



Dell Inc. launched a social media listening command center in 2010 in order to monitor conversations about the company on social media platforms and in other Internet forums.

The Executive's Role in Social Business

Executive commitment is essential when companies launch and grow social business initiatives. What's more, social business is starting to change roles within the C-suite.

BY DAVID KIRON, DOUGLAS PALMER, ANH NGUYEN PHILLIPS AND ROBERT BERKMAN

IN A RECENT INTERVIEW, Gerald Kane, an associate professor of information systems at the Carroll School of Management at Boston College, aptly described the rapidly evolving role of social business tools within companies. "Any new technology experiences a faddish hype cycle where people adopt it because they feel they have to," Kane said. "With social, we are passing the peak of faddishness. Companies are starting to crack social's code and turning to it for business advantage, intelligence and insight."

In year two of the Social Business Global Executive Study and Research Project, *MIT Sloan Management Review* and Deloitte' surveyed executives' views on what we call social business and how companies are harnessing its value. (See "What Is Social Business?" p. 84.) The survey included 2,545 respondents from 25 industries and 99 countries. It also incorporated interviews with 33 executives and social business thought leaders. (See "About the Research," p. 84.)



THE LEADING QUESTION

What role should C-suite executives play in social business initiatives?

FINDINGS

- ▶ A majority of survey respondents say their companies' social capabilities are at an early stage.
- ▶ C-suite executives increasingly see social business as important, and many believe it has the potential to change how work gets done.
- ▶ Social business initiatives need committed executives who lead by example.

WHAT IS SOCIAL BUSINESS?

We use the term "social business" to describe an organization's use of any or all of the following elements:

- Consumer-based social media and networks (for example, blogs, Twitter, Facebook, Google+, YouTube, SlideShare)
- Technology-based internally developed social networks (such as GE's Colab or the Cisco Learning Network)
- Social software for enterprise use, whether created by third parties (for example, Chatter, Jive or Yammer) or developed in-house
- Data derived from social media and technologies (such as crowdsourcing or marketing intelligence)

Echoing Kane's observation, a key finding of the survey we conducted in the fall of 2012 is the rapid growth in importance of social business in the corporate world. In the 2011 survey, 18% of respondents said social business was "important today." In 2012, that number doubled to 36%. Even those who don't yet see social business as important expect it to grow in importance soon. In the 2011 survey, 40% of respondents agreed that social business would be important in one year. In the 2012 survey, the comparable number leaped to 54%.² (See "The Growing Importance of Social Business.")

Data from the 2012 survey affirm the need for effective leadership of social business initiatives, especially when they are at an early stage:

- Fifty-two percent of managers say their companies are at an early stage of developing social capabilities.
- For these managers, the top barriers to using social business are a lack of strategy, no business case and a lack of management understanding.

Companies that have strong C-suite support for social business initiatives can make significant strides. For example, at Dell Inc., CEO and founder "Michael Dell's leadership really paved the path to us becoming a social business," explained Richard Margetic, Dell's director of social media. "We've seen so many other peer companies struggle to get leadership support, but we've been fortunate to have leaders across the company, not just Michael, who both get it and use it."

Dell's seven-year track record of social business achievements includes starting a corporate blog as early as 2006, conducting a crowdsourcing initiative in 2007 that led to the implementation of 500 new product ideas and launching a social media listening command center in 2010 in order to monitor discussions about Dell on social media

platforms and in other Internet forums. In 2012, Dell further enhanced its ability to monitor Web-based discussions about the Dell brand in real time by adding a social technology that grabs, sorts and analyzes vast amounts of digital conversations about Dell, its competitors and specific technologies. This tool performs natural language processing on more than 25,000 online mentions of Dell each day to create sentiment analyses of customer needs and preferences. The company then uses that data to inform its marketing strategy and customer service offerings.

The Need for Effective Leadership

Part of the reason executive leadership and support is especially important to companies or departments that are just developing social capabilities is that getting employees to adopt social tools is not like getting them to use the newest update to a word-processing program. Adopting social technologies can often mean changing the way people work, and that means leaders need to invest time and effort in explaining the purpose and value of the new tools as well as providing the necessary financial and organizational support to sustain these workflow changes over time.

Executives are increasingly recognizing the value of social business to their organizations: Thirty-five percent of C-suite respondents said social business was important in our 2012 survey, up from 20% in our 2011 survey. (See "The Importance of Social Business in the C-Suite," p. 86.) While C-suite awareness of social business' importance is on the rise, the perception of its most important value varies among the C-suite's members. (See "How C-Suite Executives Value Social Business," p. 87.) For instance, CEOs and CMOs

ABOUT THE RESEARCH

To understand the challenges and opportunities associated with the use of social business, *MIT Sloan Management Review*, in collaboration with Deloitte, conducted a second annual survey of more than 2,500 business executives, managers and analysts from organizations around the world. The survey, conducted in the fall of 2012, captured insights from individuals in 99 countries and 25 industries and involved organizations of various sizes. The sample was drawn from a number of sources, including MIT alumni, *MIT Sloan Management Review* subscribers, Deloitte Dbriefs subscribers and other interested parties.

In addition to these survey results, we interviewed 33 business executives and subject matter specialists from a number of industries and disciplines to understand the practical issues facing organizations today. Their insights contributed to a richer understanding of the data. We also drew upon a number of case studies to further illustrate how organizations are leveraging social business.

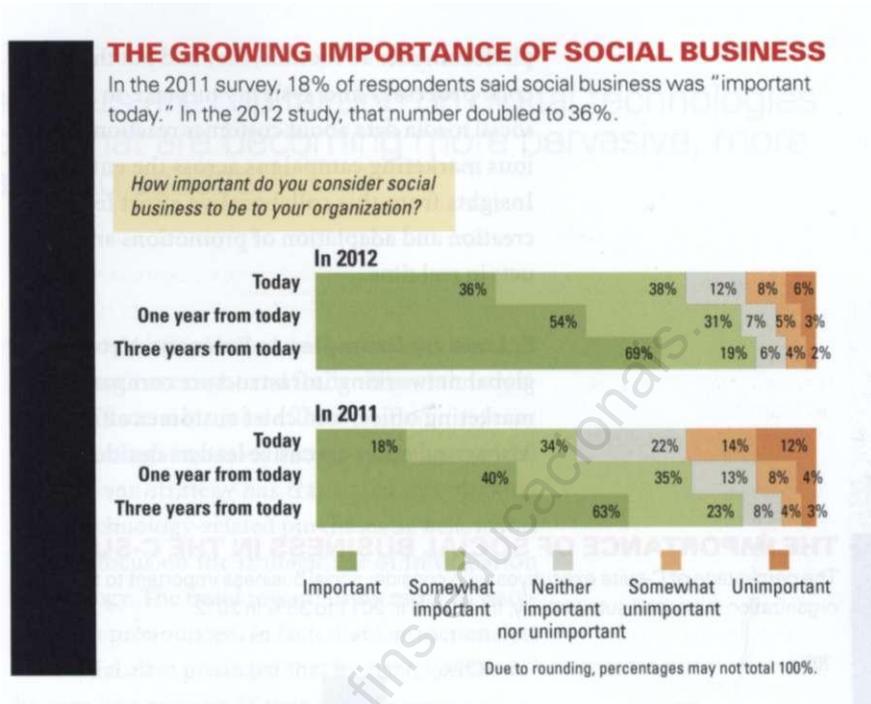
were more likely to believe that driving brand affinity was the most important use of social tools, while CIOs were more likely to say managing projects was most important. Throughout the C-suite, however, a majority of executives see social business as having the potential to transform the way work gets done. (See "The Transformative Potential of Social Business," p. 88.)

If social business initiatives need leadership and many leaders see the potential of these initiatives for their organizations, an important question remains: What constitutes effective leadership for a social business initiative? Through interviews, consulting experience and reviews of published work, we have identified three key leadership behaviors that appear in many types of successful social business initiatives.

1. Don't Just Plan: Execute and Follow Through, Too.

Many experts encourage managers either to link social business activities to important business challenges or to give social business activity a purpose, rather than simply providing the tools and hoping that business value results.⁷ Indeed, our own survey found that there is a relationship between companies that have more advanced social business capabilities and the application of these capabilities to important business objectives. However, ensuring that adoption of social technology prevails over time, often requires a display of leadership commitment throughout the early phases of a social business initiative, not just at the start.

Lauren Boyman, director of digital strategy at Morgan Stanley Wealth Management, has helped her company become an industry leader in social business by working with her company's financial advisors to use Twitter in communicating with clients. When asked what made her social media program successful, Boyman replied, "If I didn't have senior leadership support, and if I hadn't had the head of our sales force tell me that we had to be the first in the industry to do this, then it never would have happened." Boyman further noted that even when the financial advisor project "hit initial bumps because of the realization it would require technology dollars," Morgan's head of sales "remained committed, kept people focused and got the resources needed."



Once past the early phases of a social business initiative, executives face the challenging task of scaling up social media from small experiments to wider applications within an enterprise. This is indeed difficult: Gartner, for example, has predicted that 80% of all social business projects will not meet expectations by 2015. To beat those odds and achieve success, executives should foster collaboration on a social technology platform, and doing that sometimes requires changing the way people work together. For example, at one global company in the entertainment industry, an operations executive identified the need to share marketing data across several business units. He wanted to build a collaboration platform that would enable the marketing departments in those business units to share information about products and promotions in real time. The hitch was that the marketing heads of these business units typically did not share information with one another; they did not know each other very well, and one of the business units was much larger than the others.

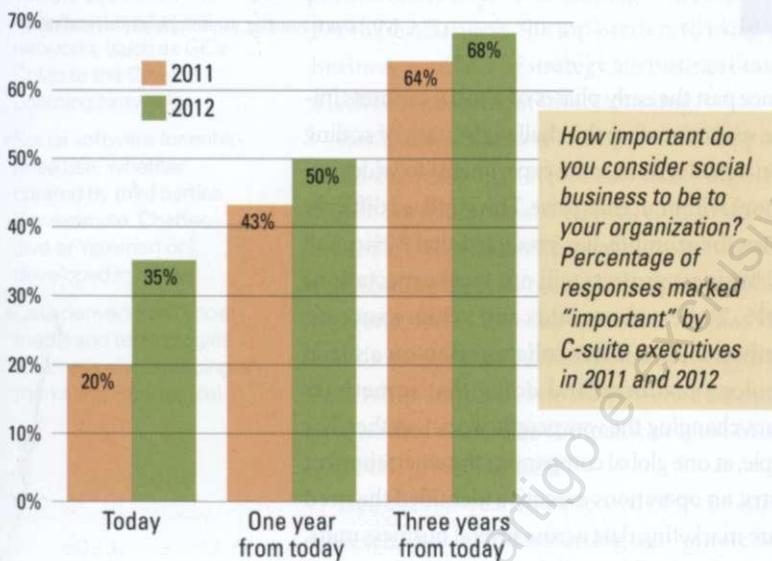
When the operations executive pulled together the marketing heads to have a face-to-face discussion of his idea, many in the group had reservations about the value of participating in a shared data platform. The operations executive cultivated support for the idea, and by the end of the meeting the group had begun hammering out a process for collaborating on the project and developing the new

platform. After 18 months, they had put the protocols, processes and systems in place to capture social media data about customer reactions to various marketing campaigns across the enterprise. Insights from this collaborative effort led to the creation and adaptation of promotions and products in real time.

2. Lead by Example. At Enterasys Networks, a global networking infrastructure company, chief marketing officer and chief customer officer Vala Afshar and other executive leaders decided to use

THE IMPORTANCE OF SOCIAL BUSINESS IN THE C-SUITE

The percentage of C-suite executives who consider social business important to their organization increased substantially, from 20% in 2011 to 35% in 2012.



Salesforce.com's enterprise collaboration tool, Chatter. When rolling Chatter out, each of the executives knew that without leadership's participation in the new social channel, employee commitment to the social tool would likely flounder. According to Afshar, "It's a fundamental equation: no involvement (by leaders), no commitment (by employees), no exception."

Michael Dell is one of many senior executives who now use social channels to communicate with their employees, customers and other stakeholders, and who in so doing signal the importance of the social medium. Enterasys CEO Chris Crowell uses social media to publicly recognize and con-

gratulate the sales professionals who deliver the best results. WTien Linda Hudson became the chief executive of BAE Systems, the British global defense and security company, she launched an internal blog as a way to both communicate with employees and get their feedback. She found that the blog "proved an important tool for helping employees better understand my values and convictions as a leader who was new to the organization."

3. Take a Pragmatic Approach to Measurement. Measuring the impact of social business initiatives is a well-known problem. The leadership implications of this issue, however, are less familiar. In the early stages of a social business program, measurement can be as much about learning as about evaluating success or failure. Ralf Larsson, director of online engagement at Electrolux in Stockholm, observed that "it's hard to have an ROI on something like 'implementing social media' until you have changed the processes." He continued: "When you launch it and embed social into the innovation process, that's when the process has changed — and it's then you can find the ROI. It takes time to figure this out ... You won't see the benefits until after you have changed the ways you work."

Applying social business tools to operational issues may generate results that can be tied to traditional business metrics. John Hagel, cochairman of the Deloitte Center for the Edge, encourages companies to identify "pain points" in their operational processes and then determine if and how social tools can help address them. Leaders can assess a given social business effort by connecting the resolution of these pain points with operating and financial metrics that matter to the organization. This does not always mean new metrics. At Enterasys, for example, the company introduced a new collaboration platform to improve call center operations, but leaders of the initiative did not call for new metrics because the company was already measuring relevant key performance indicators.

In an interview, Beth Kanter, an expert in non-profit performance measurement, stressed that companies and their leaders should focus on incremental advances. Leaders can tie a social business program to existing business objectives such as



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improved customer service or sales growth and track a small number of metrics, eventually building more broad metrics over time.

Our survey data supports Ranter's point of view: Companies tend to apply more metrics as their social capabilities develop. According to results from our 2012 survey, those respondents who said that their companies had the least-developed social business capabilities were also much more likely than other respondents to say that they did not have metrics for their social business initiatives. Since most companies we surveyed are in the early stages of social business development, leaders should be pragmatic about how and what to measure and when to require these measures.

The Impact on Executives' Roles

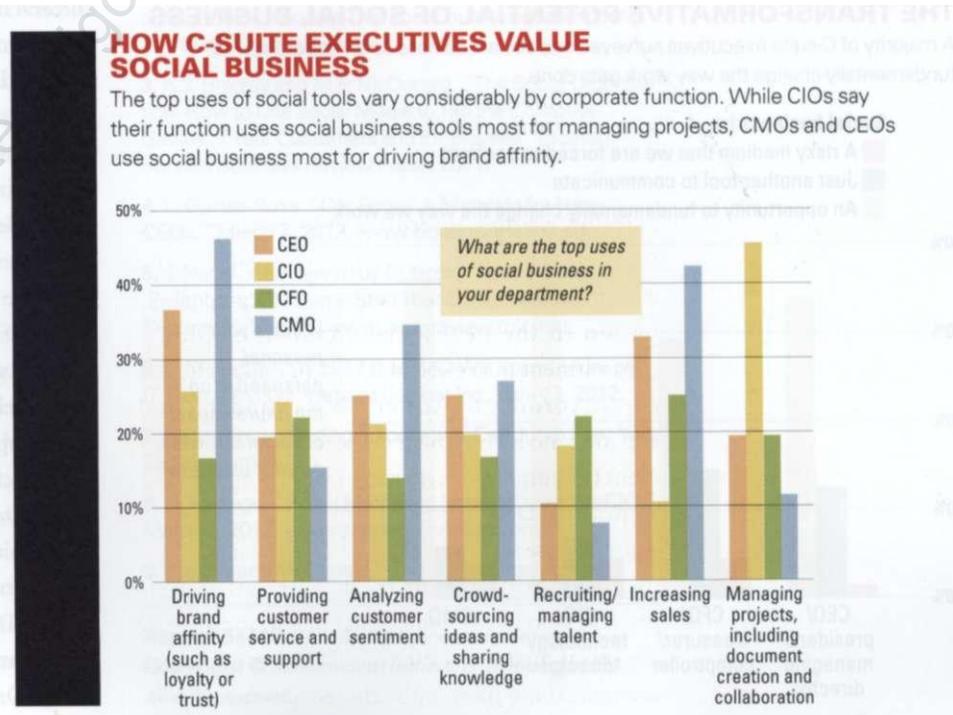
So far, we have discussed the need for leaders to guide social business and how to lead these efforts. In many cases, however, social business success itself brings about changes in leaders' roles and responsibilities. In other words, managing the development of social business capabilities often means not only changing the way subordinates work but also changing how leaders themselves work together.

A case in point is the changing relationship between chief marketing officers and chief information officers at companies that have begun embedding social business practices in their organization. Increasingly, marketers are capitalizing on digital technologies such as social tools that are becoming more pervasive, more powerful and easier to access. This increased involvement in digital and IT gives marketing a greater de facto level of leadership in a company's overall

technology initiatives, which in turn enhances marketing's oversight and leadership of the organization's social business efforts.

Marketing's increased focus on digitization and data-driven strategy has translated into making more technology-related purchases as well, with a greater focus on the *strategic* use of information technology. The trend toward using more technology is so pronounced, in fact, that Gartner analyst Laura McLellan predicted that by 2017, CMOs will be spending more on IT than CIOs.⁶

The CIO can help the CMO anticipate and prepare effectively for growth, according to John Hagel of the Deloitte Center for the Edge. Part of the value CIOs bring, Hagel explained, is the ability to "pull back and look at larger architectural implications. They can create more value by anticipating upfront what kind of architectures are needed to scale the project, rather than creating one-off solo initiatives that over time would have a harder time



communicating with each other." The CIO, Hagel added, can add value by "helping figure out where there are other resources within the enterprise architecture — IT platforms that could potentially add value to these social software initiatives."

Nigel Fortlage, CIO of GHY International, an import-export brokerage company based in Winnipeg, Canada, wrote about how he came to recognize that IT and marketing have something in common. CIOs, he wrote, should "be involved in business development and marketing. They may not be leading the charge, but they should be at the table contributing to the organizational ability and understanding. That is the role I've learned to play."

Genevieve Shore at Pearson PLC is someone ideally positioned to see the intersection of the two roles, as she is both the company's CIO and its director of digital strategy. In an interview, Shore told us that while "the CMO needs to own customer insights, consumer data, the voice of the customer, the customer experience, the brand and the communication strategy," these responsibilities are "clearly a very different job than the technology job ... [and] the CMO is going to need to have someone from technology to work with them. My job is to provide the technology to do all the things the

CMO needs to do regarding customers."

Shore added that it is her responsibility "to make sure that the company has all the social media capabilities it needs to understand our customers and deliver rich services." This responsibility spans several areas, including providing social capabilities in the products themselves; using, collecting and storing social data; and delivering messages and services. "My job," Shore explained, "is to be able to look across all of that and make sure that the right tools, capabilities and platforms are available to our business, whichever of those things they want to do."

The Emergence of the Chief Digital Officer

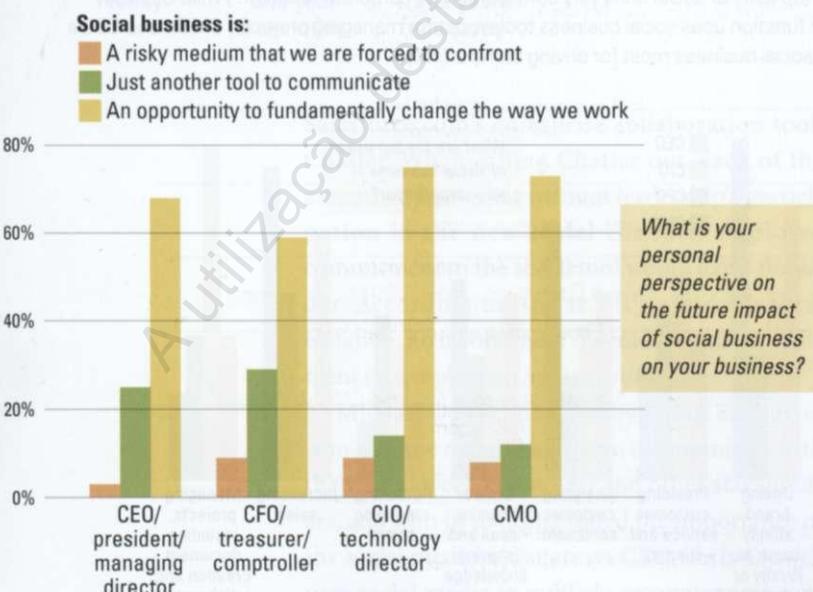
"More and more CIOs are becoming more market-facing," Shore added. "I think there are different roles emerging, such as the chief digital officer, which is what I could easily be called — a CDO." Indeed, the chief digital officer is an emerging role in the C-suite that coincides with the convergence of a number of digital trends involving social business, the consumerization of technology, mobile, the cloud, analytics and cybersecurity. Tuck Rickards, a leader of the digital transformation practice at the executive recruitment firm Russell Reynolds, said that his organization began seeing increasing interest in the CDO role in 2011, particularly in the media and retail industries. Since that time, Rickards said, he has seen a growing number of CDOs in financial services, health care and industrial organizations and recently, the position has appeared across virtually all industries.

While the specific responsibilities of a CDO vary based on the industry and company, the basic mandate of the CDO role is to provide broad leadership of key digital-based initiatives that affect the entire organization or its critical focus areas. Today, many well-known organizations — both for-profit and nonprofit — in a wide range of industries employ a chief digital officer. Among them are Gannett, NBC, Simon & Schuster, Starbucks, Columbia University and Harvard University.

Under what circumstances would a company hire a CDO? Gartner analyst and group vice president Mark McDonald, coauthor of the book "The Social Organization," told us that one of the key

THE TRANSFORMATIVE POTENTIAL OF SOCIAL BUSINESS

A majority of C-suite executives surveyed see social business as an opportunity to fundamentally change the way work gets done.





Finding ways to use social tools to increase employee productivity can look very much like a quest for an elusive holy grail — a quest that would require significant investments of financial and human capital.

reasons that a company would create such a position is "to have some kind of coordination point or single responsibility center."

Will Leaders Adapt to Social Business?

Many business leaders today recognize the importance of macro trends in social media, such as consumer use of social media on tablets and phones, to their organizations' marketing function. Executives are also hearing more and more stories about how other companies are finding ways to use social tools to improve productivity and operations.

The reality, however, is that using social media to connect with customers in valuable ways tends to be easier said than done. What's more, finding ways to use social tools to increase employee productivity can look very much like a quest for an elusive holy grail — a quest that would require both significant investments of financial and human capital and the deployment of intellectual capital that may not exist within corporate boundaries.

Moreover, applying half-measures tends not to produce desired effects. As some researchers have noted, simply providing the tools and praying that they get used is not a recipe for success.⁹ Incorporating social business platforms and initiatives in an organization can require changing the way people work just in order to get the platforms up and running, even before work patterns shift as a result of using these platforms. This situation puts the onus on leaders to believe, and act on the belief, that social tools can help solve important business problems before people in the company are prepared to use these tools. Michael Dell is a great example of a social media champion who believes in and supports his company's use of social media. The question is: How many senior executives at other companies will follow his example?

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Comment on this article at <http://sloanreview.mit.edu/x/54415>, or contact the authors at smrfeedback@mit.edu. Look for the full report in July 2013 at <http://sloanreview.mit.edu>.

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1. "Deloitte" here means Deloitte Consulting LLP and Deloitte Services LP, which are separate subsidiaries of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.
2. Note that 40% of survey respondents in our 2011 survey predicted that social business would be important to their company a year later, in 2012. This prediction was close to the actual percentage of respondents in our 2012 survey (36%) who said that social business was important to their company today.
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