

The background of the book cover features a faint, stylized map of the world centered on the Atlantic Ocean. Overlaid on this map is the word "everywhere" repeated multiple times in a light, semi-transparent font. A network of thin, light-blue lines crisscrosses the entire cover, resembling a global communication or data network. Several black arrows are positioned at the top and bottom edges, pointing towards the center. The title text is centered and reads:

Comprehensive
Digital Business Strategy
for the **Social Media** Era

everywhere

Larry Weber

Comprehensive
Digital Business Strategy
for the **Social Media** Era
everywhere



Larry Weber



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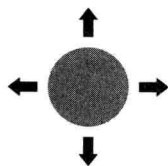
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everywhere

To my family



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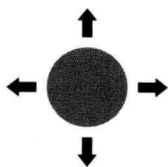
I am indebted to many for making *Everywhere* possible. To Lisa Leslie Henderson, my cowriter, for helping capture my thoughts into words on paper and for unearthing the vision of the social enterprise along with me: thank you. Heartfelt thanks and appreciation to Marijean Lauzier, Jackie Lustig, Jan Baxter, Ginger Lennon, and Brian Babineau at W2 Group for their keen insight and ability to see broad connections alongside important details and for their extraordinary dedication to this endeavor despite their already overbooked schedules. I am, as always, grateful to my terrific agent, Jill Kneerim, for her vision and confidence that we, in fact, had a book here.

This is the third book that I have published with John Wiley & Sons, Inc. My editor, Richard Narramore, has once again proved his polished skills in refining ideas and shaping a compelling story. Thank you to him and everyone else at Wiley, including Lydia Dimitriadis and Lauren Freestone for their always helpful and cheerful assistance in making the production process run smoothly.

Without the contributions of multiple business leaders, academics, and specialists, *Everywhere* would not be filled with as much proven-in-the-trenches and actionable experience and expertise as it is. Mark Fuller (Monitor), Jake Nickell (Threadless), Scott Griffith (Zipcar), David Holveck and Kevin Wiggins (Endo Pharmaceuticals), Dwayne Spradlin (InnoCentive), Jeremy Liew (Lightspeed Venture Partners), Dan Neeley (Network Analytics), Greg Matthews (WCG), Adam Weber (The Art of Shaving), Valertie Motis (Sony), Rick Wion (McDonald's), Ian Drew (ARM), Clay Shirky (NYU),

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Finally, and as always, I want to thank my family. My wife, Dawn, and each of my three children inspire me, provide me with immeasurable joy, and constantly teach me about this highly connected world in which we live. Their enduring support and enthusiasm is the best gift that a man could hope to receive in his lifetime.



PREFACE

Every year that goes by, I am more amazed at the inventiveness and creativity of the Internet entrepreneur. In a world that seems steeped in shallowness, negativity, and spectacle, they are a shining light of innovation to help remind us we are all in this world together, to make a better place governed by self-respect, transparency, and moral purpose!

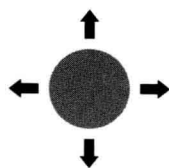
Making sense of all the new tools, platforms, trends, and technologies can be daunting. I believe, however, that if we all take a collective breath, step back, observe keenly, and share our thoughts with one another, a greater world will evolve.

This is especially true in business. We are at the very beginning of a renaissance for enterprises based on an overwhelming opportunity to share best practices, knowledge, and data for the betterment of our companies, large or small.

I wrote *Everywhere* to explore this very exciting time in an era in which our digital “lives” have completely integrated with our real ones.

If enterprises listen, create, and share, our economic force will continually replenish. Please view *Everywhere* as a starting point, a foundation, toward comprehensive digital strategy in a world ready for explosive innovation.

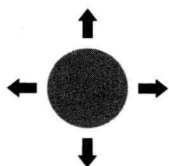
—Larry Weber
Boston, Massachusetts



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INTRODUCTION

Every so often, an unavoidable and pervasive shift takes place that affects every sector, every industry, every company, and every corporate function. Think automobiles, railroads, and information technology. And, now, think social media.

As social media use spreads beyond corporate marketing departments into sales, customer service, product innovation, human resources, finance, planning, operations, and the C-suite, it is transforming corporations and industries, creating a new source of competitive advantage or disadvantage for organizations depending on whether their leadership recognizes and embraces the change—or not.

This new source of competitive advantage is the social enterprise. Social enterprises are organizations characterized by their extensive use of social media tools, both internally and externally, and, more important, by the effect this über connectedness is having on them.

The dialog made possible by social tools is prompting companies to ask themselves: what would our business look like if we had a more collaborative relationship with our customers, employees, and other stakeholders? As companies put social tools to work seemingly everywhere throughout their organizations, they are beginning to answer that question, function by function. As they interact with a broader base of stakeholders, in unprecedented ways and with a frequency that has never before been possible, they are building communities, not just companies. These communities are allowing companies to do what they have been talking about for decades: place their customers at the center of their businesses.

Threadless.com: Born on the Web

Threadless.com, the Internet-based T-shirt company, puts its customers directly in the bull's eye of its operations. In 2000, after meeting through an online T-shirt design competition, its founders, Jake Nickell and Jacob DeHart, came up with a simple business model: invite customers to submit designs for T-shirts, let them vote on which ones to make, ask them what they will buy, and rely on them to spread the word about their company and its products. That's idea generation and vetting, sales forecasting, and marketing all rolled into one—and carried out by customers no less. Sound idealistic? It's not.

Today, Threadless nurtures a vibrant member community of more than 1.2 million members. (Another 3 million people have purchased Threadless's products but are not registered members.) Designers within the community submit, on average, 2,000 designs a week to the company and spend about 6 hours on each design—that's dedication. The company has expanded its product line to include kids' hoodies and T-shirts and is partnering with other companies to community-source designs for iPhone covers, computers, Havaianas flip-flops, and a whole host of other products. The design community embraces this expansion. As Nickell said, "The artists are all about it—they love seeing their work everywhere."

The community continues to vote on the designs, indicate their purchase intent, and spread the word to their friends via Facebook, Twitter, and their own blogs. They are rewarded for customer referrals with Street Team points that can be applied to future purchases. The company itself has more than 1.5 million followers on Twitter and 100,000 fans on Facebook with which it enjoys ongoing dialog. Management is more involved in production decisions today than it was initially; it has standard batch sizes now, which it can tweak if social chatter indicates a potential spike in demand. Here's an astonishing fact: The company is so in sync with its market that it has never created a design failure.

"It's all about building community," Nickell explains. While Threadless' communities have a life of their own, Nickell and his staff continue to stir the engagement pot with themed design competitions and a conscious linking of their digital and physical presences.

Its retail store incorporates many of the features of its digital environments: designs change weekly and each T-shirt is displayed with a monitor that captures comments about that particular design, which are piped in directly from the social web. Providing in-store shoppers with the opportunity to be photographed in Threadless T-shirts promotes interactivity; these images are projected onto mannequins that are stationed in the front windows. “Spotting a Threadless tee in the wild” and submitting a photograph of the sighting earns additional Street Points, pulling the buzz of the online community into the streets and funneling it back again. The company’s Threadless Everywhere Tour, which generates meet-ups at art parties and craft fairs across the country, further integrates the company’s digital and physical presences while moving the fun around geographically and transforming digital connections into physical friendships. Little did Nickell and DeHart know that their off-the-cuff idea that was never designed to make a lot of money, would gross more than \$30 million a year a decade later and serve as a model for would-be social enterprises.

Dell: A Presocial Company Retools

Older, “presocial media age” companies are also learning how to put their customers at the center of their businesses—function by function. “Customer connectivity and the ability to have conversations that drive our brand are the most important things,” says Erin Nelson, chief marketing officer (CMO) of Dell. “Digital and social are tools that are allowing that to happen.”¹

Suggestions gathered and voted on through its branded customer community, IdeaStorm.com, have led to more than 300 new product ideas and improvements—and in record time. The ideation process is now spreading beyond Dell’s own digital domains. Through Facebook Connect, Dell’s customers can choose to share Dell happenings with friends via their Walls; they can also invite friends to vote on ideas and suggestions. Dell is even gathering the input of the Threadless design community for its products.

In order to better understand consumers’ sources of satisfaction and frustration and to uncover sales and innovation opportunities,

Dell continually mines the social web. The company has a centralized listening function that monitors more than 4,000 brand mentions daily, determines what are anomalies and what are trends, and distributes summary information to the relevant business units. David Gardner, *Fast Company's* expert blogger understands firsthand how skilled Dell is at this, "They seem to know within minutes of anything that I write and post on the Internet. I jokingly say it feels like I'm being stalked but the reality is they are using the Internet powerfully to help drive customers and process corrective action."² To further engage customers in dialog, the company is establishing an internal social media university and is currently training more than a thousand employees to be the face and voice of Dell in social environments.

Like Threadless, the company augments its digital dialog with physical experiences. Thirty of its most passionate customers were recently invited to Dell's headquarters to participate in a newly formed Customer Advisory Panel. The idea was to get inside the minds of these customers in a deeper way to better understand their thoughts, feelings, and experiences with Dell products and service. Although it sounds like a variation on the age-old focus-group theme, consider this: Many of the participants were bloggers. What's more, half of the group consisted of ardent supporters of Dell and the other half was composed of people who have had serious issues with the company, primarily because of poor post-sale technical support. Clearly, Dell knew that the conversation would be colorful and that it would not be contained behind closed doors; nevertheless, it welcomed the dialog. Its leadership understood that focusing on quantitative measures of success were not enough; to be successful in a highly competitive marketplace, they needed to truly and transparently understand the full range of customers' experiences—as expressed in their own words.

Please Try This at Home

Threadless and Dell provide a glimpse of the rewards that are awaiting companies that embark upon the social enterprise path. When social media tools are used internally to foster conversation among

employees, additional gains can be had. Here's an early peak at what companies are discovering.

The award-winning internal portal, Hello.bah.com, created for the consulting firm Booz Allen Hamilton (BAH), enables the firm's staff to blog, create wikis, and communicate with others who have similar interests or assignments. BAH claims that these tools help its employees find information faster, locate mentors, collaborate with subject experts, and network with colleagues—all the while having fun. To maximize the portal's value, the company's new-hire training process includes in-depth training on the platform's features and how to use it to connect with more seasoned employees. Senior Associate Walton Smith says, "Hello.bah.com provides users with a way to contribute their ideas and thoughts to issues shaping the firm. An individual who joined Booz Allen two weeks ago now has the ability to make the same connections as someone who has been here for 25 years."³

Further capitalizing on the potential of social media applied internally, General Electric Company (GE) recently created MarkNet, an internal social network and collaborative platform designed specifically to connect and engage the company's 5,000 marketing professionals worldwide. A part of GE's Gold Standard marketing program, which is designed to help GE employees become the best marketers around, MarkNet helps GE's marketing professionals collaborate and learn together. Through MarkNet, they are able to share best practices, brainstorm ideas, and learn new marketing skills. One GE division, for example, recently saved itself a lot of time and money in consulting fees by working with another division to solve its marketing segmentation challenge. Although they operate in completely different industries, the marketing segmentation challenges that these different divisions face are quite similar. Use of MarkNet kept them from having to reinvent that marketing wheel.

MarkNet is organized into online communities, or hubs, which are segmented according to the eight skill sets championed by the Gold Standard program. GE marketers create personal profiles on MarkNet in which they indicate their preferred hubs of marketing interest and expertise. These areas of interest and expertise cut across business units and industries so that marketers of aircraft engines can

readily approach and learn from marketers of health care devices and vice versa. This exchange “smartens” GE’s entire marketing function, providing each and every marketer in the company with a sense of what knowledge is contained within the company and how they can best connect with and make use of the company’s global expertise. “Any marketer, in any division, at any level, and in any geography can find someone who’s got the expertise to solve a problem,” explains Anubhav Ranjan, Director, Strategic Marketing, at GE.

A senior marketing executive from one of GE’s varied business units sponsors each of MarkNet’s discussion hubs, facilitating direct engagement with senior leadership for marketers disbursed across the globe. Beth Comstock, GE’s CMO, shares her ideas and observations with GE’s entire marketing staff regularly through the social platform. “These ongoing updates keep the organization growing by continually refreshing its thinking,” explains Ranjan. “The ensuing dialog further develops these ideas and often translates into action.” MarkNet has been so well received that human resources and other functions across GE’s businesses are exploring instituting their own. That’s what can happen when organizations use social media to tap the wisdom and expertise of their internal communities.

It Doesn’t Have to Be Made Here

Increasingly, in addition to looking to their customers and employees for insight and innovation, social enterprises are partnering with external organizations to better achieve goals, such as expanding the scope of their product offerings, monetizing underutilized intellectual property, accelerating research and discovery, developing formidable barriers to entry, and creating more agile and profitable overall business models. To do this most effectively, social enterprises are shifting work, skills, and operations around the globe, optimizing their expertise and capabilities with that of their partners.

Of course, partnering is nothing new, but because globally networked infrastructure has expanded connectivity and brought down the cost of communication, it has become much easier to integrate the knowledge and resources of people and companies

disbursed across enterprises and oceans. As a result, more companies are now able to participate in a broader partnership model. Instead of having a handful of tight and exclusive relationships with business partners that are nurtured over telephone calls, dinners, and time-consuming business trips, firms today are employing social networks, video conferencing, podcasts and vcasts, blogs and other communication tools to help them build and leverage their relationships. In so doing, companies are forming broader and more fluid ecosystems that include customers, governments, research firms, universities, and even their competitors. The stand-alone company that carries on its business in isolation is being replaced with these porous ecosystems in which companies cocreate and engage regularly with a fluid set of partners.

ARM, the world's leading supplier of semiconductor intellectual property (IP), operates under a broad partnership model. Hundreds of companies, including Apple, Samsung, Qualcomm, Sony, and Microsoft, use ARM's designs to create and manufacture smart, low-energy chips that are then incorporated into digital electronic products. ARM's chips power more than 95 percent of mobile phones and a wide range of other products, including Apple's iPad, Amazon's Kindle, and Sony's TVs. The company's energy-efficient technology combined with its extensive network of partners, position ARM well for a future that will see countless new smart products in the marketplace.

Companies partner with ARM because it allows them to forgo the time and expense associated with the development of semiconductor IP, which ARM estimates would cost every semiconductor company between \$50 and \$150 million annually.⁴ Its low-energy chips, which provide ample power for consumer products offer a substantial cost savings over Intel's more powerful version. ARM's partners also benefit from the flexibility of being able to design and build chips that meet their individual needs rather than using completed products created under Intel's closed proprietary system.

What's in it for ARM? Instead of incurring the costs of manufacturing chips, ARM licenses its technology to companies in exchange for an upfront fee. Over time this fee recovers ARM's research and development costs. In addition, ARM receives a royalty, typically