




The Rise *of* Enterprise Social Networks



by, Mark Fidelman





“Don’t be a star, be a galaxy.”

— Peter Gloor

According to a July 2012, McKinsey & Company study, there’s over a trillion dollars that could be unlocked by utilizing social technologies¹. The study concludes that companies utilizing these technologies can double their productivity through better communication and collaboration. Yet only 3% of the companies in the study report being fully networked and receiving substantial benefits from using these social technologies with employees and external partners.

So it becomes clearer every day that corporations are facing some major decisions. They can either choose to be social or stick with the status quo. They can either adapt to the new methods their employees and customers are using, or risk falling behind.

Faced with adapt-or-die decisions, stakeholders are counting on executives to integrate social technologies with corporate culture in order to meet rising expectations of their customers and employees. Unfortunately, most companies don’t get it. They apply one dimensional thinking to internal community building, an approach that has produced a virtual ghost town populated by inactive intranets and empty employee forums, which is clearly not working.

We know from our research that one of the best ways for organizations to thrive in a digital world is to build and nurture true internal communities. Empowered communities, in which the majority of your employees are collaborating and communicating in an online environment, are rapidly becoming the lifeblood of every organization. In the future, the organizations that understand how to nurture employee communities with the right nutrients will discover how much easier it is to efficiently and effectively respond to outside market changes.

We also know from our research what businesses need to thrive in this new environment:



ENGAGE /

Empower employees in an open, transparent culture that gives every employee a voice so they feel more connected to the organization and gives them the opportunity to make a difference.



COLLABORATE /

Provide a robust social, communications and collaboration framework – that provides common view of customers/information and the best tools for ideation and innovation with partners and customers.



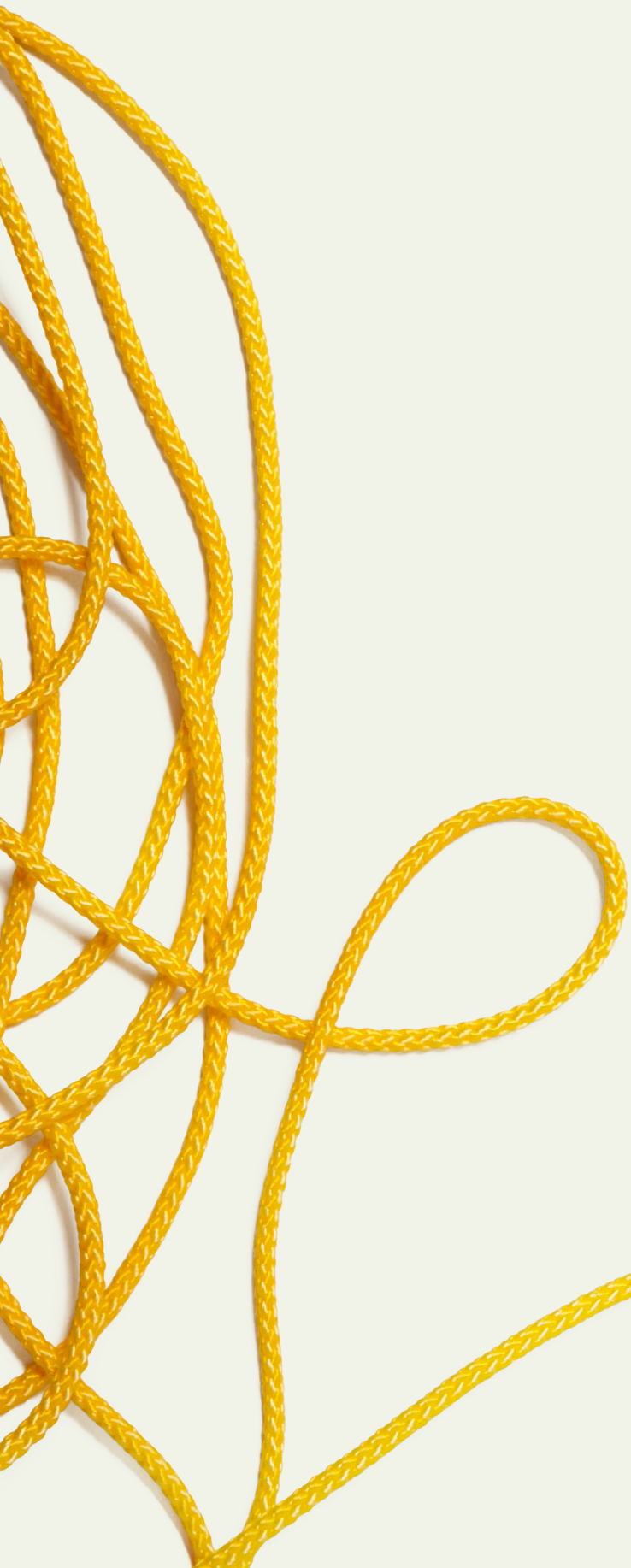
CONNECT /

Bring people and valuable resources together to drive your business forward, based on a common understanding of the competitive landscape and the company's mission.

Imagine having a community of motivated employees, subject matter experts, partners and suppliers helping you succeed. Imagine encountering seemingly insurmountable challenges that get swatted away by a highly motivated workforce that has aligned their interests with yours. The company's loss is their loss, so they will endeavor to work hard for you. Indeed, a robust organization surrounded by an engaged employee community is ready for any challenge.

It's hard not to notice that the companies that have gone social are leaping ahead of their competition and are laying the foundation for future products that will seize their competitors' market share. They've taken advantage of all the new opportunities that have been handed to them in the form of social technologies and the community effect. Indeed, these agile social companies are building out their internal social networks while their competitors fall further and further behind. The longer a company waits to begin the transformation to social, the harder it is to catch up.

¹http://www.mckinsey.com/insights/high_tech_telecoms_internet/the_social_economy





Welcome to the Enterprise Social Revolution

Social technologies, combined with data analysis and mobile technologies are significantly enhancing an organization's ability to be responsive to market changes and will enable employees to work on the tasks that most benefit the company at any given point in time. In the near future, companies utilizing enterprise social software will be able to spot trends, provide information to their employees in context, and leverage the wisdom of the organization to rapidly complete tasks and surface previously hidden pockets of valuable information.

You Need a Digital Village

The absence of community in the workplace is deeply distressing. A weekly conference call in which each person recites a litany of updates is not a community. Even an hour long, daily team meeting is not a community. A focus group is not a community and doesn't stimulate innovation. We increasingly use email as the de facto communication tool which is neither a community tool nor transparent. We have slowly eroded the human touch we so desperately need for genuine connectedness.

It's become so bad that Isaac Getz, professor at the top-ranked ESCP Europe School of Business in Paris, found in a five-year study that only 27% of the workforce are actively engaged (he called these engaged workers roosters). A shocking 59% of employees are not engaged (he called them tired dogs). And an alarming 14% of employees are actively disengaged (these he called foxes).

For most companies, Getz's findings are troubling. If, presumably, 100% of new employees are actively engaged when they arrive, what happens to the majority of them between

their first day of work and today? How do we reverse the situation and convert the 73% of disengaged employees to engaged employees? And most importantly, how can every company avoid disengagement in the first place?

The problem is that we work within a system that was designed for an 'analog' workplace. A workplace that was designed by people decades ago who worked in smaller organizations in close proximity to one another. Today, as companies grow larger and are spread out around the globe, we've lost that sense of community – of connectedness.

So while our customers and employees connect freely to share their wants and needs using social technologies outside of work, we tell ourselves that using social technologies is akin to a night club. In fact, it has much more in common with the concept of a town square, where people used to gather to exchange ideas and insights.

Yet, as our research has shown that true digital villages (communities) -- that are populated by

innovators, experts, and knowledge workers who are efficiently organizing and acting on shared information -- are free from the limitations of the analog workplace and are building connections and influence across multiple time zones and geographies. These often widely distributed teams are co-creating content, building on each other's ideas, and innovating new products together.

We find executives (village leaders) are able to gain valuable insights into employees' interests and trends. We may never work in a physical village again, but we're able to nearly touch those connections through social technologies that provide the infrastructure for these digital villages.

As a result, employees report being happier, having purpose and the feeling that they are helping to create something significant. In effect, as our research has shown, the digital village is helping to produce more of Getz's roosters.



The Evolution of Enterprise Collaboration



As companies contemplate the move to social, a fifth phase of modern business collaboration is underway. Rarely in history has a new stage opened up so many possibilities across every industry and discipline. In less than five years, the balance of power has shifted from seller to buyer, from big media to the influential individual, from industry trade associations to thriving digital communities.

This fifth phase of business collaboration has created a new set of rules that organizations must learn to compete in the economy as equals. Being large no longer ensures a competitive advantage. In fact, being large may be a deficit in the new business environment.

The leaders who will succeed in this fifth phase

are those who welcome feedback, leverage the wisdom of crowds, create opportunities and foster workplace environments that promote innovation. Certainly, the goal of leadership remains the same: to grow and nurture people so that they are capable of achieving business objectives through shared missions and measurable performance. But the crucial ingredients for success are advancing beyond the old business collaboration models, to a new one that is more strategic and yields far greater results.

But to understand where we are, we must first look at where we came from. We must understand that in each phase, businesses and their leaders have had to adapt to technological and market forces.





The Business Value of Enterprise Social

According to the PulsePoint Group in collaboration with the Economist Intelligence Unit, companies that fully support social engagement are experiencing four times the business impact than less engaged companies. The 2012 study² also reported that 57% of social businesses are now letting customers, employees, and partners either suggest new ideas or participate in vetting them. They understand how to properly use negative and positive sentiment about their brands to make changes, and they are more adaptable to the shifting tastes of their customers.

According to PulsePoint, these social enterprises also realized the following benefits:



An average 3% to 5% return on social engagement. The most engaged businesses are reporting a calculated 7.7% business impact. The lowest performers achieved a 1.9% estimated return.



Improved marketing and sales effectiveness. The top two areas where executives thought social engagement had real value were improved marketing and sales effectiveness (84%) and increased sales and market share (81%).

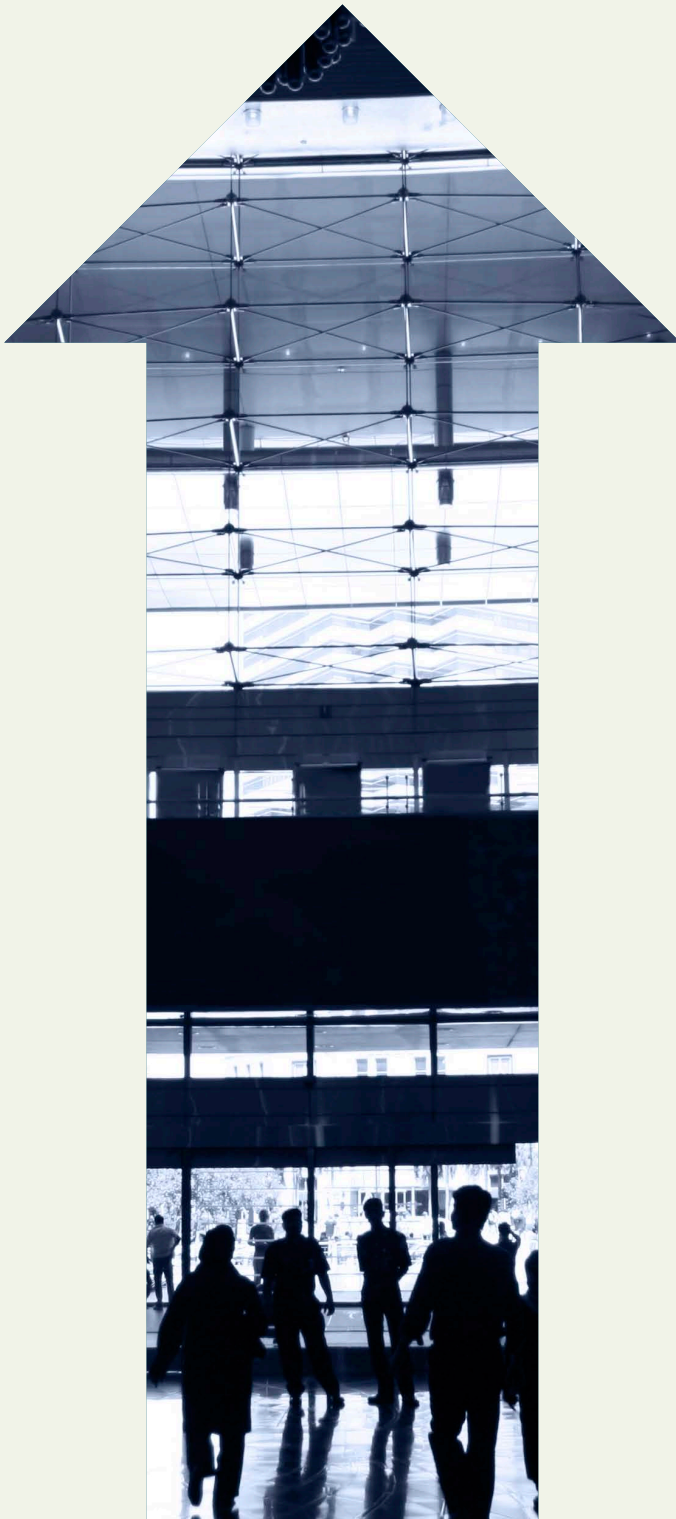


New ideas for products. 57% realized big returns either by crowd sourcing new products or letting customers know new products will be derived from future social engagement.

²<http://www.pulsepointgroup.com/socially-engaged-enterprise/>

In addition, PulsePoint found that successful companies have:

- Active executives. The top two-thirds of organizations achieving the highest returns reported that their C-suites are active advocates of social engagement.
- A wide reach. The most successful companies extend social engagement beyond marketing and communications to sales, product development, and other functional areas to generate greater business impact.



Westfield

WESTFIELD USES SOCIAL NETWORKING TO BOOST TEAMWORK AND CUSTOMER SATISFACTION

The Westfield Group owns and operates more than 100 shopping centers across the United States, the United Kingdom, Australia, New Zealand and Brazil. It manages all aspects of shopping-center development, from design and construction to leasing and management. That's a huge task—which Westfield Australia cuts down to size with teamwork fostered by Yammer. Westfield Australia uses Yammer to improve operations by leveraging the knowledge of management, employees, and partners. Its network facilitates targeted communications on everything from business forecasts to fashion trends. Moreover, the network delivers crowd-sourced insight that Westfield uses to improve operations, from IT training to customer promotions. One solution discussed on Yammer quickly resolved a problem that would otherwise have vexed staff, retailers, and customers for about six weeks.



The Four Building Blocks for a Successful ESN Building

CULTURE: CULTURE IS KING


Where the prevailing culture preaches control by the commanding executive and obedience by the employee, what's needed is a culture that stresses openness and experimentation, and emphasizes the necessity of community. To stay relevant, organizations need to move toward a new business culture, one informed by purpose, mission, objectives, and the business environment, both economic and social.

A culture where executives make it comfortable to communicate issues, where employees feel it's acceptable to fail fast, to share knowledge in hopes of having people improve upon it, where becoming an expert and helping others is encouraged. Enterprise social cultures using enterprise social networks allow you to constantly ask: "What's really important here?" and "Is our current plan effective?"

ANALYTICS: MONITOR, MEASURE, ADAPT

The primary aim of a business is to make customer acquisition superfluous. Its aim is to know and understand the customer so well that your content and discussions create loyalty. The same can be achieved for employees—but instead of customer acquisition, you're looking for projects, people, and information that help your organization become more adaptive and agile.

Think of analytics as a constant feedback system that is taking the pulse of an organization's employees, customers, suppliers, and partners. The best businesses that have gone social have deployed an analytical program to monitor social interactions in order to gain a complete picture of the health of the organization. They have a better feel for what's working and what's not, and they are able to make more informed decisions based on trends, failures, and successes.



Failing to plan is the single largest reason organizations trying to go social falter in their efforts. Not having a plan is the single largest reason existing social efforts collapse. In our research, we found that there are four primary building blocks that serve as the foundation for an organization's strategic plan to become social. These blocks are culture, analytics, social media, and technology (CAST).

Every successful enterprise social effort we researched was built with a strong CAST foundation which helped to give shape and power to their organizational implementation plans. Let's take a look at each factor:

SOCIAL: THE PRIMARY COMMUNICATION VEHICLE

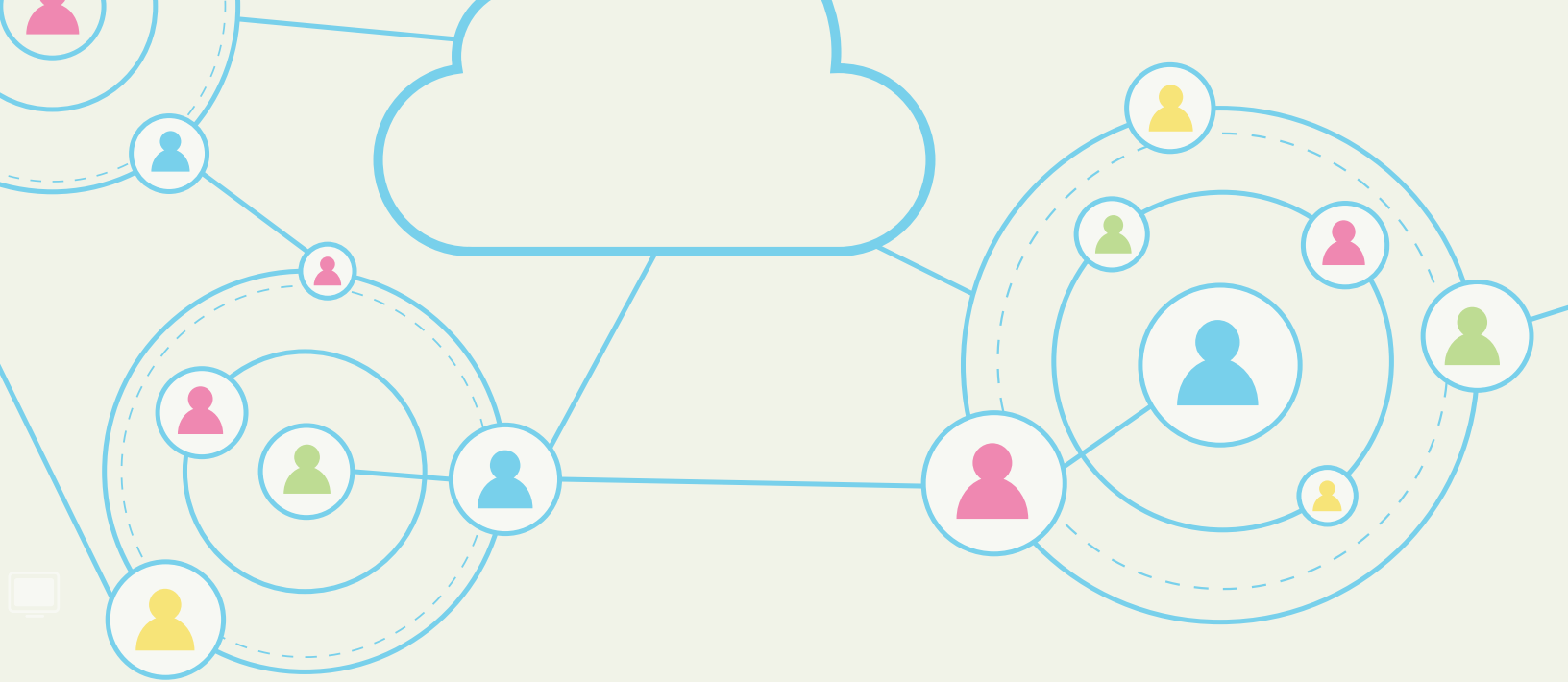
A lot has been written about enterprise social networks in books, blogs, and even in the mainstream media. But enterprise social networks, by which I mean the use of social media to collaborate, connect with coworkers and share information is a critical piece of a social enterprise infrastructure, and it's a communication vehicle that needs to be in place for your plan to be effective. Your organization must have a good understanding of social networks and how to best use them in order to become a social enterprise. For our purposes, enterprise social networks are a part of the tactical execution of an organization's strategy to become more adaptive and competitive. In other words, it's a primary vehicle in the plan, but not the plan itself.

TECHNOLOGY: "THE SUPPORTING INFRASTRUCTURE"

In order to sustain a social business, the organization must choose an all-encompassing social platform that supports its digital village and that allows workers to connect, communicate, collaborate, and share information securely across multiple line of business applications (Microsoft's integrated CRM solution with Dynamics is one example). You can't create a social enterprise without the technologies to support it. Imagine trying to launch into outer space without a rocket. It's not going to happen.

After you've determined your strategic objectives, evaluated your current technologies, and determined the gap between where you want to go and where you are now, you can move to implement the right technologies to support your plan. We discuss that below.

In our research, when each of these foundational pieces are in place, the chances of success increase dramatically. Now let's take a look at how we use this foundation to map out your rollout plan.

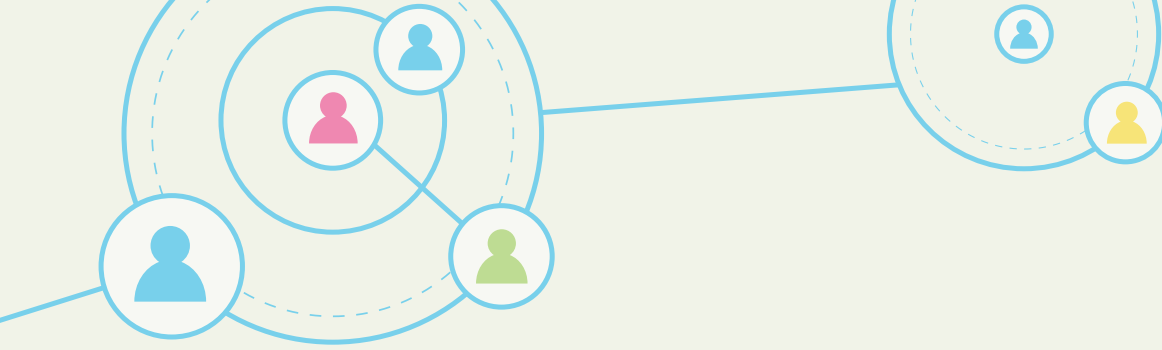


Mapping the Strategy for the Rest of the Business

The number one purpose of strategy is alignment: getting everyone in the organization to understand how their job impacts the overall goals. There is no better way to align all of the employees with the company's core goals than to create an adaptive, transparent social enterprise.

One of the primary goals of enterprise social is to get everyone to make good choices and to provide feedback on the choices from a broad selection of employees, partners, suppliers, and customers. From my research, it is also an effective way of gaining a competitive advantage because it allows everyone to be involved in both creating and vetting ideas. Instead of information silos and closed conversations, open discussions about how to improve predominate, and they involve all the relevant people.

So how do we ensure alignment across the organization?



PROVIDE A VISION FOR YOUR SOCIAL ENTERPRISE

A vision provides a mental picture of the expected outcome. The vision pushes people to work together to accomplish their tactics and goals. Without a vision, most people can't align their own work with an expected outcome. As we've seen in our research, this dramatically reduces the individual commitment to a social enterprise.

DEVELOP YOUR DIGITAL VILLAGE PLAN: YOUR ENTERPRISE SOCIAL NETWORK

Once the vision is in place, a realistic plan must be created to accomplish the vision. The alignment of resources, people and technology to your vision is the key to success. You also must select the right people to organize and execute on the plan (a visual list can be found [here](#)³). Don't forget to include project success metrics, and an easy way to measure them.

EXECUTE ON THE PLAN BY PARTNERING WITH INFLUENCERS

The plan has been created and now it's time to implement it. This critical step should be handled with great care as it represents the riskiest part of the plan. The businesses that have executed this step best, have taken great care to connect with internal influencers to help support the rollout. Influencers can help promote the vision and the changes that are associated with it.

³The Seven People You Need to Succeed in Business Today <http://www.forbes.com/sites/markfidelman/2012/11/15/the-seven-people-you-need-to-succeed-in-business-today/>

IS IT WORKING? MEASURE AND ADAPT FOR OPTIMAL OUTCOMES

Continuously evaluate the project and success metrics to understand what's working and not working. Without success metrics, you don't know what's really moving the business forward. Make this step a priority and learn to adapt to what you're learning during the process.



Manhattan Associates provides software and professional services that help customers, including American Eagle Outfitters and Walmart, optimize their all-important supply chains.

All international enterprises are complex organisms, but Manhattan Associates is more complex than many. Not only does it have offices in nine countries, roughly 60% of its 2,200 employees are highly mobile, spending most of their time at customer sites. "We want our software engineers to have good tools when they need answers quickly," says Dennis Story, Executive Vice President and Chief Financial Officer. "They don't have the time to search for a file or a document.

"Technology wasn't solving our problems," he continues. "The enterprise software we were using was built for a static workforce, and our communications environment was just perpetuating what we did in everyday life, which was work in silos. What we needed was better communication across divisions and

global knowledge management. As a company, we knew we'd be stronger if R&D [Research and Development] and our professional services organization were tightly linked."

The company decided to integrate Yammer with its business apps. Microsoft SharePoint is Manhattan Associates document-management tool of choice. "We rely on SharePoint," says Susan Croteau, Senior Operations Analyst at Manhattan Associates. "It has crucial features like version control. Now that it's integrated with Yammer, we can message somebody on the fly, or throw a question out to a group—all without leaving SharePoint. Plus, global search allows us to search both Yammer and SharePoint, which really broadens our knowledge base."

By marrying Yammer's social functionality with key business applications like Microsoft SharePoint, the company now enjoys higher productivity. Its improved collaboration bridges information gaps and supports a highly mobile workforce.

WHAT EXECUTIVES NEED TO KNOW

To be sure, management, like anything else, has its own set of opportunities and challenges. The goal for management in a social enterprise is to support the team and to make knowledge more productive. Enterprise social management, in other words, is a support function. In practice, management should provide the right atmosphere, guidelines, technologies, and opportunities for employees to thrive.

Remember, enterprise social is about empowering a bottom-up organization to make top down business goals successful. It's about aligning everyone in the organization to support the organization's mission. There's no more powerful way to accomplish that than creating an enterprise social business.





Success initiatives for enterprise social companies

Enterprise social managers must create environments that best leverage the knowledge of their employees, customers, and partners. But once the environment has been created, how do we best tap into its infinite potential to rapidly improve an organization's effectiveness? Below we examine some initiatives that are designed to take advantage of that knowledge and connect people to people, and people to information. Then — through the power of social networks— expand the impact of that knowledge for a particular goal.

We know of many successful initiatives that companies have utilized, but these three appeared with the greatest frequency:

INTEGRATE RELATED TECHNOLOGIES INTO ONE SOCIAL PLATFORM

The smart organizations we researched have learned that the more they intelligently integrated related technologies to their social platforms, the more productive their employees became. For example, one company we spoke to has integrated their email, CRM and ERP systems into Microsoft SharePoint so that information appears in context. When a customer is mentioned in a SharePoint activity stream, the system looks up that customer in the ERP and CRM system to provide more perspective.

Once in place, these collaborative tools seamlessly integrate into day-to-day work activities, projects, and processes. No longer do they need to launch separate applications that appear out of context; they can use video, instant messaging, and activity streams to work smarter and more collaboratively. In support of this, management taught employees how to collaborate effectively with individuals outside of the organization's boundaries, using policies, practices, enterprise social methods and social technologies.

USE SELECTIVE GAMIFICATION TO DRIVE STRATEGIC BEHAVIORS

Most people like video games because they are receiving rapid feedback (usually a score) about their performance. Even better, the score increases when the player is closer to the goal, and may even decrease if she strays too far from it. According to Michael Wu, Lithium's Principal Scientist and author of *The Science of Social*, "I can't imagine playing a video game and not receiving a score until the game was over. That would be kind of a weird sensation."

From a business perspective, there's no single linear path to success, but rather a series of choices the employee makes to reach a goal. Sure, the goals and objectives need to be defined by the company, but a gamification approach gives people real choice and feedback along the way.

Accenture's Chris Crawford used gaming principles to entice employees to complete their SharePoint profiles. "We started an internal recognition program to encourage our employees to contribute to SharePoint," Crawford said, "We look and we measure how people are contributing, how they are connecting, and how they are communicating, and score them on their activities."

That scoring system drove a competitive behavior that quickly pushed the adoption rate to over 60% in just a few months.

Why Microsoft is Best Positioned in the Space

Quite simply, the way we work today needs to change. Microsoft understands that. What I've seen in my research with global business executives and Microsoft is that, despite the fact that the world is moving faster and product cycles are shorter, our technology solutions are still built for slower moving organizations. I can say with confidence that the way companies operate today needs to change dramatically in order for them to remain effective.

In the near future, companies that create a digital village, implement social and mobile technologies, and set up a system to monitor social analytics will become an unstoppable force. As the Obama campaign demonstrated in late 2012, a coordinated effort that analyzes, socializes and mobilizes their base can overcome almost any obstacle – even while competing in a difficult economic environment. Retail giant Target has shown that the use of social data and an enterprise social platform is enabling them to quickly pinpoint key customers and industry trends to create further revenue opportunities. The organization of tomorrow will quickly be able to organize and swarm its employees, partners and advocates around organizational issues or take advantage of new market opportunities ahead of their competitors. In this new adaptive organization, prioritized, relevant, and contextual information will find the right people at the right time in order for them to act appropriately. An employee's work day will be automatically aligned and realigned to the organization's objectives while still providing each employee a voice in how work should get done.

The organizational executive of tomorrow will have the analytical equivalent of large teams of data

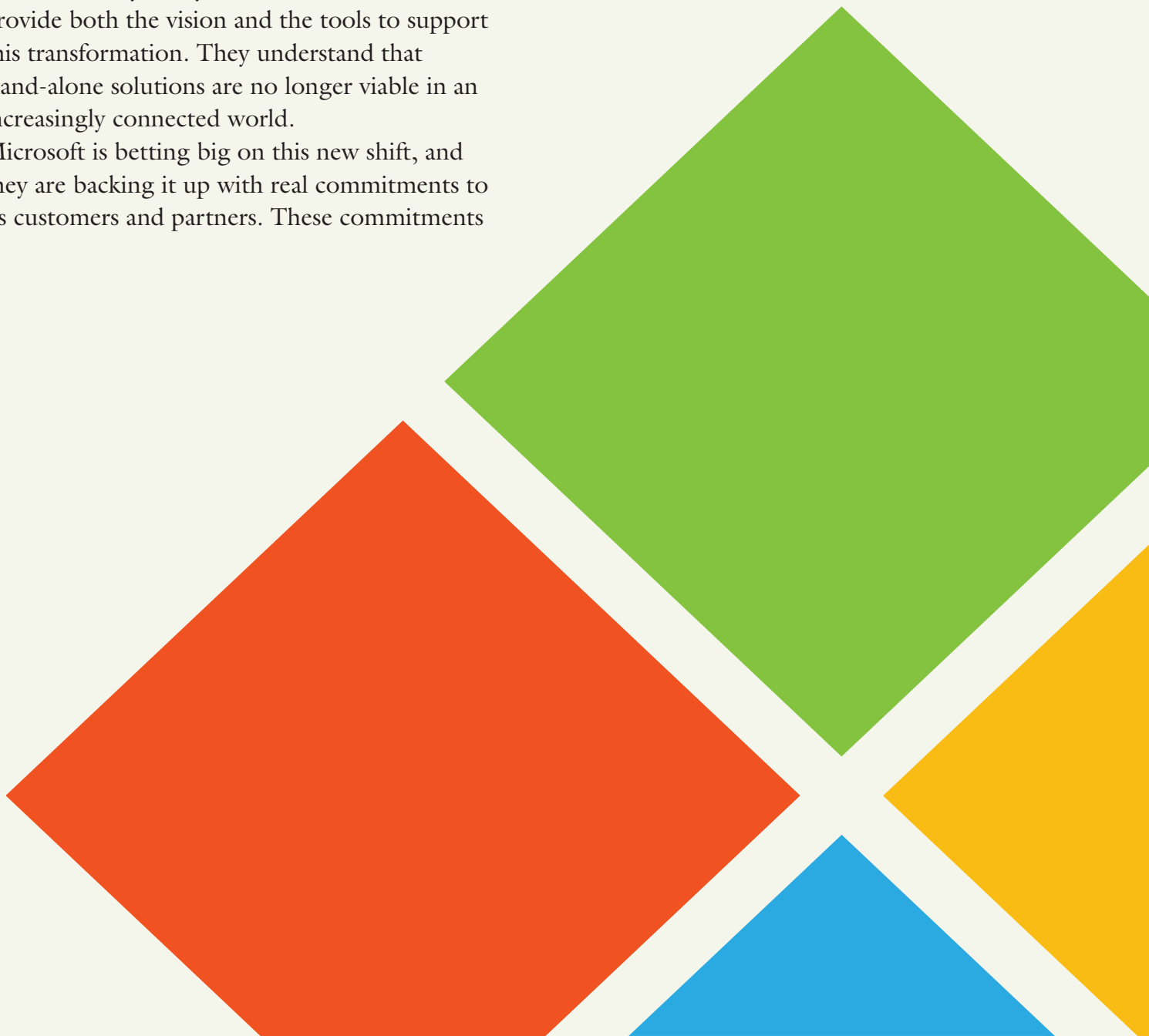
scientists at their fingertips. They will quickly know what's working and what's not, they will be able to adjust, adapt and evolve into better leaders. They will be able to influence, inspire and mobilize people on a massive scale never seen before in human history. In short, they will lead with more confidence and be more effective in everything they do.

As Microsoft as shown with its recent acquisition of Yammer, its focus on the cloud, and its intent to integrate Office 365, Lync and Dynamics with SharePoint – they understand this new reality. They understand the need to provide both the vision and the tools to support this transformation. They understand that stand-alone solutions are no longer viable in an increasingly connected world.

Microsoft is betting big on this new shift, and they are backing it up with real commitments to its customers and partners. These commitments

are clearly evident in Office 365 and SharePoint 2013. They are making social a natural part of how we work, but doing it in a secure, manageable way that doesn't interfere with the user experience. They're giving us the ability to integrate social across different business applications and devices, providing a seamless, uninterrupted experience.

ws everyone to be involved in both creating and vetting ideas. Instead of information silos and closed conversations, open discussions about how to improve predominate, and they involve all the relevant people.





Tying it all together

In the workplace, 58% of employees prefer companies that use social platforms effectively, 60% of employees believe social platforms enhance innovation, 61% believe social platforms help them collaborate better, and 39% are more likely to recommend their company's products and services if the company has a social platform. Unsurprisingly, 56% of college students who encounter a company that bans access to social media will either not accept a job offer there or will find a way to circumvent the restriction.

The pace of technological and business change is so rapid today that if you were to do a SWOT (strengths, weaknesses, opportunities, and threats) analysis on your organization, your list of opportunities and threats would surely dwarf the strengths and weaknesses. There

are simply too many disruptions occurring right now to sit back and do nothing. History is littered with innumerable organizations that failed to adapt to changing market conditions. Industry leaders Polaroid, Kodak, Commodore International, F.W. Woolworth Company, Montgomery Ward, Tower Records, Tribune Media, Circuit City, Blockbuster Inc., and Borders Group did not adequately respond to changing market conditions and either filed for bankruptcy or went out of business. Each had a different reason for its demise, but each failed to adapt to circumstances despite having superior financial and human capital.

So what type of organization will best meet the challenges ahead? A successful business in this new social age understands and rapidly adapts to change. Its culture is open to failure, but seeks to learn from it. Its philosophy of applying social principles to every department, partner, and supplier knocks down information silos and increases the likelihood of innovative breakthroughs. Today's businesses will succeed tomorrow because they have developed advanced organizational cultures— cultures with higher emotional IQs, cultures that promote and encourage people to find solutions to the organization's problems, and that support that culture with the right infrastructure.

Some argue that we should focus more on developing the skills of people and not on the technologies that support them, but that is completely false. Technology can be used to influence people's behavior— it always has. Consider human harnessing of fire and the invention of the wheel, the automobile, the airplane, and the computer: each has changed human behavior and opened up incredible possibilities.

Of course, the relationship between people and technology is symbiotic, as Peter Drucker concluded: "Neither technology nor people determine the other, but each shapes the other". Today we need to structure our businesses to be more intelligent by developing cultures that encourage sharing, collaboration, engagement, and, yes, failure. That culture needs to be supported by a technological infrastructure that organizes its intelligence to create an environment in which the organization is smarter than any one individual. In such organizations, the engine of productivity becomes more powerful the more it's used. These organizations become exceptionally adaptive organisms that rapidly take root and grow, while pruning back the dead branches.

Microsoft calls this enterprise social - and they are all in. They understand that we need to move beyond the limitations of today's work environment in order to take advantage of the new opportunities emerging from big data, social, mobile and the cloud.

This isn't fantasy thinking; this how business is going to get done.

Action items

(Questions to ask your organization)

- Do we have a culture that will support enterprise social?
- Do we have an executive team that supports the move to a social enterprise?
- What social technologies or other workflow technologies are already in place within our organization?
- What is the social engagement level of workers internally?
- Are social processes well defined? Does everyone know her role in them?
- Do we have a social platform in-house? If not, do we need to get one?
- Have we mapped out what that social platform must do for our organization and key groups/departments?
- Are there any departments that might be ideal for a pilot program?



Building an enterprise social network is a critical aspect of enterprise social success. It's the foundation from which to build on. Therefore, let's summarize and reinforce the key concepts and ideas in this whitepaper in the form of takeaways:

- Today's organizations must become enable a "social workforce"—brought about by the "empowered employee" through advancements in social technologies and investments in IT.
- The digital village supports the social workforce by providing a digital place where employees can collaborate, share, and communicate.
- Have an integrated, yet distinctive, plan for internal adoption (aside from social media adoption).
- Create ESN environments where desired behavior is strengthened by the infrastructure, governance, people and initiatives.

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About

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Mark Fidelman is the CEO for Evolve! Inc. an Influencer Engagement consulting firm. His experience includes more than two decades of technology sales and marketing with organizations including A.T. Kearney, EDS, CT Space and Autodesk. Mark writes the Socialized and Mobilized column for Forbes, is the Author of Socialized!, and is still younger than the oldest NFL football player.

