisfy the directive perfunctorily. By contrast, Fenne recognized that social media could provide Tupperware with an inexpensive platform for producing "moments of pride" for sales consultants. One of these is the "Tupperware radio show," in which Fenne plays the role of talk show host. Consultants' teams from all over Northern Europe connect through WebTV and post their live comments on a Facebook-type "wall" seen by all participants. Fenne calls on every sales team, asks them to report their results, and thanks them for their achievements.

Community. Social media users often do not consider time spent on non-work-related discussions within social communities as wasted from a professional standpoint. When employees identify common non-work-related interests among each other and forge informal bonds, they will eventually start discussing work-related matters even outside formal work hours. TEKCO stayed away from Facebook in order to avoid unauthorized information leakage; unfortunately, by doing so it eschewed the Facebook-type community platform that would have allowed employees to share information about their personal values and interests that were not always work-related. As a result, the platform never took off. By contrast, Tupperware is happy to encourage communication that is not work-related. Fenne even records short podcasts containing advice on how to lead an effective sales force or how to achieve success in their private life. These podcasts are sent as "thank you" gifts to top performers and convey that senior leadership cares about consultants' personal development.

Fun. Enjoyment is well known to be a strong motivator of innovation. Yet not one TEKCO executive we interviewed told us that they wanted employees to use internal social networking platforms to have fun. At Tupperware, in contrast, consultants produce best-practice videos that are amusingly self-mocking. One group of Danish consultants portrayed a bunch of Danish men having a cooking competition (using Tupperware products) that was eventually shared through social networking sites and was widely viewed by colleagues and friends. The company, for its part, releases amateur movies under the umbrella "Tupper Films," some of which contain highlights of Tupperware parties, while others contain useful tips for product demonstration. This increases the speed with which innovations spread across various countries and regions.

For social media to be widely adopted inside organizations and ultimately produce business benefits, executives first need to change their mind-set about using these technologies. They have to realize that **internal social media success isn't really about the software but about the emotional connection it creates**.

But that doesn't mean you can let your social media platform grow by itself. Although self-organization is a touted attraction of social media, our study shows that **the most successful employee communities tend to be actively managed by executives** such as Fenne. Companies that lack active community builders tend to create cold communities without heart and spirit, underutilizing technological infrastructure, generating employee cynicism, and destroying what little emotional capital was present.

Finally, remember that context and culture play a role; **executives should use locally appropriate means to develop the four pillars of emotional capital**. But however the actions to build emotional capital have to be adapted locally, they still need to be done.

WHY SUCCESSFUL CROWDFUNDING REQUIRES A SOCIAL MEDIA MIND-SET

BY GUY CLAPPERTON

If you tell experienced investors you're planning to crowdfund your business idea, you're likely to hear that you're walking into a minefield. You'll be relying on naïve individuals who expect to make a killing and are crushed every time they lose a dollar.

But a survey by British crowdfunding facilitator Crowdcube provides a more nuanced picture of these investors, one that shows why it's particularly important for would-be recipients of crowdfunding to understand social media and the way social technology users think.

First, crowdfunders seem to understand the high risk of putting money into a new idea, the survey shows. They're well aware that most small businesses fail. As a result, they spread their investments. Moreover, many take due diligence seriously, and they limit their investments to amounts they can afford to lose. In other words, they may be inexperienced, but they're not stupid.

Second, what seems to be happening is that the "social media culture," in which people feel close to and want to be part of brands they like, is extending into social investing. Crowdcube cofounder Luke Lang says two-thirds of investors surveyed expressed the need to feel some emotional connection with a target company. "It seems it's not just a cold, calculated financial investment," he says. He also notes that people said they enjoyed their investments and had a bit of fun with them.

Companies wanting to get involved in crowdfunding need to assimilate this idea into their strategies. They should engage customers and other potential funders through social media and present a human face.

An understanding of the social media mind-set certainly helped Scottish beer company BrewDog, which sold shares to the public under a scheme it called Equity Punks. The company set this up after traditional funding sources such as banks dried up. BrewDog, which is described by cofounder James Watt as an "antibusiness business," engaged with its customers directly. It encouraged people to spread the word on social media among their friends, virtual and otherwise. Very quickly it became clear that the excitement was as much about belonging somewhere as about money. Some 7,000 new investors have put up £3 million. The Rushmore Group, a chain of bars, used similar tactics to raise £1 million.

The survey does support some of the conventional wisdom: Most investors in crowdfunding aren't high-net-worth individuals (only 6% of them fall into that category). That means they tend to make small investments. And at times, their enthusiasm may trump their rational judgment. A wise company will stress the risks to avoid a backlash on the same networks that it used to raise cash. It's important to explain to would-be funders exactly what the purpose of the new money is and to provide a realistic description of how the whole thing could collapse. Crowdcube and other crowdfunding sites like Seedrs make it very clear that start-ups are more likely to fail than established businesses are. The vulnerability of inexperienced investors hasn't been lost on regulators, by the way. Crowdfunding facilitators like these are regulated within an inch of their lives — as is the BrewDog investment.

But if your company is comfortable with the social media mind-set, you can gain a lot by turning to the crowd for funding. For example, you might not have to give up as much control to the crowd as you would to an experienced investor. Before embarking on the Equity Punk scheme, the two founders of BrewDog owned 100% of the business; after two rounds of crowdfunding they retained just under 80%. Would a seasoned VC have handed over £3 million for only 20%?

Probably the biggest lesson is that companies can benefit in ways that go beyond increasing their capital. BrewDog's James Watt says the social and marketing benefits of the company's crowdfunding campaign have been impressive: "It ended up being all about building a culture and helping with marketing." The company's new small shareholders get discounts on the company's products, and they can gather in a private forum to chat. This is more than a straightforward financial holding. Like social media itself, it's all about community.

FEATURED COMMENT FROM HBR.ORG

"Crowdfunding is an amazing opportunity to get new ventures off the ground before traditional financing channels would be willing to take a chance."
—EmilyOpines

CO-CREATION: THE REAL SOCIAL MEDIA REVOLUTION

BY FRANCIS GOUILLART

We're in a social business bubble. CIOs are buying social software by the pound, hoping internal managers will figure out how to use it. Interactive marketing departments are frantically accumulating fans and followers on Facebook and Twitter, praying the CEO will not ask too many questions about value produced. Even sedate HR people are lobbying for social enterprise initiatives because it is about people, isn't it? And, of course, large hordes of software suppliers' salespeople are calling on everybody, promoting the new distributed power of cloud and mobile technologies and stoking the collective fear of missing out on the Big Data opportunity.

Unavoidably, the bubble will burst. When it does, the true revolution inside the bubble will be revealed: the new connections developing between internal employees on one end and customers, suppliers, and partners on the other that are allowing them to co-create new relationships and offerings and reinvent the operating model of each firm.

The problem is that this co-creation requires some a priori conceptualization of how internal and external people need to work together, what they want to do together, and what value they will create as a new community. This is no easy task, since by its very nature co-creation requires mobilizing people across department and company boundaries. Sadly, most social business initiatives are naïve, technology-driven ones without any planning or cross-organizational mobilization. The result: a disjointed flow of mediocre ideas, leading a large number of social projects to be dead on arrival.

To avoid this unenviable fate, a good place for companies to start is to connect their internal sales and service people with customers and their communities on social media. Burberry, the iconic British luxury-brand purveyor of clothing, fragrances, and fashion accessories, offers a good illustration of this strategic yet pragmatic approach. Angela Ahrendts, Burberry's CEO, has a grand vision of her company as a social enterprise where all employees, customers, and suppliers share the same experience of the Burberry brand, whether through physical stores or digital platforms ("Burberry World").

Beyond the lofty vision, the heart of Burberry World is a suite of applications developed by Salesforce.com that allows stores' sales and service people and customers to reinvent their interactions as a mini-community. Through a software program called Chatter, sales and service people not only have access to traditional CRM transactional data, but they can also see an aggregation of their customers' social media activities and can comment, in the store or remotely, on customers' recent tweets or blog entries. All of that's from the store staffer's point of view.

But customers can also engage on their terms. They can have their personal Burberry portal and initiate conversations on a variety of lifestyle issues (music and fashion are big). Not coincidentally, portals also generate business for Burberry: Customers use them to make store appointments to check out a new collection item or to replace a lost belt or button.

Both parties are guided by self-interest. They are as engaged as they wish to be (many are; some aren't at all). Use of the platform by the store employee is driven by her perception of whether it helps her generate leads and close the sale. Customers decide whether the Burberry portal enhances their personal brand. The platform unleashes mutual emotions and generates data useful to both parties.

The scope of co-creation is not limited to the sales and service interaction. Customers can remotely participate in fashion shows and order items directly off the runway. They can suggest designs for the next trench coat. Most important, Burberry's entire marketing is increasingly the aggregation of all these conversations between employees and customers — a kind of bottom-up community marketing (although Burberry's own voice remains powerful in influencing the community's perception of the brand). In addition to monitoring everything that gets said about its brand, the firm pretests many aspects of its marketing and communication content through another piece of Salesforce.com software called Buddy Media, making the brand itself increasingly codeveloped with the community.

The social platform is a key enabler, but the ultimate power of the Burberry model resides in the co-creation forces it unleashes between the firm's internal sales, service, and marketing people and the firm's customers. Burberry is demonstrating that human co-creation is the true revolution.

FEATURED COMMENT FROM HBR.ORG
"Very good. Customers developing the brand is a great concept." —Mike Bertelsen

CAN REPUTATION COME DOWN TO A NUMBER?

BY JOSH KLEIN

The idea of a unified reputation currency is starting to take hold online. It's a notion many first became familiar with when Cory Doctorow wrote his science fiction short *Down and Out in the Magic Kingdom*, where the reputational equivalent of a dollar was called a "whuffie." Now it seems to many that it could be closer to nonfiction. With broad agreement that reputation is a form of value, with various mechanisms already existing to score people and institutions on it, convergence on one metric seems achievable — even inevitable.

It's an enormously appealing idea. Imagine you could type in my name or email address or social software account and get a single number by which to judge whether you should do business with me —or indeed whether you should bother reading my point of view. What if as a business you could get a single number to determine how much to discount your product for a particular customer (because they might promote the product if they like it) or, better yet, increase the price for those unlikely to enhance its appeal to others? Regardless of your motivation, having a single number to replace what would be a messy evaluation would be a huge convenience that computers seem ideally suited to provide.

But the idea is fatally flawed. As someone who is subject to hysterical bouts of techno-utopianism myself, I can recognize the signs. We want a single number to evaluate other people by, and it really, really, really seems possible, so it must be so. Except that it isn't.

It's nearly impossible, first because reputation is so deeply context-dependent. I may trust my mother to enlighten me about comparative religion, but I'd ignore any advice she might offer on how to fix my car. If I get a facial tattoo, that might add to my reputation with one constituency (bikers or baristas) but detract from it with another (like a potential boss at Pfizer or Goldman Sachs). The same applies online. Just because I give someone a great rating as a seller of airplane models on eBay doesn't mean I would trust him or her to tutor me in algebra or even to provide a decent place to stay via couchsurfing.org. By unifying "reputation" from multiple contexts we invite mistakes like hotels comping executive suites to people who have big reputation scores for shooting YouTube videos of themselves trashing hotel rooms.

There's a more nuanced problem interwoven into the problem of arriving at a unified reputation system. The sites that are attempting it, such as Klout and Kred, might hope to measure reputation, but their algorithms, at best, track influence. The two are not equal. Influence is the ability to get others to take action, such as donating funds. But how that influence can be wielded is critical; Obama had great luck in soliciting donations using his influence, but so did Butch Cassidy. Influence is different in different contexts, and measuring only "influence" means you are judging someone's capabilities without any of the necessary context.

Similarly, people of very different reputations (Bono, the Koch brothers) might attain equivalent degrees of influence, and people of very different influence (Bono, Mom) can enjoy similar reputations in the mind of a given individual. Worse, many metrics don't really measure either influence or reputation and instead capture something like share of voice. I may be able to shout over everyone else in a room, but that doesn't mean everyone in the room respects me or pauses to consider what I have to say.

These are fundamental problems, and they don't even get into how people might game the system — so that a high score might be more a reflection of a person's relative talents in SEO, or SMO, or link farming, or astroturfing, or any of the other cheap and profligate ways to garner high influence metrics online.

The staggeringly powerful emerging technological capabilities and cataclysmically large data sets that we're starting to wrap our heads around at this point in human history are intoxicating, and in many ways it does feel like anything is possible. We can pull frighteningly accurate assessments out of otherwise thin air using machine learning and large-scale analysis on immensely powerful cloud computing platforms. But while new examples appear hourly, the next useful example is unlikely to be the ability to reduce reputation to a number.

That idea will remain in Shangri-La for a long time, alongside many other visions of computers mimicking the forms of human intelligence that rely on judgment. Artificial intelligence is the unicorn that geeks everywhere have been waiting for since we were born (along with jetpacks). But there's a reason we don't have strong AI yet: Intelligence is enormously dynamic and complex. And that's the same reason that a "unified reputation score" is almost as useless as your old Friendster account: The human brain is incredibly good at evaluating reputation across a variety of contexts using extremely fuzzy, dynamic, and relative data sets, and computers (so far) just aren't.

That's why when I ask a computer system to recommend some good music it so often suggests Justin Bieber. Software will get better and better at statistical modeling, but it's going to be a long time before it can select the sunset image that is most beautiful, predict the beer that will taste best to me next Tuesday, or make the case to my wife that even though I'm trying to wriggle out of my turn walking the dog I remain the best of all possible husbands.

FEATURED COMMENT FROM HBR.ORG

"Great article. A unified reputation score is directional at best and can frequently be misleading." —David C

CALL IT ANTISOCIAL MEDIA: EVEN TWITTER HAS A DARK SIDE

BY ROBERT PLANT

Social media isn't all community, collaboration, and cohesion. It has a dark side too. It's a perfect tool for tracking people and conducting surveillance as well as spreading propaganda, and it's wide open to all comers, no matter what their purposes.

Twitter, for example, allows programmers to collect data from its data streams. Companies are already making use of this for innovative business intelligence purposes — for example, Derwent Capital Management uses Twitter sentiment to predict stock market movements. The granularity of the data is impressive. Research by Muhammad Adnan of University College London has linked geotagged tweets to OnoMAP, a program that analyzes common patterns of given names and surnames to classify people and the places where they live. His team has been able to perform spatial analysis of the tweets to produce location maps of London's population by ethnic groups, such as French, Greeks, and Chinese, but also — perhaps worryingly — by religion (Sikh, Jewish).

Law officers can monitor gangs and extremists — as well as everyday activists — through a variety of technologies. This is just an extension of what governments have been doing for a long time, of course. The FBI, for example, uses packet-sniffing software to monitor data flows. But with social media's wide availability, a new surveillance industry is emerging whose products are beginning to cross over from law enforcement into the commercial sector. Firms such as Narus, a subsidiary of Boeing, have created toolsets that can be used to scan for text of interest. For example, the terms "explosives," "arson," or "grenade" in a Tweet stream could presage rogue activities.

Social media is a natural medium for propaganda too. Governments the world over use social media to push information out to the world. In the United States, the White House @whitehouse is tweeting with the tag #My2K and using social media to advance its position on the "fiscal cliff." President Obama @BarackObama has even gotten involved, sending tweets to the 24,104,911 dear friends who are his followers. (He's also following 669,646 people or entities. Assuming they tweet once a day, he would have to read approximately eight tweets a second, leaving him little time to run the country. So where do the tweets go? The NSA, perhaps?)

Another state that is sophisticated in its use of information is Israel (#Israel), as can be seen in the latest Gaza (#Gaza) conflict with Hamas (#Hamas). Both sides are using the Twittersphere to promote their viewpoints as well as to provide advice to their followers.

What can businesses learn from all this? The propaganda value of social media is something companies already understand very well. Propaganda, it could be argued, isn't much different from marketing, and companies have been using social media as a marketing tool from the very beginning. But the tracking and surveillance possibilities of social media aren't fully appreciated by most managers. One lesson is that your competitors may find ways to track your employees' movements. That's clearly something to watch out for. But the most important implication is just that social media has vast power, most of which is still untapped. Two lessons follow from this point.

First, companies need to deploy social media not just as a marketing tool but also as a mechanism to engage discussants in a much wider social context. Reach out to customers, forums, and media participants in a range of domains beyond those that are immediately centered on your products. That way, you can harness their innovation and insights as well as exert some influence over the discussion flow early in the conversation. For example, oil companies should be monitoring a variety of streams around their ecosystems, such as sustainability, legislation, tax reform, ecology, nonprofits, and educational institutions, in a search for trend indicators that could be relevant to the firm and its policy positions.

Second, companies can look to social media for data that can be mined and combined in new ways. Just as the University College London research drew on a combination of geospatial and ethnographic data, firms can look toward combining heterogeneous data from sources previously considered unrelated in order to develop unique insights that can drive value for the firm. For example, manufacturers providing devices and information to diabetes sufferers can develop solutions and scan a wide variety of sources to pick up on emerging trends, market needs, and competitive threats.

Data from social media is going to become an increasingly important aspect of every firm's business intelligence. Don't sit on the sidelines and wait for a canned solution to be developed by the software community. Now is the time to create prototype processes and solutions and gain experience. Not only will this help you establish an early-mover position, it will be seen by analysts and consumers as proactive and innovative. And any missteps will likely be less damaging at this stage than they would be in a mature environment.

One caveat: It might be better to take a stealthy position on this strategy until you've effectively executed. Even the walls have Twitter accounts.

FEATURED COMMENT FROM HBR.ORG

"Insightful post and it's very true … social media works for many agencies we are not aware of; we are fed the information they wish to approve of and [they] get the information from us that they want to know."
—Shilpi Rajput

SHOULD YOU BOTHER USING SOCIAL MEDIA TO SERVE CUSTOMERS?

BY MATT DIXON AND LARA PONOMAREFF

"I'm telling everyone I know about how rude your customer service people are."

If you were browsing Facebook or Twitter and you saw a comment like this about your company, we'd bet you'd instinctively want to respond to that customer to try to fix the relationship. Comments like these put us on the defensive — we want to prove to both this customer and everyone else who will see this post that our companies deliver high-quality service. It's this instinct that has led to the growth of social media as a customer service channel.

Here at CEB, we regularly field questions from customer service leaders about social media, including how to develop policies and strategy, staff and train teams, and measure success. And we find that most companies make one fatal assumption: that social media is an effective service channel to resolve customer issues.

In the rush to help vocal customers via social media, many have jumped into implementation without taking a step back to ask themselves four critical questions.

Why is this important to customers?
Social media usage has exploded over the past few years and provides many benefits to users. But what about specifically resolving customer service requests? Turns out people value social media to connect with friends, find jobs, and evaluate brands/products, but their opinion changes for post-sales support. Our research finds that 84% of customers have never used social media platforms to contact customer service and 83% do not expect to resolve customer service issues on social media platforms. So, ask yourself: Is this important to the vast majority of our customers, or are we serving a small (but vocal) minority?

What are we trying to achieve?
When customers do use social media for service, they often feel forced to go there to "vent" — as a last resort because the company was "ignoring my issues in other channels." Only 1.8% of customers go to social media first for customer service. If we want to achieve resolution for customers, shouldn't our first priority be to fix the gaps in traditional service channels like phone and web self-service — the channels customers tend to prefer?

What makes this solution work?
If issue resolution is the goal, then we have to look at social media's ability to fully resolve service issues. Eighty-four percent of customers don't necessarily care what channel their issues are resolved in, just as long as it is fast and easy. That's what makes the solution work for them. Unfortunately, social media can require back-and-forth messages to gather required details (which often ends up in an email or phone call to gather personal information). If we know resolution for a particular issue in social media will be a frustrating process for customers, shouldn't we guide them away from social media and toward a channel that will provide a better experience?

Am I prepared for it to work?
Companies that have nailed customer service in social media often tell us that they should have been more careful with what they wished for. By successfully handling customer service requests in social media, they not ony teach their customers that they can get resolution in social media but also inadvertently show them that to "jump the line" and get immediate attention, they should just publicly complain. Some even wonder if they have taught their customers bad habits. So, if it ends up working, are you ready for the potential implications?

Of course, social media can effectively be used for certain types of customer service. We've seen vibrant online customer communities for technical products where customers solve each other's problems, instances of avoiding customer churn by reaching out to complaining customers via Twitter, and times when customers get information on Facebook that teaches them about their product.

But before you jump the gun and start a social media team, stop for a moment. Ask yourself these four questions, and you might come to a very different conclusion about how to serve customers via social media.

FEATURED COMMENT FROM HBR.ORG
"Good points made about social media plans! Most businesses just assume that social media is the new way customers want to communicate, but it is successful for only some. It is important to realize how your customers like to communicate and how they expect you to communicate and answer questions back." —Rpelke

THE SOCIAL SOLUTION TO INNOVATION CHALLENGES

BY ALEXANDRA SAMUEL

Business innovation depends on speed. As my colleague Ray Poynter has observed, "the number one business need … is to get good answers to decision makers quickly enough for those answers to be useful to them."

Yet many of the business innovations that flowed from the first generation of Internet adoption have had the perverse effect of slowing business down. There was a brief, shining, productive moment between the invention of the word processor and the advent of email when we recovered all those hours we once spent with Wite-Out and carbon copies and had yet to lose those hours to email spam and mailing lists. Now, accelerated communications that came from desktop publishing have given way to arduous website overhauls; the mental freedom that came from mobile phones untethering us from our desks has turned into the mental drain of 24/7 accessibility and accountability.

Social media may provide the antidote to the brain drain.

It's not that social media gives businesses the real-time intelligence they need to work quickly. In fact, as demonstrated by the results of a study that Emily Carr University and Vision Critical conducted earlier this year, there's every reason to think the opposite. Our study found significant differences between social media "sharers" and social media "lurkers" — differences that could lead a company astray if it took tweets and Facebook posts as indicators of what their overall customer base is thinking.

But listening carefully to social media can transform a business in another way: by creating the pressure for the real-time intelligence and real-time responsiveness that lead to meaningful innovation. There's nothing like a sudden uptick in social media mentions, whether positive or negative, to draw internal attention to an area of business opportunity or vulnerability. That's paired with an external expectation that you won't simply listen but will actually respond — whether by thanking people for their praise or addressing their complaints. In the event of a major social media crisis on the scale of the Qantas or Kenneth Cole debacles, you've got even more internal pressure to quickly analyze what went wrong and even more external pressure to quickly provide a meaningful response.

The pressure to learn and respond ever more quickly is not the only way that social media accelerates innovation, however. Social media can actually enable faster learning, faster thinking, and faster decision making — if companies adopt the tools, culture, and work habits that unlock the innovation-fueling potential of social media. Here are six key changes.

Get over the in-box: More and more professionals report that email has become a significant drain on their daily productivity. Add to that burden the new challenge of reading and replying to tweets, wall posts, and LinkedIn requests, and you've got the makings of a workforce that does nothing except read and respond to messages. While some professionals fall into that trap, more and more of us recognize that we now have to make deliberate choices about which communications actually merit attention, let alone a response. As we move beyond the "answer everything" imperative, we're liberated not only from distraction by social media but also from the tyranny of the email inbox … freeing up your team to work on their most important priorities instead of the latest missive. To help your team make smart decisions about which messages need a reply (and how quickly), offer explicit guidelines about what kinds of messages can and can't go unanswered.

You can act as a role model yourself by letting your immediate colleagues know that you won't be answering every email but telling them which medium (Twitter, SMS) or subject lines will always get a same-day response.

Get over link sharing: Sharing useful content is one way a company builds collective intelligence, but in its predominant form, the emailed link, it's also a major contributor to email overload. Get those links out of the in-box by adopting one or more social tools for circulating knowledge within your firm. Encourage your team to use Evernote for their note taking, and set up shared notebooks that team members can clip to (using Evernote's web clipper) to build a collaborative reading file. Set up an internal blog for link sharing, and give team members a button that lets them post links to that blog with a single click. Get employees into social bookmarking, and ask them to use a common tag for links they want to share within the company; if a lot of your shared resources are visual, consider using Pinterest to share images through a pinboard.

While any of these can help free your team from the dreaded email pileup while fostering greater knowledge exchange, it can be hard to wean people off of their email-a-link habit; get them started by providing a post-by-email option, and their behavior will shift over time.

Get over life on the road: Online networks helped birth the global economy and with it the global road warrior: the professional who spends days or weeks each month traveling not only from state to state but from country to country. Worldwide relationships may give your company the eyes and ears to gather intelligence from around the globe, but it's hard for intelligence to turn into inspiration and innovation when your global team is depleted by life on the road.

Social networking tools like LinkedIn and Twitter have made it possible to build and deepen crucial business and client relationships without constantly getting on a plane, and social communication tools like Skype and Google+ Hangouts have made it ever easier to hold meaningful conversations online. You can combine ubiquitous presence with happily productive employees by fostering a culture that treats video chat as a legitimate way to do business and trusts employees to use their own best judgment about when they need to sit down with colleagues or clients in person instead of online.

Get over Track Changes: Circulating typewritten documents and asking colleagues to write in the margins may have been a pre-1990s nightmare, but if you're working with colleagues on document drafts, Word's Track Changes feature starts to look more unwieldy than those old interoffice envelopes. In a world with Etherpad and Google Docs, there is no reason for the suffering to continue. Write your draft in Word, but then please just post it somewhere that your colleagues can access. Without the mess and confusion of marginal notes, you'll be able to work quicker, write better, and think smarter.

Get over your intranet: For well over a decade, companies have poured millions of dollars into building enterprise-grade intranets that are supposed to help employees collaborate more effectively but more often meet with apathy or hostility. But the very employees who eschew your internal message boards during the day go on to spend their evenings on Facebook and Twitter, and the professionals who may be invisible on your collaboration platform are logging their tasks on Basecamp. Give up the futile mission of forcing employees onto your overpriced internal platform, and look at the social tools they are actually using. Then figure out how to stitch those together into a toolkit employees will actually use.

Get over your firewall: Your enterprise IT team may be the biggest obstacle to implementing any of these innovation-enhancing changes, since many social web applications by definition live on the cloud and outside your firewall. While there are tough questions to ask about the trade-off between embracing social tools and ensuring the security of your data (and in some cases, legal constraints on those choices), companies too often sideline cloud-based applications without even asking those tough questions. Challenge your IT team to make the business case for keeping everything inside the firewall so you can weigh their concerns against the business benefits of any social tool you might embrace; compare your internal security protocols with the provisions of the social software providers you are assessing so you can determine whether external equals less secure. You may find that some social applications truly aren't worth the risk, but the evaluation process itself may inspire your IT team to expand the social toolbox they support.

Together, these practices can help your organization turn the corner on social media as a driver of internal business innovation and help heal some of the pathologies that have inadvertently emerged from the first generation of web-based business. That's not the end of the story, of course. As social tools get incorporated into the core of how we do business today, they will inevitably cause their own forms of pathology and sclerosis. But if we do better with social tools today, we'll be better prepared to change and adapt tomorrow.

FEATURED COMMENT FROM HBR.ORG

"[This article] on link sharing [is] a breath of fresh air."
—Edwin Ritter

HOW TO FIND NEW COMPETITIVE KNOWLEDGE IN SOCIAL MEDIA

BY MARTIN HARRYSSON, ESTELLE METAYER, AND HUGO SARRAZIN

Buzz used to be an intangible — something you just *felt*. No longer.

"Buzz volume" is one of the metrics offered by a new generation of social media-based tools that are transforming the way corporations gather intelligence about customers and competitors. "Consumer sentiment" is another. You can now get a reading on how customers are feeling about your products or services, your customer service, or your prices.

By making use of social media's openness and users' willingness to discuss just about everything online, these tools open endless possibilities for social media-aware companies to source, collect, analyze, and distribute what is now called social intelligence. But don't expect to be able to neatly fit those sources of information into your old intelligence-gathering process. They require new kinds of expertise and a new mind-set about data. They also require the company to actively engage clients and external experts in social media conversations. Merely listening quietly and gathering information aren't enough anymore.

In the old days, corporate intelligence gathering meant painstakingly gleaning information from experts and competitors' reports, subscribing to expensive online data aggregators such as Factiva and Dialog, and scanning unstructured documents from the media. Analysts typically spent 80% of their time gathering information before they even began trying to make sense of it. Once the sense making began, intelligence experts used standard, outdated methods such as SWOT analyses and created lengthy internal reports. Not a very fast process, and the results were rarely compelling for senior executives. Even after the rise of Facebook, Twitter, and YouTube, the combination of clunky tools and executives' low social media literacy hampered companies from extracting valuable insights.

A number of companies, B2C and B2B alike, now realize the potential benefits of monitoring conversation flows from social networks. An illustration is Nestlé's new Digital Acceleration Team, which was announced last month.

Increasingly sophisticated tools and new research methods, which include mapping networks and rating users' influence, can make analysis of social media a powerful complement to what we call "static" data and traditional intelligence methods. For example, research by NM Incite shows how a major telecom company's recent analysis of more than 120 million blog entries, 10,000-plus discussion boards, and 90,000 Usenet groups as well as CNET, Facebook, Twitter, and YouTube, revealed a number of insights, one of which was that in order to grow, the company would need to more thoroughly educate consumers about its technologies.

There are several ways in which a company's actions and thinking need to change as it starts drawing on the knowledge embedded in social technologies. Here are some suggestions to kick-start the initiative.

Embed social media intelligence analysts throughout the organization. To prevent analysts from leaning toward only those patterns of thinking that are deemed acceptable within specific functions, companies should embed analysts who understand social media across the organization in functions ranging from strategic planning and product development to R&D, customer service, and M&A planning — and not just in communications departments. The challenge for companies is immense, as they need to rapidly increase the level of social literacy throughout the organization.

Look for online "curators." Experts who collect and share "best of" resources on specific subjects are analogous to museum curators who carefully choose which pieces to display. In social media, curators do a good job of keeping track of people's conversations as they occur in online social spaces and quickly channeling that information, in some cases using tools such as Storify to distill conversations. For example, the World Economic Forum in Davos uses Storify to put together summaries of its events. Canadian financial cooperative Desjardins wanted to learn about new electronic currencies, so it tracked a UK community dedicated to crowdfunding and sought experts in Africa on mobile payment practices. The company prefers such information-gathering methods to relying on market research firms. If you can find the right set of curators to follow, you can reduce your reliance on searches of traditional databases and publications.

Map it. Social tools enable analysts not only to find individual pieces of content but also to link different types and sources of information. For example, by analyzing who interacts with whom, an organization can understand who the key influencers are and which relationships are important. Numerous social intelligence tools allow analysts to create ever-changing maps that show where in the blogosphere or on the Internet at large a company can find the information and expertise it needs. Newsmap provides an interactive map that features, in real time, the news reported by the media globally. Maps not only highlight the main patterns, but they also reveal weak signals. Decrypting weak signals may offer better strategic insights than the familiar patterns analyzed by traditional intelligence. Analysts can use maps to chart the ripple effects as information moves from user to user within and across companies.

Micropublish. Intelligence reports are tricky. Ideally, they should be customized for each executive, but time constraints prohibit intelligence teams from meeting individual needs. They also tend to be dated by the time they arrive on decision makers' desks. New tools allow analysts to gather relevant information rapidly, even automatically, and package and distribute it in the form of micro-publications. Desjardins, for example, uses Flipboard to provide information that users can tailor to departmental needs.

Add new talent to the team. Companies should invest in upgrading the skills of their competitive- and strategic-intelligence teams. Often, this means that companies will need to recruit new talent from outside the company or even the industry, bringing in people who can think differently, pick up on subtle signals, and avoid strategic blind spots.

Engage with the community. Analysts must have the curiosity to reach out for new sources of knowledge. They can do so by creating communities of experts online (LinkedIn groups, Facebook groups, Twitter lists, Google Circles) and also by actively engaging their followers and connections into conversations. Thousands of such social media conversations emerge every day, and many turn into regularly recurring conversations.

Making these changes in your intelligence-gathering approach will not only let your company make the best possible use of the new generation of tools and tactics but it will also allow you to bring real-time, quantitative data from real people into the discussion of your competitive strategy, leading to better corporate decisions.

FEATURED COMMENT FROM HBR.ORG

"This is a great post and highlights the strategic importance of social media in traditional business functions such as business intelligence and competitive intelligence. Thanks for some actionable suggestions."
—Tanmay Saraykar

ARE YOU GIVING UP POWER?

BY NILOFER MERCHANT

You know that social interactions with the marketplace are becoming a source for innovation, strategy, product development, organizational alignment, and pretty much every important thing your organization does. In the Social Era, value will no longer be (maybe even already isn't) created primarily by people who work for you or your organization.

You might know all of that, but are you fully embracing it?

Lately, whenever I give a talk about social collaboration, the first question I hear from the audience goes something like this: "Are you *craaazzeeee*?" Well, to be fair, people usually find a way to phrase it slightly better. The real question, the underlying one, is always the same: How is this going to affect the amount of power I have? People deep within organizations are wondering whether they will finally get a chance to participate. Middle managers are worrying whether they are still needed. And senior leaders are asking, "Won't I have to give up power?"

This last question is a great and common one. It's also complex, so let me take it apart to answer it.

1. Isn't power about being the boss? Traditionally, being powerful within an organization has been a function of three aspects of bossness: (a) your title and rank within the hierarchy; (b) your span of control, or how many people you direct; and (c) your budget and/or profit and loss responsibilities. These allow you to direct activities and allocate resources — and by doing so, to control other people. Power was also tied to eliteness — having the right degrees from the right schools would mean you would be picked over others. The Social Era has disrupted all this. (I wrote about this in a recent post, Just How Powerful Are You?) Now, power can also come from social collaboration. If Kickstarter, TEDx, and Wikipedia and other related platforms have taught us nothing else, it's that people can become powerful without first being picked or vetted, through what we create together. Being powerful is less about being the boss and more about sharing or championing ideas. Leadership position no longer matters as much as leadership itself (a distinction Peter Senge wrote about in *The Fifth Discipline*). It's still true that as a function of our positions, some of us will have an easier time getting our ideas to be seen, heard, and shared. But if we redefine power as the capacity of a human to shape the future — as I believe we must — we all benefit. Bossness may or may not be involved, and it matters only insomuch as it helps you frame and shape the future.

2. Aren't I paid to know the answer? Well, yes and no. Largely because of the Internet's great search tools and ease of sharing content, an average person today can be more informed today than the richest billionaire was twenty years ago. This prevalence of information is the main reason why everyone is able to contribute and why being the keeper of all answers isn't really that valuable anymore. Add to that the millennials' desire to make a meaningful contribution and you have a talent pool that doesn't need or want you to have the answer; they expect to play a role in coming up with the answer. As knowledge, capacity, and expectations grow, people have to change how they work together. In my first book on collaborative work, I nicknamed a character "the chief of answers." This person felt he had to know everything, and one day I asked him, "What does that do to the rest of your people if you are 'the one' who knows everything?" And he realized that by making himself the chief of answers, he turned everyone else into the "tribe of doing things." That limited his informed, educated, and motivated colleagues and their ability to contribute. Collaboration is strongly correlated to innovation (according to research commissioned by Google), and you can use it to solve complex problems. But it doesn't work if you aren't willing to let go of knowing everything already. Many people have built their careers and their identities on being experts, and for them this can be terrifying. But being the chief of answers is exhausting, and it leads to diminishing returns. When an organization crowns a few people as chiefs of answers, it forces ideas to move slowly up and down the hierarchy, which makes the organization resistant to change and less competitive. The Social Era raises the pressure on leaders to move from knowing everything to knowing what needs to be addressed and then engaging many people in solving that *together*. They should frame the challenge and point out the horizon, helping those involved know what matters and why. That means more ideas arise and can be acted on, and the people closest to problems can solve them. If you define leadership as we did above, that means by giving up some direct control, leaders actually expand their power.

3. Doesn't this just mean I get the blame if an idea fails and no praise if it succeeds? In a collaborative/crowdsourcing/co-creative world, there are a lot of fingers in every pie. Not just the leader, but everyone involved could worry that it's not clear who is doing what and that they won't be recognized for the value they create. But in practice, all this activity leads to more ownership, not less, and it's clearer who is adding value and who is not. Look at any collaborative interaction in the coming week and you'll realize that just as you are assessing who is really showing up to create value, others are as well. Leaders worry about whether their division will get credit so that when it comes to budget times they can get more resources. But as we've already discussed, the social resources we all now have access to mean that in many circumstances budgetary resources matter less.

This is a big shift. If you currently equate your power with your bossness, your ability to have all the answers, and getting credit for everything you do, then you are set up to thrive in the past. Thriving in the Social Era requires different skills: collaborating rather than commanding, framing and guiding rather than telling, and sharing power rather than hoarding it. Can you make the change? Yes. Will you? Well, only *you* can decide that.

DRIVE ENGAGEMENT AND RETENTION USING SOCIAL PLATFORMS

BY JOHN DIGENNARO

If you're a manager of a large business, you know the challenges involved in retaining talented people, guiding their progress toward important objectives, and having them feel a deep sense of engagement with the organization. It might not have occurred to you that these problems are just as challenging to those of us working in higher education, trying to hold on to good students and help them achieve their goals. At Baldwin-Wallace University (formerly Baldwin-Wallace College), we've invested in a social media solution over the past several years and have seen it make a very positive difference. Perhaps a version of it could work for your organization too.

The challenge we faced is an old one: Young people arriving on campuses must take charge of their lives to a degree most never have in the past. They may arrive with goals, and they certainly have access to many resources, but there are many options and much ambiguity as to the path they take. Both they and we have a large stake in how well they connect to their college community and how successfully they realize their potential.

For some time, Baldwin-Wallace has offered a freshman course called College 101 to help. In 2005, having witnessed the advent of social media, my colleagues and I saw a new way to support the connections and self-management skills that course cultivates. We worked with software vendor Learning Objects to create a proprietary online space where students could publish the Action Plans they develop and continuously update them in "wiki" fashion. It is useful to them to track in one place all their related coursework, internships, community activity, and other activities — but even more key to the site's value is that this organized and growing record of their progress can be shared with mentors and others, at their discretion.

The results have been gratifying. Five years into the program, we took stock and discovered that retention rates for College 101 students had risen 15%. A survey of six universities in our Carnegie Class (peer group) found BW students to have the higher overall satisfaction with their school and higher levels of out-of-class engagement. We found more College 101 students than before earning GPAs above 3.0. What accounts for the success? I think our initiative has had a number of important things going for it.

Strategic intent. It's easy enough to encourage social media use by students. After all, Facebook had its start on campuses, leveraging already very robust social networks. In some organizations, it might be enough of a goal simply to allow new staff to connect with one another. But in this effort, we were trying to use it to engage them strategically. It was important to identify up front what we hoped to accomplish. We put the focus on connecting young people with mentors and looked for improvements in retention.

A simple, solid framework. Your solution may need to be a custom-created application, or it could be as simple as a private group on any number of popular social networking sites. A simple blog might do. Regardless of your technology framework, don't make the tool or the interaction overly complex or artificial. In selecting a framework, it's vital that the interface be so simple to use that connecting with one another is effortless. This is where the clear articulation of your intent pays off. With the focus on the primary function the tool is supposed to perform, it's easier to resist the temptation to "overbuild" the application or go feature crazy.

Incentives. The success of our solution depended on students being sufficiently motivated to update their pages, whether noting their decision about a major or linking to an extracurricular project. Without that, neither they nor their mentors and advisors would benefit from a rich view of how they were progressing on their Action Plans. Most effective in keeping the process going is having mentors in the habit of personally responding to the updates. The occasional mentor-mentee event can reinforce the value of the activity. (Perhaps in a business setting this would be a group lunch with the CEO.) The point is that incentives don't have to be elaborate. Just talk to some typical users and the managers who will champion the process to discover what will motivate participation, and showcase the incentives in newsletters and emails.

Continuous improvement. Any system has the potential to serve people better if you are willing to measure, follow up, adapt, and innovate. We get feedback from all levels to determine what is and what isn't working and try to understand the reasons for both. Once you've launched your solution, use the framework to link up your own staff and maximize their exposure to how it is being used. Where are the connections being made, what groups are taking off, and what success stories are emerging? Meanwhile stay abreast of social networking trends in the broader world and be willing to revisit your technology framework if necessary.

These keys to success might not strike many IT professionals as surprising. Whether in a business or higher-education setting, new information and communications systems present similar challenges. But perhaps managers in the two sectors have deeper interests in common when it comes to social solutions. Both constantly bring new people into settings full of social and organizational ambiguity, expect them to take initiative, and need them to fulfill their potential. Both benefit when those people develop a strong sense of connection to the institution, not only for the years they are there but also for the many years later that they spend in its network.

Social media often lures people away from their work, but it can also connect them in valuable ways. As employers increasingly recognize the importance of talent development and make efforts to deepen engagement, social networking most certainly can play a part. Social media allows for robust but seamless connections, where people can even use their smartphones to provide suggestions, solicit ideas, share interesting articles and news, or plan events. Be it a wiki, blog, private Facebook page, Google site, or Twitter feed, a social media solution can increase a sense of connection, promote progress, and instill loyalty not just in students but also in all knowledge workers.

WHY YOUR SOCIAL MEDIA METRICS ARE A WASTE OF TIME

BY IVORY MADISON

Many companies use the wrong metrics to measure their performance, especially when it comes to social media. I run a social media company, and until recently even we were confused about what metrics mattered.

If you think pageviews, unique visitors, registered members, conversion rates, email-newsletter open rates, number of Twitter followers, or Facebook likes are important by themselves, you probably have no idea what you're doing. Those metrics are the most common false idols of analytics. They're what Eric Ries, author of *The Lean Startup*, calls "vanity metrics."

Vanity metrics look good but fail the "So what?" test. Before you tell your CEO you have a million Twitter followers, ask yourself, "So what?" A better metric is how many products you sell as a result of tweeting a link to your purchase path.

Here are four of the most important metrics you can follow — notice how little they have to do with popular social media metrics.

Relevant revenue. Note the word "relevant," which refers to recurring sales in your core business. Don't count revenue from one-time or stagnant sources.

Sales volume. This can be a number like units sold or active subscriptions, something that shows whether or not enough people want to buy what you're selling.

Customer retention. Metrics like "new customers" can hide the fact that although you may attract 1,000 new users a month, you're losing 900, which means you're not going to scale.

Relevant growth. Too often, companies compound the stupidity of their choice of metrics by creating a metric tracking the growth of vanity metrics. You should be looking for a traceable pattern in which the actions of your existing customers create new customers. That's what Ries calls an "engine of growth."

These metrics are valuable because they measure success of your core business. To measure the value of your social media activities, you have to look at the results the company is getting overall and track how social media was involved in moving the needle. That's where you'll find the only relevant social media metrics.

Seek out what Ries refers to as "actionable metrics." Measure numbers that demonstrate cause and effect, giving you a good idea of what to do next. Your number of registered members or Facebook friends can't do that. The best kinds of metrics also trace individual paying customers you could call up and talk to. The more you aggregate customer behavior, using metrics like pageviews, the less valuable the data is. If you can, build analytics into your products to improve focus and accuracy.

Figuring out whether a number is a vanity metric requires analysis of your particular business. Our strategic partner, AOL (home of the Huffington Post Media Group), has a display ad business model, so in AOL's case, pageviews are a relevant metric. One of my firm's clients is a nonprofit with educational goals, so the number of readers who shared a piece of content, a social media metric called amplification, is relevant.

At some companies, there's a misunderstanding about what social media is. Traditionally, managers were used to achieving business objectives in departments that make things, sell things, or manage money. While social media activity is very easily measured, it has little in common with these core business functions.

Social media is a big-picture, interdisciplinary concept that covers an evolving set of digital methods through which stakeholders interact. These methods can become major marketing channels, customer-service delivery channels, and new ways of gathering intelligence. Internally, your team can use social technologies to share information, build relationships, and get work done. Much of this is profoundly important yet intangible. Intangibles are the enemy of actionable metrics.

Our company used to generate extensive analytics reports. I realize in hindsight that we were looking at them the way we might look at a sales report, despite the fact that our traffic and membership numbers weren't translating into sales. Vanity metrics are accurate but irrelevant. Now we view social media as a toolbox that can help us achieve our tangible objectives — such as revenue, sales, customer retention, and growth. We design our social media metrics to reflect that.

FEATURED COMMENT FROM HBR.ORG

"Good point(s). Tracking the wrong metrics can be expensive, drive 'bad' behavior, and lead to the wrong results." —Andy_Mcf

TURN CUSTOMER CARE INTO “SOCIAL CARE” TO BREAK AWAY FROM THE COMPETITION

BY GADI BENMARK AND DAN SINGER

When you’re responding to customers, it’s better to be fast than effective.

According to a survey of social media users by the joint Nielsen-McKinsey venture NM Incite, 33% of respondents say they’d recommend a brand that offered a quick but ineffective response, nearly double the percentage (17%) who’d recommend a brand providing a slow but effective solution. Even “no company response,” at 19%, scored higher than slow but effective.

The risk of failing to meet these expectations goes beyond losing customers. People who are annoyed by your customer care can and do blast negative comments about your brand to their networks — and their network’s networks. McKinsey research shows that a single negative post on social media has, on average, as much impact on customer decisions as five positive posts.

Social media has conditioned consumers to getting immediate feedback. In fact, a lot of customer service these days is happening via social media, and customers expect you to respond as though you were one of their Twitter followers. More than 50% of Twitter users expect a response in less than two hours, a lot shorter than most companies’ response windows.

Enter social care, a system for companies to regularly provide customer service through social media platforms. Social care can save money. It costs less than $1 per interaction, whereas telephone care is typically at least $6 per call. Even email care costs $2.50 to $5 per interaction. But the real benefit is to the customer experience. Almost 30% of social-media users prefer social care to phoning customer service (and it’s not just the young set; even over-65s use social care, with 17% preferring it to the telephone). Consumers with positive social care experiences are also three times more likely to recommend the brand to others.

Still, a lot of companies haven’t reorganized their businesses to execute, manage, and measure social care strategically with well-trained staffs. Here are four steps we’ve seen work.

The map. Establish a baseline for gauging the extent to which expanding social care would improve customer service and lower costs. Map service requests to each of your social media channels and those received through traditional centers. Include whatever data you can glean on your competitors. If anyone is talking about your company or asking you questions, that’s a good sign that you should get involved in social care (as more than 60% of U.S. companies do). These days it takes just one angry customer on Twitter to hurt your brand. How you implement social care depends, however, on your tolerance for risk, position in the marketplace, and regulatory environment. Pharma companies, for example, have strict regulatory parameters that limit how and when to intervene with social care.

The team. Social care handlers need the authority to deal directly with customers’ concerns quickly. That means providing them with detailed training programs and customer-response guidelines that are based on an array of scenarios. Customer care is often an operations function, but given its impact on customer experience, brand advocacy, and sales, companies should consider developing new reporting structures and governance processes that bridge operations, marketing, and the business units. That requires frank discussions within your company about budget and ownership.

The playbook. Classify issues, which can be as basic as directions or as complex as hardware performance or account complaints, according to their complexity. Decide which can be dealt with publicly and which should be handled privately. Consider going public if responses could have wider benefits beyond the individual (changing store hours, for example). Consider communicating privately when you’re dealing with personal information (such as account info) or an issue that’s sensitive. Identify areas where you can snap up new customers. Then create and test search terms on social media that alert you to these opportunities. For example, Walmart’s social “carers” pick up on questions and complaints, including stockouts at other chains, that Walmart can address. Make it easy for customers to migrate to social care by providing Twitter handles and hashtags, demonstrating how you actively resolve issues, and encouraging customers to communicate their positive interactions (providing them with online badges, for example).

The metrics. Determine the KPIs that matter most to your business goals. Then feed the appropriate metrics into a Balanced Scorecard that includes customer-centric measures such as customer satisfaction and productivity measures, including the time it takes to resolve customer issues. Review social care records daily, but make sure you step back occasionally to look at underlying reasons for customer issues. For example, complaints about multiple transfers to service reps during a call means that you need to fix your process for managing customer service reps rather than simply becoming-more responsive on social care channels. Tie your metrics to their impact on behaviors such as customer loyalty and increased sales that drive value.

Companies that nail social care can widen the gap with their competitors. In an analysis of banks' social care practices, we found that Discover scored best, with 79% positive comments, while the worst bank in our sample had just 24%. That's a massive spread at a time when companies are fighting hard for customers.

As the CMO of a global financial services company said, "Unless you get social care right, it can drown out anything you're trying to do in social media marketing."

HOW NOT TO UNWITTINGLY REVEAL COMPANY SECRETS

BY MARTIN HARRYSSON, ESTELLE METAYER, AND HUGO SARRAZIN

Social media technologies offer plenty of ways for your company to gain valuable insights about your customers and industry — see our previous blog post. But they can also give competitors an up-close-and-personal view into your employees' ideas and your company's product plans as well as its relationships with customers or clients.

Through unwitting leaks of critical information by employees, platforms like Facebook and Twitter can expose some of your company's secrets. Leaks are nothing new; companies have been eavesdropping on each other forever. But social technologies open new channels that permit snooping on an unprecedented scale. That's why corporate social media strategy should include not only engaging customers, gathering intelligence, and reinforcing brands but also shielding the company from prying eyes.

Here's a quick quiz. Have you ever tweeted your business travel plans? Does your LinkedIn profile describe what you do in great detail? Is localization enabled on your mobile device when you use social media?

If you answered yes to any of those, you and your company may have left footprints that your competitors can detect and analyze.

For example, an analyst wanted to generate data on how a major consumer-electronics company's leading product was doing. In a matter of minutes, readily available software tools mined half a million social media comments for information about the company, revealing that 75% of 21-to-35-year-olds and 60% of 36-to-50-year-olds had made neutral or negative comments about it, while people 20 and younger (a group largely underestimated by the company) showed 100% positive sentiment about it. The analyst inferred that the company was losing its business customers fast and that a competitor could gain by targeting younger users.

Employees and senior executives alike are sometimes too casual about disseminating the information they possess, or they don't understand what's confidential and what isn't. A few tweets or Facebook comments about a work project can give a competitor valuable insight into a company's product plans, and travel information might suggest that marketers or salespeople are aiming at new clients or regions.

As an exercise, we analyzed the LinkedIn profile of a senior executive from an aerospace company, responsible for sales in Latin America and the Caribbean. We noticed that he had added new links to salespeople in a new region in a short period of time. The contacts were highly suggestive of the company's plans.

And it's not just Facebook, Twitter, and LinkedIn. Sites such as Glassdoor, which allows job candidates to talk frankly about companies and share firms' salary structures, and GetHuman, which provides average customer wait times for service reps, can be pretty revealing too.

The tools don't have to be the high-end, James Bond type; simple tools can help aggregate and analyze information. Wordle, for example, can show a word cloud that reveals patterns. In one cloud we created from social media comments about a new CEO in the European insurance industry, the words "restructuring" and "operations" stood out, suggesting what he's planning to do. The prominence of the words "salary" and "bonus" suggested sources of pressure.

There's a vague but growing awareness of these vulnerabilities in the corporate world. One recent survey shows that companies are beginning to recognize the risks posed by social media to their confidential information, with 37% of employers saying that Facebook poses the greatest risk and 27% citing LinkedIn. Another study shows that only 50% of senior financial executives from both public and private companies are confident that sensitive or confidential information is adequately protected on social media platforms.

But most companies are still unaware of the risks and the tools that can help mitigate the danger. Here are a few measures that every company should consider to reduce its exposure.

Assess. Determine what's important for your company to protect. Perform an internal assessment to look for the core information that you care about most, and tailor policies and actions around the findings.

Educate. Make sure everyone in the company understands what information might be sensitive. An individual's list of LinkedIn connections or Twitter followers reveals his or her networks. Facebook likes and favorite articles in Google+ leave footprints showing areas a person has studied and new strategic initiatives he or she may be involved in.

Guide. Establish clear and simple social media usage policies. There's a database of such policies here to help you get started.

Keep it inside. Implement and promote internal social networks that are walled off from the outside world. These platforms allow employees to talk shop in a social environment without risking information leakage. Use incentives to encourage adoption, and make sure senior employees lead by example.

Monitor. Set up continuous monitoring of employees' postings on social media about such matters as business travel, job assignments, and reorganizations. Dell, for example, has established a social media listening center to track conversations and provide intelligence to executives. Put yourself in your competitors' shoes and war-game a determined effort to find information about your company.

Limit. There's little reason why your company's information should be accessible by analytical tools such as those that allow users to download critical data or analyze an individual's full social-media postings. Most tools allow webmasters to prevent spiders from crawling and indexing their sites.

Disable geolocation. Make sure employees turn off social media geolocation features. Many companies have found that it's ineffective to simply forbid the practice. It's better to educate employees and show them the footprints they've already left. Take a look at what an app created by O'Reilly researchers Alasdair Allan and Pete Warden did with the geolocation information harvested from the consolidated.db file of the iPhone of a person living in New England.

Social media, by its very nature, is a tricky space to navigate. Both the opportunities and the risks are often hard to perceive. The key to seeing and minimizing the risks is to continuously test tools so that you can see where competitors might be able to find your secrets. At the same time, invest effort and senior management time in setting a good example.

Now it's your turn to act. Become a role model and help bring attention to the risks of social intelligence to your company. You can start by tweeting this article.

SOCIAL TOOLS CAN IMPROVE EMPLOYEE ONBOARDING

BY KARIE WILLYERD

Remember for just a moment the first few weeks in your job. Chances are it took you a while to get in the swing of things and to get fully comfortable and productive. Thinking even further back, once you accepted the job and before you showed up for your first day, how much communication was there between you and people in your new company? Was the company organized — did processes flow smoothly on your first day and then your first week? Did you already have a sense that you were going to make fast friends with people at work?

Why Onboarding Matters

Onboarding new employees is one of the most critical cross-functional processes in a company, involving a hiring manager, HR, IT, facilities, training, etc. The process is fraught with opportunities for failure. In some of the companies I've worked with, I've heard stories of people who didn't get a computer or email address for two weeks, who had no place to sit on their first day at work, who didn't talk to their manager for the first month, who had no clear assignments for weeks, and unfortunately, the list goes on.

It's no wonder that, according to the Aberdeen Group, 86% of new hires decide to stay or leave a company within their first six months and new employees are 69% more likely to stay longer than three years if they experience well-structured onboarding. One study reported that the impact on productivity for new hires and transfers ranged between 1% and 2.5% of total revenues. In his book *The First 90 Days*, Michael Watkins states that the break-even point, where new hires add more value than they have consumed, is usually 6.2 months. Aberdeen also reported that 89% of new hires say they don't have the optimum level of knowledge necessary to do their job. Clearly, there's a compelling business results rationale for ensuring that onboarding works in your company, because even a small improvement in onboarding effectiveness can yield significant productivity results.

Social media tools, used privately within organizations, can benefit new employees, whose experiences can be vastly enhanced to improve time to productivity. Social media tools can also help the cross-functional team that works together to bring in those new employees.

Social Tools Can Improve the Onboarding Experience for Employees

Ask any college student today what they did to prepare to show up at their dorm on day one of school, and you'll find that they are likely to have built a vast Facebook network in advance. Not only did they get to know their roommate, but they also reached out to friends of friends to meet other people, discover the best places to hang out, and plan get-togethers their first week. Contrast this with the typical experience of new hires who, more often than not, have just exchanged a few emails with their manager-to-be or HR contact at their new company from the time they accept the offer until their start date.

Instead, imagine being able to join an active online community of other new hires — those already in the company and those about to join as well. In this private community, new hires can connect, post pictures or videos, talk about hobbies, get tips and hints from recent hires already in the company, and form connections with dozens of people before even showing up for day one. Maybe they will even meet their new best friend, which Gallup says will make them 35% more likely to report commitment to quality along with many other benefits. Knowing what to expect when new employees arrive on day one will help reduce anxiety and prepare them to step in and learn right off the bat.

Once new hires have system access, the ability to join online communities of practice, enabled by social tools, will give them access to people working in the same kinds of jobs or tackling the same kinds of problems, no matter where they are physically located. The community of practice can house the collective intelligence of hundreds of people gathered over time, allowing a rich repository of knowledge for the new hire to access — acronym wikis, collaborative documents, project status updates, and so on.

If many of your new hires are millennials — those people born after 1977 — it's likely they are accustomed to using social tools to manage their work already. How much easier is it to join a social community committed to the same body of knowledge rather than tracking down six-month-old email trails and documents sitting on someone's hard drive? IDC estimates the average knowledge worker spends 15 to 30% of their time just looking for information. Make it easy on your new employees to find information and you can make a big first step in improving their time to productivity.

Social Tools Can Improve the Onboarding Process Itself

The more cross-functional a workflow, the more it can benefit from social tools. If there is one place that everyone involved in the process can instantly view the status of each new hire, it's less likely that a step will be dropped because of miscommunication. At most companies, email is still the main form of communication used to convey status. All it takes is one person missing an email for the new hire to suffer.

Today's corporate social tools can allow simultaneous completion and status update of tasks such as:

- The recruiter indicating status of the paperwork
- HR issuing the description of benefit plans to the new hire
- IT providing system access, phone numbers, email addresses, and laptop distribution
- Facilities notifying the manager of space allocation
- Training automatically enrolling the new hire in an orientation program
- The manager and the new hire seeing each of those in a status and "to do" list

It's easy to see why tracking all of that in dozens of emails almost guarantees something will go wrong.

Every day in 2013, 10,000 baby boomers will turn 65, and about 80% of boomers will exit the workplace by that age. Even if revenue growth is modest, it's likely that you will be hiring to replace for turnover or retirement. If you want to enable those new hires to make a difference as soon as possible and fit into the culture of the company, go social. Give them the kinds of communication tools they are already using outside work.

FEATURED COMMENT FROM HBR.ORG

"I can attest to the value of this tool — I created this for a specific market segment. [It] increases efficiencies, engagement, knowledge, etc." —Stephen A. Belanger

WEBINAR SUMMARY | NOVEMBER 19, 2012

USE SOCIAL MEDIA TO TAP THE COLLECTIVE GENIUS OF YOUR CUSTOMERS AND EMPLOYEES

FEATURING MARK McDONALD

Contributors

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Overview

Most companies are taking a "provide and pray" approach to social media implementations. The company provides social media platforms and prays that employees and customers use them in ways that somehow create value for the company. But about 90% of the time no value is created.

To yield value for organizations, social communities need to be strategically planned and run. There need to be processes for leaders to capture and use emergent ideas. Underpinning success must be an understanding of how mass collaboration works and how "social organizations" can harness its power. Mass collaboration allows social organizations to stimulate engagement; create continuous innovation; improve organizational performance; and become more nimble, scalable, and sustainable.

Context

Mark McDonald explained what social organizations are and how they unleash the power of mass collaboration to achieve better business results. He also shared processes and best practices for becoming a social organization.

Key Learnings

A social organization leverages social media to create value and competitive advantage.

Many organizations recognize the potential value that could be created by having employees and/or customers exchange ideas in online communities, but they have little idea how to ensure that value actually is created. The typical provide-and-pray approach rarely works, for various reasons. If good ideas do emerge from communities, there may be no mechanism for incorporating them into formal company processes. Groups may devolve into cliques; conversations may stray off topic; or initiatives may be short-lived, squelched by tapering interest or an inhospitable organizational culture.

Social organizations don't have these problems. They understand how to take advantage of social communities to drive business results and create new sources of value.

Two important definitions:

- "Social organization" is an organization that strategically applies mass collaboration to address significant business challenges or opportunities.
- "Mass collaboration" exists when large and diverse groups join for a mutual purpose that creates value.

By harnessing the power of mass collaboration, social organizations create unique forms of competitive advantage. Engaging and leveraging their people's distinctive mix of talents, experiences, and passions enables:

- Deeper involvement in the company's products, services, and processes.
- New ideas and continuous innovation via collaboration.
- Improved organizational performance, as social communities provide a way to tap collective wisdom and activate its capacity for speedy, coordinated action.
- Solutions that cannot be readily found using traditional means.

A social organization is more nimble, sustainable, and scalable than a comparable organization that is not yet using social media communities to business advantage.

“Speed of change is one of the essential elements of a social organization.” —Mark P. McDonald

The power of social organizations comes not from technology but from collaboration, which is built through a cycle.

How do social organizations work? It is mass collaboration, not the enabling technology, that creates the magic. That is why merely providing the tools and praying are not enough. It is only through a very specific “cycle of collaboration” that business results are achieved. If the cycle is broken, communities don’t yield intended results.

As shown in Figure 1, the fundamental cycle of collaboration consists of the following steps:

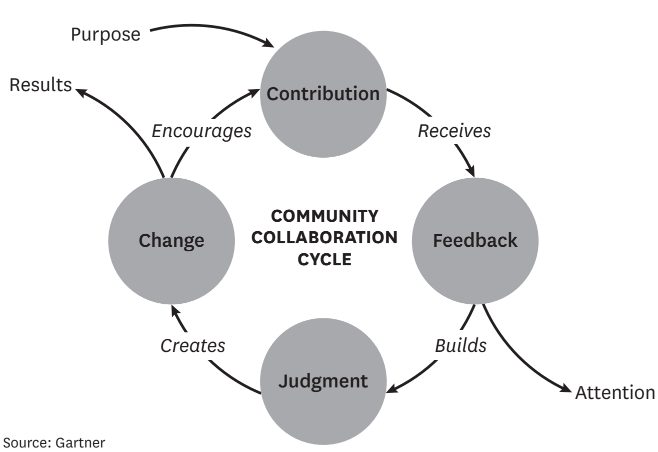
- It starts with a community’s organizing purpose, which dictates the type of contributions members make.
- Contributions receive feedback.
- Feedback attracts attention, which might create helpful “buzz” if the group’s purpose is marketing.
- Feedback builds into judgment as the community begins forming its own collective views.
- Judgment then creates change, producing the desired business results (e.g., a strategic insight, a solution, an innovation).
- Change is exciting, encouraging further contributions from community members.
- And the cycle continues.

There are at least six types of mass collaboration behaviors that organizations can leverage:

1. Emergent structures. Mass collaboration provides the means for identifying and building emerging structures based on shared understanding. CEMEX found that sharing go-to-market plans across countries helps structure plans when entering new countries’ markets.

FIGURE 1

The fundamental cycle of collaboration.



Source: Gartner

2. Collective intelligence. The collective “all” is smarter than the few. Companies can leverage the full knowledge of talent across silos to tackle complex customer service problems, for example, or work on product launches and development.
3. Expertise location. Social media allows companies to find hidden sources of expertise among its talent, wherever the talent is in the organization.
4. Flash coordination. Mass collaboration provides the means to rapidly assemble SWAT teams for addressing sudden problems.
5. Relationship leverage. CEOs who blog and open themselves up to questions from anyone establish norms for organizational collaboration. They telegraph that it is okay to dialogue outside of one’s team, brand, and even organization.
6. Interest cultivation. Common interests can tie groups together. For example, grocery stores in resort towns may have more in common with each other than with stores in their own regions.

Purpose and approach are critical to social success.

Building a social organization is a matter of launching multiple communities, one by one. Each must be strategically crafted. There are two essential elements: purpose and approach.

Purpose

The purpose might be to address a challenge or solve a problem, for example. The purposes chosen should benefit from mass collaboration. Decisions about purpose affect decisions about who should be in a community and what social media technology should be used.

For a successful initiative, the purpose must be twofold, representing both an objective the company wants to achieve and an incentive for people to join and contribute. Charles Schwab wanted to generate more business from frequent traders, who crave information. But regulations prohibited the company from supplying it. So Schwab set up invitation-only communities for traders to exchange ideas and information in a safe environment. As a result, participants traded more and brought others into the group. The community served the corporate objective of generating more revenue from this segment and provided the incentive participants needed to become involved.

Approach

Approach, or the activities that will implement purpose, requires just enough structure but not too much.

Within communities, not much structure is called for as groups self-organize. There needs to be a sponsor to keep groups on track, but predefined processes can stifle engagement and collaboration. Structure is more important in a broader organization. Formal processes should be in place to allow leadership to review the results that groups produce. Leaders need to decide whether or not to incorporate groups’ ideas into company processes and, if so, whether to invest in them (“No, go, or grow”).

“The set of activities that compose the approach, coupled with a good purpose, drives success in social media, internally and externally.” —Mark P. McDonald

Approach is heavily dependent on:

- Organizational strategy, which informs the decision of which purposes to support.
- Vision. Establishing a vision helps group members see the tie-in to organizational goals. Vision can be very motivating.
- Adapting the organization. The company’s various divisions need to adapt to the needs of social organizations.

Only about half of all companies are ready to become social organizations.

Gartner has found that 50% of companies have positive attitudes about becoming social organizations and the other 50% have “challenged attitudes,” which presents barriers to moving forward.

POSITIVE ATTITUDES

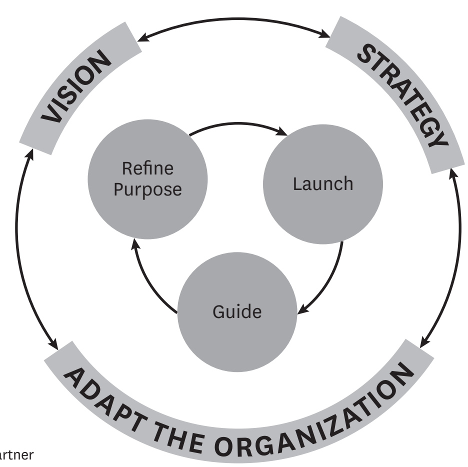
- Formulating: Plans are being made to incorporate social media into the business (23% of companies).
- Forging: Social media has been brought into the organization (15%).
- Fusing: Social media is central to organizational processes (12%).

CHALLENGED ATTITUDES

- Fearful: Leaders fear what might be uncovered by social media (35%).
- Flippant: Social media is regarded as relatively trivial (14%).
- Folly: Social media is dismissed as unimportant “kids’ stuff” (1%).

FIGURE 2

Strategy and vision inform approach.



Source: Gartner

TIPS FOR GETTING STARTED:

Vision

- Understand the nature of mass collaboration and its unique value
- Assess organizational goals, challenges, and culture
- Articulate how mass collaboration can contribute to business goals
- Craft and communicate the vision

Organizational Strategy

- Select which collaborative communities to pursue
- Manage the portfolio of possible community projects
- Justify community projects

Purpose

- Define key participant groups
- Define purposes that will motivate participation
- Develop a flexible purpose road map

Launching the Environment

- Deliver a meaningful experience
- Create a productive collaboration environment
- Actively engage participants
- Set engagement targets as activity goals
- Provide the right amount of structure
- Foster the required ecosystem
- Build upon the right technology

Guiding the Community

- Guide from the middle via sponsors
- Nurture purpose for continued value
- Guide productive participant behaviors
- Allow for new ways of working
- Provide resources to encourage new directions

Adapting the Organization

- Finance fosters new attitudes toward investment.
- IT provides solutions, not platforms.
- Legal protects communities and doesn’t squash them.
- PR helps promote community collaboration successes.
- Senior executives and the board establish a culture of community collaboration.

Additional Information

Ready? Assess your organization's social media readiness at www.gartner.com/socialreadiness. You will be emailed a report on your results, with instructions on how to improve your readiness.

The Social Organization book is social. Find it on:

- Twitter: #TheSocialOrg, @BradleyAnthonyJ, and @markpmcdonald
- Facebook: *The Social Organization*
- Blogs: *Harvard Business Review,* Anthony Bradley and Mark McDonald; Gartner Blogger Network

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