LEADER NETWORKS

USING DIGITAL STRATEGIES TO INCREASE COMPETITIVE ADVANTAGE

*How Digital + CX + Communities + Social =
A More Responsive Organization*

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From the Editor

For the past 20 years, organizations have been doing everything in their power to win the attention of their customers by telling them who the company is and what it does.

Now, with the advent of the digital business era, customers are talking back. "Listen to me," they shout from digital rooftops. "Meet my needs and exceed my expectations," they demand—both online and offline.

Customers are no longer one-way recipients of passive messaging. They are clamoring for greater intimacy with the firms they trust—imploring them to drop the veil, raise the shades, get close and personal, and have a real conversation.

Sadly, many customers get no response, no invitation, no further discussion. Some companies simply don't know how to build a relationship with the people who matter most—their best, most engaged customers.

It's time for all organizations to become responsive organizations. And there are three key ways you can use digital strategies to amp up responsiveness:

(1) Transform the customer experience
Let customers know that you hear their needs and are able to help them achieve their business goals—quickly, efficiently, and thoughtfully.

(2) Transform the business model
Don't just listen to your customers—use what they're telling you to innovate new approaches, offerings, products, and services.

(3) Transform operational processes
Break down the organizational silos that hinder your ability to deliver a consistent omni-channel customer experience and leverage data across the enterprise.

This ebook offers advice on how to become a more responsive organization by pushing on these three fronts. I hope you'll find it useful, whether you're just beginning your digital transformation or you're well on your way.

All the best,

Vanessa DiMauro

Vanessa DiMauro
CEO
Leader Networks

> **"Customers are no longer one-way recipients of passive messaging. They are clamoring for greater intimacy with the firms they trust."**

CHAPTER 1
Committing to Change

Take This Pledge to Become a More Responsive Organization

Many new endeavors begin with making promises and commitments—and becoming a responsive organization is no different. So put down your smartphone, raise your right hand, and repeat these words:

1. I promise to listen to—and talk with—my customers online, because reciprocity is the foundation for successful engagement when using digital channels.

2. I promise to respect and value the information shared online by customers and clients. I will not break their trust in me or my company by exploiting or abusing their information.

3. I promise to focus on building relationships—not generating leads—as the best practice to create long-term value for my company, my customers, and other stakeholders.

4. I promise to create thought leadership content that lives up to its name, and not simply babble on about nothing. No one likes or respects social spam!

5. I promise to maintain the integrity of digital channels and not attempt to game them or engage in improper behaviors to influence my ratings, activity scores, or endorsements.

6. I promise to not confuse high-influence activities with viral good fortune.

7. I promise to train my staff in the art and science of digital business to grow their knowledge and help my company advance its digital strategies.

8. I promise to make digital performance metrics part of staff and organizational MBOs, and to make sure they measure business results, not just the things that are easy to measure.

9. I promise to help my company explain its digital business efforts and the impact those efforts will have on work practices, because digital business programs affect everybody's job.

10. I promise to be patient with my company and colleagues as they grapple with the organizational changes inherent in adopting a digital business strategy, and help them benefit from it.

> **Your Takeaway**
> - Becoming a responsive organization involves new ways of interacting with customers online.
>
> - Making these ten promises will help your organization begin its transformation.
>
> - By sticking to your commitment, you can build relationships, learn about customer needs, and uncover new insights about your products and services.

> **"Reciprocity is the foundation for successful engagement when using digital channels."**

CHAPTER 2
Customer Intimacy, Loyalty, and Retention in the Digital Age

Transform the Customer Experience to Drive Retention

Ask any CMO worth her salt to demonstrate her value, and she'll point to customer retention.

That's because for most organizations, customer retention is the very definition of competitive advantage. And finding ways to get closer to customers, and keep them close for the long haul, is the Holy Grail.

But retaining customers is easier said than done. Customers are a demanding and sophisticated group with high expectations of the firms with whom they do business. They have specific ideas about the products and services they use—and they want a response when they make a suggestion.

Plus, because they can engage digitally with companies at lightening speed, they expect the same in return. I'm not talking about tweeting them back about their complaints or emailing them to say thank you for their input. I'm talking about delivering a customized experience that pulls them in and keeps them coming back for more.

Thankfully, there are several digital strategies you can use to put the golden cup within reach:

① Don't treat all customers equally

When digital solutions became mainstream, most companies responded with tools and programs that welcomed all of their customers and made it possible for them to listen and comment online.

But not all customers are created equal—and universal access didn't translate into increased sales. Companies now realize that hand-picking select customers and giving them a differentiated experience has a greater yield.

One powerful way to give your top customers the experience they crave is with customer MVP programs and customer advisory boards.

For example, our client SAP runs a vibrant SAP mentors community in which 160 bloggers, consultants, and technical wizards share their experiences and co-create with the company.

SAP mentors are the most influential community participants in the SAP ecosystem. SAP recognizes their contributions by connecting them with its executives, calling on them to shape project roadmaps, and giving them special status at events.

▶ Your Takeaway

- Because customers can engage digitally with companies at lightening speed, they expect the same in return.

- Most companies are developing their data listening strategies but it's time to do more than listen: companies must also act on what the learn.

- Some ways to give customers the experience they crave include customer MVP programs, personalized offers, and co-created solutions.

> "Because customers can engage digitally with companies at lightning speed, they expect the same in return."

It's a shared-valued model: SAP mentors have a hand in creating the future products and services they want to use. SAP benefits from the wisdom and insight of its most accomplished users. Does this mutually beneficial relationship drive customer loyalty and retention? You bet.

② Tell them it's personal

Organizations have access to massive amounts of data on every digital user. These data stores, when coupled with analytics, can yield a treasure trove of inspiration to give customers the personal experience they covet.

Most firms are just starting to develop their data-listening strategies, but it's time to do more than listen. Companies must also act on what they learn.

That's something Rosetta Stone does very well. The company has implemented a customer-centric environment that supports its mantra of listening to customers. On the company's website, prospective customers self-select their experience based on their goals and receive increasingly customized content with every personal disclosure.

Returning customers also receive highly personalized content, service offers, and promotions based on their product use and level of support. The takeaway? Listen, respond, and personalize. Then watch as these personalization efforts lead to greater loyalty, increased retention, and more revenue when you get the formula right.

③ Make it a team sport

Sometimes delivering the best possible experience to your customers means joining forces with other organizations. In other words, form a digital ecosystem. Gartner defines a digital ecosystem as "an interdependent group of enterprises, people, and/or things that share standardized digital platforms for a mutually beneficial purpose."

Case in point: The Siemens Healthineers Digital Ecosystem, powered by global conglomerate Siemens. Siemens Healthineers is building the digital ecosystem to connect a broad range of partners and enable them to deliver clinical and operational patient data to healthcare providers in a secure and collaborative way. The ecosystem is a win-win for partners and customers alike. But guess who else wins in the competitive advantage category? That's right, Siemens Healthineers.

When done right, digital strategies change business as usual for the better. These strategies enable you to vastly improve the experience for current and prospective customers, which drives greater intimacy and retention.

Of course, it doesn't happen overnight. Creating an integrated digital strategy involves big organizational changes and some heavy lifting. After all, you'll be changing processes, not just practices and perspectives.

But when the outcome is a better customer experience that leads to competitive advantage, a digital strategy isn't an evolution. It's an imperative.

> "Most firms are just starting to develop their data-listening strategies, but it's time to do more than listen. Companies must also act on what they learn."

> "Customers have specific ideas about the products and services they use— and they want a response when they make suggestion."

What Customer Intimacy Really Looks Like

Some of the folks at Leader Networks used to work for a well-known consulting firm that ran thought leadership programs. The events we put on were a huge success. At a time when most companies struggled to put "butts in seats," we saw overflow. What did we do that was so special? Did we focus on topics that no one else was covering? Assemble rosters of A-list speakers? Jet attendees off to exotic locales? No. There was nothing remarkable about our events, topics, speakers, or locations. In fact, sometimes they were rather low budget.

Our events were unique because they delivered something our customers, and prospective customers, couldn't get anywhere else.

First, we created a safe space for our customers. That meant they could relax and share their plans and challenges with the people in the room—confident that they would not be exposed to "sales harassment" from our organization when the event was through.

Second, we took the time to truly listen to our customers. These events were designed to promote the flow of ideas—not as a platform for us to drone on about our latest services, offerings, or accolades. We talked to everyone in the room, but mostly we kept an ear to the conversations happening around us.

Third, we used the events to create community among our customers. People went to our events not because we were there, but because their peers were there.

About ten years ago, in Chicago, we gathered a group of 150 CIOs of large organizations...in the basement of a Knights of Columbus hall.

Pool tables were set up in the front of the room; we had a scotch tasting and a steak dinner in the back. On every table, there were cigars, a cutter, and a cheat sheet on cigar etiquette. By midnight, long after the "official" event was over, everyone was still there. There were suit jackets strewn on chairs around the room; roars of laughter could be heard from mixed groups of customers, consultants, and sales people; and a few extra people had showed up when their colleagues called and told them to come by after dinner.

▶ **Your Takeaway**
- Customers want to know you care about their needs—whether you're interacting with them in person or online.

- Investing in ongoing relationship-building activities pays dividends in the short and long term.

- Listening, promoting peer interaction, starting dialogues, and avoiding the hard sell are the keys to success.

> **"We created a safe space for our customers where they could share their challenges without being exposed to sales harassment."**

How did we delight a room full of current and prospective customers, at a cost of less than $50 per person?

We applied sociology and anthropology to understand their tribal needs. We knew that IT executives were typically more reserved than the average executive and would appreciate a low-key venue, away from the public eye. We also knew that they were under enormous pressure on the job and needed a bit of fun—not the mandatory fun of going to a baseball game on a cushy corporate bus but real, human, unrehearsed fun. The scotch tasting led by an expert and the cigar cheat sheets gave them topics to convene around—while providing some social lubrication. Naturally, as they played pool, they talked with each other about life, sports, kids, books, and travel. And they got to know each other as people. People they could rely on in the future when they had a work-related question or wanted feedback on a vendor.

When attendees left the event, backs were patted, business cards were exchanged, and sales were made.

Not immediately, and not because we hit the phones with a hard sell. But eventually and steadily, because we invested in ongoing, relation-ship-building activities with our customers. Because we didn't shout about how great we were, but had meaningful dialogues around the issues that our customers took the time to share with us.

So yes, invest in a snazzy CRM database. But realize that having one is not enough. You also need to incentivize your marketing, sales, and customer care teams to have continual conversations with customers and demon-strate that your company cares about them—whether the interaction is happening in person or online.

That's what listening means. That's how hearing and responding works. That's what customer intimacy looks like.

> **"These events were designed to promote the flow of ideas—not as a platform for us to drone on about our latest services, offerings, or accolades."**

CHAPTER 3
Forging Your Digital Business Strategy

Put the "Business" in Digital Business Strategy

Despite all the strategic planning most firms do to grow sales, marketing, and operations, they forgo including their digital footprint. The trend that we are seeing, especially with mid- to large-sized organizations, is that digital business activities at some firms aren't aligned—with anything! For those firms, "doing" is all that counts. And a digital muddle is the result.

Defining the audience, matching digital business methods and messaging to the audience, creating compelling content for engagement and measuring success—all of these are part of the doing. But if these efforts do not advance the firm's strategic goals? Wasted time, effort, and investment are the only real outcomes.

Digital business strategy means starting with the end in mind.

Go back to business basics. This requires looking at digital business as more than just a marketing campaign or a portfolio of social media accounts. Instead, ask the hard questions and tap into the ways that digital business can begin or extend your relationships.

Do your digital business activities:

1. Match your strategic direction? For example, do your online community's outcomes support your audience needs? Are your online engagement efforts joined up and representative of the conversations you want to have with your audiences? Are they interactive and bi-directional? And, quite simply, do they mirror the audience experience you have strategically intended to have?

2. Deliver results that meet actual business goals, not just social media metrics? Do you track and report business impact of your digital business initiatives in meaningful ways? Can you tell the story of how your digital work helped progress the business? What additional things do you know about your audience due to your digital interactions?

3. Build relationships with audience members who are important to your firm's strategic direction and goals? And if so, how do you know?

4. Engage audience members AND your internal constituencies in collaborations that benefit both groups? Does everyone win because of your programs?

5. Deliver greater impact over time for each dollar expended? Not just in terms of cost cutting, but in real, measurable financial outcomes? How has digital business progressed innovation or ideation at your firm? How did digital business deliver sustainable impact to the top line?

> **Your Takeaway**
> - A digital strategy is not a collection of social media accounts and marketing campaigns.
> - You need to tap the ways that digital strategies can advance your organization's big-picture business objectives.
> - Knowing where you're going and why will help you deliver digital results that drive strategic business goals.

"Don't look at digital business as just a marketing campaign or a portfolio of social media accounts. Instead, ask the hard questions and tap into the ways that digital business can begin or extend your relationships."

If your digital business activities meet the criteria above—congratulations! If not, consider these approaches:

(1) **Know where you are going and why**
Make sure you really understand your firm's strategic direction and business goals. It's all too easy to lose sight of goals and end up going in circles with no results.

(2) **Be efficient and effective**
Take a hard look at the "doing" you are doing. What parts are working against the above criteria? What parts are not? Where is the scale? Keep the first, dump the rest.

(3) **Realize that less is more**
When it comes to audience definition, it's all too easy to be sucked into a numbers game. Forget that. Focus on identifying the MOST important audience segments, the MOST desirable prospects, the MOST active customers, the MOST influential industry partners and observers. Then tailor your digital tools and messages to reach them where they are.

(4) **Communicate real information and ideas**
If your content is noise, no one cares. If you are conducting a digital monologue, your listeners will flee. If it is clear, instructive, entertaining, enlightening, thought-provoking, and compelling—or any combination of these—you will be serving your audience members' needs.

(5) **Remember to be human**
Your firm's products and services are considered, purchased and used by people, not web bots. In the end, digital business tools and techniques are just a virtual extension of our flesh-and-blood online selves. Build relationships, not campaigns.

> **"What if your digital efforts do not advance your firm's strategic goals? Wasted time, effort, and investment are the only real outcomes."**

Get Strategic About Social: A Guide for CMOs

Social media has evolved from a broadcast marketing opportunity to something that can be leveraged by CMOs to serve customers, inform product and service innovations, reduce costs, and boost shareholder value.

There are deep analytics to gather and understand, dynamic web sites to create (and recreate), and customer experiences to define—all while remembering to do social good, and be inclusive and diverse. It's technical, creative, data-driven, and customer-centric. It's impossible to be an expert at one's own job because there are far too many micro-specialties to govern over. And it's absolutely exhausting.

What is a marketing leader to do?

① **Plan strategically**

Repeat after me: a social media campaign, no matter how big or expensive, is not a strategy. Some CMOs lose sight of this because social media is new and complex and has different demands and requirements. Stick with what you know to be true!

A social media strategy is a subset of a marketing strategy, just as a marketing strategy is a subset of a business strategy. Every social media campaign MUST cascade to an impact on the bottom line or a business goal. That's what makes CEOs and board members sit up at listen.

To ensure that all pieces of the strategy puzzle fit together, some marketing executives find it helpful to use a Digital Business Strategy Map—which enables them to define their strategies and align them with operations. After all, strategy without strong execution is meaningless.

② **Communicate clearly**

Once you've nailed your strategy, make sure you communicate it to the organization—early and often. In an era where employees can be a brand's biggest advocates—and they have the social tools to engage directly with customers—keeping everyone (not just the marketing team) on the same page can create a powerful unified front.

And keep this in mind: Every year, the marketing communications firm Edelman publishes its Trust Barometer, which measures our trust in institutions, including business, media, NGOs, and government. Findings from this year's survey indicate that employees want to see their business leaders as human. In fact, almost eight in ten say that hearing information about personal values is important to building trust in a leader. Just as important is learning about the obstacles a leader has overcome as well as their personal success story.

So when you're communicating your strategy to the organization, take off your corporate hat and put on your human hat. Focus less on the dry mechanics of the strategy and more on articulating the challenges and opportunities as you see them—and on how employees can play a role in the company's success. That's the key to employee advocacy.

▶ **Your Takeaway**

- A social media strategy is a subset of a marketing strategy, just as a marketing strategy is a subset of business strategy.

- Use social channels to spot trends and tap into customer sentiments. The marketer who listens best wins.

- When tracking social data, be sure to focus your analytics to serve meaningful business needs.

▶ **"A social media campaign, no matter how big or expensive, is not a strategy. A social media strategy is a subset of a marketing strategy, just as a marketing strategy is a subset of a business strategy."**

③ **Experiment and take calculated risks**

Before big data and analytics, CMOs had to guess at market perception and trends. They based their messages on feedback from product or service teams (or from surveys and focus groups) vs. getting them directly from the customer. And they had no hard and fast way of knowing if their campaigns and strategies were fruitful.

Today, marketing leaders are combining data, market messages, and omni-channel approaches. Award-winning CMOs are reaching new levels of success by taking calculated risks and capturing the results in order to learn from them.

A great example of the power of this process is Big Lots, the discount retailer. Prior to appointing CMO Andrew Stein, the company had made a series of wrong assumptions about its customer base —including assuming that most buyers were cash-strapped and looking for low prices. With Stein at the helm, the company used customer research and analytics to conclude that Big Lots customers come from all walks of life and income brackets, but share a common goal: to score a great deal.

Armed with that insight, Big Lots launched a video on Black Friday, which did extremely well. So they kept it up. The next video, "Nailing this Christmas" went viral and endeared the store chain to its current and prospective customers by making discount shopping an exciting badge of honor. The ads feature a diverse group of women, so they appeal to an inclusive marketing agenda as well.

④ **Staff wisely**

In the digital age, winning marketing teams need to focus on both inbound and outbound marketing. This requires a diverse group of talented specialists who may not have the backgrounds of traditional marketers—from data scientists and pipeline specialists to community managers and journalists.

Your marketing team may even start to look more like an IT team—and that's a good thing. In fact, Gartner predicts that by 2017, marketing functions will spend more on technology investments than the IT function does.

This shift may also mean that traditional org charts are no longer relevant. Case in point: according to Brian Doll, VP of Marketing at Github, the company's marketing org chart is largely flat and contains few titles—just team names to encourage a culture of collaboration. Or consider Procter and Gamble. Last year, the company restructured its marketing function to become "Brand Management" with single-point responsibility for the strategies, plans, and results for the brands. P&G's Brand Management organization now sits within the global business function.

So take stock of your staff portfolio and explore any gaps you may have. Do you have technical wizards who can find, integrate, and own the best marketing platforms (within the corporate IT standards)? Do you have quants (aka quantitative analysts) to oversee data collection and make sense of the numbers? Do you have an ethnographer or social scientist to understand your customer personas and experiences? How about technically savvy design pros to create compelling visual content? You're going to need 'em all.

> **"Once you've nailed your strategy, make sure you communicate it to the organization—early and often."**

⑤ Listen well

There's a new kind of listening—and it's not based on what your executives, or your agencies, are saying. It's all about what your customers, both internal and external, are telling you.

What are your customers thinking, feeling, doing, wanting? What does sales need to feel supported? What are the business lines' future innovation plans? The modern customer expects a modern marketer to understand them and provide them with what they need, when they need it … and even sometimes, before they ask.

The good news is that listening is easier than ever. We live in an age of live, continual focus groups and feedback forums—and marketing leaders can use these to keep an ear to the ground, trend spot, and tap into customer sentiments like never before!

Take our client Hitachi Vantara. Their developer and partner network is so important to the company's innovation that they are now partnering with them directly, asking them what they need, and delivering it. Instead of gathering developers and partners together twice a year at a partner summit, Hitachi is cutting to the chase—by using social channels to get customer input and refine innovations based on their feedback. Remember: The marketer who listens best wins.

⑥ Track carefully

Data, data everywhere but not a drop to drink. Most CMOs agree that they are drowning in data. The solution? Don't measure everything—track in smaller segments. For example, focus in on a specific sub-demographic or customer type that your brand wants to reach or engage with. Or do something as simple as following hashtags or tracking sentiment—a smaller endeavor that can deliver big insights.

Think like a researcher, starting with a hunch or hypothesis that you can test with data. Then, rely on your gut instincts. If something looks really wrong in the data trends, it probably is. Test and re-test to be sure that your analysis is strong.

Above all else, be sure to use analytics to serve meaningful business needs. CMOs can lose their strategic way if they don't know what they want to learn from the analytics. Don't get lost in the numbers to the point that you can't see the big picture.

A version of this post originally appeared on CMO.com.

> **"There's a new kind of listening—and it's not based on what your executives, or your agencies, are saying. It's all about what your customers, both internal and external, are telling you."**

How to Develop a Digital Business Strategy Map

Back in 2010, to help clients think strategically about digital business, Leader Networks worked with Palladium Group (founders of the Balanced Scorecard) to develop a Digital Business Strategy Map. We based the map on Leader Networks' experience developing strategic frameworks for more than 30 companies.

Our goal was to ensure that companies were aligning their strategies with their operations. Some forward-looking CMOs got on board—but mostly, companies just weren't ready to frame this emerging field in a larger business context.

Today, CMOs are squarely at the helm of their companies' digital business initiatives.

CMOs are now well acquainted with social media's organizational impact. They're no longer using digital channels as mere broadcast marketing mechanisms. They're leveraging digital across the enterprise—to serve customers, inform product and service innovations, reduce costs, and boost shareholder value.

As the market has matured, I have adapted and refined our Digital Business Strategy Map to reflect the new insights I've gained through helping hundreds of organizations become digital businesses.

🖑 *Click to enlarge*
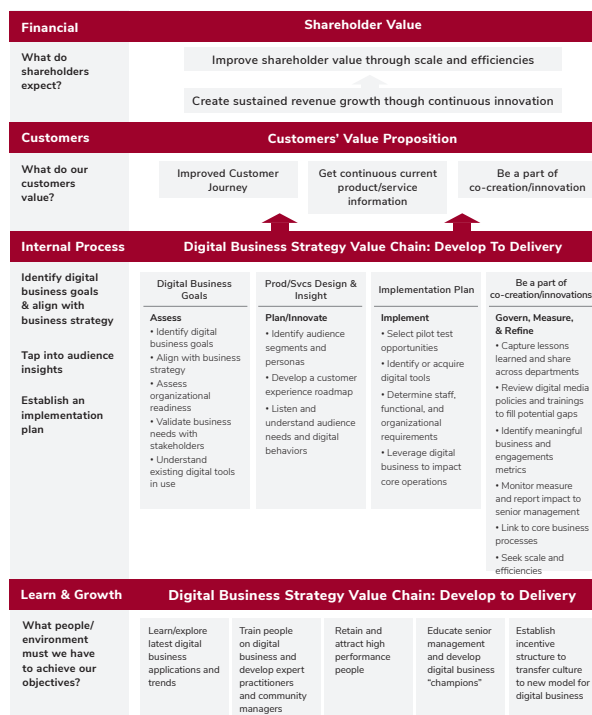
▶ Your Takeaway

- Your digital business strategy must be aligned with your operations.

- Creating a Digital Business Strategy Map helps you lock down your shareholder and customer value propositions—and define the operational value that digital can deliver.

- Digital strategies that don't support business strategies will harm competitive advantage.

> " Whether your organization is large or small, B2B or B2C, product or service focused, it is critical that you develop a digital business strategy that is aligned with your operations."

Digital Business Strategy Map: A Step Towards Alignment and Growth

Financial	Shareholder Value				
What do shareholders expect?	Improve shareholder value through scale and efficiencies				
	Create sustained revenue growth though continuous innovation				

Customers	Customers' Value Proposition				
What do our customers value?	Improved Customer Journey	Get continuous current product/service information	Be a part of co-creation/innovation		

Internal Process	Digital Business Strategy Value Chain: Develop To Delivery				
Identify digital business goals & align with business strategy Tap into audience insights Establish an implementation plan	Digital Business Goals **Assess** • Identify digital business goals • Align with business strategy • Assess organizational readiness • Validate business needs with stakeholders • Understand existing digital tools in use	Prod/Svcs Design & Insight **Plan/Innovate** • Identify audience segments and personas • Develop a customer experience roadmap • Listen and understand audience needs and digital behaviors	Implementation Plan **Implement** • Select pilot test opportunities • Identify or acquire digital tools • Determine staff, functional, and organizational requirements • Leverage digital business to impact core operations	Be a part of co-creation/innovations **Govern, Measure, & Refine** • Capture lessons learned and share across departments • Review digital media policies and trainings to fill potential gaps • Identify meaningful business and engagements metrics • Monitor measure and report impact to senior management • Link to core business processes • Seek scale and efficiencies	

Learn & Growth	Digital Business Strategy Value Chain: Develop to Delivery				
What people/ environment must we have to achieve our objectives?	Learn/explore latest digital business applications and trends	Train people on digital business and develop expert practitioners and community managers	Retain and attract high performance people	Educate senior management and develop digital business "champions"	Establish incentive structure to transfer culture to new model for digital business

Digital Business Strategy Map: A Step Towards Alignment and Growth

Financial — Shareholder Value

What do shareholders expect?	
	Improve shareholder value through scale and efficiencies
	Create sustained revenue growth though continuous innovation

Customers — Customers' Value Proposition

What do our customers value?

Improved Customer Journey	Get continuous current product/service information	Be a part of co-creation/innovation

Internal Process — Digital Business Strategy Value Chain: Develop To Delivery

Identify digital business goals & align with business strategy

Tap into audience insights

Establish an implementation plan

Digital Business Goals	Prod/Svcs Design & Insight	Implementation Plan	Be a part of co-creation/innovations
Assess • Identify digital business goals • Align with business strategy • Assess organizational readiness • Validate business needs with stakeholders • Understand existing digital tools in use	**Plan/Innovate** • Identify audience segments and personas • Develop a customer experience roadmap • Listen and understand audience needs and digital behaviors	**Implement** • Select pilot test opportunities • Identify or acquire digital tools • Determine staff, functional, and organizational requirements • Leverage digital business to impact core operations	**Govern, Measure, & Refine** • Capture lessons learned and share across departments • Review digital policies and trainings to fill potential gaps • Identify meaningful business and engagements metrics • Monitor measure and report impact to senior management • Link to core business processes • Seek scale and efficiencies

Learn & Growth — Digital Business Strategy Value Chain: Develop to Delivery

What people/ environment must we have to achieve our objectives?

Learn/explore latest digital business applications and trends	Train people on digital business and develop expert practitioners and community managers	Retain and attract high performance people	Educate senior management and develop digital business "champions"	Establish incentive structure to transfer culture to new model for digital business

Whether your organization is large or small, B2B or B2C, product or service focused, it is critical that you develop a digital business strategy that is aligned with your operations. Here's how this map helps you do that:

Shareholder and customer value
When digital and social media was in a more experimental mode, marketers tended to use it as a broadcast or marketing opportunity, and didn't really understand or pay attention to the impact that it has on shareholder and customer value.

Savvy marketers now realize that they must dedicate the same level of rigor and planning to their digital strategy as they would to an innovation project or a new business line.

Start with a hard look at how your organization generates shareholder and customer value. For example, if digital business will help your organization deliver customer value by making you "easy to do business with" and create shareholder value by "lowering operating costs" or "increasing the speed of innovation" then you've found a sweet spot where you should focus your digital business efforts.

Internal and operational value
Once you have locked down your shareholder value and the customer value propositions, the heavy lifting begins. Marketers must look at the internal and operational value that digital can deliver using four key steps:

① Define digital business goals to support business goals

Too often, organizations jump into the deep end of the digital business pool in a rush to get up to speed competitively. Be sure to look before you leap. Not every organization is built to undertake an enormous transformation effort to become a digital business. Your organization may want to dip its toe into the water by using digital to support and augment certain areas.

You don't want to open a can of worms in terms of visible exchange and interactivity if you don't know what your risks and challenges are and how you are going to manage them. For instance, an organization that is not strong in customer care in general probably shouldn't forge into digital customer care initiatives. Doing so will shine a spotlight on where their weaknesses lie.

Ready your organization by aligning your digital business goals with your business goals. Then, look at your processes and fix the problems before you move forward. Remember the golden rule: digital is in service of the business and not a silo!

> **"Remember the golden rule: digital is in service of the business and not a silo!"**

② Tap audience insight to drive product and service innovation

When it comes time to innovate, listening to your target audiences is the most important thing you can do. Why? Say it with me again: digital and social media is not a broadcast mechanism. If you use your existing CRM data to understand what makes your customers tick, you have an opportunity to focus on supporting and engaging these people more intensively.

Do your research to identify where your core constituency is aggregating. Hint: It's not at the top of a Google search on your company's name. Your target audience is having important conversations in smaller, niche arenas. So dig deep to find the influencer communities where you can listen to and interact with your most important current and prospective customers.

Let's say you're a car company. There are many "motor head" communities where deep information and insight is being shared among expert practitioners. For example, while the obvious hashtag #lexus on Twitter is useful for general fans and consumers, there is a longstanding and vibrant discussion going on at #lexusRCF about the power, torque ratio, and drag coefficient of the cars' spoilers. Now that's where you'll find a passionate group of consumers!

Once you've identified whom you want to reach, and where you can reach them, then define what you hope to get from that interaction: Is it testimonials? Better understanding of their issues and problems? Better support for a product or service?

③ Establish an implementation plan

When you have established whom you want to serve and in what ways, then your implementation plan becomes critical.

Often, when I work with marketers and CMOs within enterprises, their digital business efforts lie on top of their "day jobs" without any additional time or resources. And there's often an imbalance between what the anticipated outcomes are for digital programs and the amount of effort and attention that needs to be put into them.

If you want ROI from your digital business initiatives you need a real, robust, refined implementation plan that answers the tough questions: Who owns the program? What are they going to do? Over what period of time? In what ways? And, of course, what is it going to cost?

This implementation plan must take the form of a detailed project plan—complete with deadlines and contingencies. No fuzzy dates and squishy scopes allowed.

> **"Savvy marketers now realize that they must dedicate the same level of rigor and planning to their digital strategy as they would to an innovation project or a new business line."**

④ **Govern, measure, and refine**

Connecting the data you gather through digital channels back to the core business and shareholder value is the most important thing you can do. But that's the Achilles heel in most measurement efforts. Truckloads of digital and social business data is generated, but we still struggle to apply the insight.

For example, it's not uncommon for marketing to interact with a broad base of customers—and to have fabulous insight into their wants and needs. But, because marketing is disconnected from product development, this insight doesn't get translated into new product releases or service offerings. That's a fail.

We're facing a unique time in digital business governance—driven by the agile nature and low price point of the digital business applications that organizations are investing in. These days, marketing has a greater spend than IT, and marketing is beginning to make digital business investments that are duplicative, not aligned with company standards, and not integrated with the IT backbone. That results in a widening gap between marketing and IT—and a negative impact on the business.

The bottom line? For digital business initiatives to succeed, there has to be closer collaboration between marketing and IT—with a clear focus on serving the lines of business.

⑤ **Learn and grow**

At the end of the day, digital business is all about human processes. The ability to translate raw data into actionable results that impact the bottom line requires new skills and new rules. If your people aren't on board with and educated to deliver against your digital business initiatives, then a massive breakdown can occur.

Ask yourself, "Are we ready for this and what do we need to get ready?" Is your staff equipped to deliver on what is being asked of them as digital professionals? If not, what do they need to grow their skills? Since digital is a fast moving industry, training and education cannot be a one-and-done scenario. It will require an ongoing commitment to learning. Remember that digital business expertise can be found in all pockets of the organization. Look to the knowledge workers and millennials who are native to collaboration.

As tactics change, strategy is more important than ever.
In our quest for speed and agility, we are bypassing critical steps in creating solid business architectures. Paradoxically, by slowing down the process— and focusing on integrated strategies—we can actually make our companies more agile. We can create infrastructures that improve quality, speed times to market, lower costs, and reduce duplicative efforts.

It's not the sexy stuff. But alignment is required. Due diligence is necessary. And digital strategies that don't support business strategies will harm competitive advantage, not accelerate it.

> **"Connecting the data you gather through digital channels back to the core business and shareholder value is the most important thing you can do."**

CHAPTER 4
Using Online Communities to Drive Competitive Advantage

Communities Fuel a Unified Customer Experience

The customer has been king for a while, but he certainly hasn't had a castle. To date, there hasn't been a single, unified place where a company or organization can interact with the customer, listen to his desires, and orchestrate the fulfillment of his needs. Now, research conducted by Leader Networks and CMX Media suggests that a customer experience revolution is underway and that the customer has been ensconced in his rightful place: the online community.

We surveyed more than 400 marketing and community practitioners to understand community success.

We sought to identify the business drivers for the most successful communities, what compels organizations to build them, and the key factors that help the most successful ones pull away from the pack. While we uncovered many interesting trends and indicators for community success, the most powerful outcome of this study is what communities can mean for the customer experience.
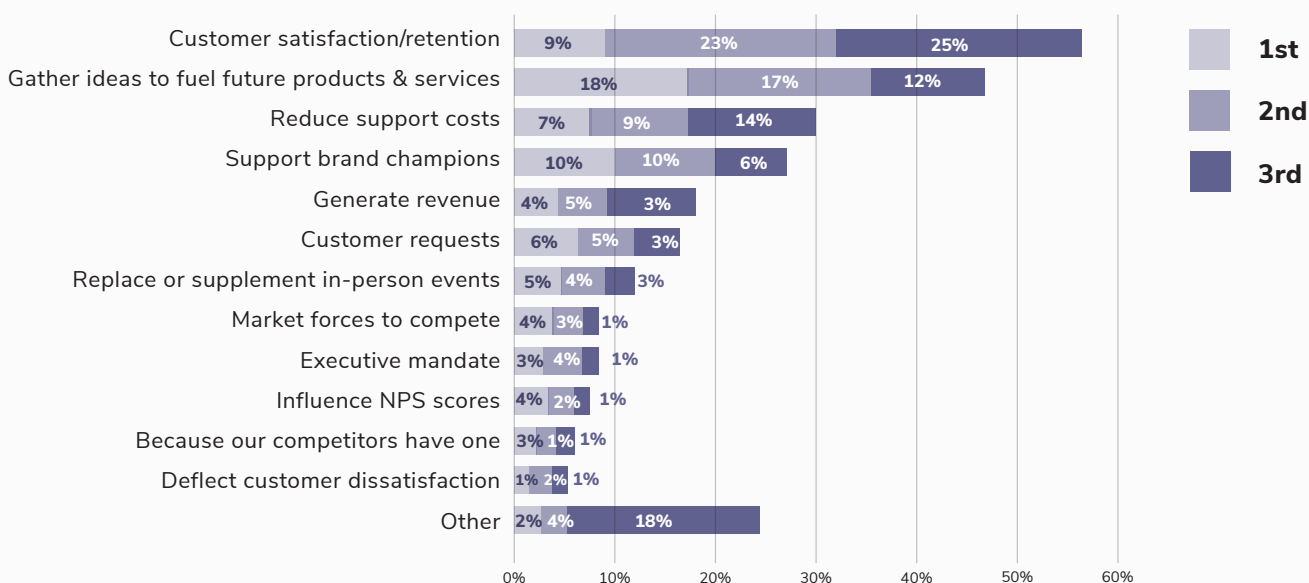
Many survey respondents who selected customer satisfaction and retention as a reason for launching an online community also identified it as the most important driver.

> ▶ **Your Takeaway**
> - Organizations need an integrated place where they can interact with customers and listen to their needs.
>
> - Online communities provide a stable and secure environment for the customer experience to play out.
>
> - Savvy companies are using online communities to drive customer satisfaction and retention—and gather ideas to inform future products and services.

Customer Satisfaction and Fueling Future Innovation Are the Most Important Drivers of Community

Please rank your drivers for an online community from most to least important

Driver	1st	2nd	3rd
Customer satisfaction/retention	9%	23%	25%
Gather ideas to fuel future products & services	18%	17%	12%
Reduce support costs	7%	9%	14%
Support brand champions	10%	10%	6%
Generate revenue	4%	5%	3%
Customer requests	6%	5%	3%
Replace or supplement in-person events	5%	4%	3%
Market forces to compete	4%	3%	1%
Executive mandate	3%	4%	1%
Influence NPS scores	4%	2%	1%
Because our competitors have one	3%	1%	1%
Deflect customer dissatisfaction	1%	2%	1%
Other	2%	4%	18%

And while reducing support costs was identified as the primary driver by a larger percentage of people, many more respondents selected gathering ideas to fuel innovation (commonly referred to as co-creation) as a leading driver. In fact, organizations have learned that they get further, faster when they tap into the wisdom of the very people who use their products and services and enable their customers to fuel new products and services.

Although it's surprising that innovation and retention were cited as the primary drivers for community launches—it's incredibly exciting news for buyers as well as sellers!

Traditionally, current and prospective customers have suffered through a fragmented journey in which they learn about and interact with an organization on multiple, disconnected levels. In the study, we learned that organizations are looking to communities to provide that single point of learning for customers. Rather than leave customers to carve their own path to learn about an organization, tap into support and education, and access thought leadership and customer stories, organizations are beginning house them in a single destination—the community.

From the business perspective, online communities have been viewed as a cost-saving measure—a means to transition service and support into self-serve. Survey participants, particularly those in B2B, still make the business case on cost reduction—but they are also seeing the connection among retained customers, customer satisfaction, and product and service enhancement requests. What's more, they're realizing that while you can only reduce costs to a certain degree, you can use communities to fuel innovation that drives new revenue.

But keep this is mind: organizations that are getting the biggest bang from their online communities have ensured that they are coupled with a line of business.

They've evolved their communities from a cool social tool that's bolted on to the business to a vital innovation tool that is in lock step with marketing or product development or customer service. Aligning the community with the goals of the business is the key to success.

So what's the bottom line?

Customer relationships are the foundation of every organization's success. Organizations are relying less on community as a support engine and cost-reduction strategy, and are viewing top-line business growth as a primary reason to build a branded community.

Communities create a consistent and evergreen place for the customer experience to play out. They can become the castle where the customer king reigns supreme.

> **"Traditionally, customers have suffered through a fragmented experience. Organizations are looking to online communities to provide a single point of interaction."**

6 Ways Communities Serve Customers—And Boost Business

How do online communities help business?

Leader Networks has been focused on this question for more than two decades, driven to better understand the ways organizations derive benefits from their communities. Through our research, we've identified six distinct ways that firms can benefit from community and serve their customers better.

They are:

① To help customers get more value from their products and services

Especially today, as software-as-a-service and other cloud-based systems grow, businesses' utilization of the installed software they've bought has become more important (according to Flexera Software's **2016 Software Monetization and Licensing Survey**, 51% of executives at software manufacturers and users admitted they don't track customer usage).

Here, communities can be instrumental in helping increase customers' understanding of the products they purchase, troubleshoot problems when they occur, and ultimately increase customer use and value of products and services, improving their asset management practices.

② To improve the way an organization enhances its products and services

Through online communities, organizations can learn more quickly about the things their customers wish they had from their existing products and services, rather than waiting for the annual customer conference or satisfaction survey.

③ To develop better new products and services

When an organization engages in sustained collaboration with their customers, it can create better roadmaps for future products and services.

④ To market and sell more effectively

When forward-thinking organizations leverage community early in the customer journey – when potential buyers have questions, need to learn from existing customers about their experiences, and are weighing their options—communities can be the perfect place to bring pre-sales leaders and potential customers together.

▶ **Your Takeaway**

- There are six distinct ways that firms can benefit from community and serve their customers better.

- It's a two way street: Communities help customers get more value from current products and services—while acting on their input for new and improved products and services.

- Add in lower support costs and higher customer satisfaction and it's a win-win all around.

"Communities can be the perfect place to bring pre-sales leaders and potential customers together."

⑤ To reduce the cost of post-sales service

What customer would want to wait to talk to a support professional when he or she can self-serve through a support portal and customer community, getting answers (and experiential "how to" details) from others? Here alone, communities can reduce support costs and increase customer satisfaction.

⑥ To control the digital conversations about their firms

While there's a time and place for public social media campaigns, many organizations prefer to hold their deeper customer conversations in private settings. This keeps competitors from gaining too much information, while also enabling the organization to foster sustained support and engagement.

> **"Online communities help organizations learn more quickly about the things their customers wish they had from their existing products and services."**

Cost Center No More: Why Some Online Communities Make More Money

In a recent Leader Networks research study, "The Business Impact of Online Communities," we found that almost half (49%) of communities report revenue gains from their online community. This is an exciting proof-point, but it warranted further investigation.

What enables some communities to be financially productive while others remain a cost center?

To answer this question, we analyzed the data to identify the winning conditions that bring in the green. It became clear that mature online communities tend to report greater revenue gains:

55% of communities five years or older generate or influence more than $1M

43% of communities that have existed for two years or less generate or influence less than $10,000

At first glance, it seems that it takes at least five years for a community to stabilize, build critical mass, break even, and generate revenue. But then we started to peel back the onion to better understand the drivers behind this hunch.

Based on in-depth conversations with our clients, backed by additional research, we've found that "ramp up" issues don't stand between communities and revenue—measurement and reporting issues do.

In fact, it does not typically take five years for an online community to realize revenue. It takes five years for community leaders to develop processes and metrics to measure and report revenue gains. It does not have to take so long!

▶ **Your Takeaway**
- Revenue is not dependent on community maturity.

- Communities that generate or influence more revenue do so because they have developed a financial model for tracking revenue.

- With a solid business plan, sound financial metrics, and integrated customer data, you can cut to the chase—measuring and reporting revenue sooner, rather than later.

Here are three steps marketing and community leaders can follow to recognize revenue faster:

① **Build a business case**

Too often, organizations build online communities based on a single use case—such as customer support or employee advocacy—not a full-blown business case that articulates a clear path to an ROI. As a result, community managers put their time and attention into the tactical aspects of managing their communities instead of focusing on the business impact that the community is making.

The catalyst for change usually occurs when the community graduates from being a social experiment and becomes aligned with a line of business. That's when an executive steps in and wants to know how the community is advancing his or her business goals. And that, in turn, forces the community manager to articulate KPIs and success measures.

It's time to put the horse before the cart! By building a solid business case—including a revenue model—at the outset of the process, community managers can measure what matters from the get-go.

We spoke with Leo Daley, Director of Services Marketing & Community at Kronos who discussed the importance of planning business impact from the start. He says "We just went live in October, and our community is first and foremost a support destination, so we're focused on providing a great customer experience in finding answers to support questions and managing support cases. Doing that well drives customer success and loyalty. Also, our sales reps are telling me the community is a unique differentiator with prospects. And since the Kronos community is on the same platform as our CRM and support, we'll be able to measure the impact."

② **Get your financial house in order**

You won't know if you're achieving the benefits of your business case if you're not tracking basic financial data. Yet, in our research study, 25% of marketing and community leaders—one in four—report that they don't know or don't track their community expenses. And almost 40% do not know whether their community saves their organization money or not.

The mandate for community managers is crystal clear: know what you're spending and know what you're saving. Even if your community is generating revenue, without a clear picture of spend and yield, it's impossible to calculate ROI.

> **"Too often, organizations build online communities based on a single use case—such as customer support or employee advocacy—not a full-blown business case that articulates a clear path to an ROI."**

③ **Connect the dots**

In our study, we found that 36% of online communities influence revenue via customer retention and satisfaction—which is how the majority of marketing and community leaders define competitive advantage.

If your community platform is not integrated with your other customer-focused platforms, how can you measure the influence on revenue? You must connect your member data to customer data.

And our client Michelle Groff-Burling, Director of Content Management, Communities, and Collaboration at Hitachi Ventara had more to add. "One of our key initiatives is to redefine what and how we measure to gauge the business value derived from our community," Michelle explained. "As a start, we mapped the community's purpose to our organization's business strategy—associating all the work that takes place in community back to our goals. This provided the foundation for measurement areas that will offer key ROI insights. Some examples include identifying sales inquiries attributed to community, the number of resolved issues, and support call deflection."

So what's the bottom line? Revenue is not dependent on community maturity. Communities that generate or influence more revenue do so because they have developed a financial model for tracking revenue. With a solid business plan, sound financial metrics, and integrated customer data, you can cut to the chase—measuring and reporting revenue sooner, rather than later.

> **"By building a solid business case—including a revenue model—at the outset of the process, community managers can measure what matters from the get-go."**

CHAPTER 5
Using Social Selling to Listen and Respond

What Social Selling Is—and What It Isn't

Despite all the talk about social selling, it remains a hazy concept for many people. This gap between expectation and reality may be due to lingering uncertainty about what social selling is, and what needs to be done in order to make the best use of it. And the companies that are scared off by this uncertainty aren't the only ones adversely affected. For those who do take the plunge, the lack of solid information prevents a large percentage of them from formulating an effective approach, causing them to flail away with methods that undermine social selling's potential.

At Leader Networks, we assert that social selling is the act of infusing social engagement into the traditional sales process in order to develop, advance and maintain relationships with people.

It is not using social media to shout at, stalk, or spam people digitally. Essentially, the overzealous members of this latter group have employed social channels to update the dreaded cold call—replacing the telephone with Twitter and LinkedIn.

The first step to becoming an effective social seller is to understand that social selling is a complement to traditional sales methods.

Social selling is not a revolutionary approach that replaces tried-and-true sales techniques. At the end of the day, it is still about connecting people to people, and people to data. Social selling, due to its ability to enhance the customer journey, is an incredibly powerful sales tool. But, like any tool, its value and utility are ultimately tied to the skills of the individual employing it.

> **▶ Your Takeaway**
> - To become an effective social seller, sales people need to understand that social selling is a complement to traditional sales methods.
> - Social selling is not using social media to shout at, stalk, or spam people digitally.
> - Listening is an important first step in the process.

The Social Sales Approach

Social Selling

(Select and research target accounts) (Warm socially accessible target accounts) (Reach out to the target account) (Nurture the target account) (Book sale) (Continue to engage socially)

- Listen to your target account on social channels. Follow them and hear what they say.

- Start the conversation on social media channels. Use info learned through social as a conversation starter when you reach out.

- Share ideas and information. Provide ongoing support and dialogue.

If you see someone who you know to be associated with a target account at an in-person event, but this association is all you have to go on, it's difficult to approach them, right? You need more information—need to know what their needs, hopes and challenges are before you can strike up a constructive conversation.

Social selling, in order to be effective, has to proceed in the same manner—you have to listen and get an idea of the individual person before you can engage them meaningfully. Social media provides the illusion that it's easier to talk to people—a deadly misconception that leads to those "cold calls." Due to the incredible access social media provides, people tend to engage before there is a relationship that can support it.

But what makes social selling such an effective sales tool is how easy social media makes it to listen.

By keeping tabs on what your target account shares, it's easier than ever to gain a solid understanding of their needs and ambitions, allowing you head into your initial conversation armed with far more material than you would have had in the past.

Understanding that social selling is a process, seeing it as a careful progression through a continuum, is crucial if you are going to unlock the benefits it offers. For social selling doesn't just enhance the beginning of your relationship with a target account—it creates the opportunity for continuity throughout the sales cycle, ensuring deeper, consistently attuned engagement as you move toward a deal, and allowing you to continue the conversation and remain top of mind after the deal has been closed.

Social selling is not a mysterious "snake oil" that one needs to be wary of. It is not a magic bullet that instantly erases the hassles inherent in the sales cycle. Instead it is a knowable, repeatable process that requires patience and attention if it is going to pay off.

The payoff can be huge. For instance, you are 5 times more likely to schedule a first meeting with a target account if you have a personal LinkedIn connection (source: Sales Benchmark Series), 98% of sales reps with 5,000+ LinkedIn connections achieve quota (source: Sales Benchmark Index), and 54% of those who use social media tracked their usage back to at least one closed deal (Source: Social Media and Sales Quota Survey).

Intrigued by those numbers? Log on, resist the urge to sound off, sit back and listen. You'll soon understand what all the fuss is about.

> **" Social selling is the act of infusing social engagement into the traditional sales process in order to develop, advance and maintain relationships with people. It is not using social media to shout at, stalk, or spam people digitally."**

8 Ways to Use Social Selling to Drive Engagement

Social selling. Sounds good, right? Millions of modern marketers from around the globe are discovering that they can use digital channels to reach their buyers online. Sounds simple, obvious really.

"We'll use LinkedIn, Twitter, Facebook to post information and images about what we do and they will flock."

But is it really that easy or is this a rerun of Field of Dreams?

Build it and they will come has never panned out online.

We tried this with online communities and the Internet is awash with digital litter of empty forums and unanswered questions. Yet, we are at it again building social selling campaigns and pushing out images and information in hopes someone will see it.

Let us remind you, this approach will not work.

Marketing and sales need to flip the megaphone around in order to fully listen and respond from a place of genuine helpfulness and thought leadership. This builds trust, and creates the foundation for the relationships at the heart of purchase decisions.

But who has time for trust building –asks the sales professional who is under pressure to perform?

Filling the pipeline is all that matters when your feet are to the fire with a sales quota, right?

A recent study by Kitedesk of 524 sales executives found that those who are skilled in digital relationship building are 6x more likely to exceed their sales quotas than those who do not interact online. Forbes wrote about the study **here**.

How we listen, respond, and interact matters the most.
It is a nuanced skillset. In fact, 47% larger purchases result from nurtured leads than non-nurtured leads. (Source: The Annuitas Group)

Only a few firms truly understand and embrace the foundation of social selling. The ones that do are pulling up a chair to the sales table to listen and engage. They are the pioneers who are hearing the buyers' needs, understanding their concerns and advancing their relationships with those that are interested in learning.

> **▶ Your Takeaway**
> - Social selling is all about building relationships.
>
> - Sales people who are skilled in digital relationship building are 6X more likely to exceed their sales quotas than those who do not interact online.
>
> - Listening, responding, and interacting promotes trust and provides the foundation for a relationship.

What they all have in common is that they listen more than they talk.

① Share useful content: This doesn't mean retweeting like crazy, but taking the time to curate high quality information, and comment on why you think it is special.

② Share "intelligence": including market buzz and insights on the industry. In this fast moving world, it is impossible to keep up. By keeping your finger on the pulse, people will look to you for what's happening.

③ Start a conversation: You can, and should, talk to people online. Comment, compliment, and query. People are very approachable online—sometimes even more so than in person!

④ Offer advice: When you see someone sharing a problem, genuinely jump in with help or an idea. Gratitude is a powerful emotion and you will have done a good deed.

⑤ Ask for advice: Tap into your intended audience's know-how and help them shine. Not only will this signal that you value them, but you may also learn something along the way.

⑥ Collaborate with a customer: Model your collaborative spirit online while showcasing your customers. You model good behavior and positive customer relationships for all to see.

⑦ Provide customer support: helping a customer is always a high return activity. Share what you know, solve a point of pain or bring in the right people to solve a need.

⑧ Co-innovate new solutions: gather a few thinkers on a key topic and "ideate" online. You never know where a mini crowd-sourced brainstorm may take you. (Be sure to share the information with your firm so they can use it too.)

Remember: quality trumps quantity.

You may think the measure of social media success is how many times you post or tweet. The numbers are not important—but the quality of your content, and your audience, is critical. You don't need a huge volume of tweets to a huge number of followers who will never buy your products or services.

To succeed at social selling, to get the right crowd to your field of dreams focus on the relationship: listen, be useful, build trust.

8 Ways to Use Social Media To Drive Engagement

> **Share useful content**

> **Share "intelligence"**

> **Start a conversation**

> **Offer advice**

> **Ask for advice**

> **Collaborate with a current customer**

> **Provide customer support**

> **Co-innovate new solutions**

> "Marketing and sales need to flip the megaphone around in order to fully listen and respond from a place of genuine helpfulness and thought leadership."

About Leader Networks

Leader Networks is a strategic 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.

Our clients include some of the world's best-known companies—from Cisco Systems, Hitachi, Hewlett-Packard, and Royal Dutch Shell to Fidelity, Thomson Reuters, Cognizant, and the World Bank. They also include industry-leading organizations like The Children's Hospitals Network and LexisNexis Martindale Hubbell.

Leader Networks was established in 2006 by Vanessa DiMauro, a recognized authority on digital business and online communities.

> **What's your digital strategy?**
>
> Leader Networks offers complimentary discovery sessions to organizations that are evaluating their digital transformation programs or have questions related to their digital strategies and processes.
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