



THE SOCIAL BUSINESS BENCHMARK STUDY

2013 PRELIMINARY FINDINGS

By Vanessa DiMauro and Peter Ward

LEADER NETWORKS

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Introduction

Over the past few years, social media has been focused on digital marketing. For many organizations, social media means using the online channel as a broadcast platform – a digital megaphone if you will. While this is a start, it doesn't really represent the true magnitude of a social experience, because it is largely one-sided. Instead, the social experience needs to be a full-circle where online exchanges are actionable and have an operational impact.

Now that we are getting more comfortable with digital engagement tools, and the shine is wearing off on "likes" and "thumbs up," we can start exploring the impact and returns of developing socially integrated organizations. Companies are starting to discover that the real value of social lies not in marketing alone, but in leveraging the insights that they have gained – both offline and online - to be more responsive to key stakeholders such as current / prospective customers, employees and partners.

In effort to explore the current state of social business and, in particular, the impact social business is having on operations, the Social Business Benchmark™ Project examined the following research areas:

- How are organizations leveraging social business efforts currently
- Organizational strategic intention, operational alignment, staffing, policy, and governance structures
- Use of social tools internally and externally
- Strategic social business intentions
- Organizational readiness to use social tools and technologies
- Social media marketing strategy and its ability to leverage and operate as a social business

Taxonomy

Terms such as social media, social business and social data are subject to different interpretations as the channels and technology platforms are still emerging. For the purposes of this study, we use Deloitte's definitions from their recent study The Social Business Initiative:

- **Social Media:** The spaces where we interact with one another over the net, including public, private and semi-private spaces defined within, and by certain contexts.
- **Social Media Marketing:** The use of social media spaces for marketing.
- **Social Business:** Using the elements above to enable more efficient, effective, and net-new connections between people, information, and assets to drive business decision, action, and outcome across the enterprise.

Study Composition

The Social Business Benchmark Study was co-launched by Leader Networks, LLC - a strategy and research firm which provides operational planning guidance pertaining to the implementation of social business strategies and B2B online communities - and the Society for New Communications Research (SNCR) – a global nonprofit 501(c)(3) research and education foundation and think tank founded in 2005 to focus on the advanced study of the latest developments in new media and communications, and their effect on traditional media and business models, communications, culture and society.

There are currently 75 respondents from more than 55 companies to the mixed methods study (benchmark survey and qualitative interviews) and 25 participated in pilot qualitative interviews at the point of this research snapshot. The Social Business Benchmark study is longitudinal, and these preliminary data span November 2012 through February 2013. We will also be also conducting ongoing individualized company studies to enable organizations to confidentially examine their specific organization against the benchmark norm. The survey remains open for participation at: <http://www.surveymethods.com/EndUser.aspx?CBEF839AC98F9C90CC>

In addition to the release of these preliminary data, Leader Networks and the Society for New Communications Research (SNCR) will bi-annually benchmark the state-of-the- state of social business.

The respondents represent a range of industries and company size. For example, 30% of the respondents were from Business Services, 13% Nonprofit, and 12% from the Computer Products industry. 35% have over 50,000 employees and 62% of respondent's have business models focused on Business-to-Business (B2B).

Preliminary Findings Summary

The study first began in spring 2012 where we fielded the survey and conducted a limited (10) number of interviews in order to refine a Social Business Framework (see next page) to categorize the different stages of enterprise-level social business. We found that companies typically start with a Socially Familiar focus where they are experimenting with tools to develop a level of social media functional competencies. The key questions in this phase are often centered on exploring what the predominant and emerging tools are and how they work. These projects or efforts are frequently skunk works projects that are not funded or approved at the management level, but more a series of staff-level mini-tests. Here, personal accounts are established and sometimes used to build audience and learn the cultures of the given social channels.

Once somewhat predictable outcomes happen (typically 3-6 months), the staff commonly packages the outcomes into a series of reports or findings in order to achieve approval to move to the next, more focused level of becoming Socially Present. Using social tools, they often focus on broadcasting messages and marketing campaigns in order to explore causal relationships “If I do X, then will Y happen?” Typically, a small but immediate marketing goal is supported with the social tool accounts that were established in the previous stage. One example is using Twitter or Facebook to drive attendance to a conference or event. This period often lasts anywhere between 6-24 months and the definition of success is largely driven by the development of social media marketing metrics such as number of followers or impressions on a particular campaign.

The next likely stage is becoming Socially Enabled which incorporates the idea that the information gathered through the social channel is potentially actionable. Key questions in this phase are often driven by aligning customer needs and satisfaction with the social footprint. For example, an organization may launch a social customer service program using twitter to respond to customer issues or use social platforms for customer engagement. In some cases, the insights gained are used to impact core operations - perhaps having an impact on R&D or new product or service development. They could also be used to deepen engagement and collaboration with partners and suppliers. It is at this stage that revenue benefits can often be attributed to the social programs in tangible ways.

The final stage - Socially Integrated - is rarely achieved as it is often not the objective of most social business efforts. Reserved for organizations which endeavor to achieve full social integration as part of their mission and vision (e.g. companies like Zappos or Google) this level of social achievement is based on the tenant that all business is or can be social. While a lofty and noble goal that can yield significant returns, it is often not fitting for more traditional enterprises.

SOCIAL BUSINESS BEHAVIORAL FRAMEWORK

— ORGANIZATIONAL COMPLEXITY +

FOCUS

DESIGN FOR

SOCIALLY
FAMILIAR

LEARNING

about cause and effect online. "If I do this, then that will happen...."

SOCIALLY
PRESENT

MARKETING PRESENCE

on the social channel to communicate information and ideas online and drive awareness.

SOCIALLY
ENABLED

OPERATIONAL SCALE AND EFFICIENCIES

using social as the centerpiece of most customer-facing efforts.

SOCIALLY
INTEGRATED

LEVERAGING INFORMATION & RELATIONSHIPS

gathered through social efforts in support of key business functions.

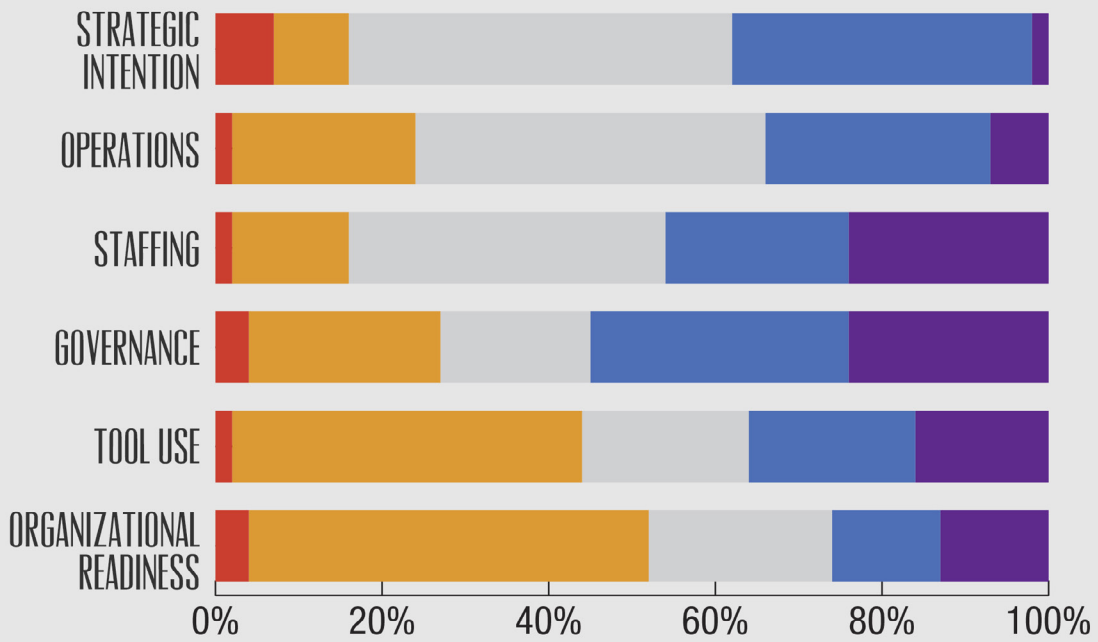
Following the development of the Social Business Behavioral Framework (see above), the Social Business Performance Benchmark research study then moved into full pilot in the Fall of 2012. The survey responses were coded and weighted against the following six criteria:

- Strategic Intention: Does the organization have a clear, well executed strategy for social efforts that align with the larger organizational strategy?
- Operations: Has the organization developed an operating model that is able to leverage the social outcomes to impact core operations such as customer care, R&D and product development?
- Staffing: Does the organization support its employees in purposeful use of social tools and processes to aid the work they do and are they using the social channels to recruit and evaluate prospective employees?
- Governance: Does the organization have well defined social policies and are staff trained in social media best practices to support their strategic intentions?
- Tool Use: Has the organization developed standards and appropriately invested in social media tools in order to support their strategic intentions?
- Organizational Readiness: Is the organizational culture able to support the emerging needs that social business frequently yields?

Below are the aggregate distribution of results from the survey participants that were used to create the benchmark data set. This benchmark snapshot represents an aggregation of the following criteria used to determine each of the different stages.

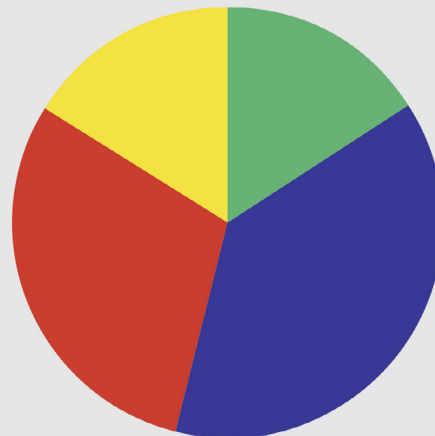
The left hand column represents the survey question categories: Strategic Intention, Operations, Staffing, Governance, Tool Use, and Organizational Readiness. The colors that span across each of these categories represent the distribution of survey responses within each of the categories. Red = none, orange = limited, grey = moderate, blue = healthy, and purple = robust outcomes.

THE CURRENT STATE: SOCIAL BUSINESS PERFORMANCE BENCHMARK



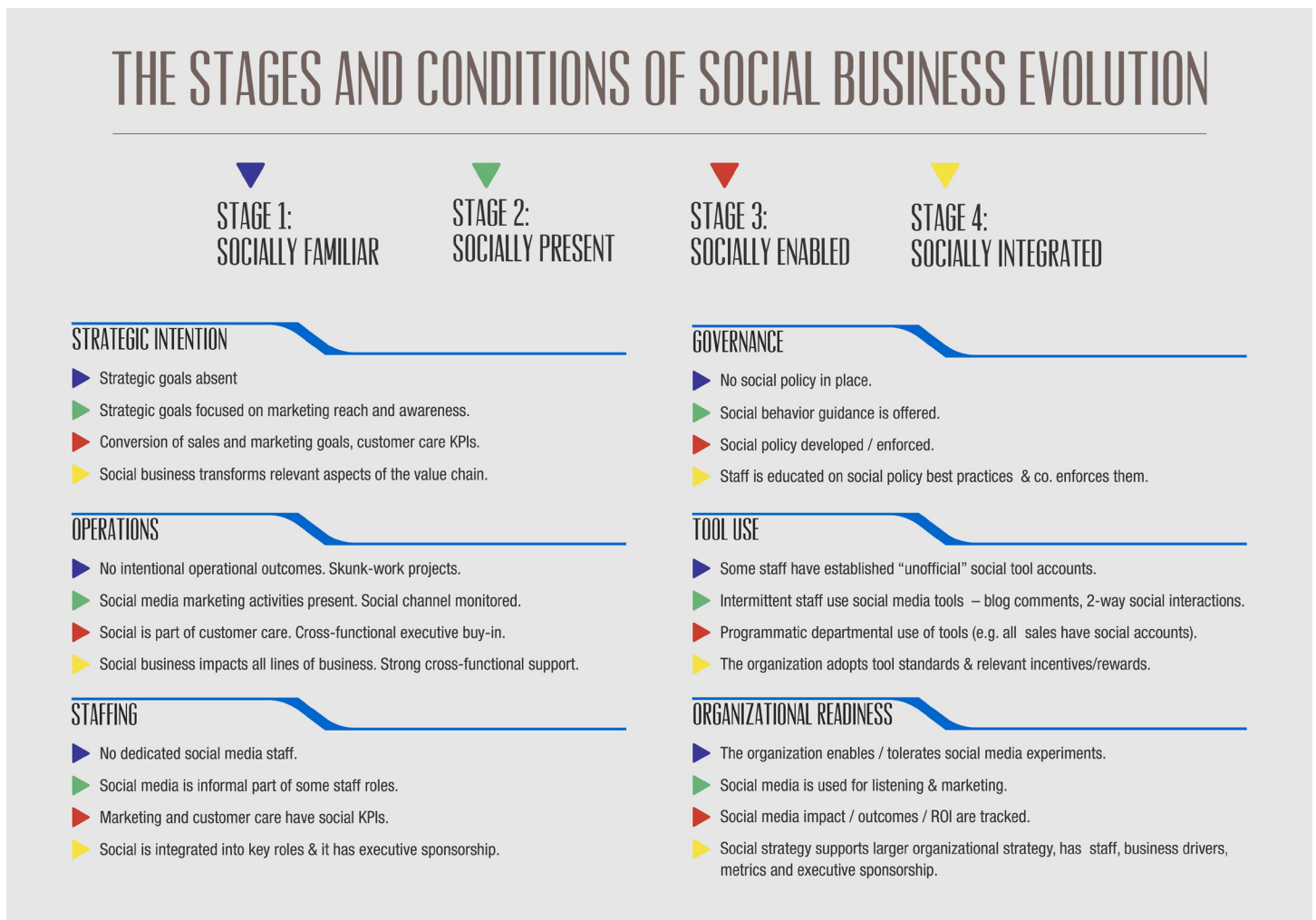
Benchmark respondents show greater advancement in the Staffing and Governance components of social business, but many organizations struggle in the area of Strategic Intention and Operations.

- ▶ SOCIALLY FAMILIAR
- ▶ SOCIALLY PRESENT
- ▶ SOCIALLY ENABLED
- ▶ SOCIALLY INTEGRATED



DISTRIBUTION OF SURVEY PARTICIPANTS ACROSS THE VARIOUS STAGES OF ENTERPRISE-LEVEL SOCIAL BUSINESS

As evidenced by the above chart, the participating organizations generally report that their companies tend to be strongest in staffing and governance and weakest in strategic intention and operations. Through this snapshot, we were able to refine the stages and conditions of social business evolution in order to develop a generalized organizational profile of social business behaviors. As mentioned previously, the four categories are Socially Familiar, Socially Present, Socially Enabled and Socially Integrated and they are described in greater detail in the chart below:



Detailed Research Findings

This section will share highlights from the preliminary findings. It is not intended to be all-encompassing of the body of ongoing research, but rather it identifies notable points of interest at this point in time.

Strategic Intention:

The first five questions (post-qualifiers) explored organizational social strategy Intention and approach:

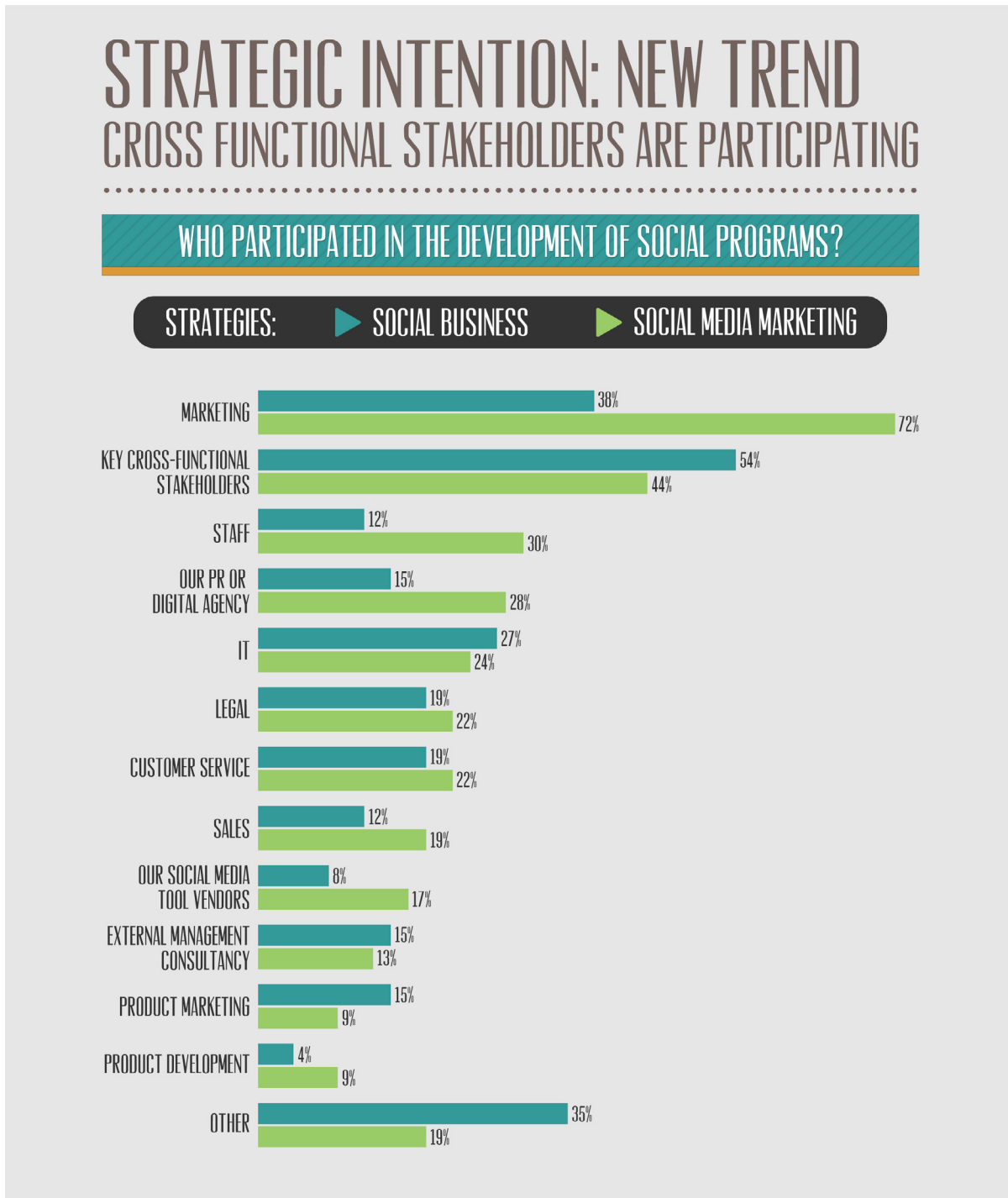
- Differentiating social media marketing from social business
- Existence of a strategic framework, goals or intentions for social initiatives
- Integration level of social media strategy development
- Integration of social business strategy development
- Social media leadership
- Social business leadership

The findings suggest that while the strategic vision for social business is strong, implementation sometimes falters. 50% of the survey participants reported that their organizations have a strategic framework or vision, however on average, 38% report having integrated social strategy development. Moreover, these data revealed that only 48% of organizations surveyed differentiate between social business and social media marketing. According to the data, there is a fair degree of debate around what defines social business vs. social media marketing and the nature of the strategic intention is still undergoing a period of definition and refinement. While the social media marketing strategy is clearly in the rightful hands of the marketing organization, ownership of the social business strategy is still largely undefined.

Among those that reported that their organization's social activities were strategic in nature, while 57% are generally supported by key stakeholders across the organization, less than half (47%) see the social strategy as being integrated into the larger organizational operations, and only 41% believe they are well defined.

When respondents were asked to reflect on who participated in the development of their social media marketing strategy, 72% of respondents reported that marketing was involved in the development of their social media marketing strategies, and only 50% cited that their social media marketing strategies were lead by Marketing.

In contrast, the majority (54%) of respondents indicated that key cross-functional teams participated in the development of the social business strategy, followed by marketing (38%), IT (27%) and customer service and legal were tied (19%). This indicates the emergence of a new trend: that cross-functional stakeholders are participating in social strategy – a role once held closely by Marketing departments (see chart below).



It is also notable that, while a small percentage, departments that are responsible for core operations such as Customer Service and Product Development are emerging as participants in the strategy development.

Overall, it appears that, while some organizations are differentiating between social media marketing and social business, the definition of success is still evolving. 11% of respondents reported that their social strategy execution is excellent, 67% reported that they only follow the strategy loosely. Interestingly, 16% reported that they don't have a well articulated / executable social strategy. Perhaps this suggests that the taxonomy being used to describe social business initiatives has yet to reach the level of refinement where business measures can be aligned with outcomes. The data from this study further reinforced this finding in the operational assessment benchmark segment.

Operations

The next series of questions explored the operational impact of social business – how well are the social strategies being executed or implemented within the organizations?

- Social strategy execution
- Identification of social strategy drivers
- Identification of KPIs (key performance indicators)
- Measurement of KPIs
- Alignment of KPIs
- Linking strategy to business needs
- Use of social outcomes data

Currently, the primary operational drivers for social business focus on social media marketing. While there is reportedly somewhat of a distinction between social media marketing and social business within a little less than half of all respondents, when asked the question “what are the primary drivers for your social strategy – select the top three”, seven in ten (69%) identified reach / awareness as a primary driver, and four in ten identified lead generation. The fact that social media marketing is among the top drivers for social business programs (that are likely in about half the cases to encompass social business) strongly suggests that, while the organizational taxonomy around social business may be about operational performance, in reality, it remains largely a social media marketing endeavor.

But, there were also signs that operations are not completely forgotten with 29% reporting that better account management / coverage was a primary driver, 22% noting generation of new products /

services / ideas and 20% identifying collaboration with suppliers and / or business partners as a primary driver for their social business.

Another notable operational finding was that while social business performance measurement was in place in many organizations, it is largely disconnected from the strategic objectives. As you can see in the chart below, the majority of respondents report that their KPIs / KRIs are tactically related to a social marketing program but not aligned with strategic objectives & metrics.



Staffing

The staffing section of the social business benchmark study examines the following areas:

- Staff proficiency
- Use of social media platforms for staffing / recruiting
- Intranet leverage
- View of social business as a competitive differentiator

Part of the issue around operational linkage of social business to organizational strategy may be attributed to staff proficiency levels. Almost half (44%) of respondents report that staff are experimenting with social tools within the organization, while only 29% report that many staff are using social media efforts to support the work they do and 18% have trained key personnel on best practices. Reflecting back to the framework for Social Business Behaviors presented in the summary of this document, as well as these findings, it is clear that many organizations fall squarely in the first two stages of development – Socially Familiar and Socially Present.

Moreover, while participating organizations were especially strong in using social media platforms to source new staff, the focus of the competencies seems to end with the social media marketing skills as the majority report that their intra-organization social business collaboration efforts are weak to non-existent. 39% of respondents reported that their organization has a useful intranet to support internal collaboration, and 25% report that one exists but is not well used.

Governance

In the area of governance, this study examines the following:

- Social media policy guidelines
- Staff satisfaction with social policies (millennial, management and executive)
- Communication capabilities with external constituents

One of the key findings in this area is that while many organizations report strength in external communications (on and offline), they often don't have the rules of engagement (e.g. social policy, guidelines) in place to leverage their existing communication / collaboration strengths in the digital world. For example, the study suggests that there is work to be done in terms of designing and training on social media policies. Four in ten respondents report that their organization has a formal written social media policy that has been reviewed by their legal department, and only half of those have trained staff in that policy.

Three in ten (29%) indicate that they do not have a social media policy and slightly over 30% deem their organizational social media policy as existing but “unwritten.” This suggests that perhaps staff face organizational limitations in leveraging social business due to the uncertainty they may face around governance policies.

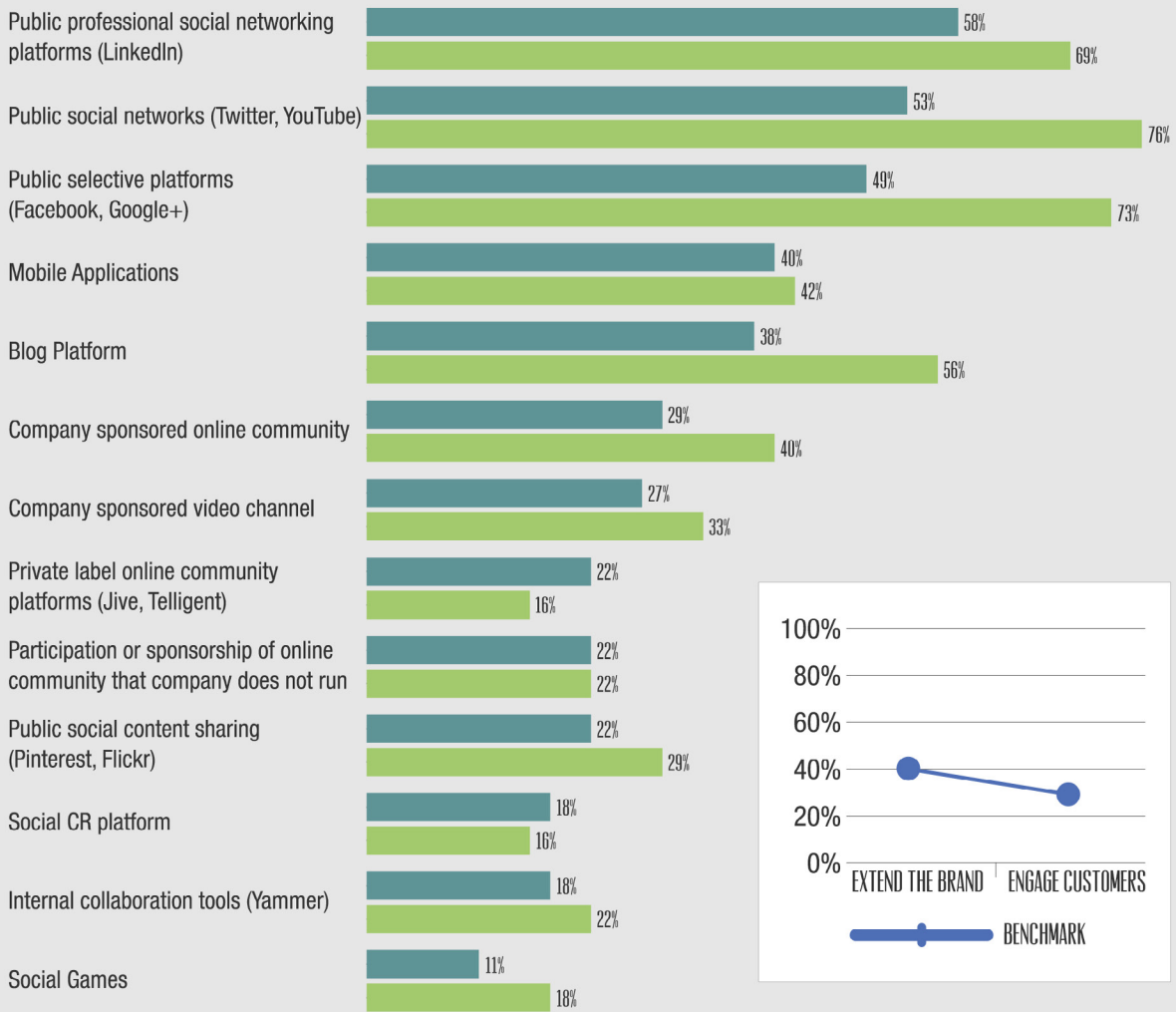
Additionally, trends in current social policies are to focus less on staff enablement to engage in the social channel and are typically more focused on “do’s and don’ts” to prevent misuse. One could suggest that there may be a missed opportunity to support the development of brand champions which would be more indicative of those organizations in the latter two stages of the social business behavioral framework - Socially Enabled and Socially Integrated organizations. When policies do exist, they are often not revised or revisited with the frequency required to account for emerging channels (for example, does your social policy account for Pinterest?) and are rarely enforced.

Survey findings also revealed that the participating organizations were stronger in using tools to extend the brand than to engage customers. Online communities of various forms pervade the top platforms. When we asked the question “which social platforms do you currently use?” and for what purpose – “to engage with customers” or “to extend the brand,” brand extension overshadowed engagement in almost every instance.

TOOLS: CURRENT FOCUS IS ON BROADCAST OVER LISTENING / ENGAGEMENT

WHICH SOCIAL PLATFORMS DO YOUR COMPANY USE?

PURPOSE: ▶ ENGAGE WITH CUSTOMERS OR PROSPECTS ▶ EXTEND THE BRAND



Organizational Readiness

Organizational readiness is one of the key determinants of any transformation or change initiative. The ability to talk about innovation is often the first step to evolution, but the real change process often impacts behaviors in tangible ways over time. Therefore, despite the fact that social business is an emerging focus area for most organizations, we endeavored to explore the context for adaptability to get a sense for the future of social business. Therefore, this section explored:

- Social strategy's embrace by management
- Budget dedicated to social projects
- Future budget for social projects
- Social data's leverage or impact on core operations

One of the most interesting outcomes of this area is the finding that almost half of respondents use or leverage social data to impact core operations. In response to the question "does your organization use or leverage social data to impact core operations (e.g. Customer Care, R&D) 47% responded yes, 39% responded no, and 14% fell into the I don't know category. The current concentration for social data leverage is on marketing, technical support and customer satisfaction, with future plans centered on using the data to inform research and development, new product / solutions, sales, supplier / distributor relations, and competitive intelligence.

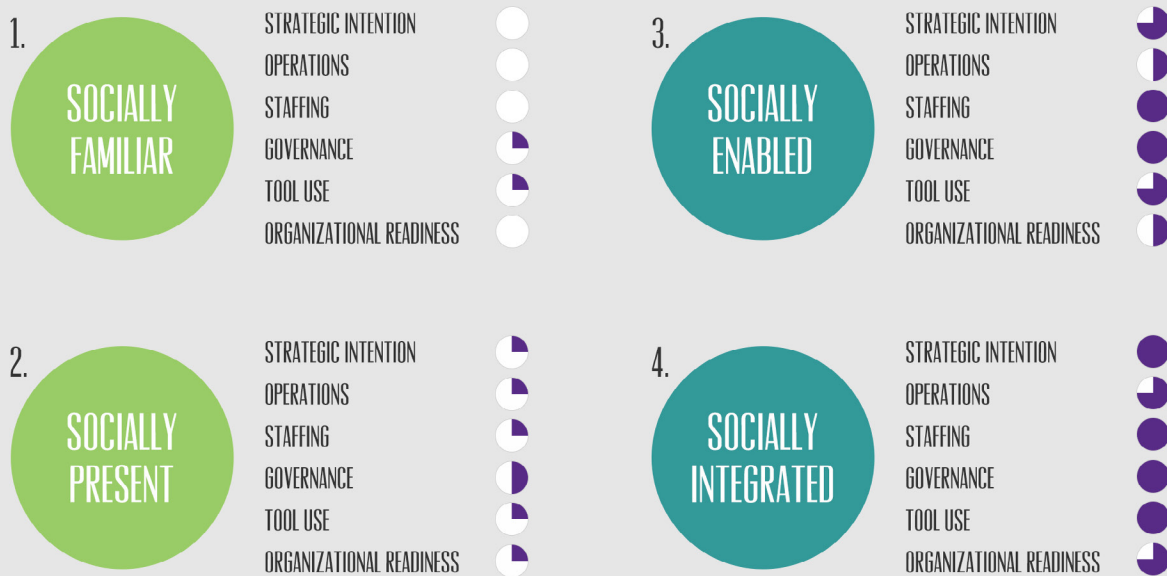
The current spending on social business / social media marketing is relatively low at the present time. More than half of respondents indicated that their organization spent 5% or less of their IT budget on social projects and tools. 23% reported there are no agendas for spending, and 28% reported unknown. Clearly, social business / social media marketing projects are not being funded with the priorities of strategic intention. In support of these data, the findings also revealed that about half of management embraces their organization's social strategy.

Summary

To date, the Social Business Benchmark study has been able to surface some notable trends in social business performance as evidenced across the six criteria (Strategic Intention, Operations, Staffing, Governance, Tool Use and Organizational Readiness). As organizations choose to move from one profile into the next, certain criteria need to be achieved and select hurdles overcome. As evidenced below, it is likely that many organizations will not follow a linear path of progression. Instead, a more "agile" method is typically utilized. For example, with Strategic Intention, many organizations start with a plan (we want to do X, Y or Z) in support of Socially Present and then experiment with outcomes before moving (if they move) to the stage of Socially Enabled.

SOCIAL BUSINESS PERFORMANCE SNAPSHOT

— ORGANIZATIONAL COMPLEXITY +



An early stage hypothesis based on these preliminary data is that many organizations face a number of hurdles when they endeavor to move from the arena of Socially Familiar into that of Socially Enabled. Both Familiar and Present are firmly rooted in social media and marketing approaches, while Enabled success is dependent on the development of a social business strategy and corresponding alignment with core operations. Seemingly from these data (but to be explored in greater depth throughout the course of this longitudinal study), the transition from Familiar to Enabled is dependent upon organizational readiness to help companies actualize their strategic objectives.

As discussed previously, this report is intended to provide an early snapshot of preliminary findings of the Social Business Benchmark. As the study is ongoing, please encourage others in your organization as well as peers / colleague to participate. The link to the survey is as follows:

<http://www.surveymethods.com/EndUser.aspx?CBEF839AC98F9C90CC>

Study participation will help strengthen the data set and ultimately provide a greater insight into the current trends and future directions of social business in the enterprise. We intend to release updated findings twice a year for at least the duration of 2013. If you are interested in a deeper, confidential analysis we are also complimenting this study by mapping individual companies against the data set, including one-on-one interviews, in an effort to offer specific insights pertaining to social business and social media marketing. Please reach out with questions or for more information. You can contact us by phone at 617-484-2778 or via email at vdimauro@leadernetworks.com.

About Leader Networks, LLC

Leader Networks is a strategic research and consulting firm that helps B2B companies develop innovative ways to get closer to their key stakeholders. Leveraging our extensive research agenda, applied domain expertise and hands-on experience, we work with organizations to share best practices, create social strategies, develop sustainable business models, and shape user engagement in ways that will extend their operating model by launching and growing online communities.

About the Society for New Communications Research (SNCR)

The Society for New Communications Research (SNCR) is a global nonprofit 501(c)(3) research and education foundation and think tank focused on the advanced study of the latest developments in new and emerging communications tools and technologies such as digital, social media, and mobile, and their effect on business, culture, and society. For more information, visit <http://snrcr.org>.



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