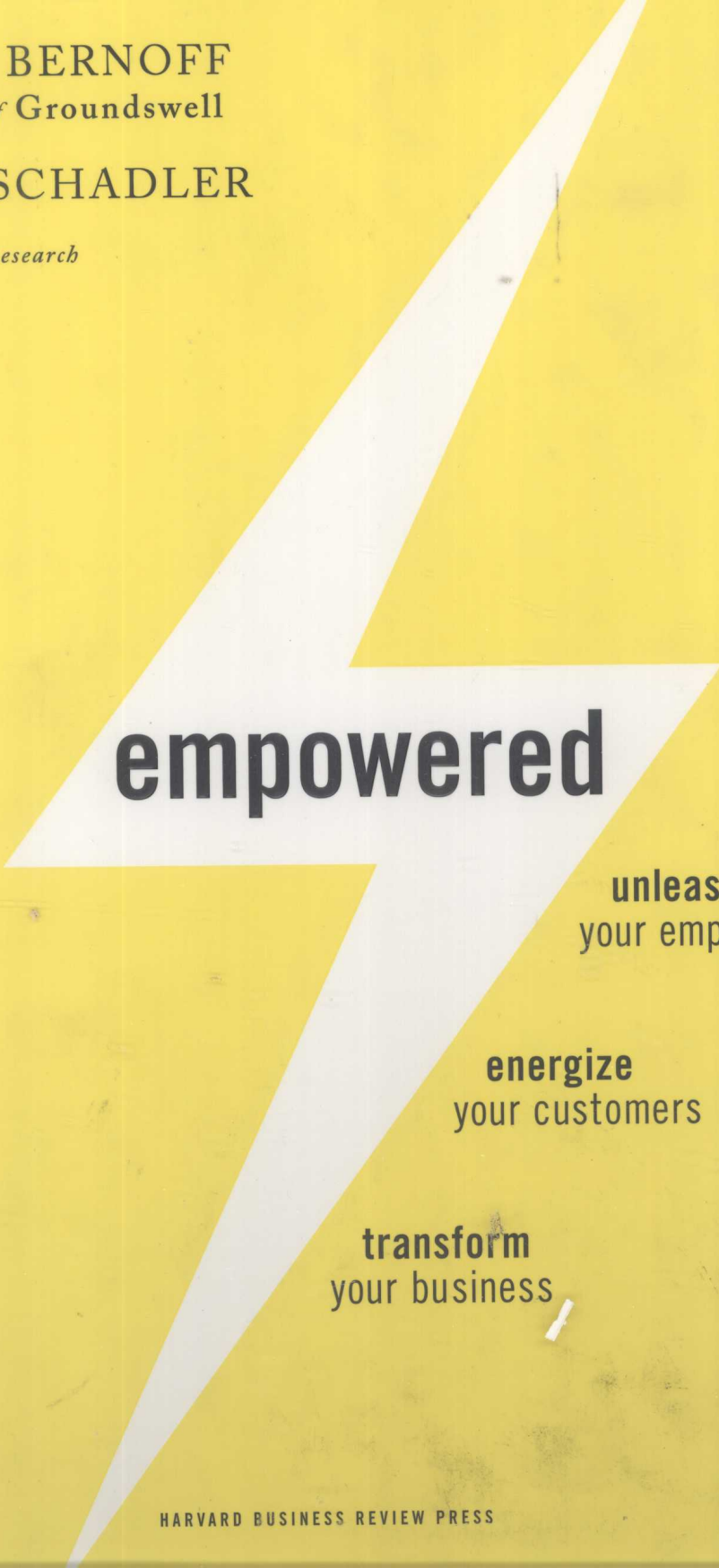


OSH BERNOFF

author of **Groundswell**

ED SCHADLER

Frederick Research



empowered

unleash
your employees

energize
your customers

transform
your business

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contents

part one: HEROes

1. why your business needs HEROes 3

part two: what HEROes do

2. employee HEROes and their projects 21
3. peer influence analysis 37
4. delivering groundswell customer service 57
5. empowering customers with mobile applications 75
6. amplifying your fans 93

part three: the HERO-powered business

7. do-it-yourself technology fuels the HERO Compact 113
8. is your company ready for HEROes? 131
9. leading and managing HEROes 145

- 10. helping HEROes innovate 155
- 11. helping HEROes collaborate 163
- 12. keeping HEROes safe 177
- 13. supporting HEROes with technology innovation 191
- 14. becoming HERO-powered 205

notes 215
acknowledgments 229
case indexes 231
index 237
about the authors 251

part one

HEROes

1. why your business needs HEROes

When Dooce rants, it's sheer poetry. Breathtaking in honesty and scope, Dooce's rants about motherhood have a quality that people appreciate, especially other mothers. You do *not* want to be the target of one of those rants.

Dooce is a thirty-four-year-old woman named Heather Armstrong. In August of 2009 she reached the end of her tether. Marlo, Heather's second child, had arrived two months earlier, in June. Heather knew what new babies mean: lots and lots of laundry. Her old Kenmore washer was failing. So she bought the big, heavy-duty clothes washer from Maytag, the company that for decades has advertised its dependability, and on top of that, she bought the ten-year warranty.

Twelve weeks into the life of baby number two, the Maytag was not doing its dependability thing. Heather's poetic rants appear on her blog, at dooce.com. Here's an excerpt from her rant about the Maytag, titled "Containing a capital letter or two":¹

So, yeah. The damn thing broke a week after it was delivered. Started giving us this error reading and wouldn't fill up with water . . . So we called, complained, and they sent out a repairman. He shows up three days later and is all, yeah, gonna have to order parts. That's going to take another seven to ten days.

In the meantime, if we wanted to get a load of laundry done, we had to jury-rig the thing, reach our hand up and inside a certain compartment and jiggle a part. And then maybe it might work. Or not. We never knew . . . WE HAD TO JURY-RIG A \$1,300 BRAND NEW WASHING MACHINE. Please tell me you're shaking your head. Right? RIGHT?

I've got a pile of milk-stained shirts sitting in a corner, SPOILING, because that's what milk does, IT SPOILS, CAN YOU EVEN IMAGINE THE SMELL. And an Olympic Baby Pooper. Onesie after onesie after onesie stacking up in the washroom, six pairs of Jon's pants stained, several pairs of my shorts, a rug, seven towels . . . it goes on and on. And every time we start a load of laundry we'd gather around in prayer, going, please, oh please, don't give us the error, please, just this time, please—ERROR, ERROR, ERROR.

Ten days later the repairman shows up to fix the machine because the part has been delivered, and oops! Guess he didn't order all the parts he needed! Going to have to order more parts! Another seven to ten days!

It takes a poet to tell compelling stories that include baby poop. Google "Maytag washer poor service" if you want to see the post; it's in the top four results.

As it turns out, Heather's sort of popular. Her book about mothering and postpartum depression,² *It Sucked and Then I Cried: How I Had a Baby, a Breakdown, and a Much Needed Margarita*, made the *New York Times* bestseller list in April of 2009. Her blog has a readership of about 350,000 unique visitors a month. Her readers are devoted; her posts tend to get a few hundred comments each. When it comes to moms, Heather has power.

Let's skip to the end here. Maytag's third visit to repair the machine failed. Heather called customer service. Back to the poetic rant:

I call the service department, explain in great detail what has happened, and she says that Maytag has a policy that they will not replace a brand new machine unless it is documented that someone has tried to fix it at least three times. WHA?? WHA-HAAA? And I tell her that someone

has been out to my house three times, and she says, yeah, but he's only tried to fix it once . . .

Oh my Lord God IN HEAVEN. SHUT UP. You're kidding me, right? The three times he's been out here do not count? No. And the fact that this machine has not worked for two months? THAT doesn't count? No. And the fact that we bought the 10-yr-warranty? ALL OF THESE THINGS? DO YOU SEE THESE THINGS?

No.

So I call Maytag. The Maytag. The Mothership. And the agent I get after working through a five-minute maze of PRESS THIS and SAY THIS and PLEASE HOLD is the snootiest customer service person I have ever talked to in my life. And I let her know the entire story, front to back, and that while I'm really upset and sleep deprived, I'm not mad at her because I know it's not her fault. And she keeps saying, yeah, can't really help you, you're going to have to call and have the history faxed over, and then we'll take a look, and even then we'll schedule someone to come take a look, maybe in three to five days?

Okay then, I say, almost begging at this point, almost to the point of tears, is there anyone I can talk to who might see what I've been through and understand? And here's where I say, do you know what Twitter is? Because I have over a million followers on Twitter. If I say something about my terrible experience on Twitter do you think someone will help me? And she says in the most condescending tone and hiss ever uttered, "Yes, I know what Twitter is. And no, that will not matter."

Bad move, Maytag. Because now Heather starts tweeting. Her million-plus devoted followers on Twitter see this:

So that you may not have to suffer like we have: DO NOT EVER BUY A MAYTAG. I repeat: OUR MAYTAG EXPERIENCE HAS BEEN A NIGHTMARE.

Have I mentioned what a nightmare our experience was with Maytag? No? A TOTAL NIGHTMARE.

That brand new washing machine from MAYTAG? That someone has been out to fix three times? STILL BROKEN. DO NOT BUY MAYTAG.

Oh, also. I have a newborn. So we do, what, three loads of laundry a day? Except, our brand new washing machine IS BROKEN. DO NOT BUY MAYTAG.

Now Whirlpool (Maytag's parent company) will tell you this story has a happy ending. Whirlpool monitors social media; they see the tweets.³ Unable to contact her by phone, they tweet back from their (admittedly seldom used) @WhirlpoolCorp account. Heather sends her phone number, and Whirlpool calls her the next morning. A more competent repair person comes and fixes the machine. And after two months of a Maytag that couldn't be depended on, and three weeks of abuse from service people, Heather's laundry emergency abates.

But the damage has been done. A million people have seen the tweets; how many have written off Maytag forever? Heather will not retract her rant; it's true, after all, and as she told us, "No one should have to go through this."

Her original blog post attracts 2,906 comments. *Forbes* writes a story about it.⁴

Whirlpool says it learned from what happened. Now it responds to tweets like this in public, on Twitter. That may make a difference in the future. But for now, it's clear that in a contest between a poetic blogger with a twelve-week-old and a 67,000-employee, \$17-billion multinational company, there's no contest. The blogger won.

unleash your employees

Here's what you can learn from the parable of Maytag.

Individuals like Heather now have incredible amounts of power over companies. And not only through social technologies like blogs. With their smartphones they can connect from anywhere, anytime. They've got video. They've got Google, Facebook, and a thousand Internet start-ups empowering them.

Your company is not and cannot be nimble enough to serve them. With your established processes and departmental boundaries, you move too slowly.

Only your employees can help. And only if you unleash them.

The same technologies that empower your customers are available to your employees. Right now, they're using Facebook, YouTube, and Wikipedia and getting ideas about how to help your business. Technology is cheap and easy now. In marketing, in sales, and yes, in customer support, your staff are not just interested in reaching out to customers. In fact, they're ready to build solutions, applications, and systems that will transform your business. The question is: will you let them? You must, and here's why:

To succeed with empowered customers, you must empower your employees to solve customer problems.

This is much harder than it sounds. It means your staff are going to be coming up with solutions on their own. The ideas don't come from management; management's new job is to support and empower employees. The technology doesn't come from the information technology department; IT's new job is to support and encourage employees. It's a complete inversion of the top-down way companies run. And it's the only way to thrive in the age of the empowered customer.

Before you decide this is impossible, we'd like to show you a real, large, successful company where it's working: the electronics retailer Best Buy. The Best Buy story sounds a lot like the Maytag story, but the difference is in the empowered employees and what they do for the business.

CASE STUDY

Best Buy empowers its workforce

Josh Korin is a recruiter—his job is to help companies hire people. Like thousands of other people, he bought an Apple iPhone at Best Buy in February 2009. Because Josh doesn't like downtime, he also bought Best Buy's \$14.99-a-month Geek Squad Black Tie product protection plan.

When the iPhone conked out six months after he bought it, he was annoyed of course, but he also felt pretty smart for buying that protection

plan. That is, until he went back to the local Best Buy store, where they offered him a BlackBerry as a loaner until the iPhone was fixed. Josh reread the protection plan agreement and decided what he was owed was another iPhone, not a substitute. The manager at the Best Buy wouldn't budge, though. So Josh began to exercise his voice as an empowered individual.

As soon as he got home on August 29, Josh Korin's 596 Twitter followers saw dozens of messages from a very angry man. Here are a few. (The "@username" messages here are directed at a particular Twitter member, while the # indicates a "hashtag" included to make tweets show up in searches on that term.)

Worst #customerservice ever? @bestbuy!! What's the point of Geek Squad phone insurance, if you replace an iPhone with a blackberry?

#geeksquad whats the deal with your iPhone protection plan? replace an iPhone with a BlackBerry, WTF?! @bestbuy honor your insurance plan!

@abril_dione do you have contact info for the CEO of #BestBuy? i am having a major customer service issue and I need to take it to the top!

@bestbuycmo can you please help me resolve #bestbuy customer service issue? Iphone died, have insurance wont replace/honor protection plan!

Despite these complaints, this did not blow up into a PR nightmare like Maytag's. Hemmed in on one side by Amazon and on the other by Wal-Mart, Best Buy can't sell electronics as just a commodity; service is its major differentiator. So the company has invested in service, including monitoring people with problems on Twitter—searching continuously for tweets that mention terms like bestbuy and geeksquad.

Even though Josh was tweeting his complaints on a Saturday, two things happened right away. One was that Best Buy's CMO, Barry Judge—one of the main supporters of Best Buy's Twitter response force—responded from his own Twitter account at @bestbuycmo. He saw Josh's tweet since it mentioned his Twitter user name.

And second, Coral Biegler stepped in. Coral is a "community connector"—her job is to monitor Facebook, Twitter, blogs, and other

forms of social communication for problems just like this. And she (@coral_bestbuy) immediately responded with this message:

@joshkorin I understand this is frustrating, thanks for patience . . .
I will be in office tomorrow to research & respond #twelpforce

This message is directed to Josh, but the tag “#twelpforce” indicates that it comes from Best Buy’s Twitter Help Force. The Twelpforce includes both dedicated employees like Coral and members of Best Buy’s blue-shirted floor sales team and Geek Squad service representatives. If you include “#twelpforce” in your tweets, any one of twenty-five hundred Best Buy employees who have signed up with Twelpforce could respond and try to help you out. They do it over a hundred times every day. (Check it out: go to <http://twitter.com/twelpforce> and you’ll see all the responses.)

Of course, Twelpforce didn’t just spontaneously spring into being. Two of the social technology veterans at Best Buy, Gary Koelling and Steve Bendt, helped conceive it with support and encouragement from Barry Judge. A technology wiz in the eCommerce group, Ben Hedrington, invented the technology. A marketing guy, John Bernier, found a way past obstacles including labor laws, legal problems, and technical challenges to make it work. Without John Bernier’s ingenuity and perseverance, Coral Biegler would never have been in the position to respond, and Josh Korin would have been doing for Best Buy what Heather Armstrong did for Maytag—trashing it. What John Bernier and his team did—what they were permitted and empowered to do for Best Buy—is what really transformed this situation. They put Coral in a position to solve a customer’s problem.

Coral called Josh Korin at home the next day, a Sunday. She arranged for him to go down to the store and get a loaner until his phone was fixed. “Coral was unbelievable,” Josh told us. “She consistently said, ‘I will find you a resolution, since you walked out of the store not satisfied, and that’s not OK.’”

But this isn’t the end of the story. Of course Josh is a loyal customer of Best Buy, now. Of course he tweeted that he’s happy, and helped Best Buy to avoid its own Maytag moment. But what Coral didn’t know at

the time is that Josh's wife is @interactiveAmy, a Twitter member with over three thousand followers who gives presentations at places like the Social Media Breakfast group of Chicago (#smbchicago). Here's what interactiveAmy's Twitter followers were hearing:

@coral_bestbuy just told the story of how u & @twelforce helped @joshkorin to #smbchicago, they were so impressed!! Great job #bestbuy!

Josh Korin and his well-connected wife never got to create an avalanche of negative word of mouth for Best Buy, because Best Buy, with some timely, well-placed intervention, turned these detractors into promoters.

the HERO-powered business

We've got a word for people like Coral Biegler, John Bernier, and the rest of the people at Best Buy—and in companies all over the world—who are taking technology into their own hands and creating solutions for customer problems. They are highly empowered and resourceful operatives: HEROes for short.

Coral Biegler is a HERO in customer service. Twelforce is a HERO brigade. John Bernier was the HERO who helped make it possible. None of these people is an IT professional, but all of them are comfortable using technology to solve customer problems. They're empowered and resourceful because Best Buy is run in such a way that they *can* be. It's a HERO-powered business.

When we published *Groundswell* in 2008, the challenge was creating strategies for connecting with customers in social environments like Facebook or blogs. As more and more companies do this, the challenge has shifted. The problem is not just connecting with empowered customers, it's what this engagement does to corporations. It's a *management* challenge. Because these technology projects are grassroots solutions conceived by HEROes, not top-down management initiatives, they require a transformation in the way companies operate.

The purpose of this book is to provide you with the tools to tackle this management challenge, to create and participate in a company that is HERO-powered. We'll explain how marketing, sales, customer service, management, and IT all need to change what they do and how they do it.

To lay the groundwork for this transformation, we'll start with a closer look at the technologies themselves—how they've grown, how they empower customers, and how HEROes can use them to solve customer problems.

the new groundswell

The shift toward empowered consumers affects every business now, whether you're selling washing machines, electronics, business services, banking, or entertainment; whether you're in Salt Lake City, Chicago, Mumbai, or Madrid.

We are all in information businesses now. Media isn't about books or DVDs, and financial services aren't about stocks—they're about information. Even for a manufactured product like a washing machine, the information about what it can do, whether it's any good, and where to find the best deal is central to the transaction. The information economy *is* the economy, since information surrounds every product, real or virtual.

Companies that made their money from having better information than their customers are now out of luck. It used to be that advertising determined the opening weekend gross of a movie, but when Sacha Baron Cohen's *Brüno* came out, ticket sales on the first weekend were already dropping on Saturday and Sunday,⁵ because bad buzz spreads faster than advertising. If your product breaks after the first week, or your price is out of line, or you're offering coupons only in the store (or if your service puts parents of newborns through hell), your advantage is gone; everybody who counts will know within minutes. P. T. Barnum knew "there's a sucker born every minute," but now they won't stay suckers for long, because they have access to the information you're withholding.

The technologies behind this trend have grown and become more diverse. Four technologies now put more power in the hands of both customers and employees:

- *Smart mobile devices* extend connected experiences everywhere, independent of location, pushing the power of connections and better information into every crevice of your day.
- *Pervasive video*, created by both consumers and companies, has made the Internet into a full-on media experience.
- *Cloud computing services* mean that any connected device can access information and computing power embedded in the fabric of the Internet.
- *Social technology* has exploded—more than ever, people can influence and draw power from their peers, whether those peers are fellow customers or fellow employees.

These trends, taken together, are what we call the new groundswell. They reinforce one another, but always in the direction of the individual, whether in the marketplace or the workplace. While they give power to customers, they also create new opportunities to serve customers, and new ways for workers to connect with one another (see table 1-1). As we said, if you want to succeed with empowered customers, you must empower your employees to solve their problems. Now we'll show how this works for each of the component technologies.

smart mobile devices mean information is available everywhere

Three out of four consumers in America and four out of five in Western Europe have a mobile phone.⁶ But don't think about phone calls. Think about phones as mobile information conduits. By 2009, 17 percent of the adult population, both in the United States and in Western Europe, already had mobile Internet service.⁷ Every consumer with one of these phones is empowered with information and social connections, wherever they are.

For example, Occipital's \$1.99 RedLaser iPhone app scans any bar code and tells you where the product is available online and what it

TABLE 1-1

The forces in the groundswell power shift apply in the marketplace and the workplace

Groundswell technology trend	How customers are empowered by it	How to serve customers with it	How workers benefit from it
Smart mobile devices	Get information about products and share it regardless of location (e.g., RedLaser iPhone app)	Create mobile applications to provide information to customers (e.g., E*TRADE Mobile Pro on smartphones)	Collaborate with colleagues and partners from any location (e.g., business email on BlackBerry)
Pervasive video	Cheaply create video commentary about companies; quickly see and spread user-generated video (e.g., "United Breaks Guitars" on YouTube)	Use video to inform or educate customers (e.g., author videos on Amazon.com, how-to videos on YouTube)	Improve training with video for visual learning (e.g., sales training videos by/for Black & Decker sales staff)
Cloud computing services	Get access to product information from thousands of cheap-to-get-going start-ups (e.g., real estate prices from zillow.com)	Inexpensively create online customer services (e.g., Bing maps on Hyatt.com)	Rapidly roll out and use collaboration applications (e.g., LotusLive.com for partner collaboration, Yammer for internal communication)
Social technology	Tap community for product information and to spread influence (e.g., ratings on Yelp)	Provide outreach to customers through online social applications (e.g., American Express "Open" community)	Build social applications to marshal employee innovations (e.g., idea-sharing applications for workers at Intuit, expertise location at Sogeti)

costs. Go ahead, use it in the supermarket or the bookstore. People armed with powerful mobile devices have more information power than the marketers and retailers they do business with.

With one hundred thirty thousand iPhone apps as we write this and millions of mobile Web sites, corporations are reaching out to serve consumers through these same channels. E*TRADE's mobile applications have created loyalty with its fast-moving trader customers. And with so many employees now using BlackBerry phones, iPhones, and other smart