

IBM Institute for Business Value

# The business of social business

*What works and how it's done*



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### **IBM Institute for Business Value**

IBM Global Business Services, through the IBM Institute for Business Value, develops fact-based strategic insights for senior executives around critical public and private sector issues. This executive report is based on an in-depth study by the Institute's research team. It is part of an ongoing commitment by IBM Global Business Services to provide analysis and viewpoints that help companies realize business value. You may contact the authors or send an e-mail to [iibv@us.ibm.com](mailto:iibv@us.ibm.com) for more information.

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*By James W. Cortada, Eric Lesser and Peter J. Korsten*

**Social business** represents a significant transformational opportunity for organizations. Many companies, after initial forays into external social media, are now realizing the value of applying social approaches, internally as well as externally. Social business can create valued customer experiences, increase workforce productivity and effectiveness and accelerate innovation. But many companies still wrestle with the organizational and cultural challenges posed by these new ways of work. A new IBM Institute for Business Value study, based on responses from more than 1,100 individuals and interviews with more than two dozen executives from leading organizations, reveals how organizations can use social approaches to create meaningful business value.

The question surrounding social media today is not whether you are doing it, but whether you are doing enough. Getting your 100,000th “Like” on Facebook, or having your latest pearl of wisdom retweeted 200 times an hour is all well and good, but are these activities driving revenue, attracting talent and bridging the collaboration gaps in your organization? Is your use of social media allowing your organization to engage with the right customers, improve their online experience and tap into their latest insights and ideas? Does your social approach provide your customer-facing representatives with the ability to search the globe for expertise or apply learnings?

The answers to these questions are essential as social approaches become the new norm. Today, roughly half the world’s population is online. Almost all of these Internet users are mobile. And their use of social media tools to shop, spend, and share insights is increasing. Facebook, for example, has reached more than 1 billion active accounts; LinkedIn is used in almost every country in the world; more than 100 million

people Tweet regularly.<sup>1</sup> Both companies and public sector organizations are seeing the value of participating in the social world. According to public relations firm Burson-Marsteller, almost three-quarters of the Fortune Global 100 firms have a presence on either Facebook or Twitter.<sup>2</sup> Social has become mainstream and ubiquitous. It is no longer simply a “sandbox” for the under-30 generation.

However, companies at the forefront are doing more than developing a presence on major platforms. They are taking their external social tools and embedding them into core business processes and capabilities. They are using social approaches not only to communicate better with their customers, but also to share knowledge with their suppliers, business partners and, perhaps most important, their employees. In short, they are rapidly progressing to a larger, more substantive transformation in how they work called social business.

We define social business as embedding social tools, media, and practices into the ongoing activities of the organization. Social business enables individuals to connect and share information and insights more effectively with others, both inside and outside the organization. Social business tools facilitate engagement in extensive discussions with employees, customers, business partners and other stakeholders and allow sharing of resources, skills and knowledge to drive business outcomes.

Significant opportunities can await those who effectively apply social business. Top-line growth for social business users can improve between 3 and 11 percent, according to a recent study from the McKinsey Global Institute, and productivity can be enhanced by between 2 and 12 percent.<sup>3</sup>

To better understand how organizations are taking advantage of social business, the IBM Institute for Business Value surveyed more than 1,100 businesses around the world and conducted extensive interviews with more than two dozen widely recognized leaders in social business (see appendix, “About the methodology,” page 14). These executives told us social business is gaining notable traction in their organizations; 46 percent of the companies surveyed increased their investments in social business in 2012, and 62 percent indicated they were going to increase their expenditures in the next three years. These increases will come across a wide range of functions. Today, a majority of companies are applying social business within their marketing (67 percent) and public relations (54 percent) functions. Areas expected to grow most rapidly in social business adoption include customer service (from 38 percent of companies today to 54 percent in the next two years) and sales (from 46 percent to 60 percent).

However, despite the intention to rapidly ramp up their social business efforts, many companies recognize the potential challenges of such a transformation. Nearly three-quarters of survey respondents reported they were underprepared for the required cultural changes.

Two-thirds were not sure they sufficiently understood the impact social business would have on their organizations over the next three years. Executives are concerned because social business represents a different way of thinking about employees, customers and how work is accomplished, as well as the potential risks of increased organizational openness and transparency.

Our survey and interviews reveal three major areas where organizations apply social business investments:

- Create valued customer experiences
- Drive workforce productivity and effectiveness
- Accelerate innovation.



Source: IBM Institute for Business Value.

Figure 1: Applying social business across the organization.

## Creating valued customer experiences

As today's consumers become ever more technology enabled, failure to communicate with them through the media they prefer can create an engagement gap difficult to overcome. C-level executives recognize this, which is why, in two recent IBM C-Suite studies, the 2012 Global Chief Executive Officer Study and the 2011 Global Chief Marketing Officer Study, senior executives expressed a strong desire to use social media tools to understand customers and create experiences that attract and retain them.<sup>4</sup> Leading organizations are acting on these desires by focusing social resources and attention on three areas: listening and engaging, building communities and shifting toward sales and support.

### Listening and engaging

Companies recognize the value of interacting with customers in social spaces. From a sub-sample of individuals in our survey with experience in applying social business to customer issues, 60 percent are using social environments to answer customer inquiries and 78 percent are planning to do so in the next two years.<sup>5</sup> More than half – 55 percent – are taking this even further, soliciting customer reviews and opinions, and 79 percent plan to follow suit within the next two years. Examples of how organizations are applying social practices to effectively engage their customers are highlighted in Figure 2.

TD Bank, for example, one of North America's largest retail banks with some 86,000 employees, wanted to find ways to extend convenience and comfortable experience to social.<sup>6</sup> Increasingly, customers were also trying to do more of their banking by using social media tools. TD Bank decided to take customer service social by using Twitter and other social platforms to listen, reach out and respond to customers in real-time. A team of 25 dedicated specialists across North America now monitor and engage in real-time 7 days a week, 18 hours a day (6am to 11pm ET).

TD further integrated this capability within its contact centers and its overall customer support strategy. The interactions range from inquiries and questions about products and services, to day-to-day banking and problem resolution. While many questions can be addressed directly on social, the team is also empowered to transition conversations that require in depth review or customer information to traditional channels like email or phone. This ensures a seamless experience for the customer. Incoming volumes continue to grow each quarter with the increase in awareness and engagement.

Method of engagement	Social capabilities	Benefits
Providing answers	Provide self-service and agent-based support via social platforms when and how customers want to be connected	Improved response time; greater data capture; higher customer satisfaction
Mining conversations	Capture and analyze conversations to determine customer sentiment, purchasing preferences and overall market trends	More effective marketing resource allocation; increased revenue opportunities
Crowdsourcing insights	Customize products and services using online social tools and allow other customers to rank and review new designs	Identify new offerings and trends with market potential
Influencing influencers	Work with individuals with significant followers to obtain unique insights and gain mindshare	Unearth emerging trends and increase word of mouth promotion/sales

Source: IBM Institute for Business Value.

Figure 2: Social business provides multiple paths to your constituents.

### Building communities

Bringing like-minded individuals together to share thoughts, ideas and experiences about a company's products or services can create valued customer experiences. To this end, many enterprises are using platform-based communities, such as those found on Facebook and LinkedIn – as well as hosting private communities on their websites – to foster dialogue among customers and between customers and the organization. We have seen these in organizations that deal directly with consumers, such as automobile companies and banks, as well as business-to-business companies such as commercial insurance. For many, customer communities are becoming an integral part of their service strategy. These communities address questions that would normally take time and resources within a traditional call center environment and also come up with unique solutions that the organization might not otherwise have considered.

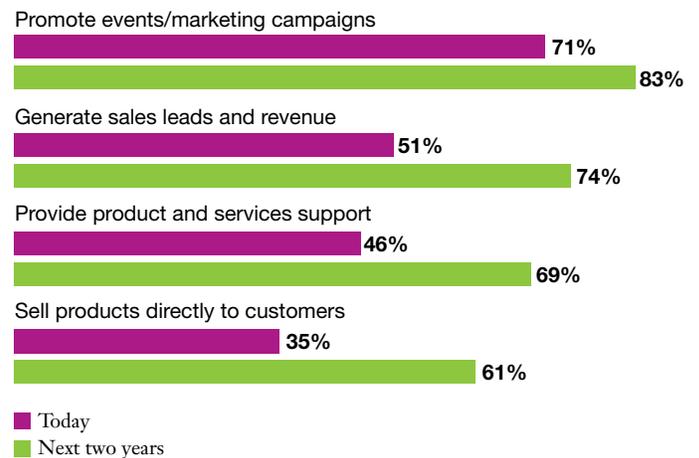
But, simply establishing spaces does not guarantee an active, vibrant community. Four critical new work activities and capabilities are required to make customer communities successful:

1. A governance process to oversee the community's operation
2. Recruitment, training and ongoing development of community moderators
3. The development of a critical mass of external participants to influence the influencers and to promote the community
4. The ability to quickly react to opportunities and challenges presented by customers, while seizing upon new business opportunities.

### Shifting toward sales and service

Social business is moving beyond basic promotional activities to encompass the entire customer lifecycle, including lead generation, sales and post-sales service. From our subsample, our data reveals that, while the percentage of companies expecting to use social business for promotional activities will rise slightly, from 71 percent today to 83 percent in the next two years, the number of companies expecting to use social approaches to generate sales leads and revenue will increase dramatically. Today, 51 percent use social approaches for leads and revenue, while 74 percent plan to get on board in the next two years. Post-sales support is also expected to increase, from 46 today to 69 percent over the next two years.

#### Uses of social business\*



Source: Institute for Business Value; Business of Social Business Study.  
 \*Based on responses from individuals having personal experience with customer-related social business activities Global (n = 599).

Figure 3: Uses of social business.

As the scope of activity broadens, so too does the number of touch points with the organization, necessitating a consistent set of customer experiences. Social business practices will need to be more closely embedded into traditional marketing and sales processes, with loosely coupled marketing and advertising campaigns giving way to tightly linked lead generation and sales efforts. Further, providing customer support through social channels will become a more prominent focus, with organizations incorporating social platforms into their larger customer relationship management strategies.

The key capabilities companies will need to build to create valued customer experiences are summarized in Figure 4.

## Driving workforce productivity and effectiveness

While customers are the primary focus of many companies, more are starting to incorporate social approaches into the day-to-day activities of their workforces. As organizations either expand globally or participate in global supply chains, information and insights become scattered around the world. Such knowledge as how to solve problems, handle exceptions to normal processes and address local market conditions often resides in widely separated, often unconnected repositories. Also, customers expect suppliers to understand past business transactions and tap into the collective expertise of the organization to solve problems. These issues become magnified as companies continue to embed value-added services within their traditional products.

	Basics	Leading edge	Future state
<b>Engage with individuals and groups</b>	Develop organization-wide, cross-functional approach to listening and responding to customers	Integrate insights from customer conversations with purchase and usage data to innovate and personalize offerings	Design customized “storefronts” that are aggregated from different retailers using social information
<b>Build communities</b>	Pay attention to existing customer communities sponsored by outsiders	Initiate, host and nurture customer communities to build engagement and learn from customers	Incorporate communities into core organizational processes, e.g., sales, support, product innovation
<b>Shift toward sales and service</b>	Identify the areas of the value chain where customers are looking to interact via social channels	Develop a social media strategy that integrates relevant components of marketing, sales and service	Fuse the external company brand with the internal corporate culture to create a consistent customer experience at all touch points

Source: IBM Institute for Business Value.

Figure 4: Stages of creating valued customer experiences.

Applying social business strategies and tactics within the organization and its surrounding value chain can play an important role in:

- Increasing the transparency and visibility of knowledge
- Finding and building expertise
- Collaborating outside the organization.

#### Increasing transparency and visibility of knowledge

From our study sub-sample of those that have used social approaches to address workforce issues, almost two-thirds are applying social capabilities to find information and collaborate more effectively, with more than 80 percent expecting to do so in the next two years.<sup>7</sup> Figure 5 shows a range of social activities organizations are taking to facilitate information sharing and collaboration. Although specific industries are cited, these activities are applicable across a broad range of enterprises.

#### Finding and building expertise

As markets and technologies change rapidly, organizations recognize the need for individuals to continually update their skills. As Lynda Gratton, professor at the London Business School notes, “You can’t expect that what you’ve become a master in will keep you valuable throughout the whole of your career.”<sup>8</sup> Lifetime learning has increasingly become a necessity – both for employees and their employers. To support this, organizations are building social practices into their formal and informal learning efforts as this can help reduce the time it takes to develop needed skills. Our research shows that organizations are applying social capabilities to enhance learning through:

- Sharing comments and insights on learning materials
- Building teaming dynamics into learning situations
- Using gaming techniques, such as rating and scoring

Industry	Work process	Social capabilities	Benefits
Chain restaurant	Product development	Provide front line managers with the opportunity to comment on how customers are responding to new offerings	Reduce product development cycle time and increased customer satisfaction
IT services	Software development	Provide collaborative spaces where communities supporting common applications can post questions, respond to inquires, and locate experts	Faster project delivery time with fewer software defects
Petroleum	Engineering project management	Provide access to internal social tools and sites to collaborate with partners outside the firm	Improved functional excellence, lowered costs of operations

Source: IBM Institute for Business Value.

Figure 5: Examples of work the social business way.

- Incorporating modern simulations methods to provide practice and testing
- Providing access to subject matter experts relevant to a topic
- Involving increasing numbers of experienced employees in teaching each other
- Using tools such as video and multimedia to capture attention and improve retention
- Tracking learning progress and effectiveness.

Collectively, these actions contribute to increasing organizational knowledge and allowing learnings to be shared more rapidly (see Case Study, “Boston Children’s Hospital”).

### Case Study: Boston Children’s Hospital

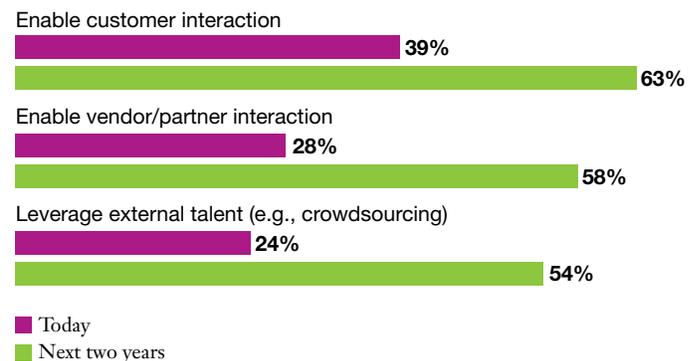
The Boston Children’s Hospital, a leading center for pediatric critical care, recognized the need to build capability among, as well as capture learnings from, physicians located in hospitals around the world. Recognizing the need to go beyond traditional physician education and conferences, the hospital turned to social business practices to reinvent in part how training occurs.

The hospital developed a network of pediatric critical care specialists to share their knowledge about leading practices and to educate medical students, residents and practitioners from around the world. The hospital created a series of learning modules, simulations and best practices guides to provide timely guidance, simulate hands-on experiences and improve skills of its staff and students. It also embedded videoconferencing and information capture capabilities into its process to bring individuals together for face-to-face connections. The network is regularly monitored by the community of experts to provide insights to others and to identify leading practices from specialists around the world, keeping the local staff current in pediatric practices.<sup>9</sup>

### Collaborating outside the organization

A critical trend identified by those firms we interviewed that apply social business to workforce issues is the application over the next two years of social approaches beyond organizational boundaries. They are looking to improve coordination with customers, vendors and partners, as well as leverage external talent, such as crowdsourcing (see Figure 6). Examples of this include insurance companies working with independent agents and consumer products companies working with suppliers to coordinate on topics as diverse as generating sales leads and improving production processes. Despite the fact that some companies we talked to were primarily focused on making sure that they got “collaboration right internally” before going outside the firewall, going beyond organizational boundaries will be an essential next step in the evolution of social business.

#### Uses of social business\*



Source: Institute for Business Value; Business of Social Business Study.  
\*Based on responses from individuals having personal experience with workforce-related social business activities (n = 362).

Figure 6: Using social to collaborate beyond organizational boundaries.

Using social approaches to improve how work gets accomplished – increasing the visibility and transparency of knowledge, finding and building expertise, collaborating outside organizational boundaries – is clearly taking root in many companies. The social business capabilities organizations need to apply to important work activities are highlighted in Figure 7. At the most basic level, management must provide an infrastructure to enable employees to set up collaborative spaces. These systems need to be easy to access and use, executives told us. Many individuals will only adopt new approaches if they don't have to spend significant time and effort mastering these tools.

Once in place, collaborative tools should be integrated in day-to-day work activities, projects, and processes. These approaches make it possible for the rapid formation of ad-hoc communities to work on specific problems and opportunities. The organization must also create the capability to understand where and how data generation could benefit the enterprise. Finally, management must teach its employees how to collaborate effectively with individuals outside of the organization's boundaries, using policies, practices, social business methods and tools.

## Accelerating innovation

Incorporating social capabilities into the innovation process is another highly important factor. Companies report that social tools are making it easier to acquire new ideas from almost anyone who touches their organization. Management and employees must be prepared to take advantage of new ideas, regardless of their source of origin. Additionally, we found that internal communities are using social tools to fuel organic innovations. They are also using social approaches to execute more structured innovation efforts that require senior management commitment to dedicate resources and follow up on insights gained from those events.

## Sourcing new ideas from anyone

Social tools have made it significantly easier to raise the visibility of new ideas, regardless of their source. Those who have the most experience with a product or service – a customer, a business partner or even an employee – now have the opportunity to share insights and obtain feedback from others. Our sub-sample of individuals with experience in working with social approaches to innovation shows companies are looking to increase their capability to monitor customer

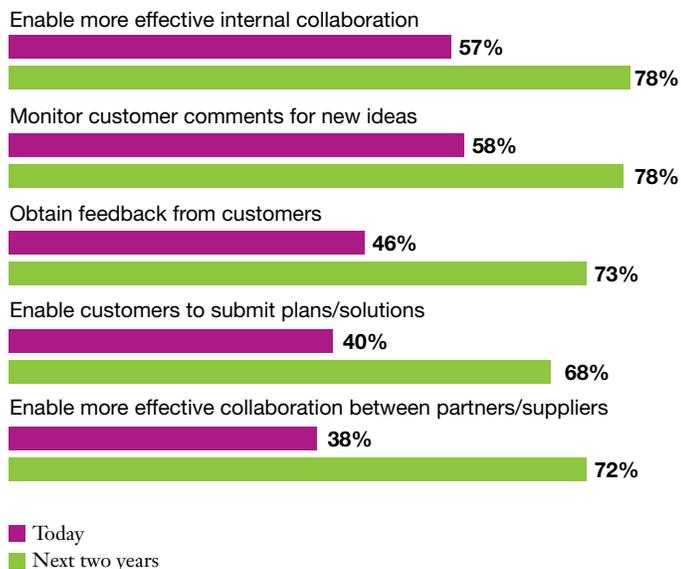
	Basics	Leading edge	Future state
<b>Increase transparency and velocity</b>	Create an infrastructure that allows employees to set up collaborative spaces and individual profiles	Integrate collaborative tools in day-to-day work activities, projects and processes	Mine social interactions to identify influence leaders and understand future trends
<b>Find and build expertise</b>	Apply social tools to important learning initiatives	Incorporate gaming capabilities and simulations into relevant work and learning streams	Deliver insights derived from social data to individuals at the point of need
<b>Coordinate beyond boundaries</b>	Use social techniques to identify areas of improvement from suppliers and intermediaries	Apply crowdsourcing techniques to augment the organization's processes and skills	Incorporate social data to augment cross organizational processes and activities

Source: IBM Institute for Business Value.

Figure 7: Stages of using social to drive workforce productivity and effectiveness.

comments for new ideas, obtain customers' feedback, enable customers to submit plans/solutions and foster more effective collaboration with partners/suppliers (see Figure 8).<sup>10</sup> Some organizations, such as toy company LEGO Group, have developed innovation platforms that enable customers to submit ideas for new products and even share in the potential revenue derived from these ideas.<sup>11</sup>

#### Uses of social business\*



Source: Institute for Business Value; Business of Social Business Study.

\*Based on responses from individuals having personal experience with social innovation activities (n = 446).

**Figure 8: Social business represents a wealth of opportunity for new ideas.**

Similarly, Beiersdorf, a personal-care products company, has developed “Pearlfinder,” a website that allows potential vendors to submit ideas for new products and services. The website also facilitates contracting and intellectual property transfer (see Case Study, “Beiersdorf”). In both situations, the organization found ways of expanding its reach to develop valued new products, services and capabilities.

#### Case Study: Beiersdorf

Beiersdorf is a global manufacturer of skin care products. The company wanted to better leverage the ideas of its business partners to enhance its ability to innovate. Besides other open innovation tools and in addition to its standard innovation networks with external partners, it created the Pearlfinder platform. Suppliers, universities, institutes, consultants and inventors can submit ideas on this platform and work in collaboration with Beiersdorf staff to refine the ideas and process, if both sides are interested in pursuing the idea. As a prerequisite to enter the Pearlfinder community, the external partner goes through a simplified contracting process, allowing an open exchange of ideas and requirements.

Beiersdorf has enjoyed successes in jointly developing new products. Examples include development of a new shaving system with Phillips, as well as a number of ingredients manufactured in the hair and body-care space. The number of previously unknown partners interested in working with the company has increased, as well as the variety of external partners who have approached the company with ideas. Additionally, Beiersdorf has won a number of awards for this social business approach to innovation, increasing the company's perception as a willing and desired collaborator in the marketplace, while actually developing new products.<sup>12</sup>

### Using internal communities to innovate

Internal communities of practice have been recognized for several years as hotbeds of innovation, bringing people together with similar interests and passions.<sup>13</sup> Social tools are further amplifying the ability of these communities to develop new and innovative ideas, refine them with the assistance of others with detailed knowledge and publicize them around the world. Much as we have seen with customer communities, internal communities also benefit from community management that promotes the value of community, educates members on tools and community assets, facilitates interactions among community members and captures community benefits.

Cemex, a global building materials company based in Mexico, is an example of an organization that uses communities to jumpstart the innovation process. The company wanted to expand its ready-mix concrete products into new marketplaces around the world. Using an internal collaborative platform, employees now can share ideas, suggestions and recommendations. Communities of interest are formed to tackle challenges common to locations, marketplaces and skill sets. By using its in-house expertise, Cemex is able to achieve lower cycle times, improve processes in real-time and reduce time to market by two-thirds.<sup>14</sup>

### Enabling structured innovation efforts

Organizations are increasingly using social tools to enable more structured innovation, ranging from social suggestion boxes, to Jams, to Hack Days. With social suggestion boxes, individuals contribute ideas on an ongoing basis. These ideas are routed to others able to evaluate their merits and take action. Those involved in evaluating and developing ideas can range from just a few employees to many thousands.

In the case of Jams, sometimes tens of thousands of people access a social media tool, usually over the course of several days, to discuss a problem or issue and to develop solutions or new requirements. These events are generally moderated

online discussions, with polling and voting, to develop insights around specific themes or challenges. Findings are posted, shared with participants and selected for further development. Hack Days, a newer way of using social tools, are short-term efforts narrowly focused on developing a workable solution or prototype within a defined window of time. Cross-functional teams work on an assignment with the intent of producing a usable, if not perfect, outcome.

An example of a structured innovation effort was conducted by Citibank's Global Transaction Services division, which was looking to tap into the knowledge of individuals in the field to validate its future strategy and identify growth opportunities. Citibank created a collaborative event, or Jam, that was open to 25,000 people in 88 countries. More than 6,000 employees registered for the 55-hour event. The average participant engaged in the dialogue for four hours. Following the event, organizers used analytics to link different sections of the discussion and mine comments for additional insight. The power of the Jam included not only the ability to tap into insights of front-line employees to validate future directions and strategies, but also provided an outlet in which employees felt their ideas were being heard and considered.<sup>15</sup>

A critical practice for engaging participants in structured innovation efforts is understanding the potential audience. To get the most benefit, organizations will need to:

1. Determine the number of participants needed to develop new ideas and insights
2. Create enough diversity of experiences and perspectives to avoid groupthink and encourage innovation
3. Bring relevant knowledge of context and expertise in the problems and issues that need to be solved
4. Invite individuals willing to challenge the status quo and assumptions to reach a deeper, more complete solution
5. Provide motivation to participate, including internal/external recognition and rewards.

Besides bringing groups together for organized conversations, successful idea-generation efforts involve significant communication before, during and after the process. Leaders in social business clearly and broadly communicate the “big picture,” such as why idea generation is important and what is expected from participants. The enterprise must build trust by establishing ground rules and expectations, such as fully stating the scope, strategic importance and tactical challenges of the problem, opportunity or issue. For management, this also means being careful not to overcommit or to set unrealistic expectations. Showing respect for the time and ideas of participants by providing clear, timely feedback about outcomes is fundamental to any social business culture. Finally, one must act on the insights and promising ideas, overcoming internal cultural inertias (such as “it’s too radical”), publicly recognize contributors and report what was done as a result of the event.

For those companies looking to use social approaches to jumpstart their innovation efforts, Figure 9 highlights a number of practices that organizations should consider implementing.

### Embedding social into your organization

Our survey and interviews have made one thing clear: those organizations experiencing the most success in social business approaches know they have to make fundamental changes in the way their employees worked across the entire enterprise. To weave social business into the fabric of the organization, three key issues must be addressed on an organizational level:

- First, companies need to consider how to incorporate social metrics into their traditional enterprises and processes.
- Second, they need to understand and manage the risks associated with social business.
- Third, change management remains a critical requirement in embedding successful social business practices in an organization. But, the implication is also quite clear: social business requires a unique application of traditional change management principles to influence corporate culture and performance.

	Basics	Leading edge	Future state
<b>Captures new ideas from anyone</b>	Identify specific opportunities where new ideas could add value to the business	Develop processes for collecting internal and external innovations on an ongoing basis	Mine social interactions to identify future innovation needs and trends
<b>Use internal communities to innovate</b>	Build platform where internal communities can come together to share insights	Provide resources to moderate communities with the greatest strategic value	Identify potential community involvement based on social contributions
<b>Enable more structured innovation</b>	Conduct ideation events involving employees from across the business	Extend innovation events to the larger stakeholder population	Embed innovation events and social data into the ongoing product development process

Source: IBM Institute for Business Value.

Figure 9: Applying social approaches to accelerating innovation.

### 1. Using social data to make business decisions

Our research uncovered that only about 20 percent of organizations are able to define key performance indicators (KPIs) and track the return on investment (ROI) of social business efforts. Those firms that could not do so found it difficult to gain momentum with their social business initiatives, as uncertainty of results made many stakeholders reluctant to invest. Many of the companies that we interviewed did, at some level, try to quantify their results, but also recognized that trying to justify social approaches based solely on cost savings was not sufficient. Rather, they either undertook pilot projects to demonstrate the hard and soft benefits of social projects and/or ran trials that compared the performance of individuals or groups using social tools against those that did not.

We also heard from respondents that justifying the ROI of social effort is only one potential use of social data. Analytics can make it possible for organizations to integrate social and traditional data sources to make more effective decisions about customers (such as who is likely to respond to what particular offers) and the workforce (who are the individuals most likely to produce a valuable answer to a particular query). By examining the residual data from social activities, organizations can develop valuable insights not previously available.

### 2. Managing social business risks

The use of social business tools, while promising a considerable upside, is not without risks. Respondents to our survey and executives we interviewed cited a number of concerns, including attacks on their brands, legal issues, data security and privacy, and unintended disclosure of company information. While about half the companies do not yet have effective processes in place to deal with these, nearly a quarter say they do, and another third have efforts underway. However, many of our interviewees highlighted the importance of clear governance in managing the wide range of social initiatives within their organizations. They also established policies for employees to follow when engaging in social business and a governance structure for managing and monitoring enterprise-wide social business behavior.

Successful companies identify potential exposures, proactively involve the right experts and develop risk management plans. They think through their problems, understand regulatory drivers and their impact on the organization and ask questions about why a behavior is a risk and how to mitigate it. But, most important, they engage the key functional experts before problems occur, from areas such as HR, Legal, IT, Communications, Finance and Risk. They find individuals who are not only willing to identify risk, but who also understand the opportunities that can be created based on what risks they find to be acceptable.

### 3. Leveraging change management practices

A dichotomy exists in many organizations between the senior executives who see the value in applying social capabilities and the managers who must embrace these capabilities as part of their day-to-day work. Our survey shows that while 48 percent of organizations indicated they have support from the C-Suite, only 22 percent believed that managers are prepared to incorporate social business into their daily practices. Other researchers in this field have also identified the challenge of getting the management layer to embrace social business. As Andrew McAfee, a Principal Research Scientist from the MIT Center for Digital Business, stated in a *Sloan Management Review* interview:

*When I talk to CEOs, they desperately want to hear the voices of their customers, the voices of their employees...But I get the impression that there is a middle layer that traditionally has been the signal processor, both up and down, and some of them don't want to see that role go away.<sup>16</sup>*

Similar to previous transformations, such as process re-engineering, development of global supply chains and even the early uses of e-commerce, social business requires a focus on assisting people in understanding the value of social initiatives, involving the right stakeholders and providing the appropriate support and motivation. Figure 10 explains some of these important concepts and discusses how they should be applied in the context of a social business transformation. The list is long, but essential to implement.

Actions	Activities
<b>Get people involved in using the tools</b>	<ul style="list-style-type: none"> <li>• Create hands-on opportunities to use new social business tools</li> <li>• Provide one-on-one coaching and reverse mentoring and encourage leaders to model desired behaviors to signal social “permission”.</li> <li>• Capture success stories through use of social tools (e.g., wikis, blogs, video)</li> </ul>
<b>Apply traditional change management concepts to support transitions</b>	<ul style="list-style-type: none"> <li>• Appoint a number of social business champions/subject experts to encourage and accelerate adoption</li> <li>• Provide education about why this important and what the guidelines are for using social tools inside and outside the organization</li> <li>• Recognize desired usage and behaviors</li> </ul>
<b>Incorporate social approaches to supporting the change</b>	<ul style="list-style-type: none"> <li>• Develop user narratives and scenarios of possibilities provided by using social approaches</li> <li>• Use social networking approaches to identify and engage with influence leaders</li> <li>• Provide support to employees, partners, and customers</li> </ul>

Source: IBM Institute for Business Value.

Figure 10: Managing social business transformations.

## Actions going forward

Whether your organization is advanced or just starting out, the use of social business practices is a transformation that can best be thought of as a journey that leads toward new ways of working. Our research and findings reveal three essential actions to be taken across the enterprise, from the CEO’s office to the farthest corner of the organization.

First, develop social methods and tools to create consistent and valued customer experiences. Ask yourself, “What approaches is my organization using to listen to and engage with customers?” Another question to ask: “How do my marketing, sales and customer service functions coordinate around social initiatives?”

Second, embed social capabilities to drive workforce productivity and effectiveness. To help stimulate your thinking, consider, “What areas of opportunity exist within our organization to improve collaboration through social initiatives?” Also: “How could we use social approaches to better connect with key stakeholders outside the organization?”

Third, use social approaches to accelerate innovation. Consider, “How can improved generation of ideas have the most impact across our organization?” Ask: “How could we better involve individuals outside the organization in our innovation efforts?”

The case for why ever more organizations are implementing social business practices comes down to sustaining their competitiveness and profitability in economies in which rivals, partners and customers are adopting new ways of conducting business. More than simply using social media tools, we have entered a new period of fundamental transformation in the way work is done at all levels of the enterprise and across all organizational boundaries.

For more information about social business, visit [ibm.com/socialbusiness](http://ibm.com/socialbusiness).

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### The right partner for a changing world

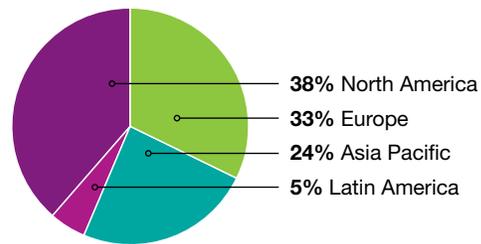
At IBM, we collaborate with our clients, bringing together business insight, advanced research and technology to give them a distinct advantage in today's rapidly changing environment. Through our integrated approach to business design and execution, we help turn strategies into action. And with expertise in 17 industries and global capabilities that span 170 countries, we can help clients anticipate change and profit from new opportunities.

### About the methodology

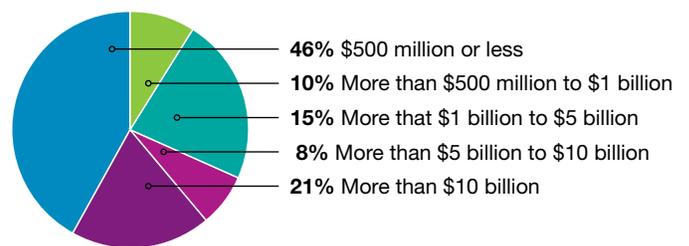
The IBM Institute for Business Value (IBV), in conjunction with Economist Intelligence Unit, conducted an online survey around the world and across a dozen industries resulting in 1,161 responses to a detailed questionnaire. The surveys explored how organizations viewed social business and harvested insights on customer, innovation, and workforce uses of social business methods and tools from individuals with personal knowledge in these areas. The IBV also drew upon findings from IBM's face-to-face interviews of several thousand senior executives from around the world conducted in the past two years.

In addition, our researchers also interviewed 21 executives who are recognized leaders in implementing successfully social business practices in North America, Europe, India and South Korea as well as five who are just starting on their social journey. We leveraged additional research and interviews that we had conducted for earlier studies of social business conducted in 2011. The IBV also teamed up with Professor John R. Wells of the Harvard Business School, an internationally recognized expert on social business practices, to shape and conduct the research. Additionally, the IBV tapped into the large community of social business experts across IBM who are implementing social business practices, developing tools, or conducting scientific and technological research related to the topic.

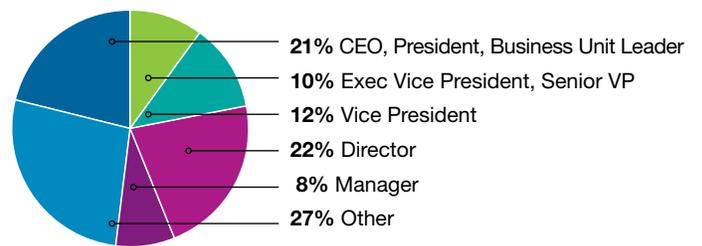
#### Region



#### Company revenue



#### Title



Source: IBM Institute for Business Value, Business of Social Business Study, Region, Company revenue, Title; Global (n=1161).

Figure 11: Study demographics.

## Authors

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