LEADER NETWORKS

HOW TO MEASURE THE BUSINESS IMPACT OF YOUR ONLINE COMMUNITY

The ultimate list of community performance questions – and how to answer them with metrics that matter.

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Executive Summary

Online communities deliver significant business benefits – but community leaders struggle to measure value using the metrics that business and financial stakeholders care about.

That's a message we heard loud and clear when we surveyed more than 270 marketing and community professionals for our research study on The Business Impact of Online Communities:

92% believe that their online communities have an impact on the business but 35% lack meaningful metrics to report success.

57% say that competitive advantage means retaining current customers – but they have few metrics to measure retention.

24% don't know if their community generates revenue or not.

45% say that their community reduces costs for their organization – but when asked, "how are savings measured?" the number one response was "guessing."

To help community leaders link community performance with business impact, Leader Networks developed the Online Community Impact Framework.

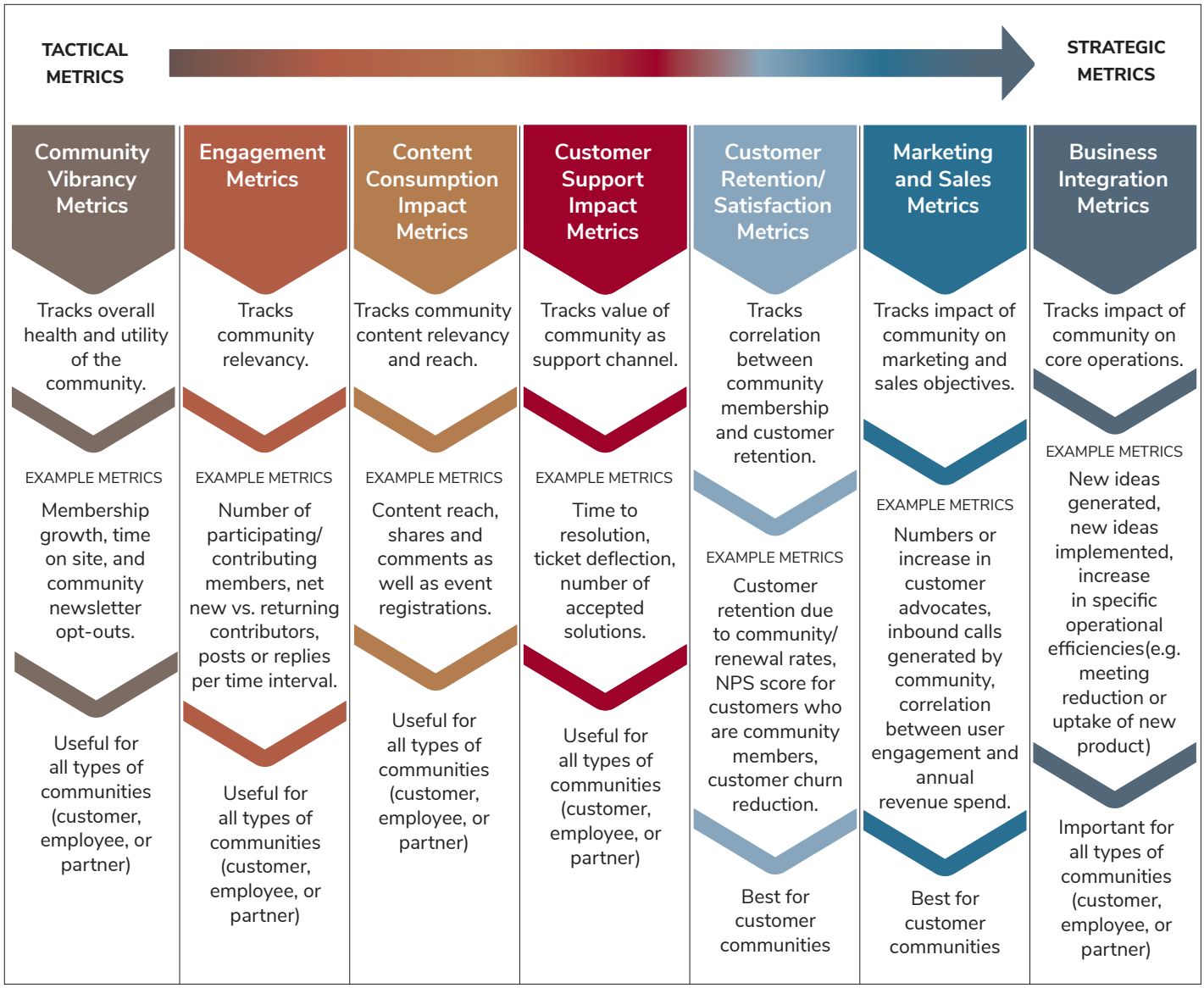
The framework arms community leaders with the ultimate list of community performance questions – and ways to answer them with metrics that matter. Marketing and community leaders can use the framework to:

- Align community metrics with business goals
- Benchmark current community impact and track progress over time
- Demonstrate success in the quantitative terms that make business and financial executives sit up and take notice
- Make a case for more resources and more funding

With this tool, marketing and community leaders can begin to track what they should measure, not what they can measure. They can report on what matters most to the business. And, best of all, they can establish the missing link between community efforts and competitive advantage. Let's get started!

Leader Networks' Online Community Impact Framework

Our Online Community Impact Framework provides both a real-world look at how community leaders are currently tracking community impact – while demonstrating that metrics must support business goals to be relevant. As we move through the framework – from Community Vibrancy Metrics on the left to Business Integration Metrics on the right – we see an increased impact on the business.



Using the Framework: Steps to Success

The framework provides a range of metrics that track community performance. Your job is to determine what matters most to your business so that you can chose metrics that show how your community is advancing those goals. Here's how to get started:

> Communities deliver the biggest bang for the buck when they're used to enhance existing business processes – or make something happen for the business that couldn't be done without the community.

Step 1. Look at the big picture

Start with your organization's mission, vision, and strategy

Look at your organization's mission and vision. Then think about the specific strategies the organization is using to advance its mission and vision – in both the short- and long-term. Now consider how your community could or does support those strategies to help the organization succeed.

Maybe you could use the community to appeal to a different customer segment? Or transition customers to the cloud? Or embrace digital transformation? Whatever the mission, vision, and strategy may be, think of them in the context of your community and how it could be an enabler or catalyst.

Remember: communities deliver the biggest bang for the buck when they're used to enhance existing business processes or make something happen for the business that couldn't be done without the community. Many large-scale online community success stories begin by solving a single business problem and evolve into bigger solutions.

Aligning community metrics with organizational objectives

What business questions do you need to answer and how can digital help answer them?

What business questions do you need to answer and how can community answer them?

Organizational Objectives

Business Unit Objectives

Community Initiative (Business goals and impact)

- Financial
- Customer
- Process
- Learning & Growth

	Current	Target	Outcome	Delta/ROI
Performance Metrics				
Business Metrics				

Step 2. Make good choices

Pick your top performance category – for example, customer support or customer retention – then choose three to five business metrics within that category. (In the next section, we drill down into each category and provide a list of business questions and the corresponding metrics that answer those questions.)

Choose wisely. Often, community metrics (# of members, time on site, # of posts) are too far removed from the business strategy to be meaningful. Although you may want to track a few tactical metrics to keep an eye on your community's basic health, your executives are primarily concerned with business impact and financial gain. Focus your reporting efforts on strategic metrics rather than tactical ones.

Step 3. Validate your choices

Remember the old adage, measure twice cut once? Before you begin, be sure to secure buy-in from your stakeholders and make sure what you're measuring is valuable to them.

Step 4. Track your outcomes

Effective reporting is not a "one and done" situation. You'll need to develop a rigorous and repeatable process to analyze and report on community performance to show impact over time.

Consider monthly, quarterly, and annual tracking. Just another reason why you should select a limited number of metrics!

Step 5. Review and realign

Business priorities shift and so should your metrics. Every six months to a year, review your metrics in light of your organization's business goals. If the metrics no longer fit, adjust accordingly.

Metrics in Detail

Let's look at each metric category in detail to help you choose which metrics are best for your community and your organization.

Community Vibrancy Metrics

Community Vibrancy Metrics focus on utility and growth. Think of them in terms of basic needs, like food and water.

These metrics answer some fundamental questions about the community's performance: Can members visit the community? Do members visit the community? How many members visit the community? If these numbers are not increasing – or if they start to decline – you'll know there's a foundational issue that needs to be addressed.

Executive sponsors want to see these metrics as a set of vital signs that show how the community is doing at a basic level. But too many community dashboards stop here. Remember: these metrics are an important baseline, but they are the least interesting to your executive team and have the lowest impact on your business.

Success Metrics	Questions the Metrics Answer
Number of members (#)	How big is the community at this point in time?
Membership growth (#)	Is the community growing?
Membership growth (%)	What is the community growth rate?
Return visits	Does the community keep members?
New posts (#)	Are members active?
Email opt ins (%)	Are community communications valued?
Unsubscribe rate (%)	What audiences or segments don't value community communications?
User demographics (%)	Does the community attract the right members?
Time on site (Dwell time)	Does the content and conversation appeal to members?

Engagement Metrics

Engagement Metrics track community relevance. They demonstrate if members are coming back to the site – and whether they like what they see when they return.

These metrics provide answers to questions like: How collaborative are members? Is a small leadership team dominating the community or are members functioning as a peer group? Are members asking for help and relying on other members for insight?

With Engagement Metrics, we're able to move beyond community vibrancy to measure the extent to which members rely on each other and on the community's experts to learn, solve problems, and share ideas. When these metrics are on track, member loyalty is also growing stronger.

These metrics are particularly valuable to executives who are focused on marketing, customer care, the voice of the customer, content marketing, and field marketing, because they demonstrate if community members are finding value and meeting their needs.

Success Metrics	Questions the Metrics Answer
Participation ratio (%)	Are members participating?
Members contributing Ideas (%)	Do member ideas fuel innovation?
Peer referrals	Do members invite their peers to community?
# of searches	Do members turn to community for help/ideas?
Contribution ratio (%)	Do members contribute to the community?
Member responsiveness (%)	Are members responsive to their peers?
Member connections (%)	Are members making connections with other members?
Percent growth in new discussions (over time)	Is there growth in community engagement?
# or % of repeat contributors (need to define contributor)	What are the patterns of contribution - does the community yield increased engagement over time from members?
Types/categories of contributors	Which categories (personas, titles etc.) are actively contributing to the community?
# or % of net new contributors (need to define contributor)	Does the community enable new contributions from members?
Posts with 10 or more replies	Are there concentrations of topics of interest that could be expanded on?
Average # of replies per time interval	Are the community members quick to respond to each other?
Average # of replies per message per time interval	Is there a concentration of members who help each other?

Content Consumption Impact Metrics

These metrics track community content relevancy and reach.

They help community leaders keep their finger on the pulse of members' interests and hot buttons because they show which content is most relevant and valuable. They also establish the link between the community and other marketing initiatives.

Content Consumption Impact Metrics help executives in content marketing and thought leadership understand what types of content – and which topics – are of interest to members. They also prick up the ears of R&D, market research, and product development teams because they predict trends and issues where future products and services may be of value to the membership.

Success Metrics	Questions the Metrics Answer
% of members who register for an event that is listed on community	Does the community drive or enhance event attendance?
% community contributed to event attendance	To what degree does the community support events?
# or % of event speakers sourced from community	How does the community help fuel company thought leadership platforms?
Content reach - # of content views (growth over time)	Does the institutional content reach the community members?
# of content shares	Does the community support or increase content amplification?
# of comments	Are community members engaged with the content?
# content downloads	Are the members leveraging the content?
Content visits by category or topic	What types of members are interested in which types of content? How does this help the business? What does this tell us about member interests?
New thought leadership content inspired by community conversations (#)	What impact does the community members have on institutional thought leadership?
Average hours working on content	How much effort (time and expense) is being devoted to creating community content? Is it worth the effort?
Cost per content	How costly is the community content creation? Is it less or more than other types of institutional content? What is the relationship between the cost of community content and its reach and engagement? Is it higher or lower than other content distribution channels?
Average rating of content	Is the content generally well received by members?
Average # of ratings of content	Are members interacting with the content? Do they like it?
Views of expert community profiles (#)	Do members seek to learn from community experts?
Top experts on the community	Which experts or topics associated with experts are most frequently sought after my members?
# of social network mentions (increased visibility)	Is the community content being amplified on social channels?
Top social channels where community content is shared	Which social channels are responsive to community content?

Customer Support Impact Metrics

Customer Support Impact Metrics track the value of the community as a support channel.

These metrics demonstrate whether the community is being used for peer-to-peer support or company-supplied support (including premium support) – and reducing support costs as a result. They also show the level of member self-service and problem resolution.

Executives in charge of product support or customer support are particularly interested in these metrics. CFOs also take notice, since these metrics show an impact on the bottom line.

Success Metrics	Questions the Metrics Answer
Speed at which questions are answered (average time to resolution)	How quickly are member questions resolved on the community? How does this compare to traditional support outcomes?
# or % of accepted solutions (over set period) [case deflection]	How accurate are community answers? What impact is the community making on support activities?
# of knowledge base searches	Is the support content on the community reflecting customer questions?
# of views / top content	Which content objects and topics do customers most frequently seek?
Timeliness of support, measured in hours budgeted vs hours allocated	What impact is the community having on support costs?
Accepted solutions by segment (#)	Which community-driven support activities are having the biggest impact on specific support needs?
Replies or answers marked helpful or correct (# or %)	How accurate are community answers?
Comparison of community activity to service requests (tickets)	Is the community deflecting company-sponsored support activities?
Ticket reduction (%)	Does the community serve to reduce the number of support tickets generated?
Adherence to SLAs or SLOs	Does the support community adhere to customer SLAs or SLO? What percentage?
Estimated call deflection (%)	To what degree is the community anticipated to reduce traditional support costs or effort?

Customer Retention/Satisfaction Metrics

Customer Support Impact Metrics track the value of the community as a support channel.

These metrics demonstrate whether the community is being used for peer-to-peer support or company-supplied support (including premium support) – and reducing support costs as a result. They also show the level of member self-service and problem resolution.

Executives in charge of product support or customer support are particularly interested in these metrics. CFOs also take notice, since these metrics show an impact on the bottom line.

Success Metrics	Questions the Metrics Answer
Returning customer order value (community member vs. non community member)	Do customers who are also community members spend more on products and services?
Rating average of online training (located on community)	Do the training modules provided on the community meet member needs?
Member/customer testimonials gathered through the community platform (# or %)	Does the community serve to inspire or discover customers who are willing to serve as customer advocates?
Customer referrals (#)	How many (or what %) of customer referrals come from customers who are also community members? Is this number higher than the number of customer referrals from customers who are not community members?
NPS score impact for customers who are community members	Does community membership influence or impact NPS score/loyalty tracking?
% of customers who have migrated to a new version or installation of a product compared to % of customers who are community members who have migrated to a new version or installation	How has the community supported customers in a product migration?
Churn reduction of customers who are active members	Are customers who are community members more likely to remain customers than those customers who are not community members?

Marketing and Sales Metrics

These metrics track the impact of the community on marketing and sales objectives.

Marketing and sales leaders can use these metrics to measure the success of marketing campaigns. Depending on the type of community, they can also track Marketing Qualified Leads (MQLs) and Sales Qualified Leads (SQLs).

Companies are beginning to use their communities to fuel early sales processes and have carved out dedicated areas where members can ask sales reps a question. Some let sales reps monitor community activity to listen for prospective customer needs. Others are able to track the customer journey through their CRM systems, provided the community is connected to the larger marketing ecosystem.

Success Metrics	Questions the Metrics Answer
Press mentions (# or % increase)	Is the community increasing the visibility, brand and reputation of the sponsoring organization?
Industry recognition	Has the organization experienced an increase in industry recognition and, if so, has the community influenced its increased visibility?
New customer contact information gathered (#)	Has the member profile information increased the completeness of the customer contact information? Has the community yielded better/more prospective customer contact information? Is the member directory more current than the organizations' customer database?
Views / impressions on marketing content (#)	Has the community contributed to visibility of marketing content about new or existing products and services?
Leads generated by community (# or %)	Did the community generate any inbound leads for the organization?
Increase in customer advocacy (%)	Did the community create a channel for customer advocacy?
Advocates created (#)	Were new customer champions created or discovered via the community?
Community-driven customer referrals (# or %)	Do customers who are also community members refer peers to the organization?
Correlation between user engagement and length of sales cycle	Do engaged members purchase products or services more quickly than customers that are not community members?
Correlation between user engagement and annual revenue spend	Do engaged members spend more on products than customers that are not community members?
Acquisition program costs	Does the community reduce customer acquisition costs?
Improvement in Search Engine Rank	Does the community improve SEO and to what degree?
Increase in requests for product or service information via community (%)	Does the community drive desire for company products and services?
Product or service brochures downloaded on community (#)	Does the community drive interaction to marketing material hosted on the site?
Speakers sourced for an event via community (# or %)	Has the community successfully supported new speaker sourcing for in-person events?
Community members who have registered for an event through the community (# or % and $)	Has the community directly impacted live event attendance?

Integration Metrics

Business Integration Metrics track the impact of the community on core operations.

These metrics center on the top and bottom line – how much revenue did the community generate and how much did it save?

But the bigger picture is the link between the community and new product and service ideas. Just one idea, successfully implemented, can have a huge pay out. That's the stuff that C-suite dreams are made of.

Success Metrics	Questions the Metrics Answer
# (and type) of customer pain points identified by the community & leveraged by LOB	Did the community contribute to risk mitigation?
New ideas sourced from the community that were implemented (# or %)	Did community members generate new ideas or valuable customer feedback that directly helped product, services or R&D?
Cost reduction recognized due to content reuse ($)	Did the community capture any tools, methods, documents etc. that enabled reuse?
Meeting time reduction (%)	Did the community increase operational efficiencies for the organization?
Cost reduction recognized due to online delivery (vs. in person) (% or $)	Did the community reduce travel costs for the organization?
New patents originating from community (# or %)	Did community ideas or conversations lead to any new patents for the organization?
Increase in speed to market due to community intervention (e.g. new product education and support) (%)	Has the community increased speed to market by providing a direct source of new ideas, product feedback, marketing amplification?
Direct revenue generated ($)	How much revenue did the community generated directly (via store, ads or sponsorship etc.)

The Takeaway

If you can't demonstrate the success of your online community – using the hard-and-fast data that business stakeholders crave – you are at a significant disadvantage, particularly when it comes to budgeting conversations with your CFO.

Using the Community Impact Framework and the steps outlined here can help you show community value using business metrics – which can help you make a case for more resources and more funding.

While a metric like "membership growth" may be important to track, it's when you can measure things like "correlation between user engagement and annual revenue spend" or "uptake of new product" that you'll have them yelling "Bingo!" around the boardroom.

Three Community Commandments

1. Your executive sponsors are key to a successful online community.

- Keep your executive sponsors informed and enable them to understand the opportunities, outcomes, and challenges of building and growing the community.
- Take the time to cultivate these relationships – your efforts will pay off.

2. Your community must be tied to your organizational strategy to deliver value.

- Tell your community story in business terms.
- Always be able to answer the "so what?" question.

3. Your community wins when you make your executive sponsors shine.

- Do this and you'll shine too!

About LEADER NETWORKS

Leader Networks is a research and consulting firm that helps companies use digital and social technologies to gain competitive advantage. We work with clients to develop digital business strategies, launch new digital products and business models, create and grow online communities, and craft social selling campaigns and operations. Our efforts pay off – by enabling organizations to better engage their customers, drive new product and service innovations, reduce costs, and boost shareholder value.

What comes next?

▶ Need to tighten up your metrics?

Our Metrics Bootcamp is a half-day working session designed to get your community metrics in shape. We work collaboratively to understand what matters most to your business and develop the right measures of success. We'll show you how to use the data you have and create an outcome "dashboard" for maximum impact. When we're through, your community metrics will align with your business goals – and you'll be poised for peak performance

▶ Need to make your existing community stronger?

Is your community supporting your company's business goals – or could you be getting more value? We use a research-based, 70-point diagnostic to benchmark where you are today and uncover opportunities to make your community more vibrant and more strategic. And we do it in less than three weeks.

▶ Need to tackle digital transformation?

Our Future Proofing services help marketing leaders continually leverage digital strategies and technologies for competitive advantage. We create a roadmap that takes you from where you are today to where you want to be – a plan that accounts for inevitable market changes along the way. With the plan in hand, you'll be able to anticipate and capitalize on trends that drive revenue and profitability.

To learn more, contact us at 617.484.0778 or partners@leadernetworks.com.