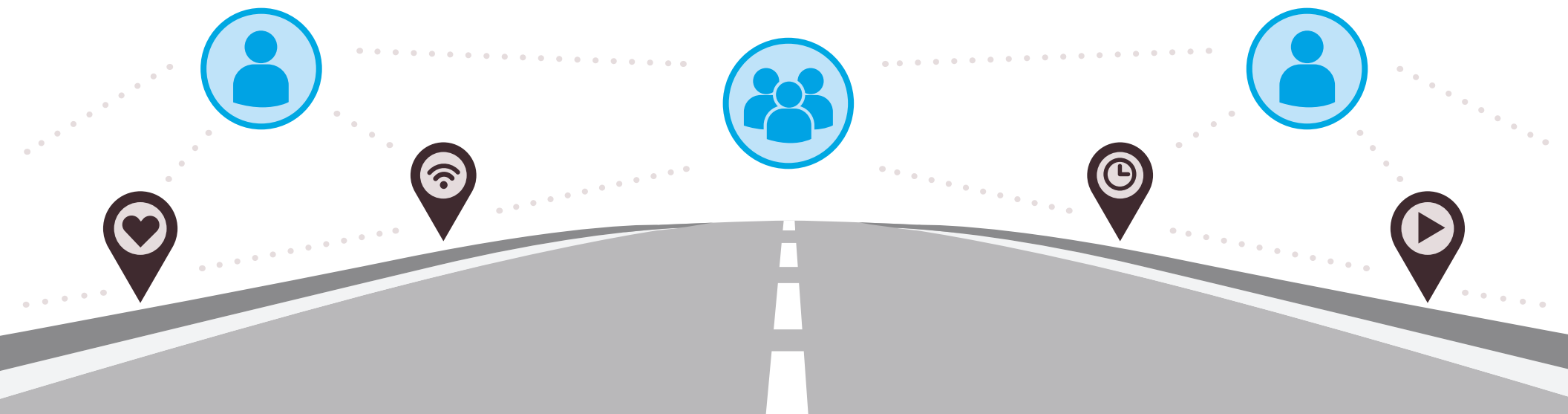# Your Roadmap
to **Build** the **Business Case**
for a **Branded**
Online Community

CONTENTS

Preface
– from Vanessa DiMauro

Online communities have moved to the top of the strategic marketing and customer care agenda at many organizations. A study conducted by Demand Metric "Online Communities: Driving Customer Engagement & Influencing Revenue" (September 2014) revealed that building an online community is a top priority. Two-thirds of companies surveyed have online communities and among those that don't there is a trend to consider building one in the future. Additionally, among those who have online communities, the reported benefits include a better understanding of customer/prospect needs, a more loyal customer base, better customer perception of the brand, and improved customer support quality. All of these strategic initiatives are powered by digital engagement using online communities. But despite the strategic focus, turning these "top priority" initiatives into functional and successful business activities is unfamiliar territory for many organizations.

One major stumbling block? Turning the sometimes fuzzy and hard-to-grasp-and-explain benefits of an online community into a business case; a proposal which clearly demonstrates the value of the community to the organization's bottom line.

Marketing and customer care leaders are often the first to recognize the need for an online community, and may take the lead on creating one. But if the project begins by acquiring a software platform prior to developing a business case, the success of the online community is already in jeopardy. The time, effort and cost required to retrofit or replace a software platform which did not fulfill the organization's real business needs -- or deliver the necessary bottom-line results -- has killed many an online community initiative. Building a business case for your online community is essential to its long-term success. This short but detailed report covers the crucial steps to building a persuasive business case -- the roadmap for building a successful online community.

This report draws on Leader Network's many years of online community strategy, best practice and implementation experience, and in-depth interviews with eight successful online community leaders with real-world examples to back up their suggestions and advice. Each interviewee has used an effective business case development process to take their online community from idea to implementation, launch and proven success. Special thanks to the following report contributors:
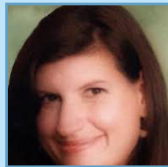
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Just What Is a Business Case?

For the purpose of this report, we define a business case as the official proposal process -- usually resulting in a document of some type -- for securing an internal commitment from a business entity to create a branded online community. Some organizations may have a well-defined set of procedures for submitting a proposal; others may be more ad-hoc.

Keep in mind that social business initiatives such as an online community long ago moved past the "I found this cool software, let's set up a community!" stage of online social experimentation. Online communities are proven, powerful tools for engaging, supporting and collaborating with a wide range of business stakeholders, from prospects and customers to employees, suppliers, partners and outside groups. Making the case for adding this capability to your firm's business operations depends on assessing the organization's needs, the needs of prospective members and answering the questions and concerns raised by senior leaders and decision-makers. The business case process presents the results of these assessments and answers the questions using established business concepts and language, delivering a clear path for the successful launch and subsequent growth of your online community.

Six Steps to Building a Business Case

1. Assemble executive sponsors and cross-functional champions

2. Identify business needs

3. Identify audience needs and core members

4. Map business and audience needs to community features

5. Define and measure success

6. Prepare a budget
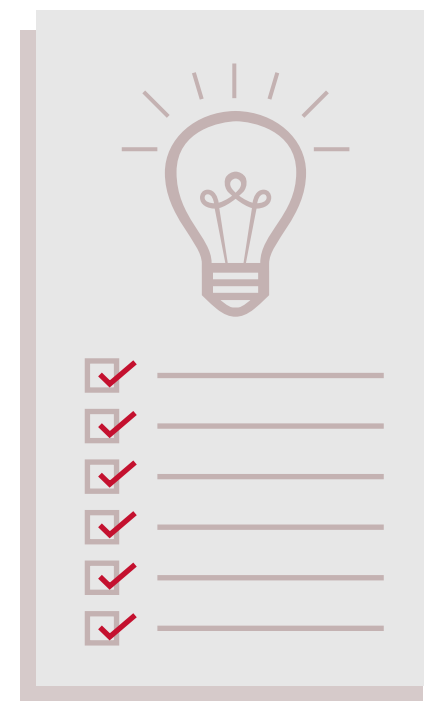
Assemble Executive Sponsors and Cross-Functional Champions

If you thought this roadmap would start with a discussion of features – think again. Building an online community is a complex and very human, as well as technical, undertaking. For organizations which are unfamiliar with social business in general and online communities in particular, be prepared to convince everyone at the top levels of your organization of the value an online community can deliver. This is a business imperative – executive involvement has much to do with how well communities influence revenue. The study "Online Communities: Driving Customer Engagement & Influencing Revenue" (Demand Metric, September 2014) found that over two-thirds of organizations with highly involved executives are seeing their communities influence 16% or more of the organizations' total revenue.

This means the first requirement of building a business case for an online community is identifying and recruiting the right executive sponsors. Your challenge is to assemble a team of community champions within the organization to build momentum and a broad base of support. The importance of this cannot be overstated. Online communities can transform – and disrupt – an organization. Inviting collaboration among groups and constituencies which may have had little or no interaction with

each other before can fundamentally transform how business is conducted throughout the firm. To avoid turf battles, recruit community champions across the lines of business, and identify an executive sponsor or sponsors willing and able to garner C-suite support and funding for the community initiative.

Depending on your role within the company and the nominal business activities and needs driving the community initiative, you may need to discuss or "socialize" the community with a number of supervisors and executives to find the right champions. Executive sponsors can be found throughout the organization. Marketing, customer care, even the office of strategy or communications might sponsor customer or partner communities. Human resources is a likely home for internal communities. Product development or R&D could sponsor an innovation-oriented community.

Your company's culture will determine whether you can present the case for a community at the kernel or idea stage for further business case development, or if it's more prudent to gather as much business case information as possible prior to beginning conversations with supporters and prospective sponsors.

> *"Community success starts at the top. We had a new CMO who was a progressive thinker. … Community started out as a marketing strategy session but needed to be sold upward to the CEO. Community needed to be brought into the culture! This was not easy because we needed sales, executive team, product development (ideation) and customer support to get involved but they were scared of what people would say."*
>
> -- Steve Roth, School Dude

Educating the executives is crucial. Organizations where leadership have never been involved in online community initiatives may require a significant education effort to help them understand the customer and business impact a community can deliver. Consider how best to present the online community concept in light of the business needs and benefits, and also how risks will be addressed.

An essential question to ask executives (and yourself) is: what happens if the organization doesn't proceed with building an online community? What will be the impact? Will your firm's call center costs continue to escalate? Will you lose ground on customer intimacy? Miss critical trend-spotting and R&D opportunities? All this while your competitors are increasing their investments? It is as important to consider and document what might happen if you **don't** invest in a community as it is to codify the benefits if you do.

Pilot projects offer a safe learning environment to help the organization get comfortable and build competencies around community. Many veteran community leaders advocate a crawl-walk-run approach: start small, build capacity, then scale up.

Another way to engage executive sponsors is to show examples of online communities operated by competitors or by firms in other industries.

You can find examples by using the [Leader Networks Big List](), the Forrester Groundswell Awards and other sources which offer details on various online communities.

Once you have a primary executive sponsor on board, begin outreach and internal awareness efforts, starting with the group of internal stakeholders who will benefit most from the community initiative. Listen and learn what problems they grapple with to identify issues a community could help solve. Examples might include call center contact reduction, new ideas for product or service offerings, or in-person event support. This is also the time to include leaders from line of business as well as marketing, sales, product development, customer care, legal and even the chief privacy officer.

Different community initiatives will have different stakeholders, so craft your language and approach to encompass their agenda. Find out what keeps them up at night regarding their line of business. Brainstorm about how community could help mitigate risks or uncover opportunities. This approach helps them see the potential and how a community relates to their business objectives. The goal is to develop a cohort of different stakeholders within the organization, all working together to participate in the community's success and reap their own business-specific benefits.

> *"Getting buy-in from leadership was particularly important for the CISCO EMEAR sales communities as they are created to support internal teams collaboration. Each pilot group had a unique set of needs and use cases."*
>
> -- Claire Bovill, Cisco

Identify Business Needs

Business needs drive change in every organization. Business needs -- problems and opportunities -- are the reason to invest in building an online community. Most of the time a business need will deliver cost savings and/or increase revenues -- directly or indirectly. One researcher has shown that an online community can generate a significant increase (at least 18%) in post-launch expenditures from customers who joined the firm's online community. (Puneet Manchanda et. al. Social Dollars: The Economic Impact of Customer Participation in a Firm-sponsored Online Customer Community, 2013)

In practice, business needs are often straightforward -- a problem or issue that has to be resolved in a cost-effective manner. Many large-scale online community success stories begin by solving a single business problem and then evolve into more wide-ranging solutions which deliver outcomes not possible prior to establishing the community. Your business case should present a clear statement of the problems and opportunities an online community might address and how the community will do so. Harder to quantify, but also important to the business case, are the secondary benefits that often accrue to online community initiatives, such as increased customer satisfaction and brand awareness.

To help guide your thinking, here are some examples of how online communities can be used to address common business needs:

☑ Customer service & support

Many online community initiatives are driven by cost savings from reducing call-center traffic or in-person contacts. Add to this online product updates and customer community support activities pioneered by computer software and hardware firms and you have a robust set of business needs facilitated by an online community.

☑ Increased self-service

Beyond call-center contact reduction, communities serve company stakeholders whenever and however they need guidance and information. Customers and employees turn to communities to solve "middle of the night" problems and issues that surface while on the road.

"At one point product management had 30 different user groups. They were spending about 60 hours a quarter updating and collaborating with these groups in their specific geographic areas. The extension of that to online communities was seen as a natural for us, because it allowed us to communicate with customers outside of the specific geographic areas and really leverage the greater mindshare of our customer base."

-- J.J. Lovett, CA Technologies

☑ Achieving scale and greater efficiency

Fast-growing organizations frequently encounter issues with scale and efficiency -- too much to do, share and communicate with too few heads and hands available. Online communities can be used to scale collaboration and information sharing based on well-governed and standards-based approaches. Examples include company FAQs, thought leader / expert points of view and training and educational materials. Community-based solutions help widely-distributed organizations manage time and distance efficiently, giving all constituencies' access to the same information and responses in a single destination.

Other scale and efficiency solutions include reducing reliance on email and push marketing tactics, thereby creating alternate outreach channels. For example, some organizations interviewed reported that sharing product or service roadmaps with select groups of customers to gather early feedback was instrumental in their ability to scale faster and with greater focus on the areas that mattered most to customers.

☑ Greater customer intimacy leading to increased customer satisfaction

Communities enable organizations to interact with customers on an ongoing 24x7 basis, rather than just around specific transactions. Over time, these interactions build trust and engagement, helping customers feel special, and provide the firm with a close view into customers' ever-changing needs. For internal communities (enterprise social networks), employee engagement and satisfaction is often enhanced when there is a well-run internal online community in place.
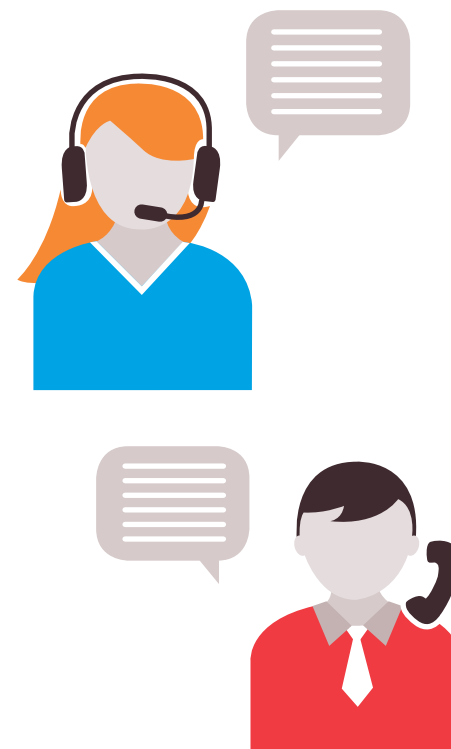
Increased access to customer ideas to accelerate speed to market and new product adoption

Staying on top of market trends, identifying new product and service enhancements, surfacing patentable ideas and fueling future innovations are all important to organizational growth. However, fueling innovation in the face of never-ending demands on current resources is an ongoing challenge. Many consulting, legal and financial services firms have built a community business case around leveraging customer and partner idea exchange communities. Reviewing community contributions for insights and ideas provides raw material for innovation, collaboration and ideation with and on behalf of the members.

Sales support and outreach

Extending the customer support role of an online community into prospect qualification and presale support creates an additional interactive sales channel alongside more-traditional marketing and sales practices. This may accomplish both cost savings and additional revenue when the product or service offering may require extensive customization or ongoing collaboration.

These suggestions and examples are just some of the business needs addressed by online community initiatives. Each organization has a unique set of concerns: growth, internal efficiency, process improvement, supply chain, product/service delivery, recruitment, training and education, customer support, marketing and sales, regulatory oversight, partner collaboration, branding ... the list goes on. Any of these concerns, coupled with your firm's specific business needs, might be a problem to be solved or an opportunity to be seized through creation of an online community. The business case is the framework for describing both the challenge and opportunity to add value through building an online community.

"We started by identify a few pilot sales communities. The focus was around how to empower people to share important information – what we call "side current conversations" - to build their knowledge and do their job more effectively."

-- Claire Bovill, Cisco

Identify Audience Needs and Core Members

Defining the business needs for your community is, of course, only half the equation. The other half is defining – and understanding – your community's audience and their needs. Who, among all your organization's various constituencies, will participate in and be served by the community? What problems or issues will the community solve for them? What new opportunities will it provide? Many of the actual features and functions of your community implementation will be guided by needs of community members. Who your community serves will define what and how it will deliver the desired outcomes.

Combining business and audience needs

The process of identifying business needs usually includes some definition -- implied or expressed -- of the prospective audience for the community. For example, a business need to shift call center traffic to a self-service community implies there are existing business constituencies (customers, suppliers, employees) who might prefer to use a self-service solution. Mapping and combining the business needs with the needs of intended audience members is a crucial step in building the business case. It does no good to identify a business need which is irrelevant to community

members or an issue in which they have no interest.

Here are some examples of how to think about combining business needs and audience needs:

What business needs from community	What members need from community
An up-to-date database of customers and prospects	How to find other customers and connect with them
Increased sales leads	Information about new products and services
Thought leadership amplification	Learning and sharing best practices from experts
Research data on customer capabilities	Peer benchmarking (how do I compare to others)
New (patentable) ideas	Sharing feedback and ideas with product development
A birds-eye-view on customer experiences	Peer-peer discussions
Self-service customer support	24x7 access to product support information, resources and help from peers
Fast customer satisfaction feedback	Product and service ratings for purchase decisions
Reduce call center traffic	Get better support help more quickly

"Our first priority in building the business case was to serve our contributors by giving them the content and engagement platform that they needed. Once we established that, we then turned to identifying ways to yield business returns for our partners. We developed win-win financial scenarios that helped us bring information on key social business topics to our members."

-- Robin Carey, Social Media Today

Note that we haven't said how the needs will be fulfilled by the community, only that each of these examples offers two views of a particular activity or issue. It's worth doing some deep thinking about all the ways your organization's needs and your constituent's needs overlap. Prioritizing the importance of these overlapping needs can quickly identify the best starting points for your initial community launch, and suggest where to expand over time.

Identifying the core community members

Identifying the right or best members for a branded online community launch can be a challenge. The idea that 'We'll serve everybody!' is a near-perfect guarantee of online community failure.

Start with a sharp focus on the specific audiences or users who will be most closely aligned with the business needs and issues driving the community initiative. Consider the following: Among the audience you are targeting, how would you describe individuals who would make the best members? Can they be identified by customer segments, geographies, titles or specific activities within your organization's lines of business?

Using the call center traffic reduction example above, can you define the categories of

customers who are the most active call center users? The customers whose calls take the longest time to resolve? If the business case focuses on increasing access to ideas and thought leadership, which audience member job roles, titles and activities are more likely to search out thought leadership materials and be willing share them?

Keeping target audience categories in mind, estimate the size each of group. Remember, not all potential members will join the community, so the estimate does not represent the ultimate size of the community but rather a means to identify prospective community members for further prioritization.

Next, document your assumptions regarding the needs of these groups of potential members -- what community members want to get from their participation in the community. This process will create a "straw man" model of potential members who stand to benefit most from the community. You can then overlay this with an assessment of which prospective members have the strongest relationship with the company and a willingness to collaborate on building the community. From here, you can identify the most promising member base for the initial community launch.

"After I sold the idea of community internally, I needed to engage the potential members. The first step was to showcase the community concept at a sales conference to the potential audience and engage them regarding what they wanted in the future. My objective was to help them feel part of the project. Then I met with distributors and showed them how I could get information and training to them and give them what they need, as well as a space for them to share information. The message to them was different than the one I told to sales people because I focused on their business needs."

-- Fernando Castagnari, Mars Petcare, Brazil
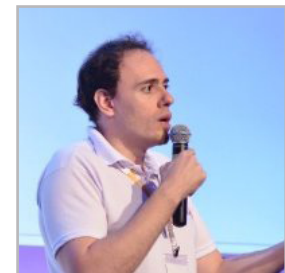
Up to now, the business case has focused on solving company-centric business problems. Now is the time to begin some external outreach and bring some of the prospective members into the fold to better understand what they want and need from your organization and from a community. Community success can be found at the intersection of company and member needs.

The focus of this preliminary investigation into audience needs is similar to that of business needs: identifying problems, issues and opportunities, and what sort of activities would address them. This is not the time to have prospective community members react to specific community features by asking "do you want a blog?" or "how would you like to talk to us through support forums?" Instead, find out which aspects of their relationships with your organization and with their peers may be more challenging than they should be.

Asking questions which elicit responses like: "I frequently share product ideas but don't know what happens to them", "I can't reach the support people when I need them" or "I wish I could find out if other customers are getting better results than I am" provide insights into how business and audience needs can be combined. Based on this information you can begin looking at which community features will be most valuable to your business.

"I put together a plan of use cases, features, personas, etc. to determine which content should be open for lurkers, which content should be open for people that authenticate but are not customers and which content should be closed off to just customers."

-- Scott K. Wilder, Marketo

QUESTI?NS

Map Business and Audience Needs to Community Features

The next step in building the business case is turning what you've learned about business and audience needs into a set of activities and solutions delivered by the community's functions and features.

Using what you've documented about the business and audience needs as a starting point, create a list of activities which fulfill those needs. This is a list of your business requirements for the proposed online community. For example, an activity or business requirement might be described as: enable members to find and connect with other members. The features and functions which deliver this capability might include: a member directory, member search, member status tags and member-to-member communications.

Here are some additional examples of activities and business requirements:

- Enable members to access important documents (make a list of the top 10-20 documents that members will want online like FAQs or product information)

- Access to an online store to make relevant purchases

- Ability to ask a question or share an idea

- Contact thought leaders from the company

- Contribute suggestions to build a user-created library of best practice

- Provide and respond to feedback

- See their account team, service contract or customer/partner status

- Collaborate with other members

The mapping process builds on the list of audience and member needs, combines them into a set of activities and requirements and identifies the combination of features and functions needed to deliver the desired outcomes. The following table offers a sample of this approach.

Armed with this matrix, you can survey the available universe of software and service offerings to power your online community, keeping in mind there is no single out-of-the-box solution. However, some software platforms are better-suited for particular community needs than others. Be sure to do your research by contacting vendors, looking at existing communities using the platform and, if possible, contacting actual customers to get a feel for their comfort level with the platform and vendor relationship. Always keep your audience needs in mind when making a platform selection. Some may be chock full of bells and whistles but may not be a good fit for the real needs of your community members.

> *"The first thing we do when we create any business case is to say is 'what's a problem we're trying to solve and what's the solution?' Then, who are the customers we want to reach. Then, [and only then], we talk about the features and the functions of a certain product. We map the features to those business problems to show how that product is actually going to help us solve our problems."*
>
> -- Jessica McDouall, SPS Commerce

Business Need	Member Need	Activity/Requirement	Feature/Function
An up-to-date database of customers and prospects	Learn about other customers and connect with them	Enable members to connect with other members	Member directory, member search, member status
Reduce load on internal customer service	Get answers to solve a problem	Ability to ask a questions or share ideas	Forums or content co-creation (e.g. wikis)
Increase customer loyalty & engagement	Competition for recognition and fun	Inspire participation/ increase engagement	Gamification and leaderboards
Expand online and offline prospecting, selling and training	Learn about new products, tech info and training	Support in-person conferences and webinars	Online booking capabilities; integrated video/screen sharing services
Expand online sales channel	Buy it now online	Implement ecommerce opportunities	Product and service sales & delivery, payment systems
Reduce call center and other support system costs per incident	Get faster responses, self-service, avoid phone tag, 24x7 availability	Reduce support contacts; improve customer support	FAQs, forums, wikis, pay-per-answer, online troubleshooter apps
Expand information materials distribution channels and information types (audio, video, interactive brochures, guided tours)	Self-service, no pressure, in-depth information on any and every aspect of product and service offering	Information and support materials distribution	Downloads, ecommerce, search tools, virtual assistants
Establish branded expertise in product/ service category	Get best practice advice on product / service and how to put it to use	Subject matter experts	Q&A, expert blogs, publishing CMS
Establish brand as industry leader	Affiliate with top-tier product, service, organization; trust	Thought leadership	Blogs, CMS
Get fast feedback from customers on product viability	Be part of building a product that better suits my needs	Product/service development & testing	Private collaboration spaces
Monitor issues that affect our customers	Work with other customers to resolve issues of all kinds	Private collaboration among members	Special interest groups & communication/collaboration capabilities
Monitor customer sentiment about products and services	Let company know what I like and don't like about products	Member evaluation of content and community	Content and member ranking systems

Define and Measure Success

"How will we know this is working?" is always a question that needs to be addressed when creating an online community business case. Put another way, how can the business be sure something as intangible as 'community' is delivering the desired results? One way to manage expectations for the community is to have a clear idea of what success will look like and how it will be measured.

While most measures of success come down to numbers, it's worth taking a moment to think about how to describe successful outcomes in words. Few of us finish a workday thinking "I was 12.8% more productive today than yesterday," but we do say "I feel great about what I accomplished today."

More "measurable" metrics, such as number of members, new members, length of time on site, number of posts (including all those "me too" submissions), top 100 content sources visited and so on, are important – but rarely tell the real story. They are too far removed from the business strategy and member needs to be meaningful. To demonstrate the impact of community on your organization, you will need to align community operations and measures with the organization's business goals and objectives. The real value of community can be found in understanding both the business definition of success and the

members' definition of success, each working to support the other.

Consider using concepts such as: increased customer satisfaction measures, higher NPS scores, improved customer loyalty, more rapid customer service resolution, greater input from customers on product and service enhancements, increased awareness of the organization's thought leadership activities, and similar approaches. Measuring these benefits may require an indirect approach, but all of them are part of what an online community can contribute to a firm's overall success.

"Let's be frank about it. The online communities that are successful today are the ones that are well in tune with their prospects and clients, and see their feedback and their interaction and their participation in the company as vital and key to the success of the overall company and certainly their longevity and their profit."

-- Steve Roth, SchoolDude

For example: if customer retention is a core strategic goal, what ways might customer behavior demonstrate this, qualitatively and quantitatively? Will customer self-service problem resolution via online forums -- thus avoiding call center costs -- increase customer satisfaction? Will member contributions to the forums identify potential issues and enable more-rapid response from product development on a fix? Will members be acknowledged and thanked for their contributions, thus heightening their loyalty to the firm?

Marketing, product development, customer care, R&D, and sales can each identify success drivers in their area. You can then connect those success drivers to areas within the community which can offer clear, demonstrable support. Don't assume that your current company dashboards or reporting tools -- even those built into a community software platform -- will be able to measure everything you seek to use as success metrics. You may need to think creatively on how to capture and present these important outcomes.
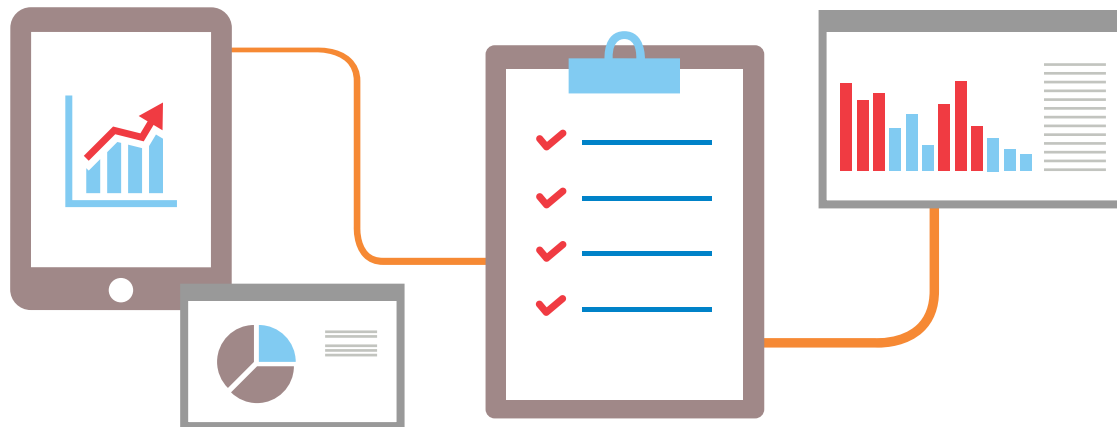
"The Intuit community experience ingrained in me the importance of Net Promoter, so we tracked the Community's Net Promoter score over time. We did a Net Promoter Survey every quarter and made sure we tracked and documented any changes in our users experience (on-site, email, etc.) so we could under-stand better what changes moved the Net Promoter needle overtime. Somewhere in the archives there's a nice PowerPoint presentation with evolution of the site and its changes - with our Net Promoter score and comments overlaid on top of that"

-- Scott K. Wilder, Marketo

To help trigger ideas for your business case, here are some examples of success metrics and the measures used to track them.

Success Metrics	Measures
Raise awareness of products or services	% increase in requests for information via online community
Visibility of company, products, services or thought leaders	# of views, # press mentions, growth in Twitter RT, increase in organic search rankings
Increase sales	# leads generated by community # sales made through community store (if applicable) # of product or service brochures downloaded on community
Event attendance	# of event registrations through the community
Customer questions about how to use a product or service	Contact reduction % # of questions asked online % of questions resolved online
Learn from customers (e.g. feedback into product development)	# of new ideas/requests % of ideas submitted that are investigated further
Customer retention / satisfaction	% increase in NPS score % of customers who are community members
Call center reduction / Improve customer's ability to get help from each other	# of calls deflected % reduction in low-complexity calls in call center # of questions answered online

"Some examples of metrics we track at SPS Commerce include Customer Engagement (measured by number of members and traffic on the community), Scalability (measured by contact reduction - % of viewed topics in a 'completed' status) and CSAT - measured monthly (result of establishing a self-service channel providing customers 24x7 access to training materials and information)."

-- Jessica McDouall, SPS Commerce

Prepare a Budget

Preparing a budget for an online community business case, as with any forecast about the future, is an exercise in intelligent, well-informed guesswork. Finance may shiver at the word "guesswork," but the very nature of an online community -- its natural processes of growth, change, evolution and adaptation -- create a number of challenges when forecasting costs and revenues beyond the very near term. But that doesn't mean you shouldn't try.

Your budget should include both the cost and revenue sides of the ledger. You will probably be able to forecast costs with greater confidence than revenues. Executive sponsors and community stakeholders may want to see a two- or three-year outlook, but the longer the time horizon, the greater the degree of uncertainty. One strategy for managing senior leadership expectations is to prepare a budget using high, medium and low estimates for both costs and revenues.

If your organization has a process in place for preparing a business case, you may still need to adapt it to the special needs of building an online community. A key consideration: many cost-saving or revenue-generating benefits may be indirect; that is, they will not show up as a direct result of online community activity, especially in the early phase. Some communities

have transactions, sales leads, ad revenue and even membership subscriptions as part of their revenue mix, but these benefits typically occur at a later stage and only when they have been carefully planned and implemented.

The usual framework for a budget will be to identify the various activities over time and specify the costs and revenues associated with those activities in each time period. For a business case, monthly is probably the best time period to consider in the first year, and quarterly for years two and three, if necessary.

"Don't under-scope your budget. There are going to be ongoing and recurring charges. There are probably going to be some resources necessary in terms of people. So look at it holistically and then figure out what the return on investment is going to be."

-- J.J. Lovett, CA Technologies

To get started, here is a list of cost and revenue items you may need to consider during the first year.

Sample First Year Budget Items

Costs	Category	Estimate
	Strategy & support costs	
	Planning (e.g. internal assessment of needs)	
	Consulting (e.g. strategic guidance, recommendations)	
	Preliminary research (e.g. competitive analysis)	
	Legal (e.g. user agreement, privacy, employee policy)	
	Software platform	
	Own or subscribe licenses	
	Hosting fees	
	Initial implementation fees	
	Service and support fees (e.g. training)	
	Ancillary products such as analytics, member management tools	
	Design and development	
	Community design treatment & branding	
	Custom programming	
	Ongoing enhancements (may be available from the software vendor, outside vendors or within your organization)	

Costs	Category	Estimate
	Member acquisition, marketing and support	
	Member acquisition programs / assets	
	Online and off-line outreach programs	
	Member incentives	
	Content	
	Repurposing existing assets	
	New content creation	
	Licensing fees for outside content (if applicable)	
	Staffing (FT, PT or contract)	
	Community Manager (FT)	
	Moderators, hosts, editors (based on scale)	
	Dedicated design/development staff (based on need)	
Direct Revenues	In-community transactions (pay-per-download, pay-per-answer, pay-to-learn, lead generation, membership fees)	
	Advertising & Sponsorships (co-branding, partner or event marketing, co-sponsorships)	
	Cost substitution (Lower overall cost per customer served, per-incident cost differential vs. other channels)	
	Reduced cost (cost per service incident; self-service for support needs, product information, sales inquiries)	
Indirect Revenues	Increased customer satisfaction (faster response, reduced wait times, more knowledgeable responses from community member collaboration)	
	Increased brand awareness (unsolicited brand mentions externally, positive brand comparisons on 3rd party sites, increased inquiry traffic across all channels)	
	Increased prospect and sales leads (referrals, community mentions on 3rd party sites, word-of-mouth via community members)	

A note on staffing: Many online community initiatives start with an assumption that existing staff will be able to "pitch in" to help operate and manage the community. But as our contributors report, that's a mistake. Having a skilled and experienced community manager in place from the beginning is a key success factor. Part-time or shared responsibility for community management often results in poor performance or outright community failure.

At startup and very small communities, the community manager may take on a number of roles, but as a community scales up, additional staff resources will be necessary for member outreach, acquisition, support, content development, discussion moderation and other duties. While these tasks can be performed by part-time or contract staff, the community manager is the "conductor" and manager of the online initiative.

There are a variety of ways to calculate the financial value of an online community initiative. DNN has created a powerful ROI calculator specifically for online communities. For a copy of DNN's ROI calculator, email sales@dnnsoftware.com.

Forrester created a Analysis Model - Forrester Total Economic Impact (TEI) of a successful owner community implementation for a B2B company with an average deal size of US$ 100,000 and 2,000 qualified annual leads.

By preparing a budget that documents both the costs and returns from community, you can present a full picture of what it will take to succeed and what your organization can expect in return.

"Our business is all about the community so we took a rigorous approach to understanding ROI and developed a working budget to help guide our community programs. This was the only way we could manage priorities, understand the impact of the investments we were making and also plan accordingly for both expenditures and community-generated revenue. When a community offering is important to members, sponsors are more the willing to invest in programs because they know they have a willing and eager audience for their message."

-- Robin Carey, Social Media Today

Summary

There is a great Swahili saying which encompasses the essence of online community:

"If you want to go fast, go alone. If you want to go far, go with others."

We hope this roadmap will help you create a compelling business case for your online community initiative. We have presented a distillation of best practices for building successful online communities based on the combined wisdom and decades of experience of notable community practitioners. Their guidance offers important insights into both the technical aspects of community planning and showing ROI, and the equally important -- and often more difficult challenge -- of securing the commitment and support needed from within your organization and its many stakeholders and constituencies.

By defining the strategic outcomes you want from the community, specifying the overlapping business and audience needs it will serve, mapping those business requirements into feature requirements, developing the business metrics and measures to determine outcomes and establishing the budget, your business case will be a sturdy framework for your community building initiative.

The business case process is not simply a way to get approval for your community project. It is

the outline for an effective strategic plan which will include requirements, vendor selection, implementation and operational steps for your online community launch.

Armed with this plan, your business requirements and feature requirements will drive a detailed and transparent vendor evaluation and selection process. Prioritizing feature/function needs and asking the right questions will help you select a vendor who will meet your expectations, and with whom you can build a lasting and successful online community.

Successful online communities offer your organization significant benefits. They can accelerate critical business processes and create opportunities where none existed before. But they do require significant planning and preparation – not unlike any other new line of business or innovation your firm undertakes. A successful online community can catapult your firm to new heights by creating a highly-responsive, customer-focused organization. You can delight your audience by exceeding their expectations, create new digital processes for engaging with your prospective and current customers, partners and employees, and extend the vision and mission of your organization. There is no better way to listen, learn, educate, innovate, scale and extend your operational impact world-wide.

"Looking back at the business case, we underestimated the value community provides. We assumed that we were going to reduce contacts by 7,000 the first year. What happened was that we had over 150,000 views to our forum topics. We (conservatively) assume that one in three people got answers to those questions. That's 50,000 contacts saved. We underestimated how important self-service was to customers, because it was definitely a behavior change. We didn't realize the impact community would have on our business."

-- Jessica McDouall, SPS Commerce

About the Contributors

Claire Bovill, Sales Business Development Manager, Cisco, spoke with us about Cisco's internal network called "Employee Communities" that she is spearheading for EMEAR sales teams. This community is currently being piloted in EMEA as a one-stop shop for all Cisco internal collaboration activities. Cisco currently has over 72,000 employees. Cisco Systems, Inc. designs, manufactures, and sells Internet Protocol (IP) based networking products and services related to the communications and information technology industry worldwide. It provides switching products, including fixed-configuration and modular switches, and storage products that provide connectivity to end users, workstations, IP phones, wireless access points, and servers; and NGN routing products that interconnect public and private wireline and mobile networks for mobile, data, voice, and video applications. Cisco has a market cap of $119B and is #82 on the Global Fortune 2000 list.

Fernado Castagnari, Manager, Training and Communications at Mars Petcare Brazil shared his experiences with the Mars Petcare Brazil online community for suppliers and partners. Mars Brazil had an extranet for sales with high costs, low adoption and low usage. They re-launched the online community over the course of one year, including 3 months developing the concept and 2 months testing before officially presenting it to the distributors. Because of the strong business case was strong, they were able to grow to over 1400 members in 8 months, and are going strong. The community's purpose is to deepen information exchange, strengthen sales channel relationships and support an increasingly mobile user base. Mars Petcare Brazil is a subsidiary of US-based Mars, Inc. a global manufacturer of confectionery, pet food, and other food products with US$30 billion in annual sales in 2012. Mars is ranked by Forbes as the 3rd largest privately-held company in the United States. The Mars Petcare Brazil division distributes PEDIGREE®, the largest dog food brand in Brazil and WHISKAS®, the largest cat food brand in Brazil.

Jennifer McClure, Vice President, Digital & Social Media at Thomson Reuters, spoke with us about The Hub, a global intranet that connects more than 60 thousand employees worldwide, enabling them to find the people and information they need to collaborate and increase productivity. The Hub generates over 1.25 million page views per month. Thomson Reuters Corporation (Thomson Reuters) is a provider of information for the world's businesses and professionals. It is organized in four business units: Financial & Risk, Legal, Tax & Accounting and Intellectual Property & Science, and also has a Global Growth & Operations (GGO) organization, which works across its business units. The Company operates Reuters, a provider of real-time, multimedia news and information services to newspapers, television, cable networks, radio stations and websites worldwide. The Company operates in over 100 countries and has a market cap of over $28B.

Jessica McDouall, Director, Customer Operations at SPS Commerce, Inc. sspoke with us about the SPS Commerce support center community. It was first launched in January, 2013. It is a public community with over 900 registered members. Its mission is to create a community where customers can get help, give help and share ideas. Product management has taken a significant role in the community from collaborating and engaging with customers to sharing product ideas, shaping the ideas into meaningful requirements and scheduling them to be included in future builds of their products. SPS Commerce is a public company (SPSC) that provides cloud-based supply chain management solutions to customers worldwide. The company offers integration, collaboration, connectivity, visibility and data analytics to trading partners. It provides solutions through the SPS Commerce platform, a cloud-based software suite that improves the way suppliers, retailers, distributors and other customers manage and fulfill orders.

J.J. Levett, Director Community Programs at CA Technologies, Inc. shared the story of how their online community enabled his company to help their global user base get the most out of their technology investments and connect with one another. As part of a larger transformation, CA Technologies launched a comprehensive online community called MyCA. MyCA was a shift for many members from the in-person regional groups. CA saw opportunities to improve user retention and move visitors from passive viewing to active participation. CA Technologies, Inc., is a Fortune 500 US-based multi-national public company, one of the largest independent software firms in the world, whose revenues top $4.5 billion. The company creates systems software that runs in mainframe, distributed computing, virtual machine and cloud computing environments.

Robin Fray Carey CEO and founder of Social Media Today LLC shared her perspectives on running and growing Social Media Today's ecosystem of online communities over the past 7 years- from concept to success story. Social Media Today is a new media and events company that curates, publishes and shares content about business for experts on social media, marketing, data, communications, energy, health care, and sustainability. Since 2007, they have brought together the world's best thinkers to create a lively debate on their own sites and social channels. Social Media Today is the leading community for discussions of social business and its implications for our global future.

Scott Wilder, Global Nation Builder: Corporate Marketing, Head of Community, User Groups and Ecosystem Engagement at Marketo spoke with us about his extensive experiences launching and running online communities with firms such as Intuit, Google and Marketo. The Marketo online community has more than 10,000 members, and was a 2011 Forrester Groundswell Award Finalist in the B2B category. It was created for customers and partners to collaborate with each other, learn best practices, share tips and tricks, and forge new relationships. Many of Marketo's new product innovations are born from community interactions. Marketo Inc. makes marketing automation software for business. In 2012's Inc. 500 List, Marketo ranked 78th, #7 among software companies, and #1 among marketing software companies.

Steve Roth, Independent Contractor, SchoolDude spoke with us about the SchoolDude online community which unites more than 6,000 clients and is one of the largest online communities serving educational institutions. The community focus is on increased engagement with existing customers and generated awareness to an entire universe of potential new customers through SEO optimization of the discussions. SchoolDude is the nation's leading provider of on-demand operations management solutions designed exclusively for the unique needs of educational professionals, with more than 6,000 school districts, private schools, and universities as clients. Backed by an award-winning client service team, SchoolDude's broad suite of online applications is revolutionizing the business of managing educational operations. SchoolDude's Software-as-a-Service (SaaS) tools for operations management offer easy to use, affordable solutions to help both small and large educational institutions save money, increase efficiency and improve services.

About the Author

Vanessa DiMauro is the CEO and Chief Digital Officer of Leader Networks, a strategic research and consulting firm that helps clients develop social business strategies, create online communities and lead social media marketing programs. Leveraging our extensive research agenda, applied domain expertise and hands-on experience, we work with our clients to share best practices, create social strategies, develop sustainable business models, and shape user engagement in ways that will extend their operating model.

With over 20 years' experience in social business leadership positions, she has founded and run numerous online communities, and has developed award-winning social business strategies for some of the largest and most influential companies in the world. Many of her clients have won industry awards such as Forrester's Groundswell and SNCR's Excellence in Communications for their online communities. Her work has been covered by leading publications such as the New York Times, the Wall Street Journal and Forbes. DiMauro was recently named a one of 40 top social marketing masters worldwide by Forbes. She is former Executive-In-Residence at Babson College's Olin School of Management, holds both a B.A. and M.A. from Boston College and blogs at http://www.leadernetworks.com/blog/

About DNN

This report was made possible through the generous support of DNN. A provider of solutions for creating rich, rewarding online experiences for customers, partners and employees, DNN's products and technology are the foundation of 750,000+ websites worldwide. DNN's online community solution (Evoq Social) integrates with its content management system (Evoq Content), enabling organizations to build and manage a community directly on their website.

Vanessa DiMauro
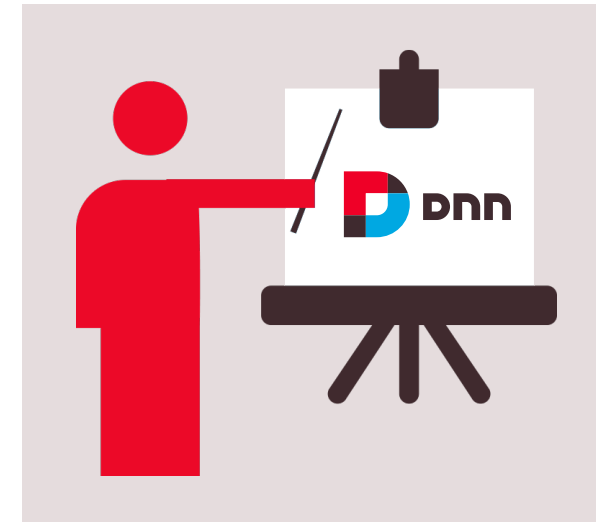
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