

THE  
**SOCIALLY ENABLED**  
ENTERPRISE



WHITE PAPER, SURVEY & INTERVIEWS

## The Socially Enabled Enterprise

Sponsored by Oracle

Survey by Social Media Today and Leader Networks

Analysis by Leader Networks

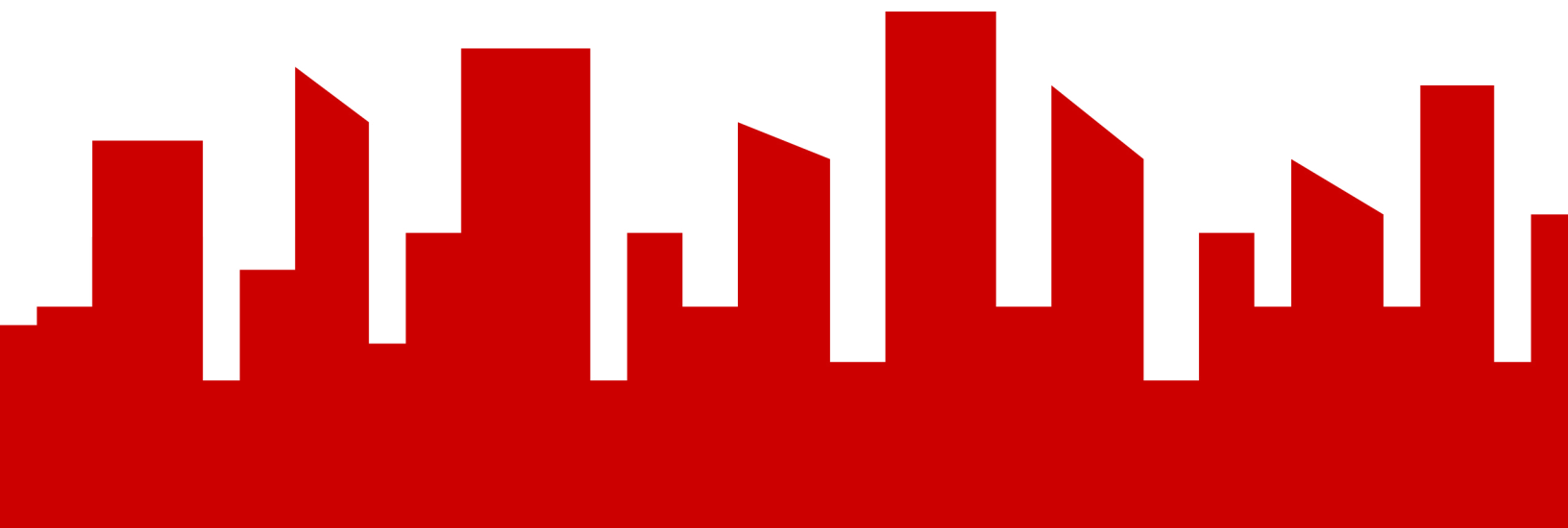
Interviews with Chubb & Son, Paul Gillin, Shell, and Whole Foods Market

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# Sponsors Perspective

## Foreword from Oracle

We understand the challenges you face with leveraging social technology and practices across your business, from marketing and service to sales and human resources. Becoming a socially enabled enterprise offers tremendous opportunities, especially when social media is leveraged to do more than simply marketing new products and brand building.

This study, based on responses from 925 Marketing and IT leaders at more than 500 organizations from around the world, explores what it means to be a socially enabled enterprise. It reveals a clearer picture of the impact social platform adoption has on enterprise operations and customer-facing initiatives.

As part of the study, a series of in-depth interviews were conducted with technology and marketing leaders from Chubb & Son, Shell and Whole Foods Market to get B2B and B2C points of view. Each of them candidly share lessons learned and provide practical insights. Paul Gillin, veteran technology journalist and co-author of the book *Attack of the Customers*, adds perspective based on his experience with applying social media to marketing, customer service and internal communications.

Study participants were asked to assess their organizations' progress in becoming a socially enabled enterprise across a variety of areas. The study defined a socially enabled enterprise as having "a set of collaborative processes that have the potential to yield improved business processes that are customer-driven such as faster time to market with new products and services, more successful research and development outcomes, and refined market messages that are explicitly influenced by customer needs."

We find it encouraging that companies spanning nearly every industry are heading in the right direction of developing a social enterprise mentality — both internally and externally. Almost unanimously (97%), Marketing and IT leaders reported they believe it will be important for successful companies to transition to becoming socially enabled enterprises.

## Social Business Impact

Marketers and IT leaders recognized transition to a social business is not expected to be easy or fast. While responses varied, 42% of leaders stated that it would take their organizations more than a year to fully leverage social business activities.

The research revealed that Marketers and IT leaders share an appetite for investing in social technology and services. Over the next 12 months:

- Eight in 10 companies believe their investment in social platforms will increase.
- More than half of both IT and Marketing respondents anticipate their departments will grow in terms of headcount.
- Both Marketing and IT recognize the need to gain new skills for themselves and hire for new skillsets.

The types and number of social networks that companies are using are diverse:

- Not surprisingly, Facebook (92%), Twitter (86%), LinkedIn (80%) and YouTube (75%) account for the top-four most commonly used social networks for companies to engage with prospects, customers and partners.
- A good number of companies report using Google+ (45%), Pinterest (39%) and Instagram (26%). It will be interesting to see how those numbers will evolve as these platforms attract more customers and companies.
- Many companies (45%) said they currently use three to five social platforms to reach and respond to target audiences.

Something that surprised us was the number of organizations who said they use a dozen or more platforms, which was 9% of respondents. Just as our customers expand the number of social networks they use, we continue to broaden the number of platforms that our solutions address.

How companies are measuring effectiveness, benchmarking and setting goals piqued our interest since we know our customers are constantly looking at new ways to show the value of social beyond simply counting fans and likes. Consider:

- Marketing metrics (awareness, customer satisfaction and share of voice) are the leading social business performance measures tracked.
- Measures related to business ROI (sales and cost reduction) currently fall low on the list, though that number may increase as tools and applications change and companies rely on social more.
- Social platform usage has changed the way organizations interact with customers. 43% say it has had a moderate impact, and 28% said it is having a significant to transformational impact.
- Only 8% track call center deflection (customer self-service for answers online versus a support phone call) as a primary success metric.
- Organizations outside the U.S. were significantly more likely than U.S. organizations to use social insights for new product development and R&D.

While awareness was the most popular overall metric, of particular interest to us was that customer satisfaction was the only metric where there were significant differences by company size. Companies with more than 10,000 employees are more likely to consider customer satisfaction the number one metric for their social business initiatives. In all other cases, such as awareness and share of voice, the distribution of responses didn't show a variance.

Closer examination is needed to better understand why there is a correlation between company size and the metrics selected. The difference could be because larger organizations may have more customer data, resources and skilled staff, and are better equipped to tap into the data gathered through social channels. Encouragingly, 60% of all respondents said they plan to integrate social business metrics into customer care initiatives in the next 12 months.

## From Here to There

Only a few years ago, it required a leap of faith to wade into social. Software and services were disconnected, departments existed in silos and best practices for engagement were typically few and far between. Marketers blazed a trail by listening to and connecting with their customers online and experimenting with social platforms. Pioneering brands shifted to tapping into social's potential for brand building, raising awareness and spurring word of mouth.

Today, the leap of faith has given way to the need for businesses to have a strategically informed agenda to stay ahead of the curve. You will see in the study and through the interviews with Marketing and IT leaders that today's high-performing firms make social business an essential part of their overall business strategy.

The research suggests that a socially enabled enterprise profile is taking shape. Some of the key factors for success include:

- Strong and collaborative leadership
- A strategy to leverage socially-derived customer or partner insights to improve business functions
- A broad portfolio of business-focused performance measures
- Linkage between the strategy for becoming a socially enabled enterprise and operational plans

It's an exciting time for nearly all organizations worldwide. A good number (46%) of larger organizations (those with 50,000 or more employees) report that they are already socially enabled enterprises. Companies with fewer than 5,000 employees aren't as far along, but it's encouraging that they have a strong showing with one-third reporting they are already socially enabled.

## Final Thoughts about the Social Journey

Although the challenges to becoming a socially enabled enterprise can seem daunting, Oracle can help you unlock more value from what you are successfully doing today, while charting a course for extending social across your organization.

If you're helping your company to leverage social media to achieve your objectives, we think you'll find the study very helpful to assess where your company is today and help set benchmarks as you deploy new strategy, processes, services and technology.

Oracle's vision is to socially enable the enterprise through integrated and comprehensive cloud-based offerings that deliver powerful and flexible social, marketing, service, commerce and sales capabilities. Organizations need the tools to weave social seamlessly into the fabric of daily business operations -- across every mission-critical department -- in order to listen, engage, collaborate, manage, measure and maximize social media for better business efficiencies and to enhance customer experiences.

At Oracle we are uniquely suited to equip companies with the applications and technology they need as they make the transition to social enterprises. We offer a platform that includes all of the capabilities to manage a holistic social media strategy. Integration with other Oracle customer experience cloud solutions sets us apart and makes us an ideal partner to help you leverage the power of social technology and practices across your entire business.

We sincerely hope you enjoy reading the study and find as much inspiration from the findings and interviews as we did.

Erika Brookes  
Vice President, Social Strategy  
Oracle  
@ebrookes

*The **Sponsors Perspective** reflects the views of Oracle and not necessarily those of any of the companies who participated in this study.*

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# KEY FINDINGS

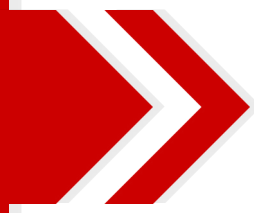
Social business activities, the use of social technologies within an organization's day-to-day operations, first appeared on the scene more than 10 years ago. Early adoption was driven by a proliferation of online tools that promised greater collaboration among people inside and outside the organization, with lower costs and an easier deployment path. Forward-thinking organizations began using these tools for market-facing activities, connecting with customers and prospects to bring products and services to their attention. During this early period, the business case was shaky, at best, but the pioneers held on to the belief that eventually the benefits would emerge.

As the use of social tools expanded and organizations became more adept, a growing awareness emerged that these organizations needed to do more than simply use social tools to broadcast

messages. They needed to embrace the two-way interactions and relationships these tools facilitated, becoming a socially enabled enterprise. So what does this entail? By definition in this study it is "a set of collaborative processes that have the potential to yield improved business processes that are customer-driven such as faster time to market with new products and services, more successful research and development outcomes and refined market messages that are explicitly influenced by customer needs."

Many organizations find themselves involved in social business activities, if not by accident, certainly without a well-defined context or strategy guiding them. A common example is the firm that begins by picking tools and starting a social media marketing campaign before considering the long-term implications.

## KEY FINDINGS (cont.)



Their marketing effort may successfully drive traffic to a website or blog, but customer issues and opportunities are overlooked, and thus fail to be integrated into core business processes. There is an enormous difference between engaging in social activities and being a socially enabled enterprise.

Consider the significant costs and risks to core business activities and values when customer-facing initiatives are conducted without a strategic plan, appropriate tactical execution or continuing oversight. While this may have been acceptable during social business' experimental phase a few years ago, today's high-performance firms have made social business a part of their overall business strategy, requiring close alignment between social initiatives and core operations.

Today, a small but growing number of companies are using social tools and strategies to build a whole new mechanism for helping customers get more value from a firm's products and services. These new approaches enable better new product and service development, more effective marketing and selling through

educational content -- as opposed to standard promotional messages -- better after-sale service and support, and more control over what the market says about the company and its offerings. Becoming a socially enabled enterprise requires that organizations change the ways they support staff, interact with prospective and current customers, engage with partners and conduct business activities.

This study, based on responses from more than 900 IT and Marketing executives, set out to explore what it means to be a socially enabled enterprise and clarifies the impact social platform adoption has on enterprise operations and customer-facing initiatives – right now and in the near future. It reveals the challenges and opportunities organizations face during their transition into socially enabled enterprises. In addition, the study offers commentary via in-depth interviews with marketing and technology leadership from Shell, Chubb and Whole Foods Market as well as business and technology author Paul Gillin. They share their practical insights and experiences about the socially enabled enterprise.



## KEY FINDINGS (cont.)

Among the study's key findings:



**Larger organizations (those with 50,000+ employees) report they are much further along the path to becoming socially enabled enterprises.** In fact, 46% of companies with 50,000+ employees report they already are socially enabled enterprises, compared to roughly one-third of companies with less than 5,000 employees. Financial services, education, and retail organizations are reportedly leading the transition into socially enabled enterprises.

**Becoming a socially enabled organization is considered part of the strategic agenda.** Almost unanimously (97%), executives reported they believe it will be very important (67%) or important (30%) for successful companies to transition into socially enabled enterprises. Marketing executives are advancing these efforts within their organizations, with 72% reporting that leveraging social media will be very important for their companies' future success.

**The transition to a socially enabled enterprise is not expected to be easy.**

While responses on the time it will take to become a socially enabled enterprise varied, 43% of Marketing and IT executives believe that it will take their companies more than a year to leverage social business activities throughout their companies.

**The development of social metrics for operations is on the horizon.** Companies use a wide range of social business performance metrics, but right now marketing metrics (awareness, customer satisfaction, share of voice) are the leading performance metrics, followed by sales (lead generation and sales) and new product development. Most respondents use their social business metrics only to inform their department, but 60% of respondents plan to integrate social business metrics into customer care initiatives in the future (next 12 months). The data highlighted a barrier to success, in that metrics for social business success (marketing and sales focus) are not well-aligned with the reported benefits of social business (operational processes). Interestingly, the data suggest that companies outside the US are significantly more likely to use social media insights for new product development and R&D.

## KEY FINDINGS (cont.)

From Jon Bidwell and Gerry Myers, Chubb & Son:

*“There are three ‘must-haves’ for becoming a socially enabled enterprise. First, collaboration must occur at all levels of the organization. Some questions organizations may ask include: How well do the social business applications touch the stakeholders – employees, prospective and current customers and partners or suppliers? How connected are stakeholders to each other on a regular basis? How well do they work together and share?”*

*Second, there needs to be speed and velocity of impact from socially derived insights. Organizations should review how quickly those insights should be translated into actions which create value for customers.*

*Finally, social collaboration efforts should be integrated into core operations. Some key questions an organization may assess include: How well does your enterprise establish connections from within and without? If your enterprise is only wired from within and does not have connections to the marketplace, then there is work to be done.”*

### **A socially enabled enterprise profile**

is emerging from the data, suggesting a number of key factors for success:

- Strong and collaborative leadership
- A strategy to leverage socially-derived customer or partners insights to improve business functions
- A broad portfolio of business-focused performance measures
- Linking the strategy for becoming a socially enabled enterprise to operational plans



# STUDY COMPOSITION

To understand the socially enabled organization, Oracle commissioned a study of 925 IT and Marketing leaders from over 500 organizations around the world in the spring of 2013, gathering insights from over 20 industries and 52 countries. The study included firms with more than 100 employees to those with more than 50,000 employees. All respondents to the survey were volunteers, and did not receive any compensation for participation but were invited to be submitted into a drawing for an iPad mini. The sample was drawn from a number of sources including Social Media Today subscribers, Oracle customers, and the Society for New Communications Research (SNCR).



# INTERVIEW SUMMARY

In addition to survey research, in-depth interviews were conducted with senior business and IT executives and subject matter experts who shared their experience, insights, and best practices leading their organizations through the transformation associated with social business.

**Paul Gillin** is a noted author of several books, most recently Attack of the Customers. Previously, he was Editor-in-Chief at Computerworld. He shares his perspective on the impact that social business is having on organizations including the need to be transparent, participate in conversations, and overcome silos by adopting a philosophy of sharing. He makes the point that we are entering the age of the customer – and this will require even closer engagement with customers, delivery of unique value, and superior levels of service.

**Don Bulmer** is Vice President of Communication Strategy at Shell, and he emphasizes that social business is not a technology or a community platform – rather it is mindset that requires the organization to think differently about

its customers and stakeholders. Social initiatives have provided the opportunity to have a dialog with people at scale and build upon physical communities, and among key insights learned is that customers are far more interested in engaging in conversations about the energy challenge rather than products / solutions or a traditional retail experience.

**Natanya Anderson** is Director of Social Media and Digital Marketing at Whole Foods Market. She discusses the challenges associated with becoming a socially enabled enterprise in the retail sector – making the customer the center of everything that happens, inviting them into the product development process, and showing that you are responding. While in the short-term, social platform usage offers an opportunity to transform the relationship by connecting with customers between store visits, over time benefits are expected to accrue to customer service and procurement partners as well.

For further insights, please refer to the section entitled Interviews at the end of this report.



# DETAILED FINDINGS

In the following sections we provide detailed analysis of the study findings. A synopsis of the question flow is below:

**Questions 1-3: A baseline of social platform use within organizations**

**Questions 4-6: Social funding sources and future investments**

**Questions 7-9: The impact of social business on core operations**

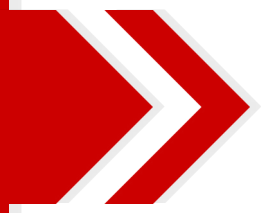
**Questions 10-14: Exploring what it means to be a socially enabled enterprise**

**Questions 15-20: Firmographics**

## **A baseline of social platform use within organizations**

Consumer use of social applications is a global phenomenon and a powerful economic force. It's no secret that customers and consumers at large actively embrace the use of social tools to engage with companies: conducting commerce, highlighting issues, raising questions and seeking information. Indeed, many employee handbooks today feature a section devoted to detailing the rules of engagement for staff use of social media applications in these contexts. But are organizations themselves adopting social applications to interact with their key stakeholders such as customers, employees, and partners? How widespread is enterprise adoption of social applications? What kinds of social applications are capturing the attention of organizations?

## DETAILED FINDINGS (cont.)



From the survey data, it appears organizations are focusing their social business application investments (both time and money) primarily on public external platforms rather than internal social technologies (e.g. intranets) or private external platforms.

Our study begins with a number of questions to establish a baseline of understanding about social platform adoption at the enterprise. What type of social platforms, how many, and which ones are the questions that lead the first

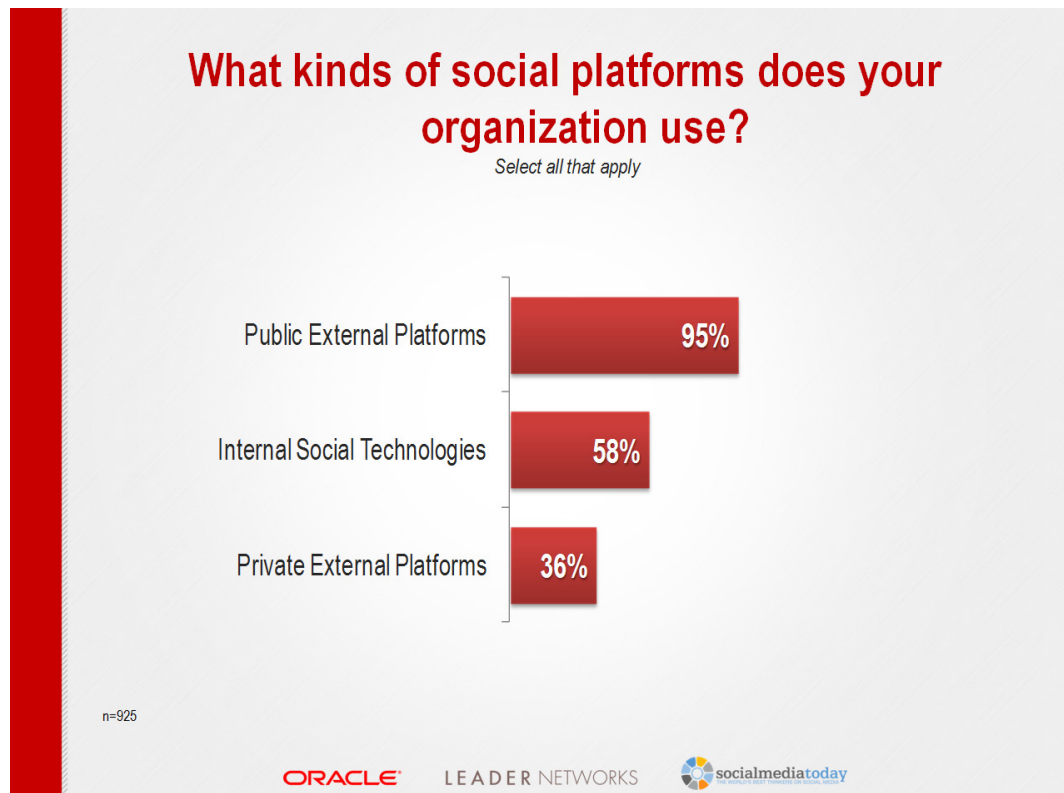
section of the study. It is important to understand the spread of social platforms to help put their applications and impact, addressed later, into context. At the onset of the study we offered the definition of a socially enabled enterprise to be “a set of collaborative processes that have the potential to yield improved business processes that are customer-driven such as faster time to market with new products and services, more successful research and development outcomes and refined market messages that are explicitly influenced by customer needs.”

# DETAILED FINDINGS (cont.)

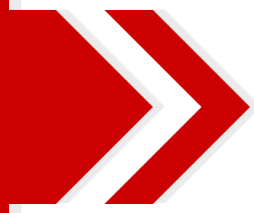
## Question 1: What kinds of social platforms does your organization use? (Select all that apply)

With any new or emerging industry it is not uncommon to find broad all-encompassing language used to describe a variety of offerings. To differentiate social business platforms by functionality, we asked respondents to identify the types of social platforms their organizations use: Public External – such as Twitter, Facebook, and online support forums; Intranets – which are online communities such as Jive or Yammer and are used primarily by employees; and Private External – such as private online communities for customers or partners.

Most respondents report that they use a variety of public external platforms such as LinkedIn and Twitter but fewer report using closed networks (internal or external).



## DETAILED FINDINGS (cont.)



Close to six in ten report using internal social technologies while just over one-third report using private external platforms, such as a password-protected online community for customers or partners. Part of the reason for the difference may be cost and effort. Launching a Twitter account requires a much lower resource commitment than creating an intranet or partner portal.

Commentary: Whether the platform used is public or private, customer, employee and partner engagement platforms are starting to emerge with strong business case support. Specifically, they are credited with having a positive impact (direct and indirect) on sales and adoption of products and services. The interviews conducted for this study revealed that many social enterprise success stories experimented with an internal social technology first to develop social skills and best practices among staff and leadership. However, according to these data, there are far more organizations (95%) using public external platforms than internal ones (58%).

While it is sometimes more difficult to document an intranet's ROI, it can have a significant impact on company culture,

staff productivity and retention. In our interview with Chubb's Jon Bidwell and Gerry Myers, the two executive leaders of the Chubb Insurance Innovation Division, described in detail some of the benefits Chubb experiences due to their vibrant internal collaboration system. Jon Bidwell is Chief Innovation Officer for Chubb & Son and Gerry Myers is Vice President, Global Innovation at Chubb & Son.

Jon described how intranets are being used to increase productivity, and attract and retain staff. He discussed how service businesses such as specialty insurance typically struggle to cut costs, which are often concentrated in higher cost white collar professionals – knowledgeable, skilled staff. These are the people who have the answers to questions and are charged with solving the most complex problems. They spend a lot of time answering the same questions repeatedly to guide peers or look for answers around the organization – both of which result in lost productivity. As Chubb continues to grow, Jon commented, supporting that growth on the same employee base through the use of the intranet can result in great returns.



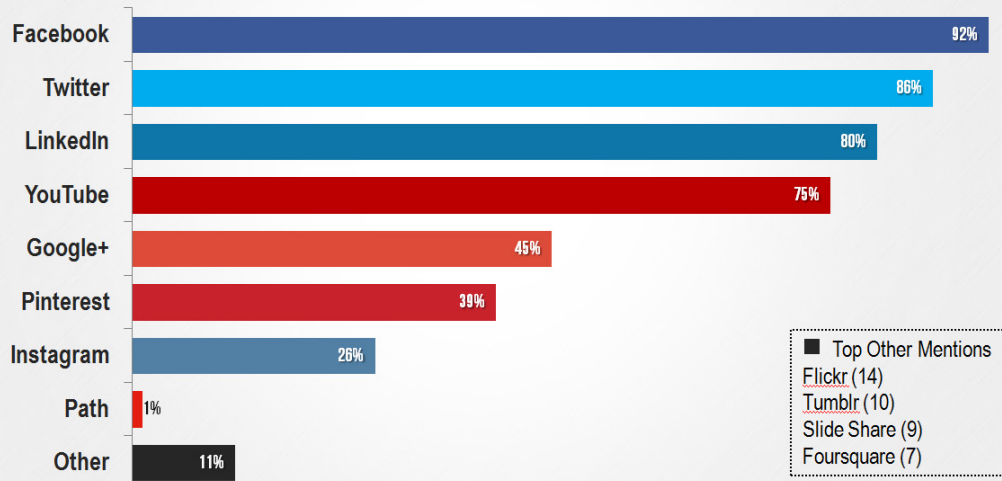
# DETAILED FINDINGS (cont.)

## Question 2: Which public external / customer facing social platforms does your organization currently use? (Select all that apply)

Facebook, Twitter, and LinkedIn are the top three public external platforms survey respondents report using in their organization.

### Which public external / customer facing social platforms does your organization currently use?

Select all that apply



US respondents were more likely to report using Instagram, Pinterest and Twitter

n=871

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Commentary: Facebook was the most commonly identified public external platform employed by organizations and was used by over nine in ten respondent organizations. Twitter, LinkedIn and YouTube were also employed by three-quarters or more of organizations. This question included a fill-in category which invited survey participants to add any social platforms their organization uses that were not represented on the list.

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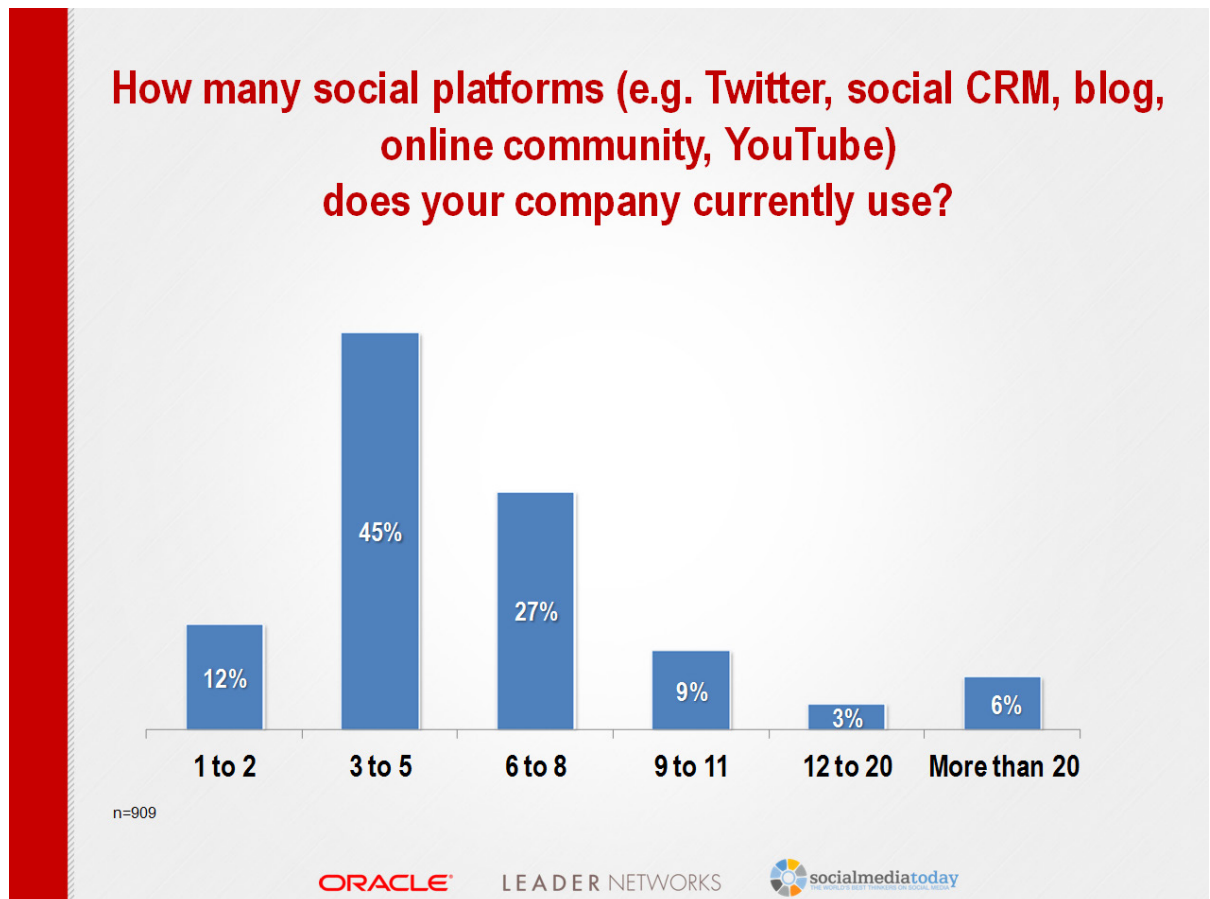
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## DETAILED FINDINGS (cont.)

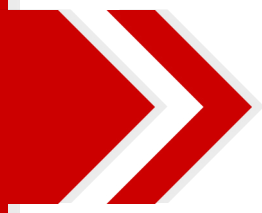
### Question 3: How many social platforms (e.g. Twitter, social CRM, blog, online community, YouTube) does your company currently use?

With all these social platforms at the disposal of enterprise users, it's not surprising that, when asked how many social platforms are deployed and active within the enterprise, the majority report using at least three.



It appears that many organizations diversify their portfolio of social applications, using a variety of different applications to reach target audiences. The strongest showing of

## DETAILED FINDINGS (cont.)



responses was three to five social platforms in use. This is consistent with the previous question, indicating the top four social platforms (Facebook, Twitter, LinkedIn, and YouTube) were adopted by a majority of firms. However, it is interesting that numerous organizations report using more than a dozen social platforms (there are more than 20 social platforms in existence around the globe). This begs a number of questions, such as: Who manages these accounts? Are the approaches standardized? How many of these enterprise accounts are active?

Commentary: The Web is littered with abandoned and forgotten accounts. It is not uncommon for an organization to explore a new or emerging platform and then stop the project, failing to remove its account. In other cases, especially with larger organizations or those with multiple product or solution lines, there are likely to be multiple instances of social platform tools in use by a single enterprise.

Regardless of the number of social applications, what the enterprise does with them – purposeful use of the technology to achieve intended goals - is a critical

success factor. According to Don Bulmer, Vice President of Communication Strategy at Shell, there can be compelling reasons why organizations may use multiple social platforms. “Social allows us to be able to have a dialogue with people at scale, based on the different issues or entry points they have relative to the energy challenge. With this, reputation really is the core currency for Shell in social media. It’s not about getting people to buy or consume more. As an example, we have about 70 different micro-communities within our global Facebook environment based upon location, issue, interest, and audience specialization (scientists, academics, students, etc.) that we engage with every week on topics of specific interest to them.”

# DETAILED FINDINGS (cont.)

## Social funding sources and future investments

In this section the current funding landscape within organizations was examined as well as the anticipated future state of social business investment. The respondents of this study show a strong indication that Marketing is leading social business funding. Subsequent data in this study, however, indicate IT plays a critical supporting role in the social business agenda, and IT and Marketing collaboration is essential for an organization to become a socially enabled enterprise.<sup>1</sup>

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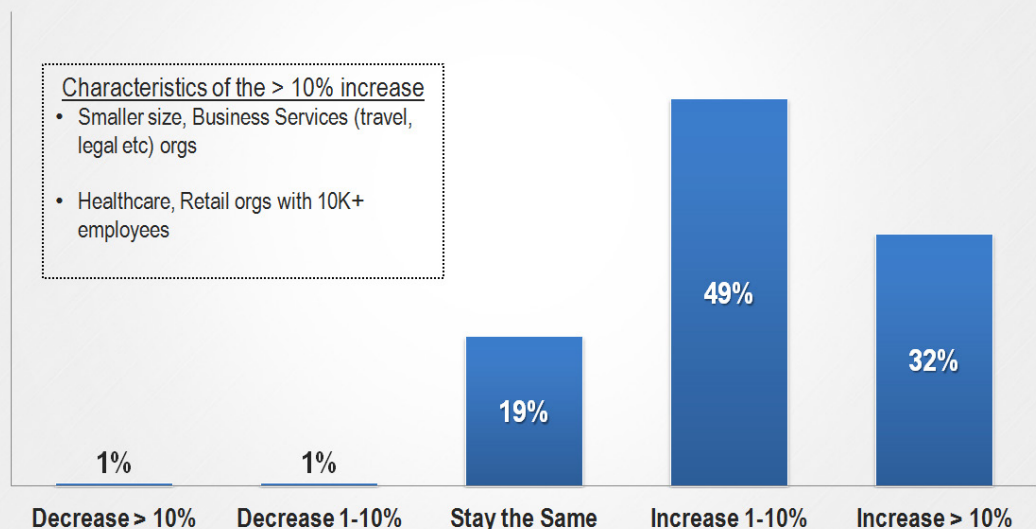
<sup>1</sup> For more information on IT and Marketing collaboration efforts, please see the next installment of this report series entitled Socially Driven Collaboration.

# DETAILED FINDINGS (cont.)

**Question 4: Over the next 12 months, do you expect your company's investment in social platforms to: decrease by more than 10%; decrease by 1-10%; stay the same; increase 1-10%; increase more than 10%?**

Enterprises are increasing their investments in social platforms - with eight in ten respondents believing their organizations will increase their investment in social business applications over the coming year.

## Over the next 12 months, do you expect your company's investment in social platforms to:



### Characteristics of the > 10% increase

- Smaller size, Business Services (travel, legal etc) orgs
- Healthcare, Retail orgs with 10K+ employees

n=780

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Clearly, additional investment in social platforms is on the near-term horizon (next 12 months) with 81% of organizations reporting their company's investment in social platforms

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## DETAILED FINDINGS (cont.)



will increase, while 49% of organizations surveyed will likely experience (or drive) between a 1-10% increase and 32% will see a significant increase (greater than 10%) in the funding for social platform activities.

The characteristics of organizations in the latter group – those who anticipate a funding bump of 10% or more fall into two distinct categories. The first is primarily smaller organizations – those with between 100-999 employees - and who offered business services such as travel, legal, etc. The second is large organizations – those with between 10,000-49,000 employees – and the industry sectors most frequently reported were healthcare and retail.

Commentary: The profile of the types of organizations that plan on investing more sizably in social platforms raises the question: What is driving the increase in funding? Are these organizations endeavoring to “catch up” in social platform investment? Are they diverting funds from other areas or just adding more funding? Has the ROI become clear, so this group is endeavoring to keep pace? Or, are these the leaders of the socially enabled enterprise pack who are investing to maintain market leadership? While this study didn’t set out to answer questions pertaining to social business funding drivers, the reports on the future of social business measures provide some clues that data mining and analytics are a big challenge now, and also a top-of-mind priority as organizations seek to do a better job of leveraging customer, partner and employee insights to impact core operations.

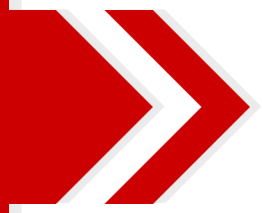
# DETAILED FINDINGS (cont.)

## Question 5: Do you see your ability to secure funding for social business projects changing over the next 12 months?

Notably, more than four in ten organizations believe it will be easier to get funding for social business projects over the next 12 months. The future of social business funding looks especially promising for Marketing as they report a higher likelihood of securing funding for social business projects in the coming year.



## DETAILED FINDINGS (cont.)



In fact, 48% of Marketing leadership anticipates it will be easier to get funding for social business projects over the next 12 months, in contrast to 35% of IT leaders who anticipate budget growth. Participation in this study was limited to Marketing and IT leaders, which enabled us to compare the two departments which are most likely to be involved in social business projects.

Commentary: Couple these data with the prior question establishing that 81% of organizations surveyed anticipate an increase in social platform funding and the picture becomes clearer. The reality that Marketing will be the primary driver

of funding for social business in the near future has been corroborated by additional studies over the past year. According to the 2013 CMO study<sup>2</sup>, a survey of 468 U.S. chief marketing officers, social media spending as a percentage of marketing budgets will more than double over the next five years. Marketing is the primary leader and buyer of social business projects, leaving IT budgets lagging on social business spending and ownership in the future. How will this budget be allocated?

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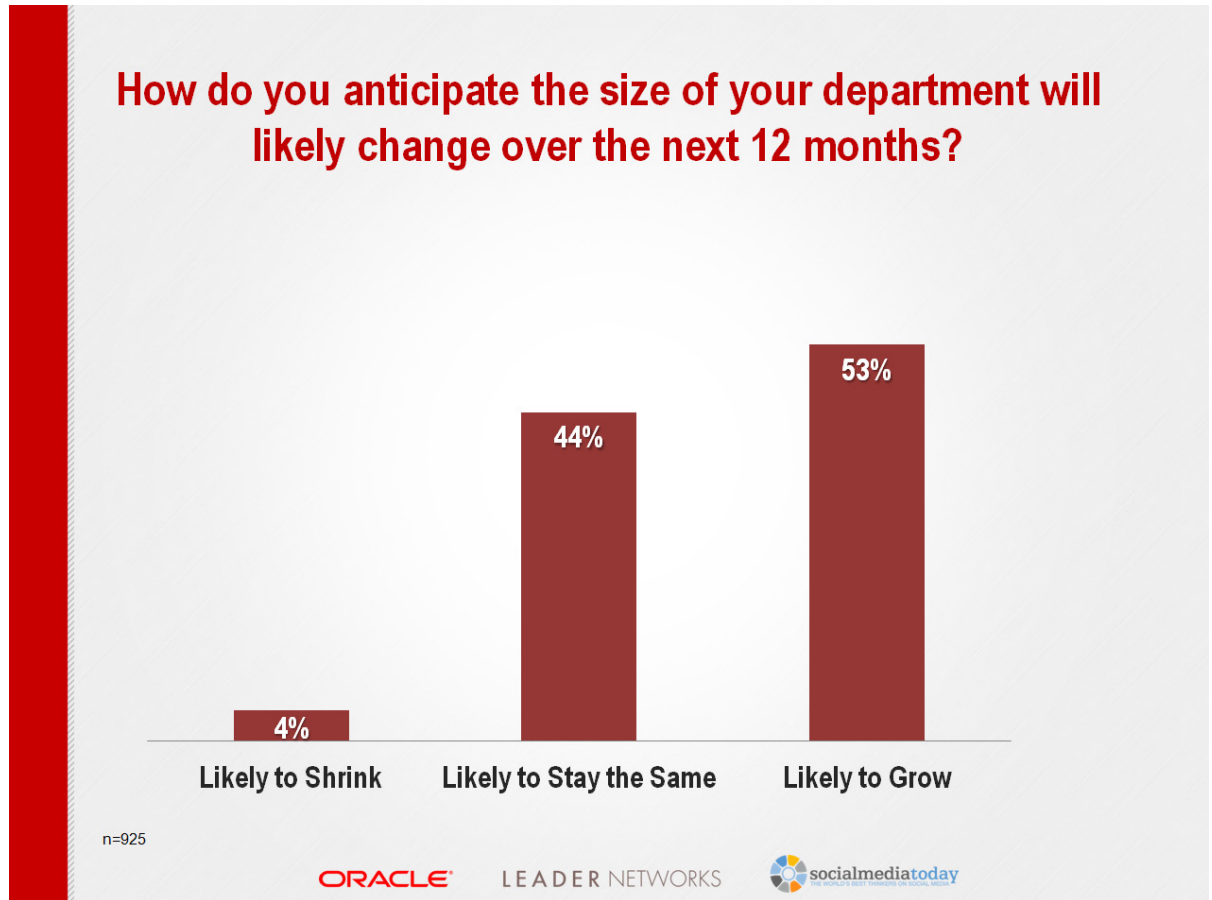
<sup>2</sup> The CMO Study: 2013 by American Marketing Association and Duke, The Fuqua School of Business



# DETAILED FINDINGS (cont.)

## Question 6: How do you anticipate the size of your department will likely change over the next 12 months?

More than half (53%) of survey respondents (IT and Marketing) anticipate their department will grow next year, so both IT and Marketing expect similar headcount increases.



# DETAILED FINDINGS (cont.)

## The impact of social business on core operations

The narrative from the data is unfolding – social applications are pervasive and expected to become increasingly entrenched in the enterprise. The next question is: What are the expected benefits of the movement towards socially enabled enterprises? This is a key question for cross-functional leadership.

In the past, social applications have been criticized, often rightfully, as too experimental to have a demonstrable, sustainable ROI. However, this seems to be changing as social business becomes more widespread, and its benefits within organizations starts to materialize. With expenditures and staffing on the rise, organizations are becoming more focused on pursuing and documenting the returns on social business investments.

In this next section we explore the impact that social business has on organizations, along with how organizations are using the social data and insights they harvest from their social applications. According to the data and the expert perspectives offered

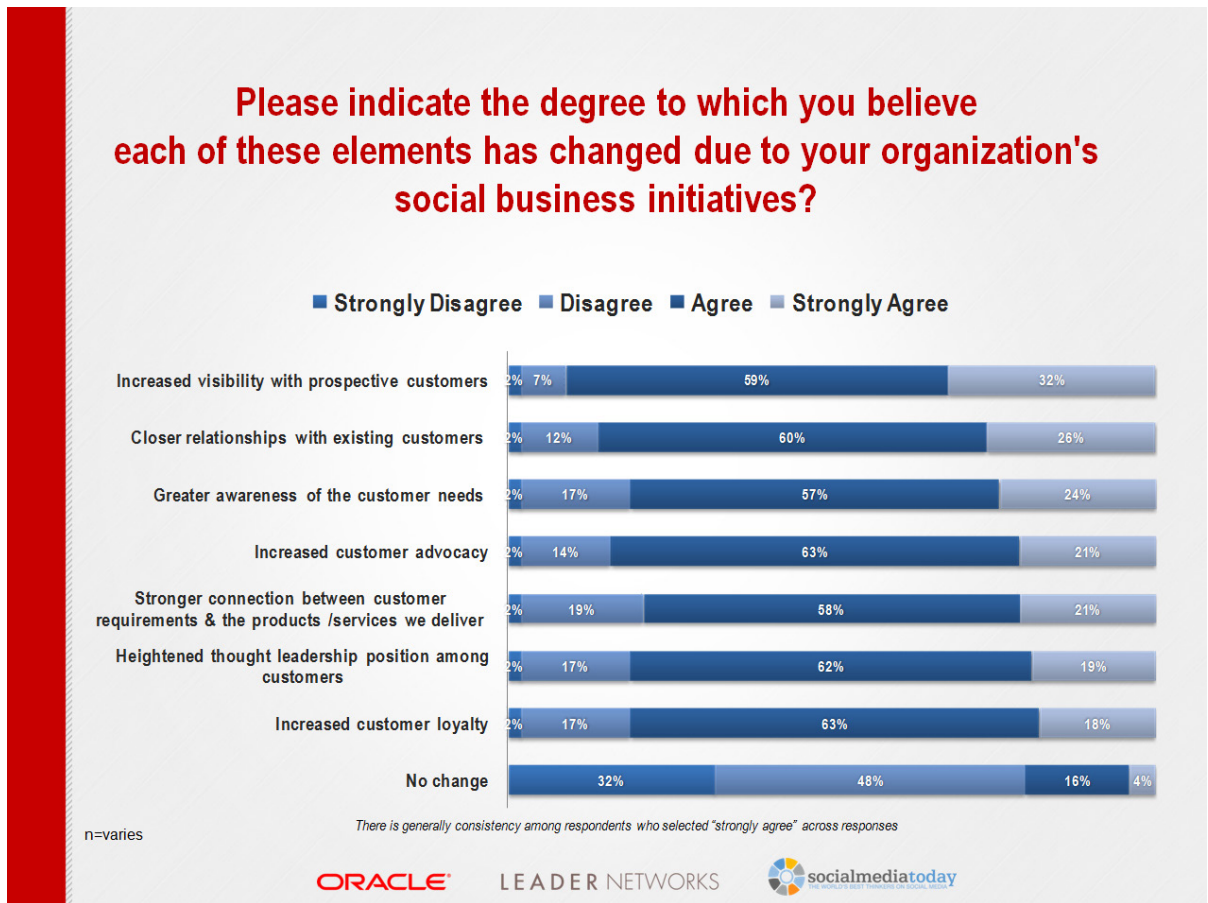
by those interviewed for this study, when executed properly social business activities increase company visibility, enable closer relationships and offer greater awareness of customer needs.

Nonetheless, our interview with Natanya Anderson, Director of Social Media and Digital Marketing at Whole Foods Market, raises some pressing questions on social business impact. Commenting on the long and complex process required to intertwine social business initiatives with operations to create success, “How can digital solutions help bridge the divide of distance and bring those people closer together in true collaboration that goes beyond email? I do believe if done right, it’s going to change the face of our business. I don’t think it’s going to be a solution that is sold out of a box, though. I think if we take a step back in the next five to 10 years and we understand what a social business means, it’s not one system, it’s not a platform, and it’s not one way of doing things. It’s a collection.”

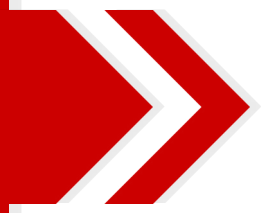
# DETAILED FINDINGS (cont.)

**Question 7: Please indicate the degree to which you believe each of these elements has changed due to your organization's social business initiatives. (Select all that apply)**

This chart clearly indicates that survey respondents see significant returns from their social business initiatives including increased visibility with prospective customers, closer relationships with existing customers and greater awareness of customer needs.



## DETAILED FINDINGS (cont.)



Note that the majority of respondents perceive change primarily among the marketing and communications-based activities. The responses that indicate more collaborative actions rank lower on the scale. For example, 91% of respondents indicated that social business brings their organization greater visibility with prospective customers (agree or strongly agree were selected); whereas only 79% report that there is a stronger connection between customer requirements and the products and services they deliver due to their organization's social business initiatives (agree or strongly agree were selected).

Commentary: Many organizations are in the process of moving from social broadcast to a more integrated approach that includes social collaboration and co-creation. Author Paul Gillin says, "Customers of all types - and this applies to B to B as well as B to C - are talking amongst themselves now, and making recommendations to each other. Companies need to be transparent, open, and available to participate in these

conversations and to understand the different factors that influence decisions. So it's no longer a matter of the company blasts out messages and waits for leads to come in. It's a continuous process of monitoring conversations in the market, engaging with people who are influential, attempting to educate and convert them, and take advantage of their influence to help tell the company's story."

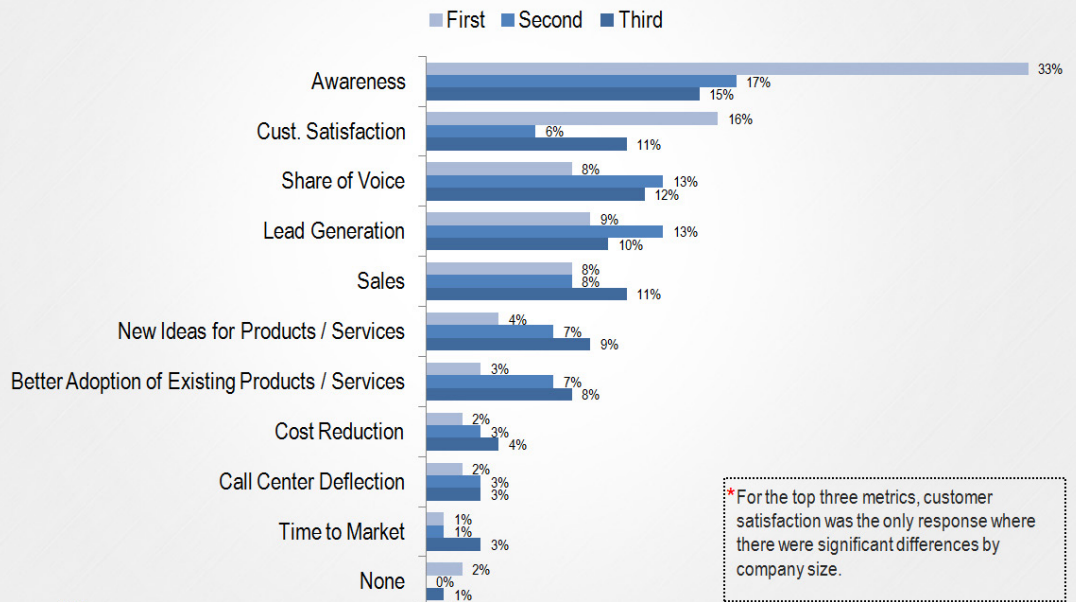
The world Gillin describes could be attributed to the impact social business has on marketing outcomes but, as shown in subsequent data, impact on core operations is a clear goal for the future. Whether in support of marketing or R&D, social business practices are making their mark on firms worldwide -- only 20% of survey participants report social business has not changed their organization. However, while many organizations talk about integrated social business activities as a hallmark of becoming a socially enabled enterprise, real behavioral change precedes meaningful business transformation.

# DETAILED FINDINGS (cont.)

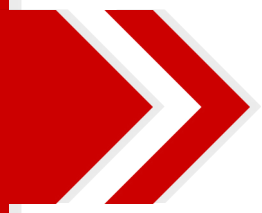
## Question 8: What are the top 3 performance metrics currently associated with social business initiatives in your organization?

Awareness, customer satisfaction, and share of voice are the top social business performance metrics currently tracked. In this question, we asked respondents to rank their top three most frequently used performance metrics in order (first, second, third). Awareness rose to the top by a significant margin. Customer Satisfaction and Share of Voice were tied in second place in terms of organizational metrics that are currently tracked.

### What are the top 3 performance metrics currently associated with social business initiatives in your organization?



## DETAILED FINDINGS (cont.)



Surprisingly, measures that are more closely tied to ROI (sales, as well as cost reduction) fell quite low on the list. For example, among the responses participants indicated were first, second or third priority for their organizations, only 20% of respondents track the impact of new ideas for products / services generated via the social business initiatives (e.g. ideas shared in the online community or via Twitter), and only 8% track call center deflection (customer self-service for answers online vs. a support phone call) as a success metric.

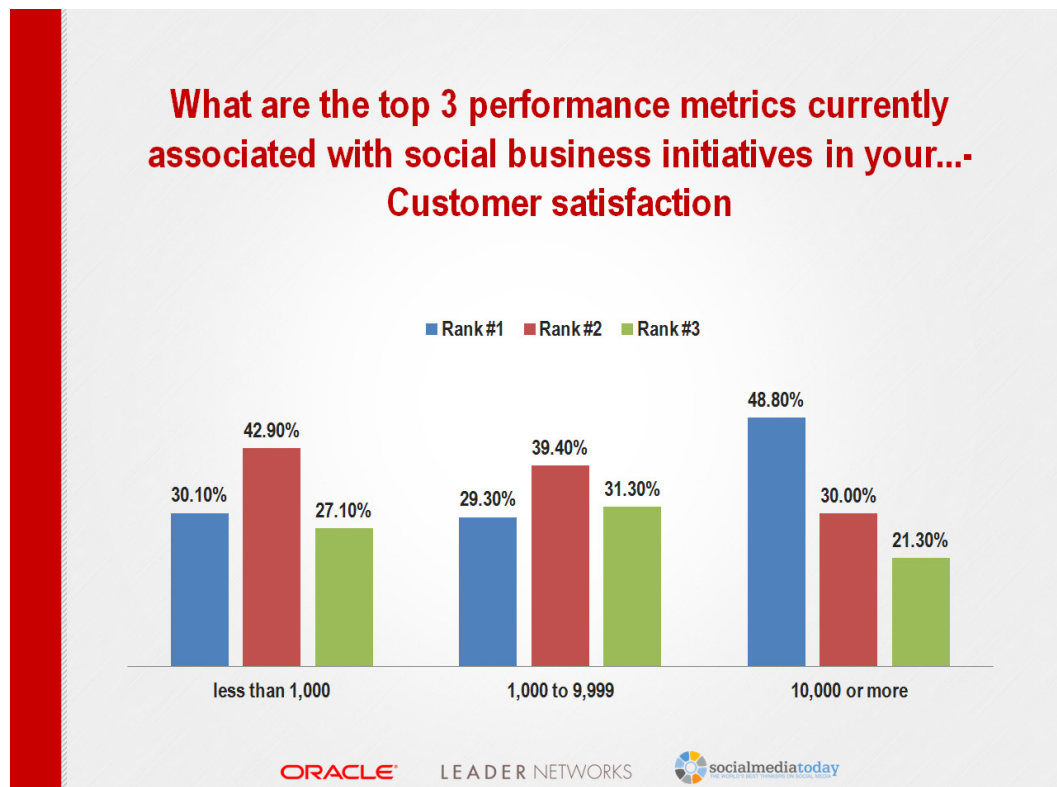
Commentary: One possible reason for this was highlighted in our interview with Don Bulmer, Vice President of Communication Strategy at Shell as he discussed the challenges associated with data management: “We are currently limited in the depth of audience insight we get directly from social media, although great

solutions and providers are emerging to address this. I often face the question from our business executives: ‘Okay, so we have 4.5 million fans on Facebook, so what?’ This is a good question that we are constantly working to address. The level of data that we get from platforms like Facebook, Twitter and LinkedIn provide us with top-level insights at an aggregated level that help us to understand the affinity interests of our followers, demographic breakdown by country, post performance, etc. We know how much time people spend consuming our content and what they prefer.”

Don goes on to describe the data that is most elusive yet the most valuable, “What we don’t get is probably the most important information, which is time and location of engagement, deep analysis of behavior, psychographic profiles and sentiment and preference data.”

## DETAILED FINDINGS (cont.)

Also of note among the top three metrics, customer satisfaction was the only metric listed where there were significant differences by company size. Companies with over 10,000 employees are more likely to consider customer satisfaction the number one metric for their social business initiative. In all other cases, the distribution of responses displayed no variances based on the number of employees.



As awareness was the most popular metric overall, it is interesting that the large organizations do not consider it nearly as important as customer satisfaction.

Could it be because larger companies already have strength in customer awareness due to their size, brand equity and tenure in the market? Or through greater resources and staff skills, are they better able to tap into the data gathered through the social business channels and have begun to integrate the insights more directly into their lines of business?



# DETAILED FINDINGS (cont.)

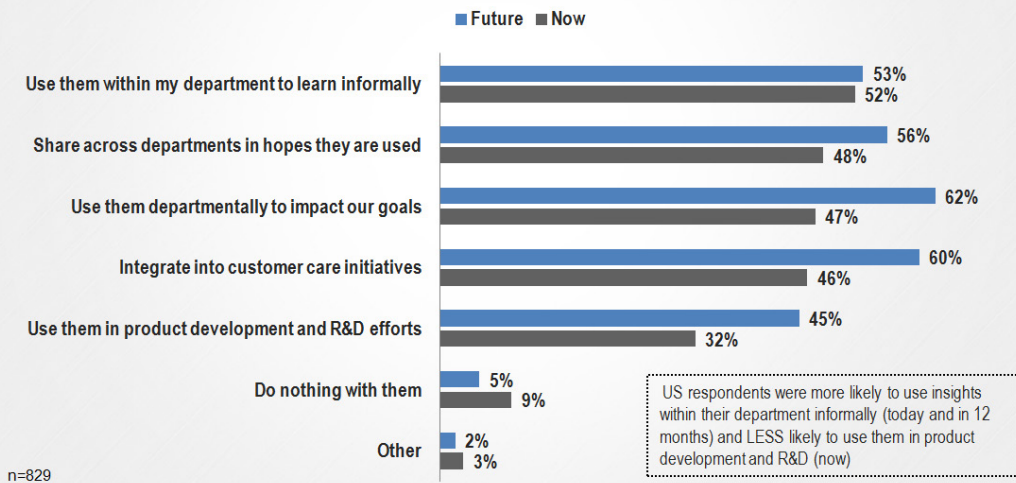
## Question 9a: What does your organization typically do with the insights gathered from its social platform(s)? (Select all that apply)

Here current state is compared with the future (within the next 12 months) to look at expected changes over time in how organizations use insights gathered from social platforms. The range of options for what organizations could be doing with the data covered a spectrum of responses ranging from do nothing to light application of the data to heavy reliance on the data to inform business decisions.

### What does your organization typically do with the insights gathered from its social platform(s)?

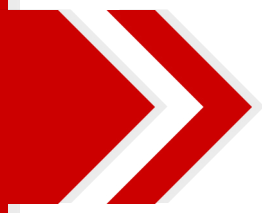
Select all that apply

Question: What does your organization typically do with the insights gathered from its social platform(s)? Select all that apply  
 Question: How do you anticipate these insights will be used in the near future (within the next 12 months)? Select all that apply





## DETAILED FINDINGS (cont.)



Commentary: The future of social business looks significantly more operationally focused than it does now -- a marked shift from current to future expectations. The data suggest the shift happens when social insights move away from supporting marketing activities to becoming more widely integrated with core business functions such as customer care, product development and R&D. With increasing investments in social business initiatives comes increasing focus on the return of those investments. One example is research and development. The product development and R&D functions are constantly challenged to fill the pipeline with new and profitable products and services, and social business initiatives offer the opportunity to help generate ideas faster and with greater market acceptance through improved collaboration.

One organization that is embedding social business practices throughout the enterprise is the Chubb Group of Insurance Companies. Jon Bidwell, Chief Innovation Officer for Chubb & Son, offered an example of how social insights were used to fuel and accelerate Chubb's business

and strategic planning processes. Using an open, online collaboration platform, Chubb has run more than 50 innovation events and problem-solving workshops around specific business challenges. Bidwell says, "We use it as a way to develop products and process improvements, as well as to better reach the people in our organization who directly serve our customers. For instance, when we ran our first global innovation event we received more than 600 ideas. We needed to sift through these ideas to select those that merited deeper analysis. Now, we have evolved the innovation program to focus on particular business units, distribution teams, and/or agents in order to selectively generate new ideas."

Looking ahead, the data indicate a sizeable shift moving from using social metrics to track marketing activities to monitoring operational impact. When compared to the current state (as indicated by now responses), integrating insights into customer care initiatives increases by 14% and using them in product development and R&D efforts increases by 13% as companies seek to do more with the information gathered from social platforms

## DETAILED FINDINGS (cont.)

such as online communities, social CRM and other social channels.

There are also demographic differences in the ways social insights are used by enterprises. US respondents report that they were more likely to use insights within their department informally (today and in 12 months) and LESS likely to use them in product development and R&D efforts (now) than non-US firms. In fact, only 29.5% of US respondents use social business insights for product development and R&D efforts, while 38.6% non-US engaged in this activity. Large organizations lead the pack in terms of their current and anticipated ability to use social business metrics to impact core operations. One explanation for the gap between current practice and future expectations may

be that, while organizations know what they want to accomplish with social business, they are finding the path to be uncharted and, at least initially, largely experimental.

Many firms find themselves involved in social business activities, if not by accident, certainly without a well-defined context or strategy guiding them. A common example is a firm that begins by picking a few accessible tools such as Twitter and Facebook and starts a social media marketing campaign before considering the long-term implications. Their marketing effort may succeed at driving traffic to a website or blog, but customer issues and opportunities are overlooked, and thus fail to be integrated with core business processes such as customer service.

# DETAILED FINDINGS (cont.)

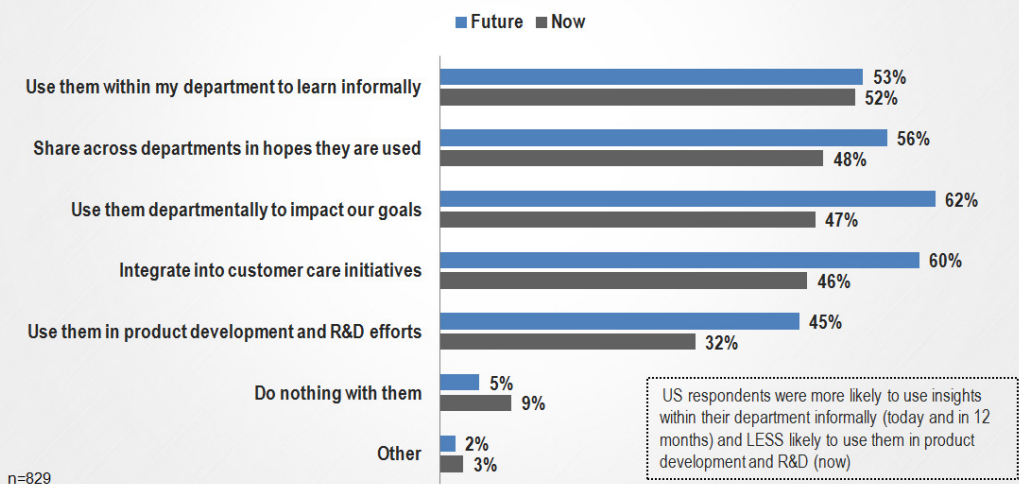
## Question 9b: What does your organization typically do with the insights gathered from its social platform(s)? - Data segment analysis

The responses to the base question (question 9a) were so interesting that the data were further examined to identify any leading indicators on which types of organizations were using their social insights more strategically than others.

### What does your organization typically do with the insights gathered from its social platform(s)?

Select all that apply

Question: What does your organization typically do with the insights gathered from its social platform(s)? Select all that apply  
Question: How do you anticipate these insights will be used in the near future (within the next 12 months)? Select all that apply



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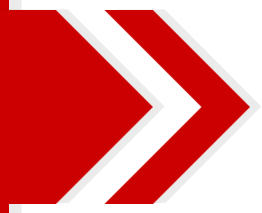
Through segment analysis, it appears larger organizations are leading the way on using insights gained from social platforms and integrating them into customer care, product development and R&D initiatives.

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## DETAILED FINDINGS (cont.)



Chubb offered a powerful example of how being a socially enabled organization has made tangible impact on their product and service innovation cycle. Gerry Myers, Vice President, Global Innovation at Chubb & Son, shared the before and after picture to illustrate how the decisional speed is significantly enhanced when Chubb and its brokers collaboratively use open innovation tools. “Using open collaboration tools,” says Bidwell, “enabled us to shorten cycle times dramatically. By pulling together online innovation events with a select group of our agents, it only took us 60 days for 20 agents to refine a newly developed mobile product and define 32 new enhancements. This provided information for our IT people to quickly create a product development roadmap. The social tools empowered us to collect feedback and validate the prioritization of different enhancements, and provided us with transparency and speed. If we had used traditional methods – emails, telephone calls, PowerPoint presentations, etc. – the process had the potential to take six to twelve months. In addition, the good will and stronger relationships Chubb has generated with its distribution partners by directly engaging them in the product

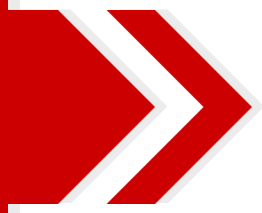
development process has and will continue to pay big dividends.”

Among the factors contributing to outcomes such as the one Meyers described, larger firms typically have the necessary pool of staff with strong social analytics skills, as well larger investments in product development and R&D processes, than smaller companies.

Commentary: A significant challenge to using social business metrics to influence core operations is the degree of change required to existing business processes and the resulting disruption to established processes, roles and hierarchies. These kinds of transformative changes are notoriously difficult for most organizations, large or small. Adapting to new processes, new ways of working and new ways of thinking will be required at every level of the organization.

Natanya Anderson of Whole Foods Market discussed this issue in depth in her interview. She pointed out the culture changes that will be required. “How do you let your customers know that you’re taking in their input, that they’re the center of the work that you’re doing, and then show them

## DETAILED FINDINGS (cont.)



that you're responding to them quickly with products and services and offerings and responses? That will often change product life cycles, process life cycles. If you're going to do it, it really touches every element of the business, if you are going to scale it to the entire enterprise."

### Exploring what it means to be a socially enabled enterprise

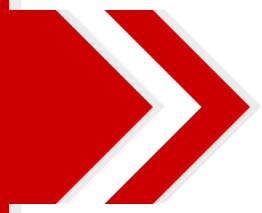
In these final questions, we asked what it means for an organization to be a socially enabled enterprise. How important is it? Is this an accomplishment that they desire? And, if so, how long will it take to succeed? We offered the following definition of a socially enabled enterprise: "A set of collaborative processes that have the potential to yield improved business processes that are customer-driven such as faster time to market with new products and services, more successful research and development outcomes and refined market messages that are explicitly influenced by customer needs."

We explored this definition with our executive interviews to get their perspective. Author Paul Gillin summed

his perspective on social business quite succinctly, saying: "I think the essence of social business is sharing."

This sentiment was shared by Natanya Anderson of Whole Foods Market, who highlighted the opportunities and challenges of becoming a socially enabled enterprise. "In the definition you just offered, the socially enabled business has the customer at the center of everything that happens in a way that even the most customer-centric businesses are not doing these days. There are a handful of people out there who are really truly, 100%, customer centric. They are making a cultural shift to really say that this is first and foremost about the customer. When this is true, it has material impact on how we do business. If we're willing to make it about the customer and utilize the entire social channel and all of the understanding we have about our customers through social to drive our business forward ... is the company culture ready for that?"

## DETAILED FINDINGS (cont.)



Chubb's Bidwell weighed in with insights regarding the impact of social business on the knowledge worker, "Becoming a socially enabled business means our employees can find an expert and any information needed to help solve a problem. Through social tools, you can help ensure that information moves seamlessly within the organization and collaborate with peers with minimal friction. We're also planning to enable our social tools on corporate mobile devices so Chubb employees have access no matter where they are. Due to its broad base and far-reaching potential impact, becoming a socially enabled enterprise takes many

forms, depending on organizational needs, business focus and strategic objectives. There is no one-size-fits-all answer to social business success."

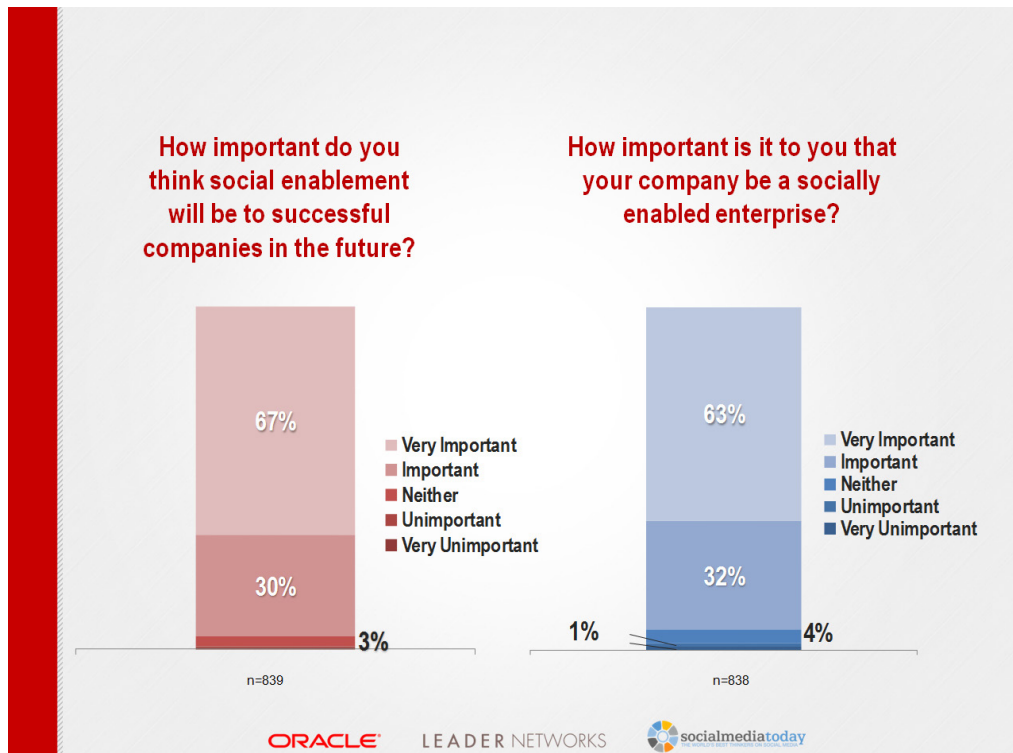
Using this definition for reference, a set of questions were asked to help gauge the importance of the collective processes for organizations, including two separate but related questions to explore how IT and Marketing leaders think about social enablement at large. The question was narrowed to explore their beliefs about socially enabling their own firms.

# DETAILED FINDINGS (cont.)

**Question 10: How important do you think social enablement will be to successful companies in the future?**

**Question 11: How important do you think it is to you that your company be a socially enabled enterprise?**

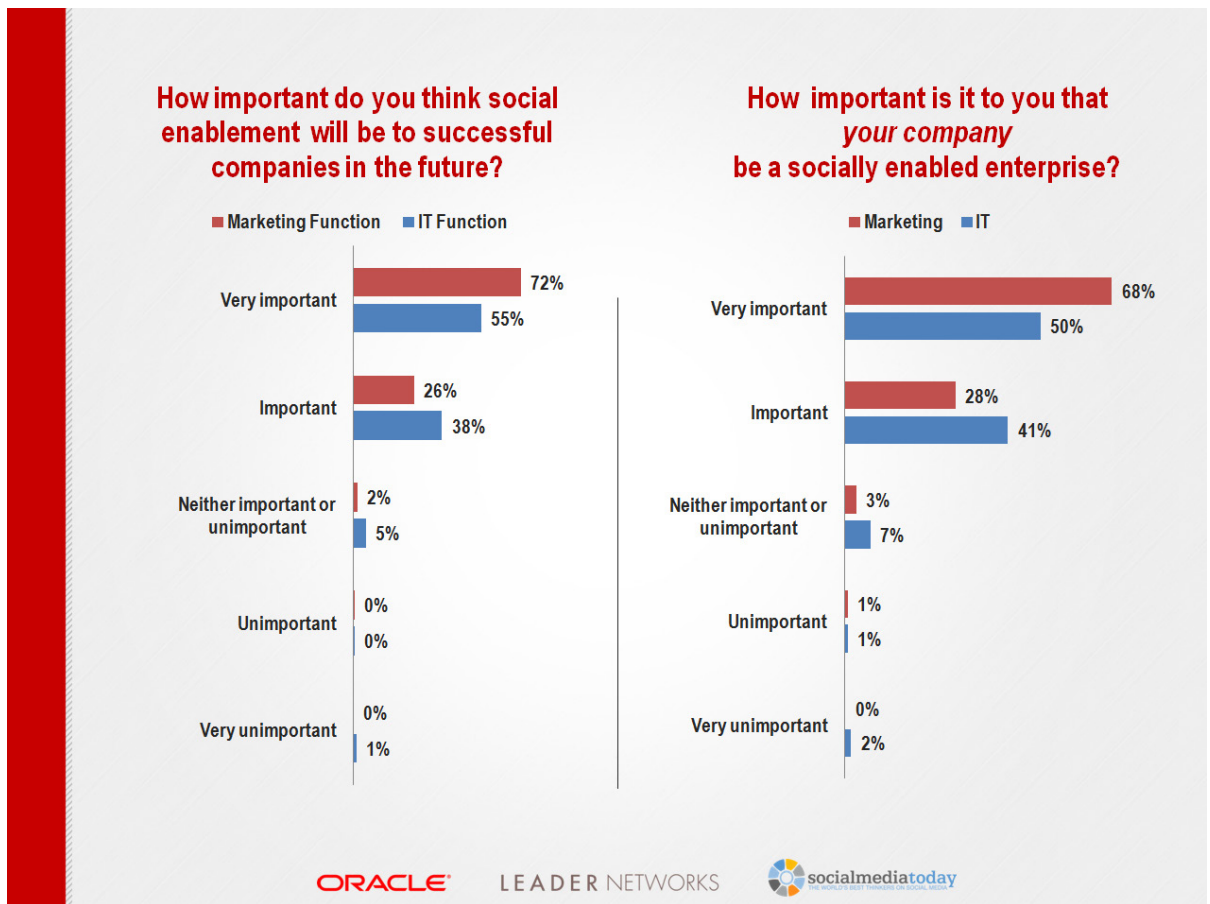
In this question pair, respondents were probed to reflect on their perceptions regarding the importance of social business enablement at large and for their own organization. The goal was to learn if becoming a socially enabled enterprise was relevant for organizations and which kinds of firms were seen as particularly in need of social business enablement or were considered as exceptions to the trend. The outcomes strongly support that becoming a social business is on the strategic agenda for almost all organizations, as 97% of organizations believe that it is important or very important for companies to become socially enabled enterprises, theirs included.





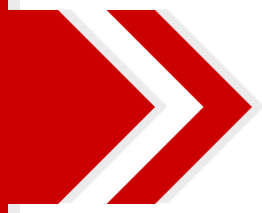
# DETAILED FINDINGS (cont.)

Responses to questions 10 and 11 were also analyzed (see below) by professional role (IT vs. Marketing). We found that Marketing respondents were somewhat more likely than IT respondents to think that social enablement will be very important to both successful companies and to their companies in the future. Interestingly, 72% of Marketing leaders believe that social enablement is very important to successful companies in the future, while only 55% of IT professionals gave it similar ranking. Similarly, 68% of Marketing leaders vs. 50% of IT leaders consider it very important that their company achieve social enablement in the future. There were no significant differences found when industries or company size was examined.





## DETAILED FINDINGS (cont.)



### **Question 12: If your company were to become a socially enabled enterprise, how long would it take to achieve that goal?**

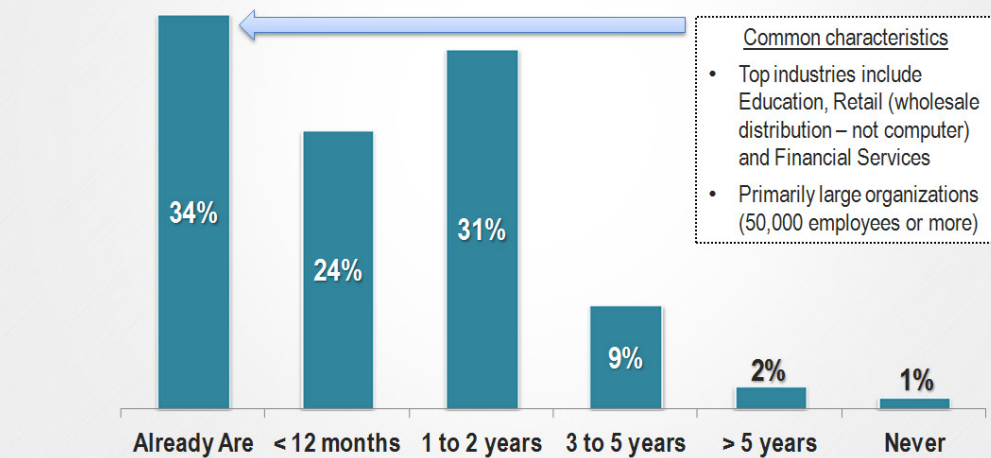
A third of the organizations surveyed report that they already are a socially enabled enterprise - a surprisingly strong assessment - according to the study definition "a set of collaborative processes that have the potential to yield improved business processes that are customer-driven such as faster time to market with new products and services, more successful research and development outcomes and refined market messages that are explicitly influenced by customer needs."

While the definition focused on customer needs as a way to explore a specific context for social business impact, interviewees also introduced additional stakeholders, such as employees, suppliers, and partners in their responses about the impact of social business on the enterprise.

A surprising outcome was that one-third of respondents characterized their organizations as "already socially enabled enterprises." These responses were further examined to distill common characteristics. The largest companies (50,000+ employees) were more likely to report they are in this category and the top industries among the group reporting they already are socially enabled enterprises include education, retail (wholesale distribution – not computer), and financial services.

# DETAILED FINDINGS (cont.)

If your company wanted to be a socially enabled enterprise, how long would it take to achieve that goal?



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Most respondents at firms evolving into socially enabled enterprises do not expect the transition to be quick or easy. While the estimates for how long it will take for responding firms vary, 43% of Marketing and IT executives believe that it will take their companies more than a year to truly leverage social throughout their companies.

Commentary: As social business is still emerging, it is not uncommon for organizations to experience a sense of uncertainty about how they compare against their peers and competitors. But the data trends are clear (see chart below). Companies with less than 1,000 employees are more likely than the others to indicate it would take less than a year to become socially enabled, while those with 1,000-

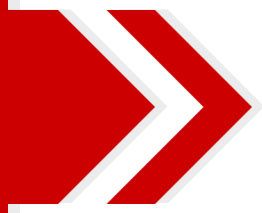
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## DETAILED FINDINGS (cont.)



9,000 employees are more likely to indicate it would take one to two years.

With approximately one-third self reporting as socially enabled, less than one-third who are well on their way, and almost one-third who have this goal on their 1-2 year horizon, time may be running out for those organizations which have not yet begun to examine their processes for social enablement. Larger organizations are already leading the push for operationally-focused social business metrics (see questions 9a and 9b). This suggests operational alignment of social business activities could be a critical success factor or a strong contributor to making the transition to a socially enabled enterprise.

One of the key points about the journey to becoming a socially enabled enterprise that emerged during the interviews was the impact of cultural change that organizations commonly experience when making this transition.

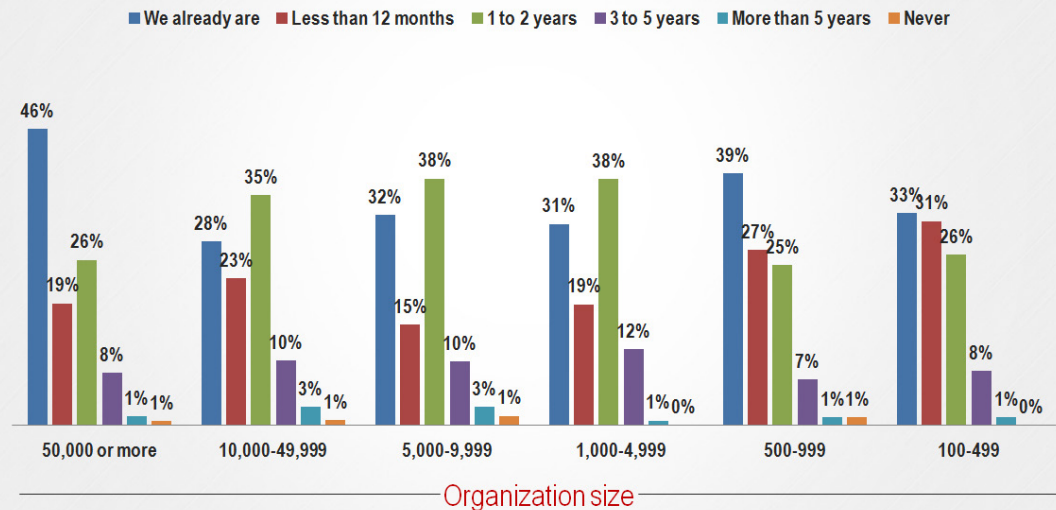
Don Bulmer, Vice President of Communication Strategy at Shell made the point that social enablement is more than just using social tools. He emphasized understanding the impact deeper engagement with key stakeholders will have inside and outside of the firm: "I view social business more as a mindset and behavior than a technology or community platform. Social isn't a destination to manage. It's a dimension of how we engage and communicate. In this regard, it's a reflection of how we behave (online and offline) and how we want people to see and know us. Social is a mindset that requires us to think about our customers and stakeholders differently."

# DETAILED FINDINGS (cont.)

## Question 13: If your company were to become a socially enabled enterprise, how long would it take to achieve that goal? (by company size):

Given the overwhelming desire of organizations to become socially enabled enterprises, speed becomes paramount for the two-thirds of organizations who do not yet describe themselves as socially enabled. Who are the firms marching towards success, and at what speed?

### If your company wanted to be a socially enabled enterprise, How long would it take to achieve that goal?



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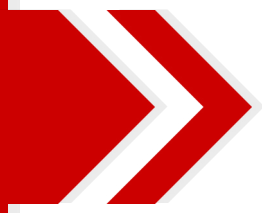
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## DETAILED FINDINGS (cont.)



In the response analysis, the data were segmented by company size. While nearly all organizations appear to be headed toward becoming socially enabled enterprises, larger organizations were clearly in the fast lane – 46% had achieved the goal, followed next by smaller organizations (500-999 employees). Moreover, midsized organizations, both those with 1,000-4,999 and 5,000-9,999 employees, seem to be planning with a longer time horizon. These two company size segments estimate that their social business enablement transformation is likely to take one to two years.

Following the green bar indicating time frame of one to two years before becoming a socially enabled enterprise, the midsized organizations appear to have a measured expectation about the time it will take to achieve this milestone.

Commentary: Whole Foods Market's Natanya Anderson reflects on the implications of integrating social business activities into the customer care lifecycle, "The biggest impact to us has been that in social and digital today, people are seeking authentic conversation. They don't want

a canned response. They want a human being to respond to them and they want the conversation to be person-to-person. To do that you have to have people engaged. You have to have people who understand your brand and can speak to your customers in the same way that your store is supposed to speak to your customers."

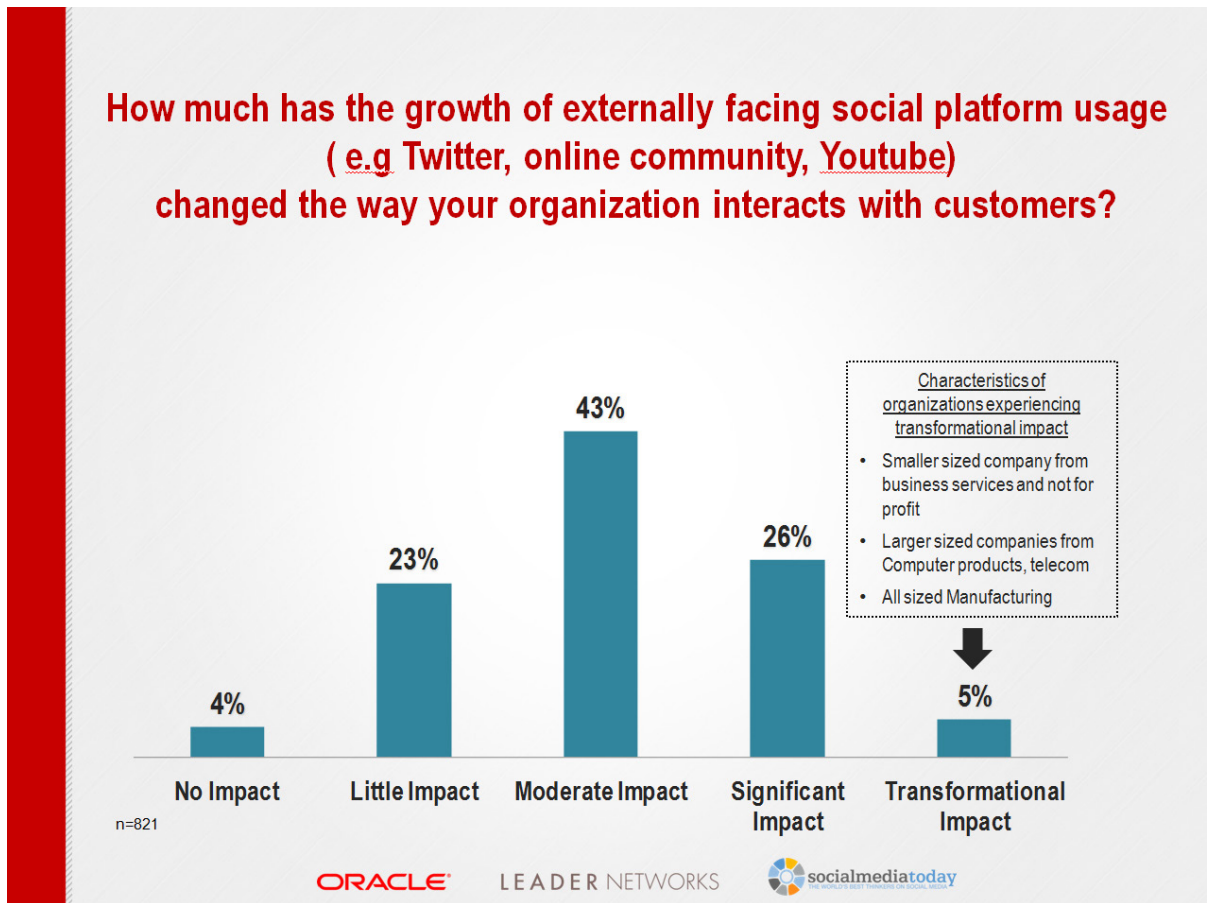
"That has staffing implications. You have to really carefully weigh what's the balance of bringing team members to the table that can have quality conversations with customers? How many of those can you have per hour? During what hours of the day? With what frequency? As our customer service and our call centers grow and grow and grow, how are we sure that that's still benefitting the business? What is the ROI of all this?"

The impact on staffing and operations described in this example suggests that these changes are significant for mid-sized organizations and will likely evolve over time. This key point is further explored via the next question.

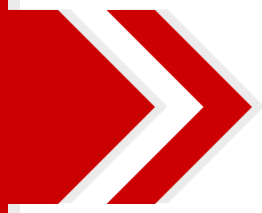
# DETAILED FINDINGS (cont.)

## Question 14: How much has the growth of externally facing social platform usage (e.g. Twitter, online community, YouTube) changed the way your organization interacts with customers?

This question explored the ways social platforms have been a catalyst for customer conversations, collaboration, and co-creation. Intentionally, the survey instrument included examples such as Twitter, online community, YouTube which were wide-ranging - fast and cheap, longer and more complex, text base vs. visual and so on. Providing the comparisons places the emphasis on the deeper meaning of the question: how have enabling technologies changed the way responding organizations interact with customers?



## DETAILED FINDINGS (cont.)

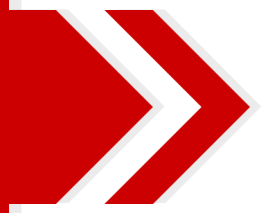


Commentary: While all responses are interesting, most intriguing was the opportunity to learn more about those who report a transformational impact. Noting that the word transformational implies by definition a marked change or metamorphosis, a suite of cross tab analysis was conducted to surface common characteristics in the demographics of those respondents who report their organizations having undergone marked change through the use of social platforms to engage with their customers.

The common characteristics of organizations transformed by customer interactions using social tools included either: a) smaller-sized companies from business services and not-for-profit or b) larger-sized companies from computer products and telecommunications or c) firms in manufacturing with various employee counts ranging from smaller to very large (more than 50,000 employees).

For organizations like Shell who engage with millions of customers, the ability to reach, connect with, listen, and respond to the individuals becomes an important and fruitful challenge. Don Bulmer shared how, "Through social, we can engage people to understand what we do, why we do it, understand and address concerns, and help people feel comfortable in our approach, by understanding what we stand for as a company. People want to do business with companies that are socially and environmentally responsible and add value to them. We use social as a means to have that type of conversation, which builds a bit more trust, gives us that license to operate, to do business in the communities where people physically live. It's not about marketing a product or a solution - it is about true community engagement."

## DETAILED FINDINGS (cont.)



Natanya Anderson sums up the topic of the future of the socially enabled enterprises' transformation with these salient words, "What's really fantastic about social is that it lets us broaden the ways in which we can interact with our customers and that they can interact with us. I think we're going to actually see the number of customer service calls increase and more and more of them will come through social. For brands that are on top of it and who are willing to make the investment in the infrastructure and the team members to turn each of those opportunities and engagements into a real conversation, I think it's going to pay off in spades."

She continues, "I think that customer service is the first place that we're going to see returns. Then, the next thing that I believe we're going to see is in the procurement process. As businesses look for ways to connect more smoothly with our procurement partners, to have opportunities for those partners to share best practices, even for things such as helping procurement partners with processes inside the organization. How can you create communities of help which allow people to get questions answered about billing and about engaging with the organization instead of having to wade through oodles of email?"





# HIGHLIGHT INTERVIEWS

## Paul Gillin, Author

Paul Gillin is a writer, speaker, and online marketing consultant who helps business-to-business marketers use social media and quality content to engage with customers. A veteran technology journalist, he is a prolific writer and blogger who has published more than 200 articles and written five books: *The New Influencers* (2007), *Secrets of Social Media Marketing* (2008), *The Joy of Geocaching* (2010) and *Social Marketing to the Business Customer* (2011) and *Attack of the Customers* (2013). Paul writes the monthly New Channels column for BtoB magazine His website is [gillin.com](http://gillin.com).

*Leader Networks:* Paul, thank you again for taking the time to speak with us. Before we start talking would you please share a little bit about yourself and your background?

**Paul Gillin:** I'm trained as a journalist and worked as a journalist for about 25 years before getting into internet marketing and consulting. I was in the technology market at Computerworld for 15 years. I was the editor-in-chief for the last four years of my tenure. Then I went to a start up called TechTarget.

I was the founding editor and helped build the editorial staff there. I did that for six years, and then I started my own thing. I didn't intend to get involved in social media at all. In fact, I had dismissed blogs as a fad in 1993. But I had a couple of experiences very early on that convinced me that social media was going to revolutionize publishing and ultimately the way people made decisions.

## HIGHLIGHT INTERVIEWS (cont.)



So I started writing a lot on that. I started writing a column for BtoB magazine and wrote a book called *The New Influencers* that did reasonably well. It was one of the first books about social media marketing. I have written three other books since then about different aspects of social media. I continue to consult with a wide range of companies on how to apply social media both internally and externally to strengthen relationships with their customers and employees.

*LN: You've had quite an illustrious and ongoing career, Paul. That's part of the reason why we are thrilled to talk to you. One topic I was especially interested in hearing your ideas about is the impact social is having on enterprises. What trends are you observing as organizations endeavor to become socially enabled?*

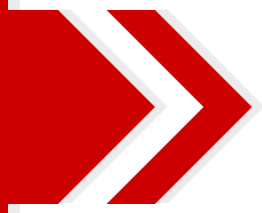
**PG:** Clearly, businesses are realizing that they have lost direct control of the message about their company and about their product. Customers of all types - and this applies to B-to-B as well as B-to-C - are talking amongst themselves now and making recommendations to each other. Companies need to be transparent,

open, and available to participate in these conversations and to understand the different factors that influence decisions. It's no longer a matter of the company blasts out messages and waits for leads to come in. It's a continuous process of monitoring conversations in the market, engaging with people who are influential, attempting to educate and convert them, and take advantage of their influence to help tell the company's story. So it has validated what the authors of the Cluetrain Manifesto wrote back in '99 when they said markets are conversations. That's really what has happened.

*LN: In your examination of the impact on business, you talk a lot about how organizations are losing their perception of control and customers are increasingly talking amongst themselves. How have you observed companies' reaction?*

**PG:** Well, it's all over the map right now. I think that the early reaction was denial. We saw a lot of that in the 2005-2010 time frame. This was disruption and businesses don't like disruption. I think we have seen more of an embrace of the opportunity since then.

## HIGHLIGHT INTERVIEWS (cont.)



Certainly the consumer companies have realized that this shift in the market can actually work to their advantage.

So you see social media marketing being adopted enthusiastically by most of the big consumer brands. I think business-to-business brands have had more difficulty internalizing the need to change, and smaller B-to-B companies for the most part are still in denial. One thing I hear a lot when working with B-to-B companies is, "We know who all our customers are. We've worked with them for 30 years, and we don't need online social relationships, because we deal with everybody by phone."

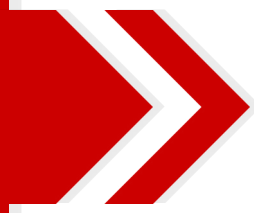
I think that's true to some extent, but it's also denying the fact that a new generation of customer and a new generation of employee is coming along that will demand that a company communicate differently.

*LN: What do you think some of the critical success factors are for a company being able to adapt to this new way? In your latest book you caution organizations that "the customers are coming." What does the company or an organization need to do in order to ready themselves for when the customers come?*

**PG:** Well, at the very least they have to have a few representatives who are savvy about the ways in which their customers communicate and are tapped into conversations and can pick up on shifts in sentiment. Maybe the market is becoming more negative about the company, or maybe there's a groundswell of enthusiasm developing. Whatever the scenario, they need to know how to respond.

They also need to know the means and the language by which people communicate in social networks so that they can jump in and participate in those conversations when the need arises. We are beginning to see some companies tap into the potential of social networks by deputizing large numbers of their own people, as well as their customers and partners, to share their messages in their own social networks.

## HIGHLIGHT INTERVIEWS (cont.)



We're seeing more companies that are broadly deploying social media training across the entire company so that everybody essentially becomes an ambassador for the company. I think those companies are the ones that are really on the leading edge right now.

*LN: Those are definitely very important factors and things organizations should consider, and opportunities as well. It strikes me as the world of social media at large tends to be focused on marketing and sharing of information. One of the places that we've been studying with this social enterprise research project is looking at the distinctions between social business and social media marketing.*

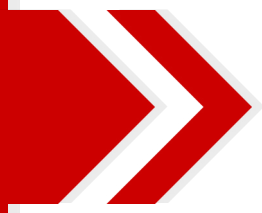
*What does becoming a social organization mean to you? Is it primarily focused on preparing for and engaging with the customers and employees, or is there a different definition or a different approach that we should be thinking about?*

**PG:** I think the essence of social business is sharing. This is the biggest impediment I see in the companies I've worked with. They aren't culturally prepared to take

advantage of the new world. They're resistant to sharing. Many companies are very silo-ed. Information is held by a small number of people, and it's shared reluctantly or selectively. So we'll answer the same question on email 30 times instead of posting an answer in an FAQ where everybody can see it, because that's how we've been trained. We share with only a few people even when many others could benefit.

I try to encourage companies to adopt a philosophy of sharing first. When I see something I like or when there's something that I create, how can I by default share that with a larger group? I think email is becoming one of our biggest organizational handicaps right now in that people still use email to communicate information that they could communicate more efficiently and more broadly using social tools. We try to manage group projects on email, and it just doesn't work very well. We still lock up a lot of information inside offices, inside the minds of individual people, and inside companies that we could share more broadly.

## HIGHLIGHT INTERVIEWS (cont.)



**LN:** *I really like that example about managing group projects on email, because we've all been there. It's not efficient. It doesn't work, but we still keep doing it time and time again. There's a bit of irony in that.*

**PG:** I don't want to just blame the tool. Part of it is that corporations tend to engender information hoarding, because information is power. So people within the organization resist sharing information because they think it's a threat. Knowledge management, as you know, was a big trend in the '90s. A lot of tools were developed to help organizations capture information of the minds of their employees.

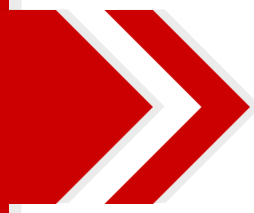
For the most part, that didn't work very well. It didn't work because people viewed sharing as a threat. "If I share what I know, then I'm not needed anymore. I won't have a job." So all the cutbacks and all the layoffs that companies have been going through for 20 years tends to encourage people to not share anything that could make them less valuable.

**LN:** *Have you seen examples of culture that has made moves or embraced certain philosophies that really help turn the tide or create real incentives, not just badges and thumbs up to reward people for this new type of behavior?*

**PG:** I can't think of any large company I've seen that has really licked that problem. I think some companies are moving more swiftly to get there, and it's the same companies you hear all the time, Dell and Zappos. I have heard some impressive presentations from 3M, Cemex, Caterpillar, and TD Bank that show great results they've had within departments at sharing information more broadly, but nothing that has transformed an entire company.

The companies that are beating this problem are mainly small companies. They start with the idea that complete transparency is good. Because they have nothing to lose, they can get away with that. But I think changing a big corporation that has all of the internal politics that big corporations have and convincing people to be more generous and sharing is very hard to make that work.

## HIGHLIGHT INTERVIEWS (cont.)



Social business is transformative. National Instruments, which is a B-to-B company that produces very high-end testing and design software for engineers, has a community around its LabVIEW product that has really changed the way that company operates. It provides a direct channel to customers that helps the company make its products better. SAP has also done an excellent job of building community and involving its employees in customer communities.

There is one example I wrote about several years ago in my second book of Fiskars, the cutting tools company that used a community of enthusiastic crafting customers to essentially drive its product development and act as deputy marketers. I think they were very early in realizing the potential of social to change the business.

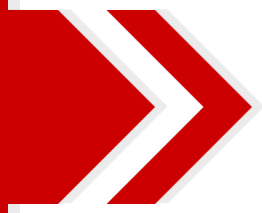
*LN: Yes, in some ways it seems like organizations need to get that online community building with the customers right before they can even start to think about how to impact their operations.*

**PG:** When companies have successful customer communities, everyone tends to want to get involved because they see the potential. It's kind of magic. When you put people at a business directly in touch with their customers, you can't help but change their perspective. In most large companies, the problem is that the employees have no contact with the customers whatsoever. So the customer is an abstract concept.

I'll tell you a story about this. I was working with the marketers at a technology company and I asked them to tell me about their customers. What I got back was demographics. "They work at this size company. They have this amount of spending power. They have this title."

I said, "You're not telling me about your customers. You're telling me about a job profile. Tell me what motivates them. Tell me what they worry about. Tell me what scares them. Tell me what delights them. What do they do on the weekend? What do they think of their role in the business?"

## HIGHLIGHT INTERVIEWS (cont.)



What are their ambitions?" These were things that the marketers had no idea about.

But that is what you can tap into now with these new communication tools. You can learn about your customers at a psychographic level rather than a demographic level. That's much more powerful.

*LN: If you were tasked with leveraging social across your organization even more, where would you start?*

*PG:* I think as people become more comfortable using social networks in public, they will also become more comfortable using them within the corporation. So I think that internal social networks will ultimately be successful and will probably be transformative.

But right now they have not been terribly successful in their early going. I think because they run up against this wall of organizational resistance. But that's going to change, particularly as the new generation of employees comes along. They are much more open and collaborative.

I think social networks inside the company will become simply part of the landscape. But it's probably going to take another 10 or 15 years before that really happens.


*LN: Do you think they're easier or more challenging for organizations? Not to build technically, but to keep growing and ongoing?*

*PG:* The people I've spoken to who have had experience with internal social networks say it's very difficult to get them off the ground. You have to essentially build internal evangelists. You have to get sponsorship from a high level of the organization. Basically the C-level executives need to use the things, or else people just don't bother. All social networks have that same problem.

Getting to critical mass when the network becomes self sustaining is a very difficult task.

*LN: Because of the accountability, having to act on that information, or just getting that behavior shift, or a little bit of both?*

## HIGHLIGHT INTERVIEWS (cont.)



**PG:** Because people don't want to spend the time. There are lots of social networks out there. Why should I spend time on yours? You've got to give me something unique and valuable. This is why so many general-purpose social networks failed, because they ceased to deliver unique value. Yet there are lots of social networks that people never talk about that do very well. One of the reasons is because the ROI is difficult to quantify. Yes, Marketing does have certain key performance indicators that everybody understands and they're able to apply. But the KPIs for internal social networks—I haven't seen any that are really reliable.

*LN: I'd be curious to get your point of view on what the future looks like? How are we going to relate to our customers? How are organizations going to act, behave, be in the future due to social?*

**PG:** Well, I think it's going to be almost impossible to deceive anyone. That's going to be difficult for industries that rely on concealing information to do business.

A perfect example is the automotive industry. For many years the reason people

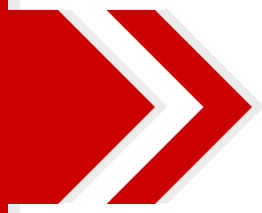
hated buying cars is that they didn't know anything. They'd go into a showroom and deal with the sales rep who had all the information while they, the customer, had none. So they felt they were at the mercy of the sales rep, and the sales reps would withhold information in order to get the highest price out of the customer.

Well, now that dynamic has completely shifted. Customers go in knowing exactly what the dealer cost is. So that has changed the terms of the sale. That's an example of how customers communicating with each other changes the dynamics of an entire industry. I think we're going to see that happen in every industry, where people are going to freely exchange information about the companies and products they do business with.

There is nothing companies can do about that. You can't hope to hold information close to the vest, because people will simply route around it. They'll find the information they want through some other means. You don't want that to happen, so you have to be upfront and honest with people about information.



## HIGHLIGHT INTERVIEWS (cont.)



I also think it's going to force companies to be much more customer-service-oriented, because every customer is a potential detractor. This is what my latest book is about: *Attack of the Customers*. It's about how every company is beholden to every customer now, because one customer can light a fire that becomes a problem. That means you need to double down on delighting your customers, which means you have to rethink your policies, your practices, the way you train your employees.

Many companies have policies that are defensive in nature. They're focused on protecting the company rather than serving the customer. You're going to have to do away with those, because if your customers don't feel that they're being taken care of they're just going to go away. This will make companies more accountable.

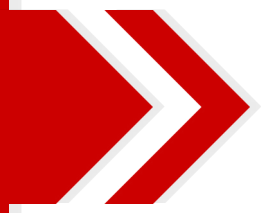
It's going to make them more focused on serving their customers, and it's going to make them more transparent and honest about information. Peter Shankman's new book is called *Nice Companies Finish First*. He makes the argument that there is now no option to be a mean company anymore. He may not be entirely right - Ryanair and

Spirit Airlines are two examples of mean companies that are doing okay - but I think overall he's right on the mark. Amazon is the model for retail. Southwest Airlines is the model for travel. Marriott is the model for travel. I think Ford is the model for auto makers. They're progressive. They're forward thinking. They are engaged with their customers through every possible channel. They're open about what they're doing. They listen and respond.

*LN: That makes me very excited for the future, both as a consumer and from the enterprise perspective, because it changes everything in really positive ways.*

*PG: It does, in really positive ways. We are entering the era of the customer. You think of how dramatic a shift that is. You go back and look at the companies that were most admired 20 years ago. You can look up old Fortune magazine research on this. They were IBM and 3M and Citibank, General Motors, big, very dense companies that shared very little information with their customers.*

# HIGHLIGHT INTERVIEWS (cont.)



Well, look who are the most admired companies today. It's Amazon. It's Southwest. It's Google. It's companies that routinely experiment in public. They make very public mistakes. That's scary for a lot of companies, because our culture is to bake the product and release it only when it's ready.

But that's not how human beings work. We screw around and try stuff and discard what doesn't work. Google operates like a human being. It's testing stuff in public all the time. Yes, it can be pretty frustrating when these companies pull the plug on

products that people are using, because they decided they weren't strategic any more, but Google also gets great customer feedback on its works in progress because customers are using them while they're still in development. It can move forward with its winners because customers have helped every step of the way. I think we're learning new ways to be more experimental and we're learning to set expectations accordingly.

The whole nature of business is changing dramatically right now. It's very exciting.

# HIGHLIGHT INTERVIEWS (cont.)

## Don Bulmer, Shell

Don Bulmer is Vice President of Communication Strategy at Shell. He has over 18 years of multi-national experience leading award winning , communication and business development programs with measurable effect. Don joined Shell in June 2011 with the purpose of bringing the innovation of Silicon Valley to Shell's Global Communication organization. Since his arrival, he has introduced new stimulation for Shell in social media with large scale efforts on Facebook, LinkedIn, Sina Weibo, Twitter (among other social media platforms), the United Nations community and more.


His previous job was VP of Communication at SAP for 10 years where he developed and led SAP's global industry and influencer relations organization. Don is a member of the board of directors at The Churchill Club. He is also a member of the board of directors and a fellow at the Society for New Communications Research (SNCR). He was inducted into the PR News Hall of Fame in 2009.

Don completed an Executive Development Program at The Wharton School with a BA in Communications from the University of the Pacific.

**Don Bulmer:** I am Vice President of Communication Strategy at Shell. My job is more about "how" we communicate, rather "what" we communicate. Part of the challenge that we face is how do you make a company like Shell trusted, relevant and relatable to every single person on the planet? It just so happens that things like social media and mobile provide a really strong and important means to address this, which allows us to speak with one to a billion people, essentially. How do we start to engineer things to be able to support that?

**Leader Networks:** *Certainly a big challenge. As Shell does so much across the planet pertaining to providing and supporting energy solutions, what does social business mean within your organization?*

# HIGHLIGHT INTERVIEWS (cont.)



**DB:** Social business isn't a term that's broadly used or kicked around as a concept, internally – just yet. I view social business more as a mindset and behavior than a technology or community platform. Social isn't a destination to manage. It's a dimension of how we engage and communicate. In this regard it's a reflection of how we behave (online and offline) and how we want people to see and know us. Social is a mindset that requires us to think about our customers and stakeholders differently. Our efforts are largely driven by a fundamental question:

How do we make Shell, trusted, relevant and relatable to every person on the planet. A requisite part of establishing credibility, influence and advocacy, this is a big question and challenge to solve for.

The ability to effectively reach, engage and influence a broad spectrum of audiences at scale (from one to one billion) can be achieved by complementing existing on-the-ground efforts with a coherent social, mobile and digital strategy. To this point, social media is perfect for industries like energy because we've been doing community relations in the pure sense

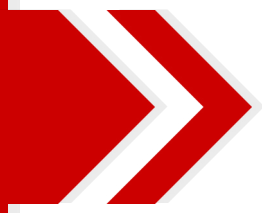
from the origins of our companies. Social provides an environment that allows us to be able to take all those relationships we have in the physical communities where we operate and leverage them in a number of different ways online.

**LN:** *How do you differentiate between using social for relationships versus for marketing?*

**DB:** Energy is a complex topic. The complexity of the energy challenge and the efforts of the industry to solve it are increasingly high on the consciousness of people everyday - playing out on social, economic, environmental and geo-political levels. One just needs to visit cities like Beijing, a developing country like Nigeria or the Middle East to realize this as fact. In order to facilitate progress, active engagement and education of people of all ages, societies and cultures is required.

Social allows us to have a dialogue with people at scale, based on the different issue or entry points that they have relative to the energy challenge. With this, reputation really is the core currency for Shell in social media. It's not about getting people to buy or consume more.

## HIGHLIGHT INTERVIEWS (cont.)



As an example, we have about 70 different micro-communities within our global Facebook environment based upon location, issue, interest and audience specialization (scientists, academics, students, etc) that we engage with every week on topics of specific interest to them.

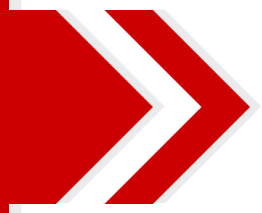
One such location is the North Slope of Alaska where Facebook is a primary channel for people to stay connected on local issues and consume news. Nearly all local citizens there are on Facebook and connected to each other in some form or another. We've had a lot of conversation with them based on things that they care about in the local context. It gives us an important means to adapt to audience based upon their interests and what they really need to understand as part of our operations.

When we started our efforts with Facebook in 2011, many of the case studies for company use where from the traditional B2C companies like Ben & Jerry's, Starbucks, Nike, etc. If you like ice cream you're more inclined to "like" Ben and Jerry's on Facebook. If you like coffee you're more inclined to like Starbucks. If you like sports you're more inclined to like

Nike. Using that association most people don't like going to the gas station. When we started our efforts we were surprised that almost two-thirds of the people who engaged with us in a dialogue were not people who were incentivized based upon a retail conversation. They were interested on energy as a topic. That was really eye opening and important to us, because it gave us a different viewpoint on the use of social media as part of what's core to us, the company, around what we call license to operate.

Through social, we can engage people to understand what we do, why we do it, understand and address concerns, and help people feel comfortable in our approach, by understanding what we stand for as a company. People want to do business with companies that are socially and environmentally responsible and add value to them. We use social as a means to be able to help have that type of conversation, which builds a bit more trust, gives us that license to operate, to do business in the communities where people physically live. It's not about marketing a product or a solution - it is about true community

## HIGHLIGHT INTERVIEWS (cont.)



engagement. I think what it's done for us is it's forced us to have a different conversation about how we view and relate to the customer and stakeholder.

Part of what we're trying to do from a marketing standpoint is strengthen brand awareness and brand relevance which we hope will lead to greater brand preference with our customers and stakeholders. Brand preference can be associated with how people make choices and decisions about our products at the pump, Shell as an employer or Shell's operations in their communities.

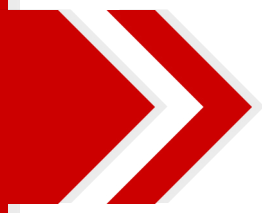
*LN: In this study, one of the big findings is that socially enabled organizations that are using social business to take some of the insights and information from their customers, from the social sphere, and use it operationally. How does Shell use customer insights to impact core operations? How do those insights lead to action?*

**DB:** This is a big focus for us across our owned and general social channels. Beyond social, our work with mobile is important as mobile provides important and missing context needed to address insight gaps to support our local programs.

We are currently limited in the depth of audience insight we get directly from social media, although great solutions and providers are emerging to address this. I often face the question from our business executives, "Okay, so we have 4.5 million fans on Facebook, so what? This is a good question that we are constantly working to address. The level of data that we get from platforms like Facebook, Twitter and LinkedIn provide us with top-level insights at an aggregated level that help us to understand the affinity interests of our followers, demographic breakdown by country, post performance, etc. We know how much time people spend consuming our content and what they prefer.

What we don't get is probably the most important information, which is time and location of engagement, deep analysis of behavior, psychographic profiles and sentiment and preference data. Facebook, Google, and the big platforms, obviously collect this information but will never give it away or disclose it freely to brands because it's too core to their advertising business models.

## HIGHLIGHT INTERVIEWS (cont.)



This is why we're starting to target and explore mobile solutions with social integration that allow us to capture missing information, such as context of time and location, and true profile as part of our overall reputation and advocacy efforts. When we look at social engagement data in context of true time, location and preference we're able to really operationalize it into things like offers for retail, as an example.

*LN: Do you have any advice for other organizations as they begin their journey to become a social enterprise?*

**DB:** Ownership is a bad word. I think the moment you say you own something is when you start to draw a line and then you create a divide that creates politics. I go into things really from an enablement standpoint. I think the mindset of ownership is one that some people have to get over. It is important that people don't get too caught up in social media from a technology process and governance perspective. At the end of the day social business success is about culture and mindset and setting the right expectations for people. Social is a reflection of how we operate. It's as much about reputation as it is about anything else.

People tend to get way too caught up in technology. That was part of the transition I had to make within Shell, helping the company to modernize its approach in communications. We historically had ways to communicate in using big, thick reports, billboards, television ads, static websites, etc. Where we would send the messages, sort of punt them over to the various consumers and hope they stuck.

With social media and mobile it's less about communicating what we think people want to know. How do we use social as a means to really understand what people care about and how do we be more effective in relating to them for the purposes of enabling progress? That's an insight that we can get from social that didn't previously exist.

Also, using social as a business conversation that helps us to use knowledge and expertise to be much more effective day-to-day. In that regard you're taking a lot of the politics out of the equation because you're using it to add and bring back and add value.

# HIGHLIGHT INTERVIEWS (cont.)

## Natanya Anderson, Whole Foods Market

Natanya Anderson is the Director of Social Media and Digital Marketing at Whole Foods Market. She has been working with social and new media for over a decade with a focus on both strategy and execution, helping organizations change the way they engage with their constituents. At Whole Foods she is concentrating on how an extensive local digital footprint merges with a strong brand presence to create a unique customer experience that differentiates a brand, drives loyalty, and supports the retail experience. Additionally Ms. Anderson is leading a team that enables more than 1500 team members working on more than 800 social channels to be empowered local stewards of that shared customer experience.

*Leader Networks: Natanya, thank you so much for making the time available for this discussion. I was wondering if we might be able to start off with having you share a little bit about yourself and role within the organization.*

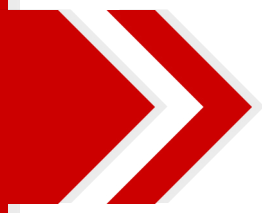
**Natanya Anderson:** I've been with Whole Foods Market for two years. I am responsible for digital marketing, which includes social media operations and strategy as well as email operations and strategy with the additional responsibility for the overall digital strategy for our major marketing campaigns. I report into the marketing organizations here at Whole Foods Market, which is part of the global communications organization.

My team is responsible for all of our brand social media channels, our brand email program as well as responsibility to support all of our constituents out in the local markets (360+ stores) using social and email for local store marketing.

*LN: As we think about the social enterprise itself, what does becoming and being a social organization mean to you and from your perspective, is there a difference between social media marketing and social business?*



## HIGHLIGHT INTERVIEWS (cont.)



**NA:** I think that being a social organization means utilizing social technologies - and not just technologies - but social attitudes and the preferences of everyone involved in the enterprise to help run the business. It's about social media, marketing, internal collaboration, and ways that we help our suppliers connect to our customers. It's much more to me than social media marketing, even though that's the place where it typically begins.

It's a question of how do we take advantage of all the things that make social media so popular in the day-to-day user world, why people like to share ideas, why they like to share pictures, why they like to share what they're passionate about. How do we harness what works so well in those channels and bring it into the organization and harness it for some more kinds of connection and collaboration?


**LN:** *How social is your enterprise and how do you know and what evidence might be found to suggest that it's happening?*

**NA:** I think that our enterprise is, from a social perspective, still beginning to understand how we can take advantage

of the propensity of our team members to be social and the ways in which we can leverage social behavior in collaboration. We're at a starting point. I think there have been some fits and starts around collaboration tools, encouraging people to get together in chat rooms and other places like that. We're trying to understand what it means to us potentially also because we're a retail organization. I think creating social business in retail has its own particular channels. We have hourly employees who need to be on the store floor. That's what they do. How do you have technology that drives social to become a part of what's happening on the store floor and enhance it without actually interrupting it or causing those folks to not be able to engage with customers and do the work that makes us such a successful retailer?

I think understanding the role of social business in retail in particular is a little bit tricky to navigate. One of the things that we're doing today to test those waters is using Instagram to share retail merchandising across all of the stores and using hashtags to be able to share.

## HIGHLIGHT INTERVIEWS (cont.)



For example, last Christmas we had team members send almost 1,000 pictures of their holiday merchandising with the hashtag #WFMXmas.

Today, we're in the process of one of the three special sales over the next eight days and so we have a hashtag to allow all of our stores to share and see what the best practices the others have. Traditionally, what happens is those round-ups aren't done until long after a sale or an event has happened. You can look at it and say, "Okay, next Christmas here are some learnings. Next time we have avocados that are on sale here are some learnings."

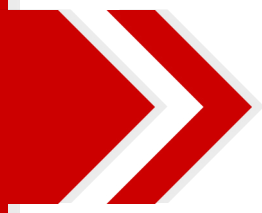
By using Instagram and having the photos shared in real time there's an opportunity for merchandisers to go out onto the store floor and potentially make a change in merchandising if they see something that they really like. Instead of having the sharing of information only be applicable the next time, by using social channels like Instagram we can actually have those have an effect across the country right now. A great idea that someone has in Boston can actually be shared with someone in Austin right now and they can go out and make

a change on the store floor. I think that's a really good example of how we're starting to understand what social technologies mean for a business and how we can integrate them.

*LN: How challenging will or would it be to become a socially enabled enterprise and what types of investments do you think might be required? Would it be helpful if I shared a definition of a socially enabled enterprise? This comes from the survey itself. This would be an organization that has a set of collaborative processes that have the potential to yield improved business processes that are customer driven such as faster time to market with new products and services, more successful research and development outcomes and refined market messages that are explicitly influenced by customer needs.*

*NA: I think the challenges are three fold if that's the definition that you're using. The first and foremost is cultural. I believe in today's business world – and we see this a lot in marketing, but I think it's the manifestation of an attitude - there's been a belief for a long time that the business*

## HIGHLIGHT INTERVIEWS (cont.)



knows best. The goal is for the business to take in a lot of research and then produce something and say to the customer, "Here's what you need."

In the definition that you just offered, the socially enabled business has the customer at the center of everything that happens in a way that even the most customer centric businesses are not doing these days. There are a handful of people out there who are really truly, 100%, customer centric. They are making a cultural shift to really say that this is first and foremost about the customer. When this is true, it has material impact on how we do business. If we're willing to make it about the customer and utilize all of the social channels and all of the understanding we have about our customers through social to drive our business forward, is the company culture ready for that?

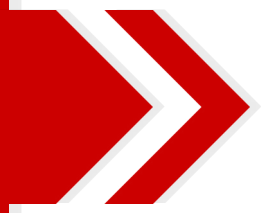
That's the first piece is being willing to let the customer in, in a way that's not just about tapping what they say and picking what you choose, what you want, and leaving the rest, but really thinking about what is it that the customer is interested in and being willing to build that or offer that or provide it even if you think that it's

not the direction that you would take the business.

I think that there's an impasse on scale because when you invite the customer into the conversation, whether it's by observing their behaviors, listening to their conversations, actively asking them to be part of their brand, that's an extra step. Inviting them into the product development process, for example, doing more than just a customer panel, but actually having them be deeply involved.

Listening on a regular basis requires two things. It requires the proper technology and hence, the budget to look into all of that. I think we all know that those technologies are all available and big data is real, but then the other lesson that we're learning is that having access to data is one thing. Having the human beings and their time to truly analyze the information and make it actionable inside the organization and then vanity check the decisions with the customer and constantly working that process is a human resource question.

## HIGHLIGHT INTERVIEWS (cont.)



We all have more data than we have time to do with even when that data is actionable. I think companies underestimate the amount of time it takes to identify actionable data and act on it. There's definitely a labor piece and then there's a question of how do you do that in a way that steps forward so you're not waiting for a year? One of the things that I think technology in general in social, in specific, has brought to us is this idea of very rapid response.

How do you let your customers know that you're taking in their input, that they're the center of the work that you're doing, and then show them that you're responding to that quickly with products and services and offerings and responses? That will often change product life cycles, process life cycles. If you're going to do it, it really touches every element of the business, if you were going to scale it to the entire enterprise.

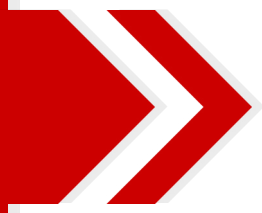
*LN: Are there companies, in your mind, that are successful using social throughout their organizations and if so, would you have any insights in terms of what they might be doing right?*

*NA: I think the example that a lot of us cite is Zappos. This is going back to that definition that you gave of what a real social enterprise is. I think that their culture is entirely revolved around what's important to the customer and they are inherently social even on what you would consider a non-social channel like the telephone. They have their ears open and they're listening all the time to the customer and really making changes to their business and doing what they need to, to make their customers happy.*

As a result, you see that there is exceptional brand loyalty from the Zappos and it's also a product of process. I can go online today and I can order six pairs of shoes and they'll be at my house tomorrow afternoon or Monday at the latest and that's in direct response to people wanting the online shopping experience to be almost as gratifying as the in-store shopping experience.

I've also heard about the good work the folks at REI are doing. They have, from what I understand, worked to develop an internal team member resource and community. This is particularly relevant because they

## HIGHLIGHT INTERVIEWS (cont.)



are a retailer. They've found ways to integrate team member collaboration and communication in a way that fits with their retail store floor. They've adjusted their store floor and retailing policies to make that a priority.

They've built the right kinds of internal tools that it flows pretty seamlessly through their retail experience. I think this is a place, particularly with social business, that if a retailer can do it anybody can do it. I feel like REI is another great example of someone who's figured out how to do more internal social and collaboration with the right tools and the right adjustment in culture and in job work and process.

*LN: How has the growth of externally facing enterprise social platform usage changed the way your organization interacts with customers?*


*NA: We interact with more customers everyday than ever before. Previously our main interactions were with customers in the store. The only opportunity that we had to interact with our customers is when they walked in our door. That was limited to the once every week or so that they shopped*

with us. There wasn't an opportunity to inspire them between store visits, have a relationship with them between store visits to keep up the brand conversation.

For us, social provides a way for us to have touch points with our customers between store visits to bridge the gap between grocery trips. It's really enabled us to move from being a transactional – from having a relationship that's based on transaction to a relationship based in a shared set of values and lifestyle. That was always the case with Whole Foods. There are certain people who shop with us specifically because we're very much aligned. They're very much aligned with the way that we think about our business and our partners and the products that we offer.

Social has really allowed us to see the fulfillment of that relationship with our customers and transcends the idea of it's just a trip to the grocery store to being a partner in their life and helping them achieve their personal goals. We couldn't do that without social platforms because we didn't have a way to connect with people between store visits. It's really transformed the relationship that we have with our customers.

## HIGHLIGHT INTERVIEWS (cont.)



*LN: Currently, the majority of social initiatives seem to be marketing focused. Do you think this will likely change over time and if so, how so?*

**NA:** I think that it will change over time. I would actually argue that the majority of social initiatives aren't marketing focused. I think we're seeing as many focused on customer service as we're seeing on marketing. I think that that's the next place that we will see it bloom. My team answers hundreds of customer service queries on daily basis even if it's something like someone thanking us for an experience that they had in their store or wanting to know about a product or a recipe recommendation.

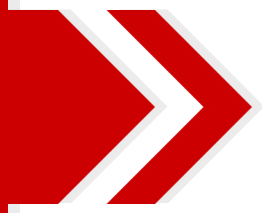
I believe that we're going to see the number of customer service inquiries and interactions grow because social makes it so easy. If you are standing in a Whole Foods Market and you just had the best bite of food that you've ever had and you wanted to share that with someone you can just tweet it out.

You don't have to take the time to go home and send an email or give a phone call and chances are you probably wouldn't, or if you had a great experience with one of our team members.

Conversely, if you're standing in the parking lot and your bag broke and milk spilled everywhere you may or may not take the time to go back into the store or even call the store and tell us that you had an issue, but you might tweet about it. All of a sudden customer service issues and opportunities that have always existed now have a voice in the digital space and it gives the opportunity for the brand to respond, to thank customers for kind words, to help solve for problems of every kind.

What's really fantastic about social is that it lets us broaden the ways in which we can interact with our customers and that they can interact with us. I think we're going to actually see the number of customer service calls increase and more and more of them will come through social. For brands that are on top of it and who are willing to make the investment in the infrastructure and the team members to turn each of those opportunities/engagements into a real

## HIGHLIGHT INTERVIEWS (cont.)



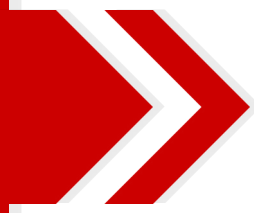
conversation, I think it's going to pay off spades. I think that customer service is the first place that we're going to see returns. Then, the next thing that I believe we're going to see is in the procurement process. As businesses look for ways to connect more smoothly with our procurement partners, we need to have opportunities for those partners to share best practices for even things like helping procurement partners with processes inside the organization. How can you create communities of help that allow people to get questions answered about billing and about engaging with the organization instead of having to wade through oodles of email?

All of a sudden, the same ways that help desk communities have thrived in places like Dell, we can begin to see them, I think, amongst procurement partners as a next step. Then of course, comes all of the team members – opportunities for team members to engage and collaborate particularly in an organization like ours where the team members are greatly distributed. I feel like this could apply to any global organization that has teams around the world.

How can digital help bridge the divide of distance and bring those people closer together in true collaboration that goes beyond email? I do believe, if done right, it's going to change the face of our business. I don't think it's going to be a solution that is sold out of a box, though. I think if we take a step back in the next 5 to 10 years and we understand what a social business means, it's not one system, it's not platform, and it's not one way of doing things. It's a collection of: "This is how our customer service has changed. This is how our marketing has changed. This is how our team member communications have changed. This is how our relationship with our procurement partners has changed." Social business will be a combination and a culmination of lots of different initiatives around the organization instead of one, big social business initiative that one group is trying to drive forward.

*LN: The next question actually was intended to go a little bit deeper on exactly what we were just talking about. One trend that's surfaced in the survey responses suggests that the future of the social enterprise will be focused on using insights gathered*

## HIGHLIGHT INTERVIEWS (cont.)



*through the social channel and interactions to directly impact core operations or key business processes. Do you see this as being true and what kind of an impact do you think this will make on the organization like yours in the future?*

**NA:** I do think it's true. I think there are a couple different paths. For businesses that are willing to listen and be informed there's an opportunity in product development and service development to really mine conversation around their industry and understand what people's pain points are and use that as a point of input. When you're watching the conversation go by it's much different than when you ask someone a question directly.

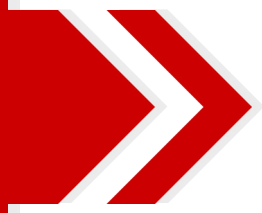
Surveys and customer panels and input are always still really valuable, but at the same time, by creating the input yourself and letting someone know that they're having the chance to input into your brand, that's a context. That's neither good nor bad. It's just is, but people are like, "Oh, I'm giving feedback to a brand, so I'm going to refer to it in this way." With benefit of social is that you can listen broadly to a conversation and see what trends emerge.

There might be trends that emerge that you never thought to ask questions about. I think that for brands that are savvy and willing to make the commitment to listening deeply and doing that analytics work they could identify a product service opportunities that would allow them to differentiate and stay ahead of the market. I think we see that as an opportunity around our business for food trends and other product perspectives, also for us to potentially identify new vendors and other people that we might want to work with because our customers are celebrating them. I believe that the big challenge for all of us will be bringing the right resources to the table to make the most of the information that we're hearing from social.

Also, in an organization helping people be committed to taking this information at face value and say, "How could we use this?" If everybody's really excited about this craft brewer let's go get them and it has to be okay that it came from social because for a lot of people it's a non-traditional channel for them to get information. Obviously, we're already seeing this impact on customer service.



## HIGHLIGHT INTERVIEWS (cont.)



The biggest impact to us has been that in social and digital today people are seeking authentic conversation. They don't want a canned response. They want a human being to respond to them and they want the conversation to be person to person. To do that you have to have people engaged. You have to have people who understand your brand and can speak to your customers in the same way that your store is supposed to speak to your customers.

That has staffing implications. You have to really carefully weigh what's the balance of bringing team members to the table that can have quality conversations with customers? How many of those can you have per hour? During what hours of the day? With what frequency? As our customer service and our call centers grow and grow and grow, how are we sure that that's still

benefitting the business? What is the ROI of all this? I think the difficulty around this is sometimes technology purchases are much easier than hiring. This is a place where for social to be done really well technology's important, but ultimately it's about the people and I think that putting in more customer service, more people to support customer-centered product development is going to be hard for many organizations just because of how they view purchasing technology versus making a commitment to resources and how long it takes for those resources to pay off.

I think that's going to be one of the biggest challenges, to really harness social. At some point it stops being about the tech and it starts being about the people. I don't think a lot of businesses are prepared to work that into their staffing models moving forward.

# HIGHLIGHT INTERVIEWS (cont.)

## Additional Biographies

Jon C. Bidwell  
Chief Innovation Officer  
Chubb & Son

Jon Bidwell is the Chief Innovation Officer for Chubb & Son. Named to this position in 2008, he is responsible for managing Chubb's global innovation platform, its internal venture fund for new ideas, and internal/external social media/collaboration tools.

Jon joined Chubb's Chicago office in 1983 as an underwriting trainee in the Department of Financial Institutions (DFI).

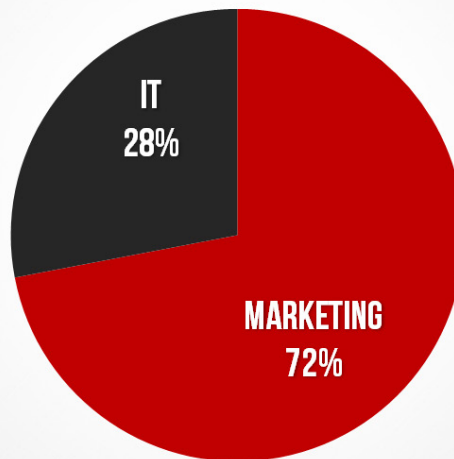
He has held management positions for DFI's operations in Detroit, Philadelphia and New York. In 1996 Jon was promoted to Chief Underwriting Officer for Chubb's New York Brokerage Zone. In 1998 he was appointed manager for Strategic Development and New Product Development based in Chubb's Warren, New Jersey, headquarters. From 2001 to 2008 Jon oversaw Chubb's Strategic Marketing Group.

Jon graduated from Northwestern University in 1983 with a Bachelors Degree in History.

# FIRMOGRAPHICS

## Professional Role

Which of the following best describes your Professional Role in your organization?



n=925

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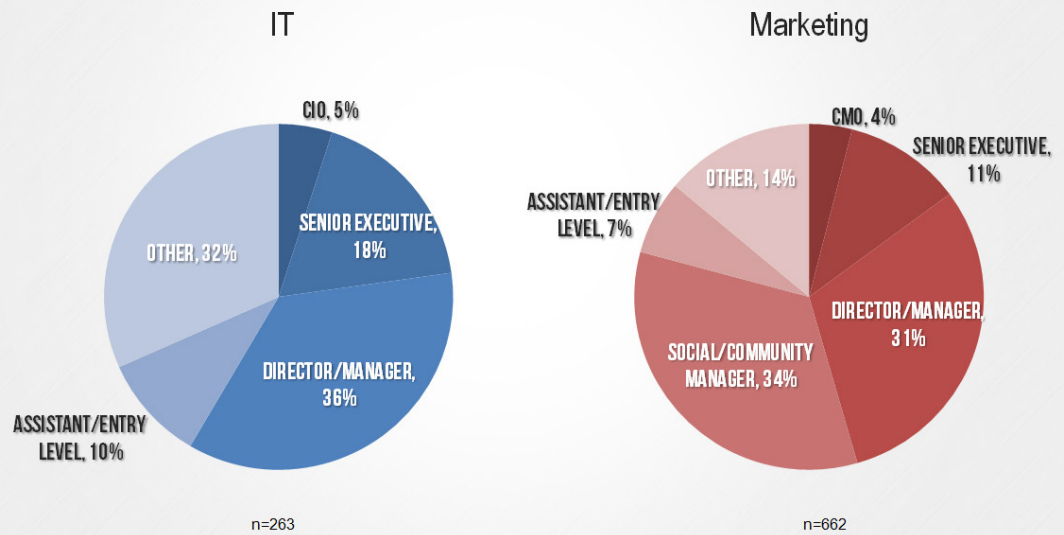
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# FIRMOGRAPHICS (cont.)

## Professional Role

Question: Which of the following best describes your Professional Role in the Marketing/IT area of your organization?



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# FIRMOGRAPHICS (cont.)

## Primary Type of Business

Question: Please indicate your organization's primary type of business.

Business Type	Proportion	Business Type	Proportion
Business Services	10%	Government	4%
Education	9%	Hospitality	3%
Financial Services	9%	Printing/Publishing	3%
Manufacturing/Production	7%	Telecommunications	3%
Distribution	6%	Technical Services	2%
Healthcare	6%	Entertainment	2%
Computer Products	6%	Social Media	2%
Technology	5%	Market Research	1%
Nonprofit	5%	Utilities	1%
Consumer Products	4%	Other	12%

n=925

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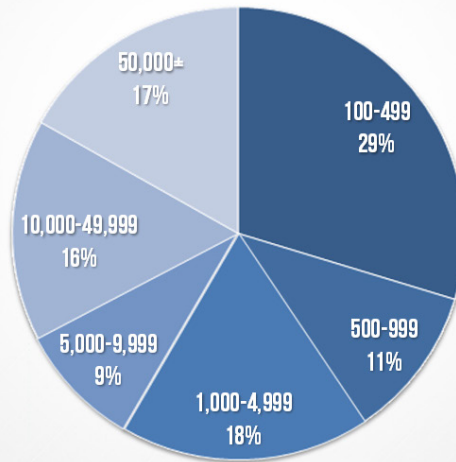


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# FIRMOGRAPHICS (cont.)

## Number of Employees

Approximately how many full time employees does your organization have worldwide, including all divisions and locations?



n=925

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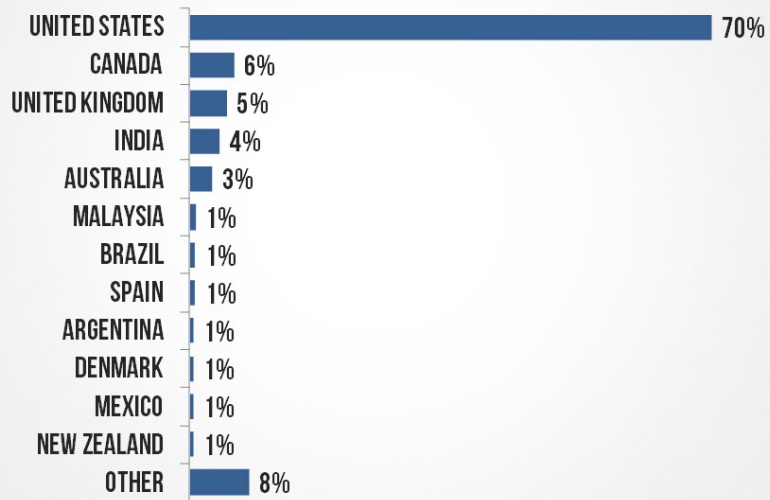
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# FIRMOGRAPHICS (cont.)

## Country

In what country do you work?



n=916



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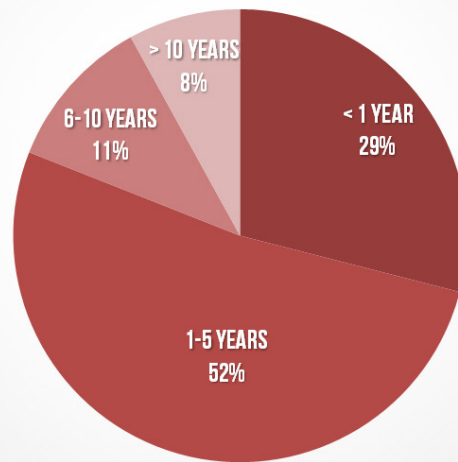
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# FIRMOGRAPHICS (cont.)

## Time in Current Role

How long have you been in your current role?



n=925

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