



Social Media in Business

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Las redes sociales ya no son una opción. Son un recurso estratégico y una nueva dimensión de la estrategia corporativa. Por tanto, las empresas deben estar completamente conscientes de todos los beneficios que las redes sociales pueden aportar a los negocios. Si no los incorporan hoy a sus estrategias de negocios, los competidores lo harán antes y las dejarán muy atrás, muy rápido y entonces será cuestión de ponerse al día en lugar de avanzar.

Palabras Clave: Redes, modelo de negocios, estrategia.

Social networks are no longer an option. They are a strategic resource and a new dimension of corporate strategy. Therefore, companies must be fully aware of all the benefits that social media can bring to business. If they don't incorporate them now to the business strategies, competitors will do it before and let you far behind, very fast and then it will be a matter of catching up instead of go forward.

Keywords: Networks, business models, strategy.

Microsoft's acquisition of Yammer, and Salesforce.com's one of Radian6 are two recent examples of how social media's business value is considered crucial to some of world's key organizations.

According to a recent McKinsey report, social media could add an annual value ranging between \$900 billion and \$1.3 trillion to business. However, most of this added value has the potential to come not from social marketing or advertising campaigns, but from collaboration and communication opportunities within or between companies.

This is where companies fall short of social media's maximum potential. Social media has a huge role to play both externally between companies and their customers, clients or other external players, but internally as well to increase a company's internal productivity and efficiency.

Social media is no longer a choice. It is a strategic resource and a new dimension to corporate strategy. Companies thus need to be made completely aware of the full benefits that social media can provide to business. If they do not incorporate it today within their business strategies, competitors will do so before and will leave those companies lag very far behind, very quickly, and it will then be a matter of catching up instead of moving forward.

Social media has virtually revolutionized business. It has gone much beyond our private lives to infiltrate all aspects of the business world, at an incredible speed. Organizations that are not 'in it' by now are already behind. *Social media in Business* explains why social media has become fundamental in today's business world by tracing its evolution and measuring its business opportunities, and provides an adaptable framework for managers to implement social media strategically within their organizations.

Social media refers to the *dynamic* interaction that takes place within the global community

through the Internet, made possible by web-based applications and mobile technologies. Social media is often used interchangeably with 'the Internet' or known as 'Web 2.0', but many definitions exist to explain it as it is a constantly-expanding field. Nevertheless, the basic concept to understand is the idea of *content sharing*. What is happening is that, instead of simply viewing content on a website, people using the Internet can now engage in cyberspace to respond, comment, answer, and create content themselves. In a business context, this means that the way organizations interact with your customers, suppliers, competitors and other players in the industry has changed enormously.

Social media is materialized through its myriad of applications; from the video-sharing site YouTube to the 3D virtual world of Second Life; it is not all about Facebook, the choices are plenty and there is a world of difference between each application. Moreover, there are many ways one can take advantage of a single application and optimal combinations of multiple applications. To give just one example, Zoho is a site which gives a range of useful applications for businesses including project management applications, invoicing, web conferencing tools, information management and much more. These can be used at the office, or outside through Internet access.

The Internet gives rise to many new applications constantly, but also to many new features within existing applications - this means that keeping track of each innovation can become qui-



te a challenge. To top it all, new technologies like smartphones and tablets push social media even further as they give it access from wherever you are, *on the move*. This is the core difficulty with social media: understanding what is available, deciding on the optimal strategy, and exploiting what you need for your business in an efficient manner.

While social media has countless applications, it offers five main opportunities for business (see figure 1):

Firstly, it allows a stronger market presence, be it local or global, by accessing enormous online marketplaces through social media applications, at anytime and from anywhere. Physical boundaries, which are often a problem for businesses, are therefore less of an issue with social media. Also, by connecting to huge online markets, an organization increases its online visibility and its Search Engine Optimization (SEO). This means that it can rank higher in giant search engines like Google, and the more important its SEO, the higher it will be on search rankings and again, the more market presence it will have. As you can see, connecting to social media creates virtuous circles whereby organizations can really grow. Groupon is a highly successful example of a local business model taken global using social media marketing. Groupon offers a limited number of discounts to redeem at local businesses, available for a limited period of time. When viewing these offers, people



Figure 1

Five main opportunities for business offer by Social Media



Source: Social Media in Business, succeeding in the new internet revolution

spread the word through social media to make sure the deal reaches the required number. In this way, Groupon guarantees businesses lots of customers as well as maximum discounts for customers. By using the blend of social media and crowd buying and email marketing. Groupon has thus developed a completely new business model – demonstrating how a company was able to reconfigure its industry through social media. In just 5 years and at a time of recession, Groupon became worth 12 billion dollars.

The second business opportunity is communication. Social media allows the creation of communication between different players in a business; internally between an organisation’s staff, departments or divisions; and externally between an organisation and its customers, suppliers and other businesses. Communication through social media can take place between any parties within a business and this means that these parties can communicate with each other even if they are in different countries. Also, social media can be used

for both formal and informal communication, the former owned by the company and the latter by the employees. Informal communication - which is really a company's 'central nervous system', facilitating better understanding of projects and goals by cutting across formal reporting procedures - can be amplified through social media. In addition, social media allows more diversified communication as different kinds of content can be shared such as videos, music, pictures, and others types of media. Salesforce.com, for instance, used YouTube videos to train customers on their intricate product offering, estimating the videos were worth about *several hundred sales people*. Cisco, another example, is a global technology company that really provides a glimpse of what the future will be for both small and large companies. Cisco has 31 blogs, each aimed at different audiences covering general information about the company, industry solutions, technology, corporate news and more. It also has 12 Facebook fan pages covering the Cisco training academy, support and their products and solutions. Moreover, the company has separate accounts on Twitter for its products and solutions and several of its top executives. It also shares more than 1,200 photos on its products, people and events on Flickr.

The third business opportunity is communities. Communities are groups of people interacting online on a particular topic which they all share interest in. A well-functioning community is one that is self-sustaining and self-regulating. From a business perspective, these are your online markets. There are really all sorts of communities. LinkedIn, for instance, is a community of business professionals. Currently, it has 150 million registered users, including the CEOs of the top 500 companies in the world. More than 2 million companies have LinkedIn company pages. This professional

networking site allows you, after registering, to find professionals you know and connect to them - forming a hub of professionals with whom you can maintain contact and possibly enter in business at some point. LinkedIn also makes it possible for you to see your connections' connections, and in turn, connect with them - expanding your professional hub even more. An example of how to use this community, apart from 'networking' with professionals and helping you find other useful connections, is that you can ask a business-related question to your hub of professionals and get an answer or solution directly from them, for free.

Collective intelligence is the fourth business opportunity. This is the business intelligence generated by the global online community. As more people interact with each other and as more content is shared; more high-quality content is generated as well. This means businesses can tap into this collective intelligence and draw valuable information for their business. Through social media, organizations have the chance to get market insight about how they and their competitors are doing, or about what customers would like to see in future products and services. Starbucks, for instance, uses collective intelligence to do market research on its products and services through its consumer polls, which can be found on its Facebook Fan Page. But it also has a separate website, MyStarbucksIdea, where the company taps into its customer base to get ideas on products, like drinks and food; on custo-





mer experience, like ordering and shop atmosphere and on involvement, like social responsibility and community projects. The company therefore *listens* to its customers, which has allowed it to increase customer loyalty and improve its local outlets. A second example is Coca-Cola's 'Freestyle' vending machine – this machine has more than 100 options of flavors, which customers can mix to their taste, then share their creations with their friends using social media. This supply and demand information is then transmitted to Coca-Cola's main office, and this business intelligence is then turned into new products answering market demand. Another very good example is Cisco, which has held a competition in 2010 to come up with billion-dollar ideas. The competition generated 800 ideas by 3000 participations in 156 different countries, and the best idea won 250,000 dollars. In other words, it cost 312.50 dollars per idea for their business that could yield a billion dollars – this shows how social media can truly generate real value.

The fifth business opportunity is collaboration. Collaboration is the label given to describe participation among groups of individuals: employees, teams, departments and also bilateral groups such as business/customers, business/suppliers and business/stakeholders. Social media

takes collaboration one-step further by allowing 'collaborators' to work together even if they are in different countries, and in different time zones. This means that business can *carry on* regardless of geographical limits. This also means that executives can look for the 'right person' to do the job, wherever that person is, rather than take on someone just because this person lives in the same city for instance. These collaborative partnerships increase an organization's productivity substantially. Accenture, for example, is a global management consulting, technology services and outsourcing company with more than 200,000 employees in 120 different countries. Since the company works across borders, constant face-to-face collaboration is simply not feasible. As a consequence, it created a closed communication network modeled on Facebook, LinkedIn and Bebo called Accenture People, which more than 100,000 employees use to interact with each other. The company also created an interactive site to share knowledge, called Accenture Knowledge Exchange, where employees can share proposals, work plans and projects, as well as participate in a question and answer forum.

As with all change, ***several risks exist*** when it comes to adopting social media in an organization. These include the overwhelming amount of information relating to social media, the time needed to integrate and maintain a social media plan, visible and invisible impacts on the organization, possible overlap between personal and professional lives, potential security threats and reputation management. However, the level and number of risks can be mitigated or amplified depending on a company's organizational culture. The tactical part of implementing social media can be quite fast, but bringing social media into the DNA of a company takes much more time and effort, especially if a company has less of an open culture. If it is more

of an open one, in which information is exchanged freely and in which a more open leadership style exists, then introducing social media will be an easier task than if it is more of a secretive culture, where the company is heavily centrally controlled. But these two cases are really the two ends of a continuum, and your social media project will be based on where your organizational culture fits in this continuum. Organizational culture and office politics are thus huge players in how much risk there will be to implement social media, and how easily it can be implemented. So what executives really have to look at is whether their organizations have the type of culture and mindset which allows social media to flourish, and if not; generating a culture of openness will be a core obstacle to overcome. Nevertheless, risks are just small obstacles in comparison to the huge benefits that social media can provide.

To make sure risks are tackled effectively, it is crucial to have a step-by-step strategy when implementing social media. **The 3-CORE Model** (see figure 2) is a systematic and practical framework to

introduce social media in an adjustable way while implementing mitigation strategies to alleviate each risk. The book discusses each risk in more detail, along with ways to tackle each strategically. Thus, if properly mitigated, obstacles can easily be overcome and organisations can achieve maximum results. The model allows the integration and implementation of social media within any type of organizational structure: whether your organization is already very familiar with social media or whether it has never heard of it before. First however, is it very important to adopt a common language of social media so that all departments of a given organization can have a clear, common ground when discussing the subject. We want to avoid the organization going enthusiastically in the wrong direction, not understanding what social media is and what it is not. A winning social media project is one that will take in the right combinations of social media that your organization needs.

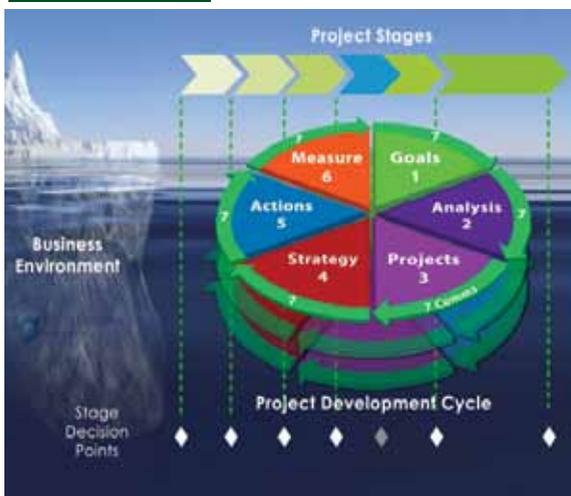
The 3-CORE Model (see figure 2) looks at three aspects: Business Environment, Project Stages and Project Development Cycle.

The Business Environment refers to the context of your business and the conditions in which you will be introducing your social media project. It is very important to study this carefully so that an appropriate social media project can be introduced for your specific internal and external business environments, depending on your company but also on your industry.

Project Stages are the time frames that structure the progression of the project, providing a means to address any organizational constraints and with predetermined decision points at the beginning and end of each stage reduces risk.

Project Development Cycle is a continuous process to guide the manager and project team

Figura 2



Source: Social Media in Business, succeeding in the new internet revolution

throughout all stages of the project. This tool makes sure to take into consideration the dynamically changing business environment, and to provide reference points at all times. What is crucial about this model is that it constantly works to integrate social media within a company's wider business goals in a step-by-step formula. It is important to keep this in mind as it is only in such a way that your social media agenda will be adapted suitably to answer your wider objectives.

Social media can give competitive advantage to any organization willing to engage in it, but the earlier you do adopt it, the better, as it is a very fast-moving field. The longer you wait, the more time **and effort you will need to catch up. Social media presents invaluable business opportunities** that leaders can take into account to create competitive advantage for their organization, but more importantly, to maintain this advantage and discover new opportunities as the Internet revolution moves forward. ❖

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