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## SOCIAL MEDIA CREATES REAL VALUE

*“ . . . dependence is the paradigm of you—you take care of me; you come through for me; you didn’t come through; I blame you for the results. Independence is the paradigm of I—I can do it; I am responsible; I am self-reliant; I can choose. Interdependence is the paradigm of we—we can do it; we can cooperate; we can combine our talents and abilities and create something greater together.”*

—Stephen Covey



In May 2010, GlaxoSmithKline opened to the public the designs behind chemical compounds that have been experimented with as a drug for treating malaria. Traditionally guarded with information and formulas, this company and the pharmaceutical industry in general has officially made the move toward a community-based model. Essentially, Glaxo is relying on a community of interested parties to find the cures that they haven't yet found.

Ultimately, by making this change, they are saying their approach to research and product development will be more successful, more powerful, and probably less expensive, by relying on a community of people who don't work for them. Their belief—by opening their doors to others, better things can happen. This open-source drug development approach, as radical as it may seem today in such a traditional and closed industry, illustrates Glaxo's trust in the power of the power of a community of interested parties, to achieve the innovative results it seeks.

For them, it's a new and social way of doing research, inventing drugs, and solving health care problems around the world. It's also a signal to other major companies that the time has come to accept the fact that social media has the potential of creating real, measurable value.

Consequently, this example shows that being social does not just mean being on Facebook or Twitter. Nor is it only about connecting with your friends at work to share what movie you are seeing or what you are eating for lunch. That's a part of the social media craze, but not all of it. For them, it

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means using social networks and technologies media to connect with people on an emotional and individual level so that your company can innovate and grow. Facebook and Twitter are part of the equation, but they won't build your community of fans or generate followers for you without your own time and effort to solve the hard problems that create value in your organization—that's not their job; that's your job.

This book is about your company. You've already spent time and effort building your brand, products, and services along with your customers, employees and investors. Consequently, it's your job to use social media to engage your customers in ways that they've never been engaged, motivate your employees in ways they've never been inspired and innovate in ways you never imagined. Today's social media technologies will allow you to accomplish your goals faster, better, and cheaper than ever before. And they can help you create value in ways that are meaningful and rewarding to you and your constituents.

### **BUILDING YOUR OWN SOCIAL NATION**

For the past 200 years (starting with the Industrial Revolution) making business nonsocial was what organizations were all about. Businesses weren't looking to create social communications with constituents at a personal or individual level. In fact, business was about making money at any and all costs, while dehumanizing the personal elements of our daily lives.

For example, the old rules of business suggested that we shouldn't take it personally when we were fired, received bad service, bought inferior products,

or earned unexpectedly poor financial results. Further, businesses often still hide behind the motto, “Don’t take it personally; it’s just business.” And they get away with it because we know, and they know, that we, as individuals, don’t count.

But all that is changing. Your employees and your customers want to be engaged on a very personal level, and not just through a yearly survey or at an annual conference. And if you choose not to engage with them, they will do it without you anyway – and you don’t want that.

So, how can you become a part of those social conversations and interactions? How can you benefit from what they are saying and to whom they are saying it? Simply: You can join the Social Nation revolution and make it your priority and your company’s strategy to go social. Ultimately, this book is intended to serve as a guide that can help you convert your customers and employees to fans and followers to achieve your true potential.

Today, we—as employees, partners, and customers—are telling companies what to make, market, and sell. According to a report released September 23, 2009, by the Nielsen Company, the amount of time spent on the Internet in the previous year had increased substantially reflecting our interest in two way communications with each other and the organizations that serve us. The study revealed the following:

- We spent 17 percent of our online time social networking or blogging.
- We spent 83 percent more time in online social networks than the year prior.

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- We are driving advertisers to spend an expected \$2.6 billion on these social sites by 2012.

The statistics illustrate that companies need to increasingly turn to social media to change what they do and how they do it just as Glaxo has. The reason they need to is because they have to capture the voices of their employees and customers if they want to innovate. At the same time, customers and employees want to impact every aspect of your business. They want to have an impact on all types of companies—small or large, local or national. People who have never before been asked to contribute to business now want to share their opinions, criticisms, and praise with you. And they want to share these thoughts, and perspectives among themselves, as well.

Building your social nation means changing what you think it means to build a company. This emerging social era is about engaging everyone around you to redefine what you do and how you do it—including sales, marketing, R&D, customer support, and product development (see Chapter 11 for more details). Examples of this are everywhere. Customers (not the businesses) want to decide where we should eat. For this reason, Open Table has created a Dining Nation. Amazon has created a Readers Nation for everyone who wants to determine the books you should read. Travel Nation helps to determine which hotel we should book thanks to Trip Advisor. Investor Nation steers us toward the stocks we should buy (TheStreet.com).

And it does not stop there. People want to have a say in which products companies should design and sell (Proctor & Gamble). Jet Blue has built True Blue Nation to develop loyal travelers. These and many other companies are all beginning to understand the power of creating friends, fans, and followers to build their business.

### **BENEFITTING FROM THE CONTRIBUTION OF OTHERS**

Here's the exciting part of building your own Social Nation. We, all of the individuals that constitute your crowd of interested participants, want to help. We can show you how you can benefit from all of our input as you seek to build your nation. But to do that, you have to hear our voices and embrace what we're saying, while working hard to establish meaningful relationships with us. This is how businesses can avoid the fate of companies such as GM. This book will guide you through the steps to change what you do and how you do it, based on a new way of thinking about your company, in order to profit from today's Social Nation movement. This means creating extraordinary organizations and value based on the input of others.

*Social Nation* was not written to tell you how to use Facebook and Twitter. Facebook and Twitter have already built their own nation of friends and are benefiting from them. Rather, this book is about helping you first define and then build your own Social Nation with today's social media tools (see Chapter 11). Further, *Social Nation* is about developing new skills you will need to reap the benefits of participating in today's social order it's also about new open, organizational designs, and

ways to innovate; and it's about new ways of rewarding others. Finally, this book is about how you, as an individual, can improve your social self to benefit from this Social Revolution that is influencing all of us.

### **SOCIAL NATIONS WILL BECOME THE DOMINANT FORCE IN BUSINESS**

All of us know that social interactions already play a dominant role in our personal lives, but so far they have played a recessive role in the business realm. While our online interactions have increased in our personal lives, most businesses still believe that social interactions and interests should be left behind when we go to the office. “Be seen and not heard” remains the adage that still applies to much of the working world. That's because organizations are built to be impenetrable and dictatorial entities that create, manufacture, promote, and sell products or services based on the insights of the few about what the many want.

The proof is there for us all to see. We've spent time and money building huge industrial corporations such as General Electric, Microsoft, and 3M. We've created massive institutions such as Harvard and Yale; we've endowed them, poured money into them, and made their brands larger than life. These institutions became the foundation of our society. They became our voice. But they have fallen short of having built communities we can call ours—like Facebook or Twitter—where our voices are heard and our interactions matter.

However, social technology and the networks they create are enabling all organizations to join in. It

enables everyone to share and offer ideas. It offers everyone an opportunity to be leaders and real participants in their own right, contributing ideas and comments. As people share and interact and create communities, their voices are becoming more powerful. In turn, businesses are being forced to listen to their collective desires, ideas, and perspectives and respond. The good news is that the most successful enterprises of our future are going to incorporate our voices into everything they do and make.

### **EMBRACING YOUR SOCIAL NATION TO BENEFIT**

Creating your own Social Nation may seem daunting, and in many regards even unappealing because you may not want to give everyone a voice. Maybe you still think that the business and social worlds should be separate from one another. And maybe you think your customers don't know what they want. So it's not surprising to find that while some companies are ready to become part of the Social Nation, others are wary, and still others remain unwilling.

There are three types of companies out there right now. The first group consists of those that don't know what it means to build their own Social Nation. These companies are reluctant to become social because their perception is that doing so won't produce any additional economic value. The second group is trying to be social and build on-line communities but doesn't quite know how to get started and how they can benefit. The third group includes organizations that have already built strong social nations (such as *American Idol*, Cisco, Procter & Gamble) and are looking to make social

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pervasive throughout their organizations, to enhance everything they do.

Regardless of which group you and your organization fall into, this book can work for you and your team. Building your Social Nation requires that you share your team's personal experiences and connections with others to produce results for you, your family, and your organization. It means integrating your work and life experiences, and it means connecting the two separate parts of your life into a seamless whole. In the world of Social Nations, our work and personal worlds meld, as our formerly disparate values for each become one. This is the foundation that will ultimately separate the merely good companies from the successful ones, and the successful ones from those that are truly extraordinary.

### FOUR DRIVING FORCES

There are four major forces driving the shift toward a more social business world:

1. Today's Changing Workforce
2. Open Business Models
3. Emerging Technologies
4. Social Monitoring and Measurement Tools

First, people are becoming agitated; they want a voice in the commercial world. They want businesses to hear them, whether they are employees or customers. Second, once fiercely guarded, closed business models are becoming more open. Companies, like Glaxo, are relying on others for ideas, innovation, and new revenues. Third, advances in technology

have exploded at an unprecedented speed and capacity. This has enabled the voice of the public to be heard, relationships to be formed, and open source models to be implemented in industries, that will forever change the face of business. Fourth, new social intelligence is measuring our needs and sentiments before we realize we even have them.

### **The Workforce Is Becoming Social**

Forty years ago, about one-third of the workforce was female; today, women are on the verge of outnumbering men. Simply, the “who” in the business world has changed, and continues to change. According to a 2009 *Time* magazine poll, 40 percent of women are the primary earners in their household, and 84 percent still believe that business hasn’t done enough to address the needs of the modern family.<sup>1</sup>

In today’s business world, people from around the globe are sharing their opinions and expertise. Young people, if not college students, are creating companies that produce extraordinary value. Minorities and recent immigrants are starting online business sensations. Thus, business is fast becoming less of a closed society and increasingly open to everyone.

The fastest-growing segment of Facebook users is made up of people 35 or older. In November 2009, according to Google’s Ad Planner, a site that tracks web traffic, on 84 percent of social networking sites women, not men, are the most frequent users.

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<sup>1</sup> Nancy Gibbs, “What Women Want Now,” *Time*, October 14, 2009.

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Women have always been the connectors, the relaters, and the conversation drivers. They bring a new voice into whatever they do; and since they now nearly dominate the workplace, they are bringing their personal values with them there, too.

Moms control more than 80 percent of household spending, which means they not only respond to advertising or marketing, but they write their own reviews and create discussion forums and blogs to keep each other informed. BlogHer, a site for women who blog, and that hosts more than 15 million users each month, is just one example of how far-reaching and powerful these voices can be when given the technology to enable them.

The crowd, moreover, has grown impatient as well as empowered, and no longer is willing to wait for businesses to catch up to their needs and demands. Currently, two-thirds of all people using social networking for business purposes are doing so through their own initiatives, rather than corporate-sponsored ones. In the emerging social World, the crowd is already ahead of business.

### **Business Models Are Becoming Open**

The second reason businesses are becoming more social is that the traditional models are changing. *Crowd sourcing* has become increasingly popular and profitable. Crowds of people who don't work for you are creating new products and services for your competitors. Businesses, in turn, have to enable voices and offer rewards if they want to benefit from free lance contributors. Closed-models aren't disappearing overnight, but the open-source ones like Glaxo is pursuing are becoming more prevalent.

In order to embrace these new open organizational models of innovation and growth, companies need to embrace new ways of conducting research and generating sales and marketing messages. This does not mean replacing everything you already do well with something new. Instead, becoming an open business means integrating your community, into the successful elements you already have. By doing so, you will be able to monetize and capitalize on the collective voices and insights of others from which the best and brightest concepts will emerge.

Market research firm Gartner Inc. released key predictions for IT organizations on January 31, 2008, predicting that by 2012, 80 percent of commercial software will have open-source components. Companies are finding that they can use both internal employees, who are responsible for developing new models, while also relying on outside innovators, customers, and partners to create new opportunities. This new open-model makes it possible to reduce costs, slash time-to-market for new products and create new revenues faster than before, organically. What does all this mean? That businesses are no longer the gatekeepers of their own brands—their communities are.

### **Emerging Technologies Are Becoming Social**

Enabling these more open business models are new technologies called Web 2.0. In the past, we had to buy expensive plane tickets or take long car rides to connect with family or attend annual college reunions. Now, we can connect in a matter of seconds with family, friends, and colleagues, as well as like-minded strangers who share our political

interests, hobbies, or ailments. We can show that we care and share almost constantly with very little planning or travel costs. And we can interact on-line with people we know and those we don't to produce powerful new voices.

Further, Technology also allows business to reach people on *their* terms. As people become more and more comfortable engaging in personal online interactions—such as Twitter, Facebook, and other the new Web 2.0 tools—including blogs, discussion forums, instant chat, they are also beginning to engage with businesses and organizations in this way, as well. Even the U.S. Army is using social media to reach potential recruits. Knowing that younger generations are most effectively reached through new media, the Army is relying on blogging to make contact with future soldiers.

The social era is about embracing your audience in the way they want to be embraced. Ultimately, trying to resist social interactions and communications in business will prove to be futile. Trying to control it won't work, either. In contrast, empowering your customers and your employees to join you, in an authentic and responsible way, will lead to greater growth and value, from the friends, fans, and followers you create in all of your daily interactions.

### **Monitoring and Measurement Is Becoming Social**

Behind the first three driving forces are systems that measure our contributions, quantify our sentiment, and provide companies with real intelligence about our current and future needs. These technologies, collectively referred to as *social intelligence*, is functioning behind the scenes of the most valuable

companies to help organizations predict our behavior and respond to our needs. That said, it's no longer enough to just create more products or services. You can build a company around great products, but they alone won't be enough to connect your customers emotively or socially which is essential in today's highly competitive world.

In other words, it's not enough that technologies are enabling social interactions. Rather, leaders have to understand our sentiments and act on those requirements. In addition, emerging leaders have to embrace the understanding that to build friends, fans and followers they have to be emotionally and socially connected to us in ways never before contemplated.

### **ITS TIME TO EMBRACE YOUR SOCIAL SELF**

Change is hard. Change takes sacrifice. Change requires today's leaders to give up some of what they're used to having and what they believe makes them so good at what they do, such as traditional transaction skills, acquisition skills, and managerial skills. These skills are no longer sufficient to be successful, however. Fortunately, we all have other skills, derived from our personal lives that we can, and must, call upon to assist us in succeeding in the Social Revolution.

The benefit of using these new social skills in your business is clear. This social movement allows organizations to receive real time feedback about how you are meeting your constituents' needs. This is one reason why customer and employee social networks are becoming increasingly popular. Leading companies and

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executives are discovering that these networks add value.

For example, Nike offers nine distinct networks that enable Latinos, the disabled, and Native American employees (to name just three) to convene around culture, specified needs, or contributions. Nike understands that a wealth of unstructured knowledge and information is being exchanged in these social networks by giving up control. The company is excited to learn from this phenomenon. Fortunately, Nike is not alone: more and more companies are catching on and building their communities of loyalists.

**BEST BUY BUYS IN—AND BENEFITS**

Take Best Buy. Several years ago, Steve Bendt and Gary Koelling were hired by the mega electronic retailer to develop advertising campaigns. They began by talking to the employees of Best Buy to get a sense of what customers were after in the stores. From this effort, they ended up with an entire internal employee network of engaged individuals, each of whom wanted to share knowledge, converse with one another, and hatch new ways of doing things. They named this network Blue Shirt Nation, after the recognizable color of the uniform worn by Best Buy employees.

Blue Shirt Nation has been an incredible success ever since. Within a year, 20,000 of the 150,000 employees had joined. Soon people were sharing everything from customer insights to photos of their cats. The network remains a keystone of the company's culture, proving that its executives trust their employees, not only to behave responsibly

within Blue Shirt Nation but also to make recommended changes on policies, products, and services. Blue Shirt Nation has given each and every Best Buy employee a legitimate voice in the company.

## **BUILDING YOUR SOCIAL NATION TRANSLATES INTO GROWTH**

As businesses adopt the notion that their customers and employees can help them achieve their needs, revenues and profitability will increase. A 2009 study by the University of Massachusetts–Dartmouth revealed that the companies willing to adopt social media will grow faster than those that do not engage in the new technologies.<sup>2</sup>

Significant and sustained engagement in social media is driving profitability. According to a study released by Wetpaint and Altimeter Group, financial performance increased by as much 18 percent on average in one year for those companies most engaged in social media. By comparison, those companies least engaged saw an average decline of 6 percent in revenues during the same period.<sup>3</sup>

In the past, companies and institutions have traditionally focused exclusively on the bottom line, while disregarding the people and the processes by which they got there. In today's social world, the

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<sup>2</sup> Nora Ganim Barnes and Eric Mattson, "The Fortune 500 and Social Media: A Longitudinal Study of Blogging and Twitter Usage by America's Largest Companies," Center for Market Research at the University of Massachusetts, Dartmouth.

<sup>3</sup> "The World's Most Valuable Brands. Who's Most Engaged?" ENGAGEMENTdb, July 2009.

collective voice is driving business, leading to the conclusion that to reach that bottom line successfully, business must understand and embrace these social models, sensibilities, and processes.

### **WHAT'S NEXT?**

This chapter introduced you to the benefit of creating a Social Nation of your own as Glaxo, Nike, and Best Buy are. Chapter 2 will describe the new social skills you need to develop to participate in the social revolution engulfing our society.

In Chapter 3, you will be introduced to the Social Quotient test, an online social skills assessment that will enable you to objectively and scientifically test your social capabilities. This test, designed by a group of scientists, specifically measures areas in which you are socially competent, and, for the first time lets you scientifically assess your social readiness and skills. This exciting tool will give you a concrete understanding of where you are currently on the social spectrum and what you can do to enhance your own—and your company's—social competencies.

The chapters comprising Part 2 of *Social Nation* detail, in turn, the seven prescriptions for achieving success and financial rewards in this new business era. We reveal the importance of engaging others around you in every way possible so as to achieve your company's full potential. These chapters cover leadership skills, social monitoring and measurement and new approaches to financial rewards that will help you achieve your organizational goals.

The book concludes with a guide on how to get started—tomorrow—by offering practical steps you can take, and pointing out 10 pitfalls you will want to avoid. In short, it illustrates that the sooner you build your own Social Nation, the sooner you will realize your personal and professional aspirations and reap the rewards that come from doing so.

## **SEVEN STEPS THAT START WITH YOU**

The following is a preview of the seven guiding principles for implementing a successful social nation strategy at your company.

*Principle 1: Develop Your Social Skills.* Social leaders in the Social Nation are expected to follow more than they lead, while continuing to provide structure and support.

*Principle 2: Let Culture Lead Your Way.* When building your Social Nation, remember that culture is very important, so let your guiding principle be an open and honest environment.

*Principle 3: Mind Your Online and Offline Manners.* How you say something, versus what you say, be it online or off, will make a big difference in helping you to engage fans, friends, and followers.

*Principle 4: Monitor, Measure and Adopt to Your Community's Needs.* Social intelligence enables your company to monitor and measure everything that is happening around you—including the number and sentiment of the conversations of your constituents—allowing you to modify what you do and how you do it.

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*Principle 5: Include Others in Everything You Do.*

As an organization that is seeking to benefit from building a Social Nation, you must rely on others in every part of your company. That is the only way to generate new revenues and increase profits.

*Principle 6: Rely on Others for Growth and*

*Innovation.* Friends, fans, and followers are instrumental in achieving growth in today's connected world. Engaging all of your constituents is essential to building new products and services that matter.

*Principle 7: Reward Others and You Will Be*

*Rewarded, Too.* As organizations focus more intently on making connections and building relationships, they want to be rewarded emotionally as well as financially. Successful businesses have to meet both needs.

Before beginning your journey toward implementing a successful social media strategy in your organization, you'll have an opportunity to assess your social skills. By defining what makes a leader great in today's open business environment we can help you discern how social you are and how you can better understand yourself and your team's readiness for today's realities.

**PUT SOCIAL TO WORK FOR YOU—NOW**

Now is the time to make everything—your strategy your skills, and your measurement systems—social. Given that we are by nature social beings, do we really have any other choice but to make our world more social? All you need now is to understand the

social competencies you already have and use every day in your personal life, and then embrace the seven principles of social success outlined in the coming chapters. After that, you'll be well on your way to making whatever you do part of the new social business era.

