


# Social Media: Cultivate Collaboration and Innovation

## What You Will Learn

Global research findings reveal that businesses are in varying, though relatively nascent stages of adopting social networking and collaboration technologies. Representing a wide cross section of sizes, industries, and missions, the organizations interviewed share common drivers. They comprise strategic decision makers who want to:

- Understand how collaboration can augment business initiatives and catalyze productivity, customer loyalty, knowledge transfer, and more
- Use social media and web 2.0 tools, including wikis, blogs, and social networking sites, to collaborate outside traditional organizational boundaries and solve business problems faster
- Create a collaboration strategy or align existing collaboration applications, services, media into a collaboration framework
- Optimize process, culture, and technology to address challenges and spur business model innovation



While marketing, PR, and sales are further along in their use of social media, other core functional areas of the enterprise are increasingly experimenting with these collaboration tools to positive effect. However, as organizations look to the future of social media, they must confront challenges such as lack of governance and IT involvement, which may impact the successful integration of these new platforms and technologies.

**Spotlight: Bankinter****Headquarters:** Madrid, Spain**Industry:** Financial services**Successful social media initiative(s) in:**  
Product development/innovation

**Example:** Bankinter created a microsite designed to collect ideas about how to improve its banking services. The company encouraged its customer base and other website visitors to post suggestions. Every month, users vote on their favorites. Bankinter rewards the contributor of the highest-ranking idea with a prize such as a laptop. By harnessing the ingenuity of its current and potential client base in this manner, the organization can not only provide more relevant services, but also strengthen customer loyalty.

## Introduction: Global, Mobile, Social, and Spreading

*“Online social networks are most useful when they address real failures in the operation of offline networks.”*

*—Mikolaj Jan Piskorski, Harvard Business School professor (Understanding Users of Social Networks: <http://hbswk.hbs.edu/item/6156.html>)*

Around the world, at any given moment, hands young, old, and every age in between cradle smartphones and hover above computer keyboards, flicking fingertips across touchscreens and tip-tapping around square-shaped buttons. This snapshot of communication today is a story that is rapidly evolving as social networking platforms ignite and trends like blogging, yelping, friending, and tweeting prevail. Every day, on myriad social networking sites, millions of people clamor to share everything from micro-updates on personal events to informal restaurant reviews to job referrals to music, photographs, and home movies. Many of these users also maintain their own blogs. In fact, there are some 200 million active blogs, and more than half of them are refreshed daily with new posts (from Social Media Revolution: <http://www.youtube.com/watch?v=sIFYPQjYhv8>).

### *It's Not Just Personal; It's Business*

With consumer adoption and usage of social networking platforms and technologies at an all-time high, it is no wonder that these tools have begun to weave their way into the workplace. By intertwining interactions with people from all aspects of their lives—family, friends, neighbors, colleagues, clients, and others—employees are allowing the barriers between their personal and professional spheres to dissolve. Meanwhile, attuned to worldwide trends including globalization, mobility, and virtualization, businesses are making collaboration a top priority, and are therefore often exploring the use of social networking as an opportunity to open a conversation with their customers and stakeholders.

## Groundbreaking Study Explores Impact of Social Networking

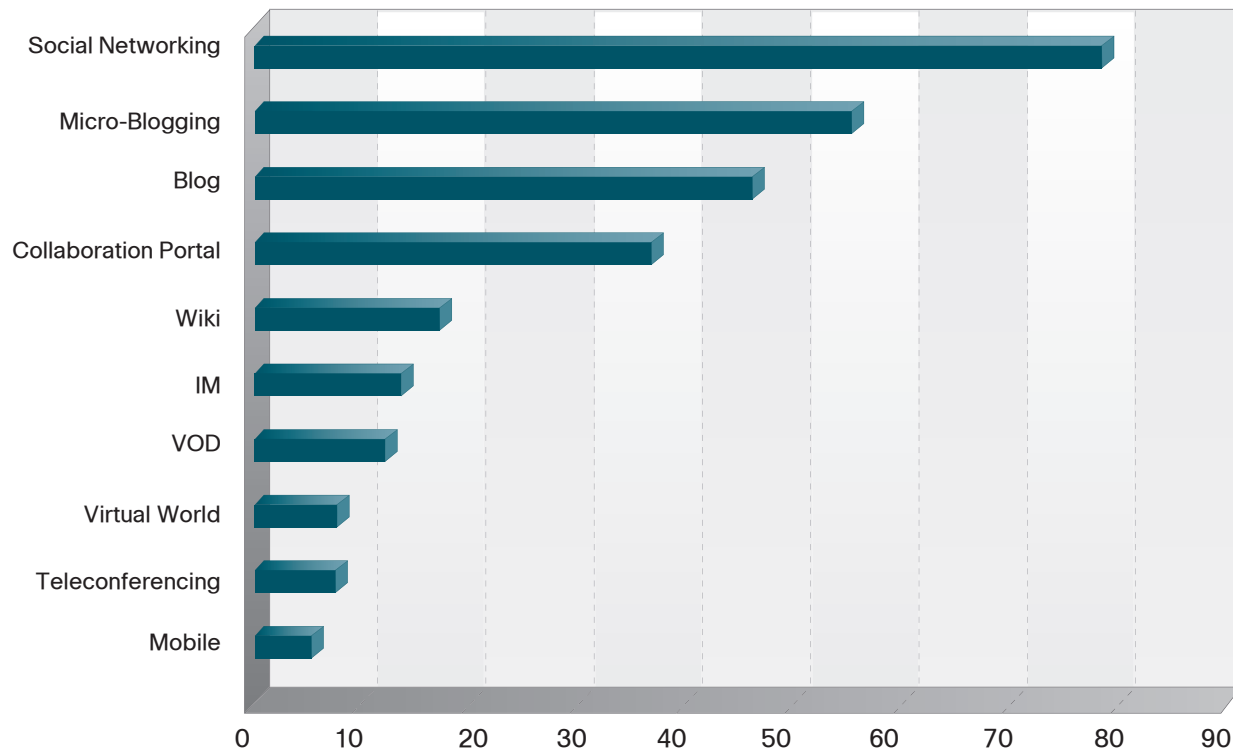


To understand how organizations use social networking and web 2.0 tools, such as wikis, blogs, and social networking sites, to collaborate outside traditional organizational boundaries, and how process, culture and technology can solve problems and drive business model innovation, three leading business schools, IESE Business School in Spain, Rochester Institute of Technology in the USA, and Henley Business School in the UK, conducted a study between April and September 2009. They interviewed large companies such as 3M, BAE, Bank of America, Daimler, and IBM as well as smaller, more nimble organizations across 20 countries, interviewing 97 businesses in total, including local, national, and global organizations, in myriad industries. Researchers used a qualitative approach, with guiding questions to generate open-ended dialogue in five key focus areas:

- Initiatives, audiences, and tools
- Challenges, risks, and success factors
- Social media governance
- Social media impacts
- Future trends

Social networking tools are bringing technology and business together in new, innovative ways to create deep and lasting changes within companies, large and small, regardless of industry. Three-quarters of the companies interviewed indicated that social networks are the primary social media tools used by their organization, while roughly half also cited microblogging (e.g., Twitter) as another major trend. (Figure 1).

Figure 1 Overview of Social Media Tools Used by Study Participants



Although businesses started out by targeting these communications toward user communities and customers, increasingly, they are broadening their audience base to facilitate both internal and external collaboration in an effort to take advantage of the mesh of connections and resources available via web 2.0.

***Findings: Pioneering Innovation Throughout the Enterprise***

Initially, departments such as marketing, PR, and sales—the groups comprising an organization’s customer-facing perimeter—pounced on social networking tools, actively engaging them to transform communications from one-way broadcasts to two-way conversations between a company and its customers. Meeting a wide range of objectives such as improving campaigns, demonstrating thought leadership, co-opting influencers, collecting market intelligence, generating leads, and driving web traffic, social networking tools have become integral to an organization’s marketing and communications initiatives.

While marketing, PR, and sales are at the forefront of social media usage, the study overwhelmingly found that there is increasing adoption and maturity along the value chain. The following table depicts how different departments are experimenting with social networking to positive effect (Table 1).

Table 1 Perceived Value of Social Networking Tools Along the Value Chain

Business Function	Social Networking Applications
Customer relationship management (CRM)	<ul style="list-style-type: none"> <li>• Listen to customer concerns</li> <li>• Support/solve problems</li> <li>• Education/spread best practices</li> <li>• Transfer support tasks to community</li> </ul>
Human resources (HR)	<ul style="list-style-type: none"> <li>• Promote company among potential employees</li> <li>• Identify/gather information on job candidates</li> <li>• Train employees</li> <li>• Tap into pool of “passive” job seekers via professional social networks (e.g., LinkedIn, Xing, and Viadeo)</li> </ul>
Supply relationship management (SRM)	<ul style="list-style-type: none"> <li>• Add social layer to supply chain management</li> <li>• Build purchasing coalitions</li> <li>• Hire “virtual” contractors</li> </ul>
Product development/innovation	<ul style="list-style-type: none"> <li>• Solicit ideas, opinions, and feedback to incorporate them into existing and/or new products and services</li> </ul>
Service delivery	<ul style="list-style-type: none"> <li>• Enhance collaboration on projects and service engagements</li> <li>• Co-create/share knowledge</li> <li>• Collaborate on documentation</li> </ul>



## *Findings: Social Media Initiatives Awhirl Throughout Enterprise, but Not Without Friction*



Although the organizations surveyed provided abundant examples to substantiate the business value of social media initiatives, they also related various challenges—some of which they are still struggling to address. While respondents universally agreed that listening prior to engagement is paramount, they offered a mix of opinions concerning other topics such as how to:

- Manage risk aversion, which often discourages social media usage
- Determine the appropriate level of investment in terms of time, money, and effort
- Maintain privacy, security, confidentiality, and ownership

### **Who's in Charge? (Challenges with Governance and Lack of IT Involvement)**

Repeatedly, anecdotes pointed to the question of governance. The study revealed a pervasive sense of ambiguity around who should bear responsibility for social media initiatives. Currently, companies worldwide face a profound absence of governance and lack of IT involvement in integrating social networking technologies into the enterprise. Consider the following:

- Only one in seven of the companies that participated in the research noted a formal process associated with deploying social networking tools.
- Only one in five participants has established policies regarding the use of social networking technologies.
- Only one in 10 of the respondents noted IT involvement in social networking initiatives.

Within the respondent base, social networking governance involved more stakeholders than traditional corporate initiatives because they have yet to define who owns social networking. Without a single point of accountability, the organizations had a difficult time controlling and managing these endeavors. Companies grapple, too, with policy creation and adoption because mimicking governance processes from other areas (e.g., IT, communications) often does not fit with social networking. Additionally, they are not sure how to mesh the social and personal aspects of these tools while maintaining adequate corporate oversight. Lastly, organizations are uncertain about the degree to which IT should be involved. Although IT is typically not involved as a primary decision maker, there is an awareness of not only scalability issues, but that tools do need to integrate with one another as well as with the existing enterprise architecture to deliver maximum benefits.

### Social Media Governance

Because social media initiatives are relatively new and organizations are still in the process of familiarizing and evaluating, most firms currently take an ad hoc approach to social media governance. However, after analyzing the data, researchers discerned four key areas that social media governance should address (Table 2).

Table 2 Top Considerations for Social Media Governance

Governance Criteria	Current Methods
How to make decisions on when, how, and which social media initiatives to launch?	<ul style="list-style-type: none"> <li>Initiation driven by bottom-up approach</li> <li>Large number of stakeholders/no single point of ownership</li> <li>Follow ad hoc processes, copy established processes, or do not believe process is required yet</li> </ul>
How to manage use of social media tools by employees?	<ul style="list-style-type: none"> <li>Control-based: internal policies stipulating what can and cannot be done</li> <li>Trust-based: transparency enables self-regulation</li> </ul>
How to manage third-party providers?	<ul style="list-style-type: none"> <li>Existing communications policies offer poor reference point</li> <li>Providers often help clients establish necessary governance mechanisms</li> <li>Point of contact within client firm varies</li> </ul>
How to manage enabling technology?	<ul style="list-style-type: none"> <li>IT integration is often overlooked when adopting a particular social media solution</li> <li>Social media tools and platforms need to integrate with existing business applications and infrastructure of the company</li> </ul>

### 10 Ways IT Can Promote Collaboration

1. Open up the firewall to Facebook and LinkedIn.
2. Add photos to directories—seeing a face helps people remember.
3. Document use cases and distribute them to aid adoption.
4. Build a solid strategy around it and guide people step by step.
5. Don't alienate different generations.
6. Make clear what's available, who should use which tools, and which audiences to target.
7. Understand the behaviors of groups that are using social media. Understand the culture. Understand that it's not technology-driven—it's social.
8. Don't call it social media. Call it collaboration; it's less risky.
9. Educate ourselves. Ask kids.
10. Don't over-engineer. Let the organism grow.

## Making Connections: Business Applications and Collaboration Platforms Should Be Linked

Many interviewees attested to the need for social media tools and platforms to integrate seamlessly with an organization's existing business applications and infrastructure. Currently, certain business applications are automated, so that individual employees can connect to a central system and transmit transactional data back-and-forth. However, this automation is limited because the business applications they routinely navigate are separate from the communication tools they use. For example, an employee relates, "If I'm a sales order entry person or if I'm a support rep or I'm a field engineer you know, I get my job statuses, I get my firm transactional data sent to me and I complete it and I send it back. But how I collaborate with everybody else doing that...is still pretty manual. These are cell phones, emails, instant messaging, SharePoint sites....But it's not cohesive....We're looking to create a collaborative platform integrated into our business processes...because you can't have the two decoupled."

### Business and IT Need to Meet in the Middle

Across the board, respondents recognized that social networking is here to stay. Moreover, the tools and complexity will continue to evolve and influence the way business is conducted. By ignoring this reality, organizations invite potentially harmful consequences.

*"The research findings spotlight an underestimation of the power and influence of social networks on businesses, and the transformation companies need to make to not only protect themselves, but encourage and benefit from the collaboration these social networks and tools afford them. Ignoring the increased usage and influence of social networking and web 2.0 tools leaves organizations at risk of misuse, potentially damaging disclosure of information, and misrepresentation of the company."*

*—Evgeny Kaganer, PhD, Lead Researcher and Assistant Professor of Information Systems, IESE Business School*



However, instead of falling vulnerable to such breaches and disruptions, organizations can actually empower themselves to new levels of innovation by integrating these tools into the enterprise. The researchers' conversations with study participants illuminated the following trends:

### Spotlight: Central European Pharmaceutical Distribution

**Headquarters:** Amsterdam, Netherlands

**Industry:** Healthcare

**Successful social media initiative(s) in:**  
Supply relationship management

**Example:** Central European Pharmaceutical Distribution (CEPD) launched a massive social media undertaking to unite pharmacies as a means to determine market need and ultimately negotiate better deals with drug companies. The organization created a gateway portal for pharmacy owners to engage in different CEPD activities and promotions, including open contracts with drug manufacturers. By building a community of pharmacies that facilitates ongoing, two-way communication, CEPD obtains input about the pharmacies' needs and thus overall demand, which, in turn, lends bargaining power when setting prices with drug manufacturers.

- Increased integration of various collaboration tools is shaping the evolution of delivery channels.
- Organizations are becoming more transparent.
- More meaningful connections are being cultivated with key audiences outside the enterprise.

But as the business-minded rush to chart new opportunities, mounting evidence suggests that they need IT on their side. To unleash maximum potential, business and IT must work together to refine social networks, so that they are secure, integrate into corporate information systems, and support work processes to deliver business results. It's not just business and technology though. Management needs to view collaborative social networking differently. They must oversee the adoption process and change culture to achieve positive results.

### Balance Is Paramount

Research indicates that savvy companies will recognize the role of technology as they finesse their social media strategies. The goal is to design a collaborative IT architecture which mitigates the risks inherent to social networking, while also enabling people-centric environments where technologies accelerate real-time interactions, not impede them. In the end, organizations need to understand the relationship between business, process, culture, and technology, and how each area can catalyze collaboration to drive optimal performance and business success.

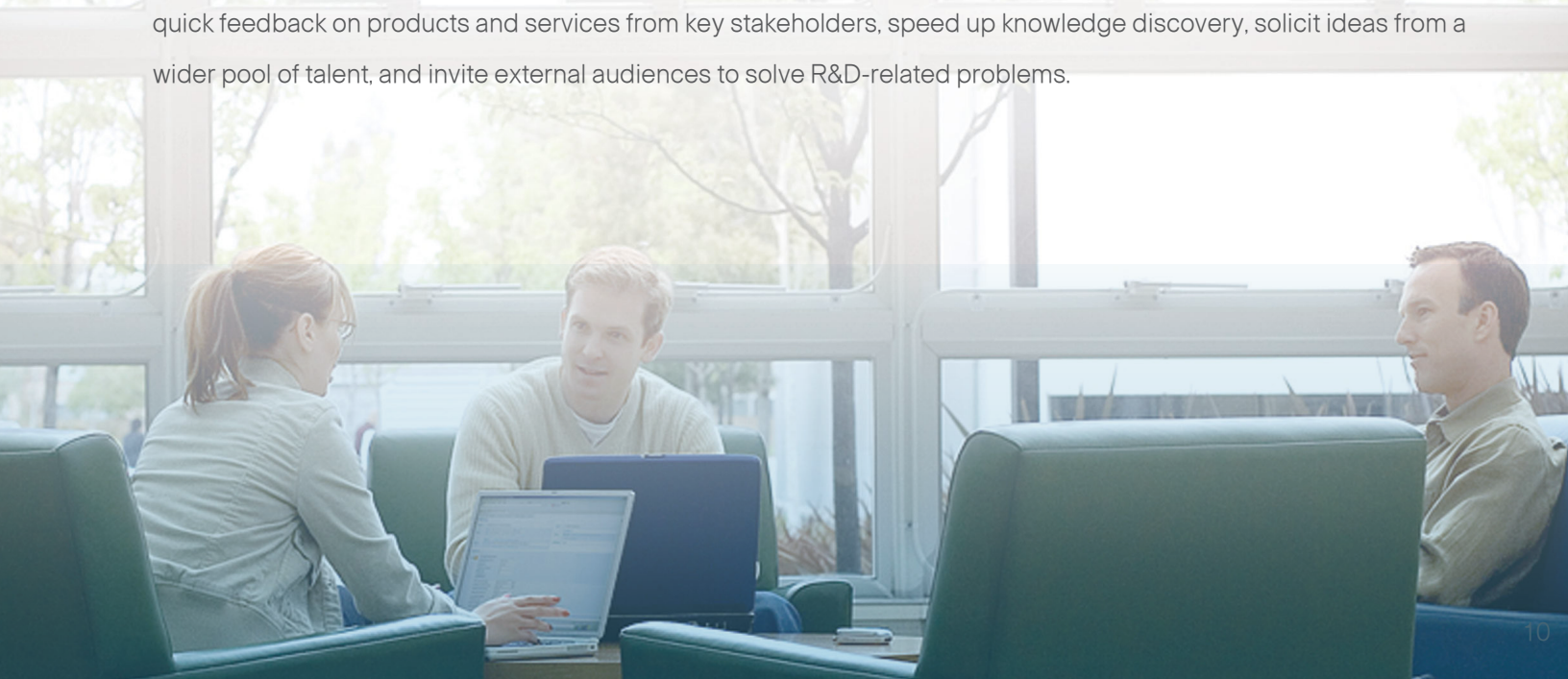
*“What this research highlights is that competitive advantage will not merely emerge from applying social networking tools and collaborative technologies, but from adopting a completely different mindset. New business paradigms need to be considered with higher levels of trust and looser control, whilst at the same time having a systematic way of leveraging the contributions of web 2.0. Whether we like it or not, social networking tools and collaborative technologies are here to stay. The question is can we rise to the challenge?”*

*—Moiria Clark, PhD, Professor of Strategic Marketing, Henley Business School*

### ***Social Media Business Impacts: Think Functional, Not Financial***

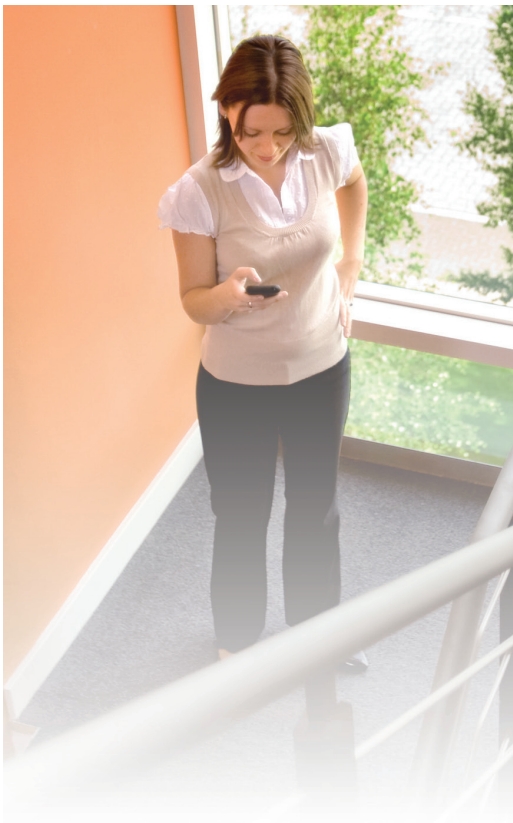
The research culled together many stories of cost savings such as call centers shifting CRM responsibilities to Twitter and small businesses glomming onto advertising opportunities that traditional media makes prohibitive, but to simply look at numbers misses the point. When measuring the impact of social media, the interviewees unanimously agreed that it makes more sense to consider how these initiatives can inspire fundamental business improvements rather than try to analyze direct financial impacts. Here are just a handful of examples:

- Functional and strategic impacts are affecting the entire organization and leading to shifts in strategy, expansion into new market segments, and the emergence of new social media-enabled business models.
- Relational impacts are demonstrating that external relationships become more “sticky,” audiences grow more engaged and loyal, and decision-making decentralizes by bridging the gap between C-suite and line personnel.
- Innovation-wise, firms are streamlining their innovation cycles using newfound capabilities that allow them to: receive quick feedback on products and services from key stakeholders, speed up knowledge discovery, solicit ideas from a wider pool of talent, and invite external audiences to solve R&D-related problems.



*“Successful companies in our 2.0 world are those that are tying tools together, managing scalability issues, anticipating continued evolution of platforms and using the preferred tools of their stakeholders. These companies build social networking initiatives into their wider strategy and are able to create meaningful connections with their communities.”*

*—Neil Hair, PhD, Lead Researcher and Assistant Professor of Marketing, Rochester Institute of Technology*



### ***The Future of Social Media: Collaboration, Not Just Conversation***

The business world is still in the early stages of adopting social networking technologies. But the future is rife with possibilities. As the different collaboration platforms continue to evolve and new sets of both public and private tools emerge, firms will establish corporate governance policies and agile IT architectures that not only support dynamic communication—but also deeper, richer interactions that make businesses thrive.

### **Share in the Momentum**

To participate in an ongoing discussion about how companies of all sizes and types are using collaboration tools to enhance business, visit the Cisco Collaboration Community at:

<https://www.myciscocommunity.com/community/technology/collaboration>

And, keeping in the spirit of aligning business and technology to accelerate results, the Collaboration Index Tool identifies innovative solutions that will set you on a path toward enhanced competitive advantage, increased customer loyalty, and strengthened relationships both inside and outside the organization. To explore opportunities in which collaboration technologies can support your mission goals and promote business value, ask your Cisco representative or specialized partner for this revealing assessment. You can also sign up here: <http://www.ciscowebtools.com/index/login.aspx>

## Seven Tips for Social Media Success

After distilling the data, the research team noted the different angles that organizations should consider when developing social media strategies. Their analysis yields the following pointers:

- 1. Control alienates, but conversation activates.** Promote a non-risk-averse culture and encourage customers to engage with your brand in unique ways that entice them to share honest perceptions of your products and services. By allowing them to freely speak their mind and submit unfavorable comments, you are then empowered to transform a negative association into a positive outcome.
- 2. Consistent usage translates to consistent experience.** Establish a regular tone and cadence for your social media endeavors, but understand that not everyone in your organization is going to have the same level of enthusiasm for these new platforms. To rally participation across the enterprise, train and incentivize social media users, while encouraging forward-thinkers.
- 3. Technology is the backbone.** Let the various social media platforms support your initiatives and grow with your organization. Consider key points like ease of use, integration with other tools, and accessibility. Remember that tools do not have to be complex to be effective. Also, look to the preferred tools of your stakeholders, so that you can take advantage of critical opportunities to connect.
- 4. Authenticity prevails.** Champion the cause. Successful implementation of social media initiatives requires people who wholeheartedly believe in them. Engage with multiple layers of your organization, and create policies that facilitate organic growth.
- 5. Relevant, concise content remains imperative.** Present a compelling point of view that aligns with your brand's personality. Keep it simple, conversational, and offer your audience insight into a particular topic that interests them. Come together as a company to strike a balance between personal and corporate.
- 6. Sustainable strategies reap rewards.** Understand objectives before jumping into the game. First, listen to what your customers are saying, and then engage. Formulate social media into your business model early on, and focus on developing meaningful relationships with your customers rather than pushing sales.
- 7. Survival still traces back to adaptation.** Inspire flexibility in your organization or run the risk of becoming outdated. Remember that even the best ideas need passionate proponents, so foster the "social," the real-life connections, to cultivate innovation.



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