# EXECUTIVE INSIGHTS INTO
ENTERPRISE SOCIAL NETWORK STRATEGY

Lessons from the

ENTERPRISE SOCIAL NETWORK STRATEGY
EXECUTIVE ROUNDTABLE

SYDNEY 17 September 2008

**FUTURE
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ENTERPRISE SOCIAL NETWORK STRATEGY AND CREATING BUSINESS VALUE

Social networks are a reality, a significant element of today's social and business environment. Employees are already using online social networks in their personal lives, and increasingly for work. Organisations can ignore this phenomenon, or they can choose to be proactive in exploiting the potential value and managing the risks. Possible business benefits include increased efficiency, greater collaboration, harnessing collective insights, product and strategy innovation, improved talent management, and profitable new business models.

The Enterprise Social Network Strategy Executive Roundtable, hosted by Future Exploration Network and IBM, brought together senior executives from some of Australia's largest organisations. Over lunch the insights and experience of the participants were brought to bear on key issues and critical questions surrounding this topic.

This report summarises the conversations at the Executive Roundtable, illustrated with quotes from the participants.

PARTICIPANTS

Moderator: **Ross Dawson,** Chairman, Future Exploration Network

International Guest: **Heidi Votaw,** Program Director, Social Computing, IBM

Christine Burns	CIO	*Blake Dawson*
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Chris Holmes	CIO	*Allens Arthur Robinson*
Chris Kennett	Head of IT	*Mirvac Group*
Annalie Killian	Catalyst for Magic	*AMP*
Sue Klose	Director of Corporate Development	*News Digital Media*
Chris Lampard	Business Technology Consultant	*Corporate Express Australia*
Shane Martin	CIO	*Stockland*
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SOCIAL NETWORKS AND THE ENTERPRISE

Online social networks were first broadly recognised as a significant business phenomenon when News Corporation bought MySpace in July 2005 for US$580 million. MySpace, the dating social network Friendster and Google's social network Orkut had already attracted many millions of users, however primarily within a technology-savvy youth profile. The extraordinary growth of Facebook after it broadened its purview beyond college students, together with the sustained rise of LinkedIn, have brought many professionals into the world of social networking over the last two years. Today hundreds of millions of people globally, including many professionals and business executives, use online social networks.

At the same time, the last 5-10 years have seen the growth of a variety of management tools such as Organisational Network Analysis that study how personal networks support organisational performance. Research has clearly shown that the effectiveness and competitiveness of large organisations is strongly correlated to how well the personal networks within the company support collaboration, knowledge sharing, and project execution.

The widespread personal use of social networks today is forcing organisations to consider and sometimes set policies on how they can be used by staff. At the same time, companies are recognising that there is an opportunity to use internal social networks to attract and retain talented staff, tap the most relevant expertise, enhance collaboration, and ultimately improve organisational performance and business outcomes.

Today, senior executives around the world are considering and implementing strategies to create business value from the use of social networking tools.

WHAT ARE YOU DOING NOW?

It is clear that every large organisation is at some stage of considering and grappling with the issues raised by online social networking. Some companies are focused on whether to block external social networks, whereas others are proactively exploring using these tools for applications including project collaboration, recruitment, learning and development, and other business applications.

"Ours is a very customer focused company, working in close to 50 locations across the country. We're currently undertaking a business transformation – we have grown through many acquisitions and now have decentralised processes inherited from these companies. We need to provide conduits for technology and social networking activity not only internally but also with our customers and suppliers."

"We needed to put management at ease. We prepared a white paper demonstrating the value of making information more freely available regarding new employees, new suppliers, new partners. In business you want to know as much as you possibly can."

"The CEO has expressed a desire to help grow an external focus in an organisation that for most of its life has been more internally focused. Within the culture there are still very deep roots of not being entrepreneurial. The new CEO has stressed that he is specifically and explicitly looking for a much greater external focus. When you start participating actively in networks beyond your organisation that is when a true external focus starts, building a more entrepreneurial culture."

"We've augmented our intranet site so that now we have social bookmarking on the side of the screen. It takes into account not only the topic you're searching for but the people associated with the information. It's done with tagging. The power of tagging is really important because when you search for information you find and learn about the expert and you'll follow that person. You'll be surprised at the amount of quality content that is shared in that environment."

"Our trial of social networks is going exceptionally well – there is very positive feedback from employees. They see it as a personal touch that improves their enjoyment of the work environment."

"In our line of business we live in Wiki and Blogland. From the technology side, we love all this stuff. But I'm yet to put my business hat on and see how this provides value back into the organisation."

2 SOCIAL NETWORKING POLICIES

One of the first – and possibly most important – responses of organisations to social networks is to implement or clarify policies on their use. These policies seek to address issues such as potential loss of productivity and security risk while recognising that staff expect to have some leeway in how they spend their time, and that there can be valid business reasons to use social networks.

"We are trialling a policy of access for 30 mins a day, using content filtering to control it… which enables it for personal use during business hours but limits people from using it all day. The trial has been overwhelmingly positive."

"We've pretty much taken the view that most people come to work to do a good job. We're not going to be police. Our code of conduct specifies a reasonable amount of personal use. Lawyers are yet to test what is a reasonable amount."

"We announced that we were looking at who was doing what – even though we weren't – and the usage started coming down. Now we actually do monitor usage person by person. We don't have a hard and fast rule – senior managers can make their own call."

"We've no problem with our employees being on Facebook. We need them to think about what's out there and understand what it can do; we want them to be out there."

"When we were looking at opening up sites there was discussion about how we should do it - during lunchtime, should we do it during working hours, or for 30 minutes? What's lunch to me is not lunch to someone else."

"There seems to be a concern about control. Our organisation is still fairly conservative and yet on this we seem to be pretty liberal. We don't try to control what people do or where they do it – we have a couple of filters for pornography and games sites. But we don't get reports on who's doing what."

"We don't want to be too dogmatic about how we use this. What if I have one of my best performers spending an hour a day on Facebook - do I really want to stop them? If they are hitting their metrics is it really that bad? We have wireless everywhere. Most of our employees have some sort of mobile device to access the internet. If we say they can't use their PC they can just find an easy alternative."

3 A NEW GENERATION

Social networking may be the domain of Generation Y but it is quickly infiltrating boardrooms still heavily populated by Baby Boomers or Gen-Xers. There is an overt lack of understanding from senior executives about why social networks are compelling to younger people. The social and cultural divide is impossible to miss yet organisations need to bridge the gap if they want to tap the value from a better connected firm.

"They just don't understand what is behind social networking; management asks, 'Why does someone want to record their entire life and publicise it?' They just don't get it."

"Our business objective is to capture the 18-35 market. We want to look at social networking as a possible way of doing that. Yet most of our IT people are in their late 40s."

"We don't have a single employee that is not highly computer literate. Everyone is on Facebook. Most of those who have been late to get on were from our management team – very revealing. We're now on."

"For Gen Y, social networking is much more open than traditional computing. Look at gaming. They have a collective mindset – achieving common goals is more important to them. They either win together or they don't win. "

"In World of Warcraft people create guilds and syndicates to build their battle strategies. They recruit people they have never met to execute that, they operate in an environment of trust, and together they execute collab orative tasks. We think this may be a future business model for the enterprise. We want to learn from how these people are operating, because these may be the leadership skills we need to develop for the future."

"One of the biggest initial challenges I dealt with was with the person in HR. He was a much older person who didn't really get what the availability of what these tools could provide, even for the HR function."

"One of the reasons why people don't give this a lot of thought is that typically management sits in the Gen X group, a bit older, just a bit beyond the brief, and they don't understand why people have iPhones, why people are doing this. They ask 'What's all this Web 2.0 stuff, how does it all work?'"

4 SPEAKING THE SAME LANGUAGE

The value of collaboration within an organisation seems clear but language and cultural differences may present obstacles to be overcome if social networks are to flourish.

"Everyone seems to struggle with there being so many sets of users within an organisation. A one-size-fits-all approach is not going to work."

"We operate one of Australia's most global networks and collaboration is the nature of what we do. We have a very culturally challenging environment, dealing with technology differences, language differences and cultural differences."

"We have seen cultural issues with people in some parts of the world. In Asia, people don't feel comfortable to openly disagree, so if someone puts up a comment they are less likely to disagree with that comment. We have language issues in South America; collaboration between languages is an ongoing challenge. It's not solved as yet – we're open to new ideas."

"We have a large number of non-computer users and also a lack of technology at a lot of sites. There are lots of non-technicians in the organisation as well."

"We have been using Wikis but people use them differently, and sometimes not at all. For example we have found that lawyers will readily comment on something that someone else has posted but seem unwilling to make the first post. There is subtlety required in knowing how to make these tools work within an organisation."

5 BUSINESS OBJECTIVES AND BENEFITS

Anything the organisation does must support its objectives. Sometimes the link between profitability and the use of social networks is not evident, even though executives may intuitively feel that there is one. In the longer term there is the expectation that the rise of social networks and similar tools will have a significant impact on the way business is conducted, including on business models.

"We want to use tools to make money. What is the payback? Capturing knowledge and focusing on engaging people. We are serious about finding ways to engage people. We have to compete for talent."

"The power of social networking is real. One characteristic is collaboration. The second characteristic that enterprises can take advantage of is user-generated content. If we don't capitalise on that we are missing out on something important."

"There is a spectrum of values within an organisation – there are a whole bunch of people who are very transactional but others who can see that this is an interesting vehicle for learning. People have always been social creatures – the technology is just making it easier. Allowing people to play in the spaces is contributing to the organisation's learning agenda because we're getting an insight into new trends as they emerge. These trends will shape our business in times to come."

"We've implemented extranet technologies to help with some of our transactions but we've also been looking at how we can get external people together. We're getting people together for peer review… in a small pilot, we've probably saved about 15 business class fares to Perth – a fair hunk of cash. We use collaboration tools, whiteboarding, and similar tools."

"Trends such as social networking will eventually lead to new business models and new product and service delivery. Over the next five years the way products and services are sold in our industry will be vastly different to how it is done today."
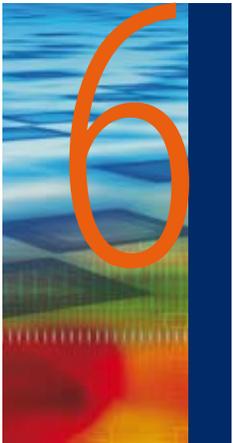
6 IMPLEMENTATION

Creating business value requires taking action. Most of the organisations that are actively engaged in initiatives in the social networking space indicated that their attitude is one of experimentation, with the intention of refocusing or shutting down trials that are not working, and building on successes.

> "One of the things that has been really good has been the ability of these tools to capture hearts and minds in asking people to contribute knowledge and take time for the good of the enterprise rather than for their own personal objectives and social networks. The easier you can make that process the easier it is for people to see the benefits and to get on board."

> "IBM's Blue Pages – which gives access to staff profiles – is the most used application in the organisation. It builds profiles of expertise and what people have worked on, what they know, what they have done. This helps you connect with the person who can help you with your particular issue – it breaks down geographical and departmental boundaries."

> "If you want to use it as a tool for talent management or social collaboration that's great. But I look at the cultural aspects of the organisation first to make sure we have all the elements in place. These tools can enhance the culture, but without the basics then all the tools will just fall away."

> "We have an evolving strategy. Fail fast and cheap. We're finding that's the best strategy. Let's put a wiki around this and see it if works. If no one wants to clean it up then we kill it."

> "We now have a journalist writing a blog for us – it's our innovation exchange – she gets information from inside and outside the organisation and posts it so that we understand what's going on."

> "One of the big challenges I have faced is working out which aspects of consumer Web 2.0 will work in our organisation. There is a quite a big difference in the economies of scale and the applications of those tools – which aspects of Web 2.0 translate to working within the enterprise."

> "If people want to have their own Facebook page – terrific. If they want to develop their own product or tool to enable collaboration – terrific. If they are chatting – that's interesting but let's capture knowledge and engage talented people in worthwhile tasks."

> "One of the positives is that it is reasonably cheap and easy to get a pilot up and running to evaluate how successful a new technology will be. Fail fast, fail cheap. Set things up as pilots and pick up the lessons."

7 CHANGING ORGANISATIONAL STRUCTURE

Shifts in communication patterns impact organisations' structure, not least by enabling greater communication across established hierarchies. Companies are increasingly looking at proactively adapting their organisational structures as social attitudes and business processes change.

"A transformation has occurred between people working in hierarchical worlds to one in which people are gaining credibility and social rewards through social networking, publishing, producing content, becoming 'experts'. It is easier to find people within the organisation, breaking down the traditional hierarchy. There is a now a flat management model – it has shrunk the organisation to focus attention and efforts to solve particular problems rather than on teams or departments or job titles."

"With Gen Y there will be more turnover in people. The idea of managing PCs internally – it's just like what we did with company cars 20 years ago. What do we do now with company cars? Well we package a lease and the guy drives wherever he wants. That's how Gen Y is using social networking … It leads to a view that we need to treat people more like contractors to the organisation. Rather than trying to control how people use these technologies we need to architect how we connect the existing tools to the enterprise."

"The whole organisation is about collaboration. So the area of social networks is really critical for us, particularly if we want to provide a seamless service delivery to the client."

"We have a multitide of high-profile brands. Our business is about dealing with lots of people in lots of places – our customers range from being very small to major grocery entities and we have a far-flung service and sales team so we are always looking for new ways to communicate with our people and with our customers."

"The credit crunch has been a good thing. In good times it takes organisations a long time to look at new things but in times of difficult business we are more ready to see that we need to consider change. The way we market our products is going to be different."

"Where are we going to end up? People will change jobs increasingly rapidly. We are shifting to a far more flexible staffing model in which I can engage people as and when I need those particular skill sets. Take the contracting model, which is often more collaborative than work inside the organisation."
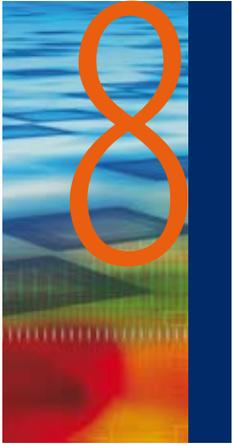
COLLABORATION TECHNOLOGIES

Everyone acknowledges the value of collaboration and many of the organisations represented are already using collaborative technologies. Social networking applications are seen to be a natural extension of existing tools and perhaps the next step in key functions such as expertise location and managing talent, change and knowledge.

"Collaboration and communication is a huge issue for a company of our size which is as distributed as we are, and I'm sure it is for a lot of other companies."

"It's a new way of working and a new thought process – to take the models of industry and building a network of people you want to keep contact with. You need to maintain the relationships you have with people because that's potentially how you're going to get another job or another employee. You can mentor each other etc to capture this inside the organisation."

"What are the tools that will make this easy? Wiki, cloud computing, create tagging, drive content and search for data. Get an entry point to create an open avenue where people can start to contribute content and then use things like tagging and searching to benefit an organisation."

"We are using wikis for formal work instructions. Wikis allow people to see changes over time, with more up-to-date information leading to better work outcomes."

"Look at tenders, responses to information, there is going to be much more of a requirement for collaboration in the future, to have that interactivity, to have people working on the same information in the same context. As I see it you want to know as much as you possibly can."

LIFE / WORK BALANCE

Throughout the discussions there was a recurring theme of the need to value the people, and recognise that changing work practices have seen the blurring of the division between public and private, between personal and corporate worlds. People receive and transmit personal information using corporate assets. At the same time employees also often use their personal tools, networks and time to contribute knowledge and ideas to the enterprise.

"Social networks open us all up to a different degree of exposure. What is the boundary of personal and professional?"

"We are aware of the ethical consideration – the boundary between public and private. I get alarmed when I hear about organisations trying to exploit personal networks for financial gain. The essential nature of Facebook is about social connection and the things that define who people are in the world as a human being. The leveraging of that for the enterprise online raises some substantial issues around ethics and exploitation."

"We have a lot of people using Facebook – to track alumni and so on, and as a source of connection. Every now and again we close it down because it swamps our network. Typically it's when someone in the organisation gets married and they are uploading their videos…"

"We now have mixed personal lives and work lives. Individuals don't make a strong distinction between 9-5 and employers don't have to focus on a resource being used just within those hours. The rules of contributing are much looser now."

"Some of our people use Facebook for the work they do, such as finding developers in their network to make new applications or come in and help create our site."

"Organisations will succeed if they help their employees succeed. Individual's success and their contribution to their organisations is highly correlated to the strength and diversity of their personal networks. Supporting individuals in developing their personal networks will help them contribute to the company."

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