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Organization & Culture

The rise of social media

Is your organization ready for the new transparency?



Regarded merely as a hub for high school and college students just a few years ago, social media now exerts tremendous influence over the way people around the world — of all ages — get and share information. The implications for business are profound.

To get a sense of what's at stake for companies as social media platforms become even more entrenched in individuals' day-to-day lives, consider that more than 60 percent of Internet-connected individuals in the U.S. now participate in social media platforms every day, according to a recent report by Bain & Company,¹ with Europe not far behind. Social media channels such as Facebook, YouTube, Twitter, Renren in China, Badoo and countless others are drawing millions of people a day who want to read messages from friends, find restaurant or product recommendations, share their views on politics or social concerns, check the latest Twitter feed for news, and comment on the quality of a company's products or service or even voice concerns about its environmental record.

For businesses, social media represents both opportunity and risk. On one hand, social media provides brands with an intimate platform to connect with customers and shape their perceptions, whether through timely and targeted promotions, responsive customer service or the creation of communities of interest. On the other, social media has unquestionably shifted power to the individual, who can tarnish long-established brands with a single angry blog post or quickly coalesce vast numbers of people behind a cause. Organizations' successes, failures and missteps are now on display as never before.

¹ *Putting Social Media to Work*, Bain & Company, 2011

While most consumer-facing companies have acknowledged this shift and begun to adapt their organizations in response — for example, embracing social media as a key platform for advertising and corporate communications — no business can afford to be complacent. Social networks will continue to change the way people act and make decisions, and business leaders need to determine how their companies should respond.

Drawing on our own experience as well as the expertise of C-level and corporate communications executives in the U.S. and U.K., we explore the ways organizations are approaching social media and the implications for leaders.



Getting smart about social media

For a business, engaging customers and consumers on social media raises a range of organizational, leadership and cultural considerations, requiring leaders to delve into questions such as: Who should be responsible for social media strategy and planning? How should senior leadership reshape itself in that context? What skills should executives be expected to have in this new age of transparency, and what cultural changes may be required? How much time should I spend on social networks?

To begin answering those questions, leaders must get a fundamental understanding of what social media means for their business and the transparency it demands.

“Social media is, in many respects, the window that customers have on your business,” said Phil Rumbol, founding partner of Agency 101 and former marketing director of Cadbury U.K. Pulling the curtains shut over that window — as some companies would have it — risks insulating the organization from important customer feedback or alienating consumers who crave a new kind of relationship with the brands they use. In fact, recent research has shown that customers who engage with companies through social media are more loyal, and spend up to 40 percent more with those companies than other customers, according to Bain.

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If nothing else, businesses should be looking intently out of Rumbol’s metaphorical window: They should know what their customers and employees are saying about them on social media sites, and with that knowledge in hand, use trial and error to discover the best response. What does that mean in practice? We have identified several steps that organizations should be taking to get smart about their audiences and formulate a successful social media approach.



Understand what the organization already is communicating through social channels

A comprehensive social media audit — one that identifies how much employees are already talking about the business in public forums, the windows these interactions are providing into the company and the impression customers are getting as a result — is a good first step for understanding how the social media phenomenon already is affecting your business.

“Our employees are already engaging in social media, whether we like it or not,” said Gary Sheffer, vice president of communications and public affairs at General Electric. Even in the absence of a coordinated corporate social media program, product

specialists may be responding to online customer complaints, and public relations staff might be monitoring and responding to negative Twitter campaigns. The head of HR may be writing a wonderful blog about corporate life, while retirees are chatting on LinkedIn about changes to company policies and benefits. These individual efforts are creating a public image for the company via social media, and may well be contributing to a positive view of the company externally, yet it is important to understand the ways the company is interacting in social media already and whether they support the company's desired image.

Once they have a clear outside-in perspective, companies should do their homework on the view from the inside out. How are customers, employees and retirees getting information about the business? What channels are they using to contact the company, and which social media communities influence them? How much time do they spend in those communities or on social media in general?



Find out what key stakeholders are saying about the company

Companies also need to find out what their customers and employees are saying about them, tracking the leading social media networks with one of the many monitoring tools currently available. Of course, it will be impossible to know what is being said by Facebook's approximately 800 million users, for example, but hearing every stray comment about the company

is not the point. Replying to every negative comment would be distracting and counterproductive. Instead, by tracking the core discussions about the company on the leading social networks and employing reliable sentiment analysis tools, organizations can gain a real-time view into what consumers are saying and how they feel about the company.

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The results may be eye-opening. "Social media is like a big coffee shop, and everyone's talking and you're allowed to listen in. So, what are you going to do about it?" asked Darren Huston, former corporate vice president of Microsoft's Consumer & Online organization, now CEO of Booking.com. "Do you want to open up a store inside the coffee shop to serve these customers or just listen and then, when those same people show up at your store, have a better sense

of how to serve them? Whatever you decide, you should at least be listening because, in my experience, they will tell you things you won't hear otherwise."

Of course, some companies and executives may not be as eager to listen as others. There is likely to be some inertia in any organization to continue with the status quo, allowing the various departments to respond to social media as they see fit, along with reluctance among the leadership to believe that social media is an important tool. "When you have hard data, though," said Sheffer, "it's a lot easier to convince people that they ought to be in the game."



Taking the first steps

Having discovered to what degree social media is important to each of its target audiences, whether customers, employees, retirees or even vendors, a company can align its resources accordingly. The approach should be disaggregated, targeting the areas of the business and brands for which social media is most important. Different sites and activities — blogging, Twitter feeds, viral campaigns, Facebook — will be appropriate to different target audiences and age groups.

One straightforward initial approach is to create a neutral Facebook site or corporate website to answer customer queries, whether about how a product works or where it can be purchased. An organization can later expand its use of social media monitoring services so that they are able to respond quickly to customer complaints. For example, customer service can follow the Twitter feed about the company, reaching out to customers who are angry, and dealing with an issue the moment it becomes serious.

Tesco, one of the world's leading retailers, has gone a step further, creating a specialized website called Real Food (www.tescorealfood.com) that provides customers with recipes, a meal planning tool, articles about healthy eating and information about store promotions. It has become a virtual community, with half a million unique visitors. The company also has a Real Food Twitter feed, with more than 4,000 followers subscribing to Tesco updates on a daily basis.

If these customers were not coming to the Tesco site, noted Lucy Neville-Rolfe, executive director (Corporate and Legal Affairs) at Tesco, they would be going to competitors' sites. "It's all about conversations, and then you use those conversations to try to build better individual relationships," she said. The company has also created blogs for its Fresh & Easy grocery store chain in the U.S. that have brought customers into the store, often without the need for a great deal of traditional TV and direct mail advertising.



Defining responsibilities: Whose job is it?

At some point along the way, companies must determine who is responsible for social media strategy and the execution of that strategy. Should it be the CEO? Corporate communications? A social media specialist hired for the purpose? While there is no single right answer, it is clear that CEOs and board directors hold ultimate responsibility for making sure the organization is addressing the key strategic opportunities and challenges presented by social media, and defining success for social media initiatives.

The day-to-day responsibility for social media activities is often handled by a chief communications officer or a social media "guru" — someone hired specifically to stay at the forefront of social media developments, make sense of it all and come up with a suitable response. The CEO may certainly choose to tweet or to write a regular blog on the company website, but will look to the corporate guru to take the lead on social media planning and policy.

Some experts argue that the bulk of social media strategy and planning should remain in corporate communications because of its inherent media expertise. Certainly, market-facing functions, notably customer service or support, will want to prioritize the channels that best serve customers; meanwhile, product experts may answer customer queries as they come into the website and marketing may use social media in advertising and customer communications, while HR uses social to search for new employees, learn more about job candidates and field job queries.

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No matter who has ultimate responsibility, organizations will expect leaders across the business, regardless of function or location, to be savvy about social media, understanding how to exploit the opportunities that specific platforms provide and to monitor the risks related to increased transparency.



Questions executives should be asking themselves

- > Are we monitoring social media on a practical level?
- > Are we doing enough to listen, to analyze and to engage regarding our online reputation?
- > Are we using social media tools to help us grow?
- > Do we have a policy around engaging in social media?
- > What security measures or rules of the road should be put into place?
- > How have we structured our social media team? Is it centralized in marketing?
Decentralized in the business units?
- > Who owns social media? Who responds and to what extent?
- > What should the CEO know?



The implications for leaders

The new era of transparency and openness brought about by social media has broad implications for an organization's senior leadership and the skills and strategies they require. No one should be immune from participating; therefore, it's important that all leaders become knowledgeable about these platforms and build relevant skills. As Niall FitzGerald, chairman of Hakluyt and the British Museum, noted, "Everybody needs to be listening, and everybody needs to be aware of what's being said, at levels which are relevant to their particular responsibility within the business."

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At the same time, the shifting social media landscape can be confusing and intimidating to experienced executives who are less familiar with the new platforms, noted Ian Wright, corporate relations director of Diageo. This can lead senior executives "to turn off or switch out, as it were, because they just don't understand it, and it's embarrassing. They think — wrongly in my view — it's unacceptable to say, 'I don't really know what X is.'"

Nonetheless, corporate leadership should develop at least a headline understanding of social media, and preferably use social media channels, if only to gather news and information relevant to their day-to-day activities. Beyond that, the approach may vary with the type of company, the extent of customer activity on social networks, and the willingness of C-level executives to become involved. "If you're a general, you don't really need to understand how a Pershing missile works," said Wright, "you just need to know what

extra capabilities it gives you above the previous missile." In other words, senior executives can leave the workings of social media to those who report to them, trusting savvy practitioners to carry out the day-to-day work. Of course, "if you don't understand it yourself, you've got to find someone that does," Wright said. In contrast, senior executives who choose to take on a visible social media role, whether blogging on the corporate website, tweeting or simply communicating about their team and products online, will need to develop "a more visible and affirmative, optimistic kind of leadership," rather than just a set of technical or operating skills, according to Sheffer. The most important skill is that of storytelling: "the ability to succinctly, simply, compellingly talk about your product and your company."

Such leaders will need to understand what resonates with their customers and employees. And they must be willing to devote time and energy to the task. Many executives start out tweeting or blogging with a passion, only to find they have less time, or less to say, than they had imagined. “You’ve got to keep watering it,” pointed out Neville-Rolfe, and “you need to not be too stodgy and, of course, be able to spell,” she added with a laugh.



Be willing to dive in...

Whatever the role they ultimately wish to play, senior executives who are not of the generation that grew up with social media can increase their understanding by becoming users of sites such as Facebook, LinkedIn and Twitter. “It’s no good being a Luddite,” pointed out Richard Edelman, president and CEO of Edelman. “If you’re not somehow engaging on Facebook and Twitter as a communicator, you really are out of the game.”

Executives can seek out mini-courses about social media that may be offered by their own companies or by their company’s marketing partners. Another approach is to find young people in the organization or in the family who can provide training — a “reverse mentor,” so to speak. The mentor can begin by simply programming the executive’s BlackBerry, iPhone or iPad to receive the latest company news, setting up a suitable Facebook access and Twitter feed — if necessary, under a pseudonym at first — and helping to build an understanding of contemporary communications.

“We will be communicating in four or five years’ time with a generation that only communicates online through social media,” said FitzGerald. “The consequences of that are something executives really need to invest a lot of time in understanding.”



...But exercise caution

Senior executives know to be cautious when speaking publicly about their companies, whether in the press, at events or in other public venues. Employees and the general public listen very carefully when a senior leader — especially the CEO — speaks or writes, often not distinguishing between the individual and the company. But the characteristic speed and urgency of social media platforms, and the desire for “authentic” communication, can lure executives into being too casual or less careful than they might be in other channels. When communicating through social media channels, leaders should apply the same discipline they do elsewhere, being thoughtful, purposeful and consistent with company strategy and values — understanding that social media participants expect responsiveness and genuine communication.







Conclusion

Social media is driving tremendous change in the way companies interact with their customers, employees, partners and general public, providing new opportunities for businesses to influence and engage with key stakeholders while exposing the company and its employees, products and service as never before. Executives not only need to be knowledgeable about social media channels, but increasingly they will need to possess a set of skills that allows them to navigate today’s fast-changing, communications-oriented environment. These include:



Agility in interacting with a wider range of constituencies than in the past. Leaders who do this well are able to accurately identify the issues and perspectives that are central to multiple audiences and apply them in decision making.

-  **Communications skills.** Organizations and leaders will have to excel at listening and ensure that communications are relevant and responsive.
-  **Comfort with ambiguity.** Gone are the days when organizations controlled the information and messages about themselves. The social media landscape is dynamic and fast-changing, and leaders will have to be comfortable operating in an environment in which they have little control and frequently don't have all the information.
-  **Strong business judgment in evaluating opportunities and risks.** Leaders must be able to frame problems accurately, evaluate ambiguous information, tease out areas of priority and anticipate the potential consequences.
-  **Willingness to take risks and get out of their comfort zone.** Advancements in social media come at a dizzying pace. Executives need to push themselves to participate in these networks and channels to make sure their organizations stay relevant to key constituencies.

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