

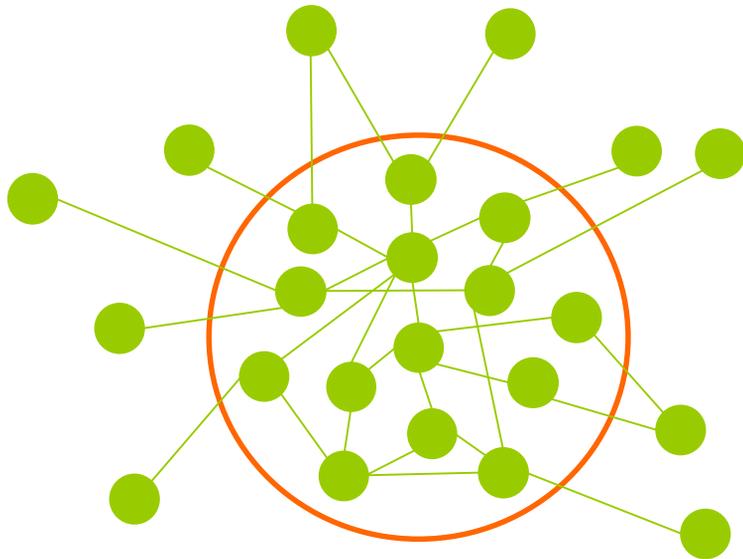
Social business

and **management** **innovation**



NEW SOURCES OF VALUE:

A discussion paper and overview of Social
Business and Management Innovation



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For more information on permission to reprint, please contact

Brand Intellect at:

E-mail: enquiries@brandintellect.com

Phone: +44 (0) 1844 347523

Brand Intellect: www.brandintellect.com

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Insular activity - limited social awareness
 Focus on transactions and interactions
 Defined by divisions, functions and departments
 Built for an age of certainty and progress
 Short term margin and shareholder returns
 Driven by orthodoxy and best practice
 Institutional authority and control

Open activity - high social activity
 Focus on connections and relationships
 Defined by ecosystems, networks, strategic process
 Built for an age of change and revolution
 Capital value and social stakeholder benefit
 Driven by creativity and passion
 Collective trust and authenticity

A significant shift is underway in the way we work and the way businesses interact with the broader social and increasingly global communities in which they operate. In our age resources are precious, no longer abundant, business and economic environments are unstable, institutional and job security does not exist. An information and social networking revolution has created a whole new set of market dynamics with a speed and complexity never experienced before. We are in the midst of a transformation to a world of discontinuities and non-linear change.

Executive summary



Beyond experimentation. Social technologies have become part of our lives, transforming the way we connect with each other, expanding our personal reach, our network and influence. Now, social business strategies and technologies are changing the way we work. As evidence of new opportunities and benefits from using social technologies in the workplace grows, many organisations are still challenged to quantify and exploit the full potential of these technologies for their businesses. Many organisations have run experiments with social technologies to improve collaboration, idea flow and connections between staff and customers. But many business leaders have not taken the necessary next steps to implement social technologies at speed and scale, to truly capitalise on opportunities being offered. In this discussion paper we outline some of the key barriers, enablers, risks and opportunities of social business at scale.

WWW
1.0

Tech
media

WWW
2.0

Social
business

2 major shifts in just 20 years:

www 1.0, the 'webification' of business, gave rise to a 'tech media' revolution that changed the way individuals and businesses communicate and interact.

www 2.0 an on-line revolution in personal communication and interaction, social networking and micro-blogging is now driving the 'socialisation' of business, changing how we work and how businesses operate.

But, this time...it's not just technology or marketing. Social, economic, political, cultural and technological changes have combined to create a 'perfect storm'.

A short history

In just over 20 years. In 1991 the world wide web was launched to the public, it transformed the internet which had it's roots in research from the 1960's. Although estimates vary, today about 2.3 billion people use the internet, 32% of the worlds population and about 8 new users arrive every second. In February 2004, Facebook was launched and by June 2012 had over 955 million users. Today it is ranked as the worlds most valuable social media brand. But, other social media brands like: YouTube, Twitter, Qzone, Sina Weibo, Spotify, Badoo, RenRen, 51.com and LinkedIn, are testament to the global appeal of social networks and their increasing popularity.

The first tweet was March 2006. Today, there are 340 million tweets, by over 140million users in a day. Micro blogging is growing on the back of mobile communications. But email, a technology that pre-dates the internet is still popular with an estimated 110 billion emails sent from over 3 billion email accounts.

Over the last decade and particularly over the past 5 years we have seen significant shift towards enabling business with social technologies: crowd-sourcing, collaboration, co-creation and ideation. Today tools like: Yammer, Jive, IBM Connections, HyveWorks, Salesforce.com, zyncro, Chaordix, huddle, Socialcast, tibbr, Imaginatik, Spigit, TalkFreely, Brightidea and many more provide platforms to help transform organisations. But social business is more than technology. It's about changing the way we work, communicate and make connections between ideas, people and brands. Technology undoubtedly helps, but there is a lot more to do.

email

Internet
1960

www
1991

Social
Networking
2004

Social
Business

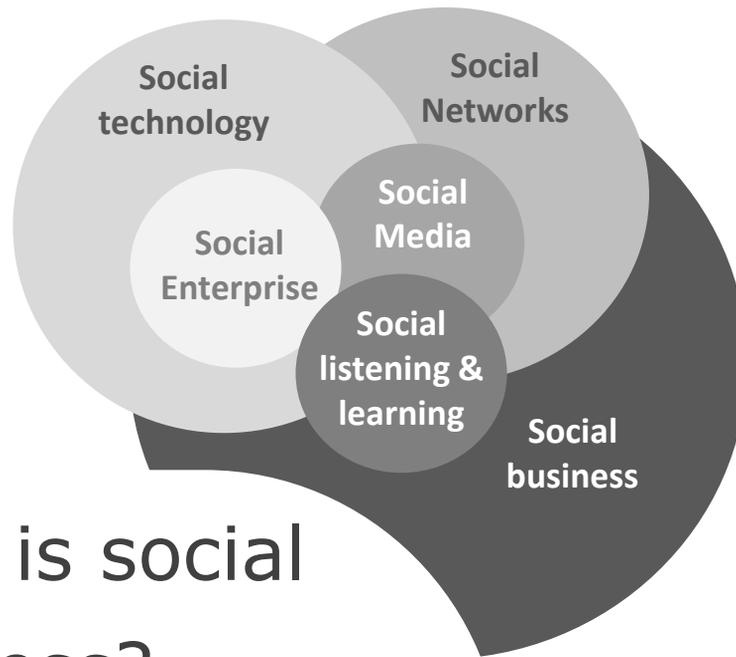
SPEED

innovation collaboration

Lightweight implementation of social business is not enough to realise the full potential and economic advantage of social business. Effective social business strategy is a non-trivial change. To enable faster response to risks and opportunities, higher propensity to discover disruptive innovations, open partnership and collaboration organisations need to exploit capability across business ecosystems. Higher productivity and better yield from scarce resource is a near term prospect that depends on more intimate connections with staff and customers. Better exploitation of 'big ideas' and marginal gains that create differentiation and hidden competitive advantage are not delivered through technology alone. In short social business offers an easier, better way to work at a speed and scale we have not experienced before, but it's full potential will only be realised through rigorous, robust and integrated strategy – a non-trivial change.

connectedness openness

SCALE



What is social business?

A different way of working. Social businesses are highly innovative organisations, more agile, responsive and connected to the needs and values of employees, customers and the wider ecosystem in which they operate. They can be characterised by persistent use of:

- social technologies to increase collaboration and idea flow
- social enterprise to optimise organisations and ecosystems
- social networks to improve connections and knowledge transfer
- social media to improve relevance of communications
- social listening and learning to build intelligence and insight

But, social businesses have other traits too:

- More engaging, collaborative and innovative management
- Propensity toward openness, innovation and growth
- Little if any dependence on location
- Greater social and environmental responsibility
- Focus on building intellectual, brand and social capital

Social businesses use social technologies, networks and insight to increase productivity, release trapped value and build capability. They remove barriers to innovation and growth by embracing far more open, collaborative ways of working, consistent with the aspirations of new generations of workers and customers. They are re-defining how people and businesses work, amplifying connectedness and shared value. Social business strategy is the 'forward looking' business strategy of our time. To some it may appear complex or vague, but it holds prospects of significant value add for innovative organisations prepared to invest in change at scale.

1. Every idea should compete on an equal footing

2. What should matter is your contribution, not your credentials

3. People who have leadership positions are there because somebody actually wants to follow them, rather than somebody says you're the leader

Garry Hamel, Co-founder: Management Innovation Exchange, Mix TV

117 years

A range of organisations including McKinsey, MIT, Deloitte and IBM have recently reported on the potential of social business. While estimates and most studies lack operational metrics and measures they all conclude that there is significant transformational opportunity in the next 3-5 years across a broad range of industries. Our own analysis suggests that between 5% and 20% of total workforce effort could be released by applying social technologies to an organisations knowledge workers. This does not include benefits of open innovation or collaboration across extended enterprises or business ecosystems, nor does it address market share and revenue opportunities on offer. Productivity gains from social technologies are a valuable first step to free up and re-allocate precious resources, to build new capability, products and services and set a new strategic agenda for social business. They create the 'thinking space' and time for organisations to re-align themselves with sources of sustained economic value.



Social business and particularly, social analytics and insight are foundations for more accurate, reliable measurement of corporate performance and value

Value creation

The challenge. Realising value from social business will require much more than technology. New strategies, culture, relationships, organisations, information, process and technology are required. Clearly, this is a significant challenge for many organisations. But, the benefits of transformation are significant, and those leaders willing to make the required changes will see their organisations flourish over the next few years as a socially enabled generation enters the workforce and the marketplace.

In July 2012, The McKinsey Global Institute reported that potential improvement in knowledge worker productivity could be as high as 20-25%. Our own analysis, for a 2000 person organisation in the 'challenge' segment, suggests that 117 years of effort could be released. In the 'star' segment, value add may be 4 times as much. Beyond these productivity benefits are others, including:

- Significantly lower cost and mapping of interactions at scale, particularly in geographically dispersed organisations
- More efficient creation and distribution of content and knowledge
- Greater personal influence and coalition around viable ideas
- Clearer communication and measurement of strategic processes
- Unique insight into staff and customer interactions and sentiment

In IBM's recent 2012 Global CEO study, over 50% of the CEO's surveyed said human capital, customer relationships and innovation were the top sources of sustained economic value. As social analytics develop we can expect better measures of intellectual, brand and social capital growth, reflecting more accurately, the amount of sustainable economic value being generated in a business from these sources.



Characteristics of value creation segments:

Challenge: low emphasis on knowledge transfer, tightly controlled interaction

Scope: High emphasis on knowledge transfer, tightly controlled interaction

Focus: Low emphasis on knowledge transfer, open interaction

Star: High emphasis on knowledge transfer and open collaboration

1st

Experimentation and play are likely to be one of the first practical steps to finding the potential of social business in any organisation. But, it should be 'serious play', experimentation with a purpose and a wider agenda. There are the obvious learning benefits of using social technologies on a smaller scale, but a more important goal must be to identify the people, functions and processes across the organisation where maximum benefit can be developed in the shortest possible time. The good news is that social technologies lend themselves to this type of approach, revealing 'big ideas' as well as many marginal gains that may collectively be as valuable.

Potential by function

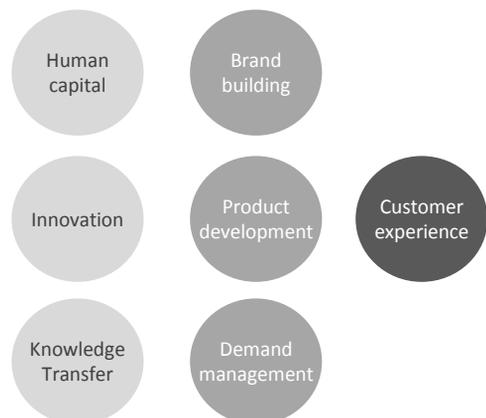


Finding potential

Focus on what can be done. Social business can enable capability, productivity and creativity of functions right across the enterprise and make direct contribution to the top three sources of sustainable economic value: human capital, customer relationships and innovation. Clearly the value and contribution for each industry, each organisation and each function and process is different. But to increase the prospects of success all organisations need, firstly, to understand the full potential of social business. They need to understand this by function and strategic process across their own organisations and determine where social business strategies and solutions will have maximum impact.

Potential by process

Across the enterprise there are opportunities to share ideas, expertise and insight, collaborate and communicate much more effectively. But, perhaps the greatest enterprise wide gain is the ability to connect strategic processes and drive new levels of productivity, organic growth, intellectual, brand and social capital



Are you working within your limitations or are you breaking free from them?

Since early 2008 most businesses have experienced the worst economic conditions for perhaps the past 70 years. Trust in major institutions has broken down, international relations are strained and in developing countries societal reform is rampant. To cap it all a technological revolution is well underway.

The speed, scale and complexity of change is unprecedented. Clearly, against such a backdrop it is challenging for business leaders to think of different, better ways of working. But, social technologies hold out the prospect of releasing staff, managers and businesses from self imposed constraints and orthodoxies that limit capability. They can create enough space, free resource and capability to focus on what matters rather than activities that don't. Even under challenging conditions social business can release trapped value, urgently required to improve business prospects.



Five key factors that influence ability to release potential of social business

Releasing potential

Enabling social dynamics. More open, flexible organisations are required to realise the full potential of social business: ecosystems, defined by expertise, process and activity rather than position, function or department. These organisations are predicated on self directing rather than command and control systems that harness resource, capability and expertise quickly across organisational boundaries. Organised around more dynamic, collective value creation and strategic processes these organisations offer more potential to create sources of sustained economic value than those organised around functions.

The main catalyst for change is management innovation, and in particular the creativity and quality of leadership. Releasing the potential of social business is almost entirely dependant on the courage and foresight of business leaders that recognise the need to change without a 'burning platform'. To transition from well defined, information based economics, to more fluid, tribal and behaviourally influenced environments. It would be foolish to underestimate the impact of heuristic, tribal behaviours in social networks. The questions is how to deliver great leadership in such an environment.

From our research, the likelihood of an organisation being able release the full potential of social business depends on five key factors:

- Creative leadership, management innovation and culture
- Clear strategies to increase intellectual, brand and social capital
- Emphasis on people, open innovation and knowledge transfer
- Incentives, organisation size, structure, attitudes and behaviours
- Enterprise level understanding of social networks and technology

"Both small companies and large companies tend to have stronger management support for social business initiatives than do mid-sized companies"

Just over 21% of large companies and 21% of small companies perceive more value from social software compared to just over 13% of mid-sized companies

MIT Sloan | Deloitte key finding from research report 2012 on Social Business

Mountain leaders

Valley managers

Valley managers don't take risks, they think of steady progress and incremental change, efficiency and effectiveness. When things get tough they look down into the organisation to fix it. Their challenge is to build prosperity for themselves and the close community around them, maintaining life as it is in the valley.

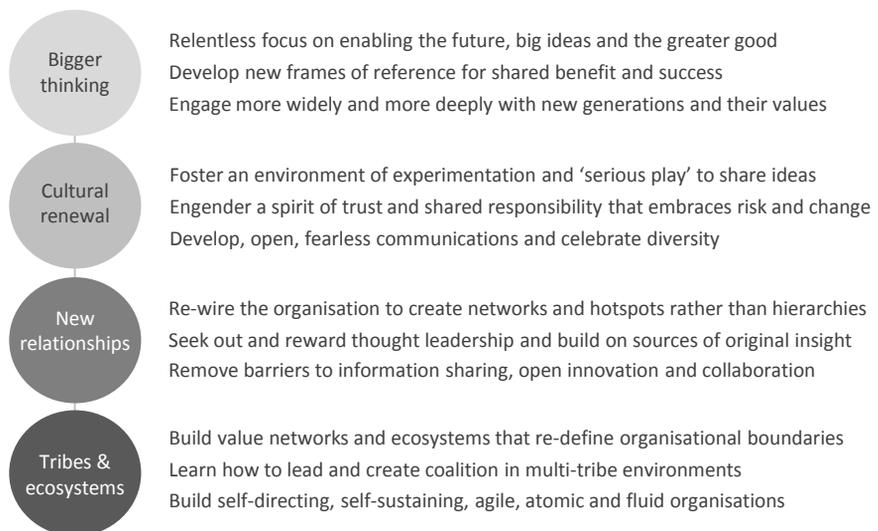
Mountain leaders do take risks, they think of revolution and disruptive change, growth and a greater good. When things get tough they look outside the organisation to fix it. Their challenge is to generate new value for all who follow them and climb the next mountain.

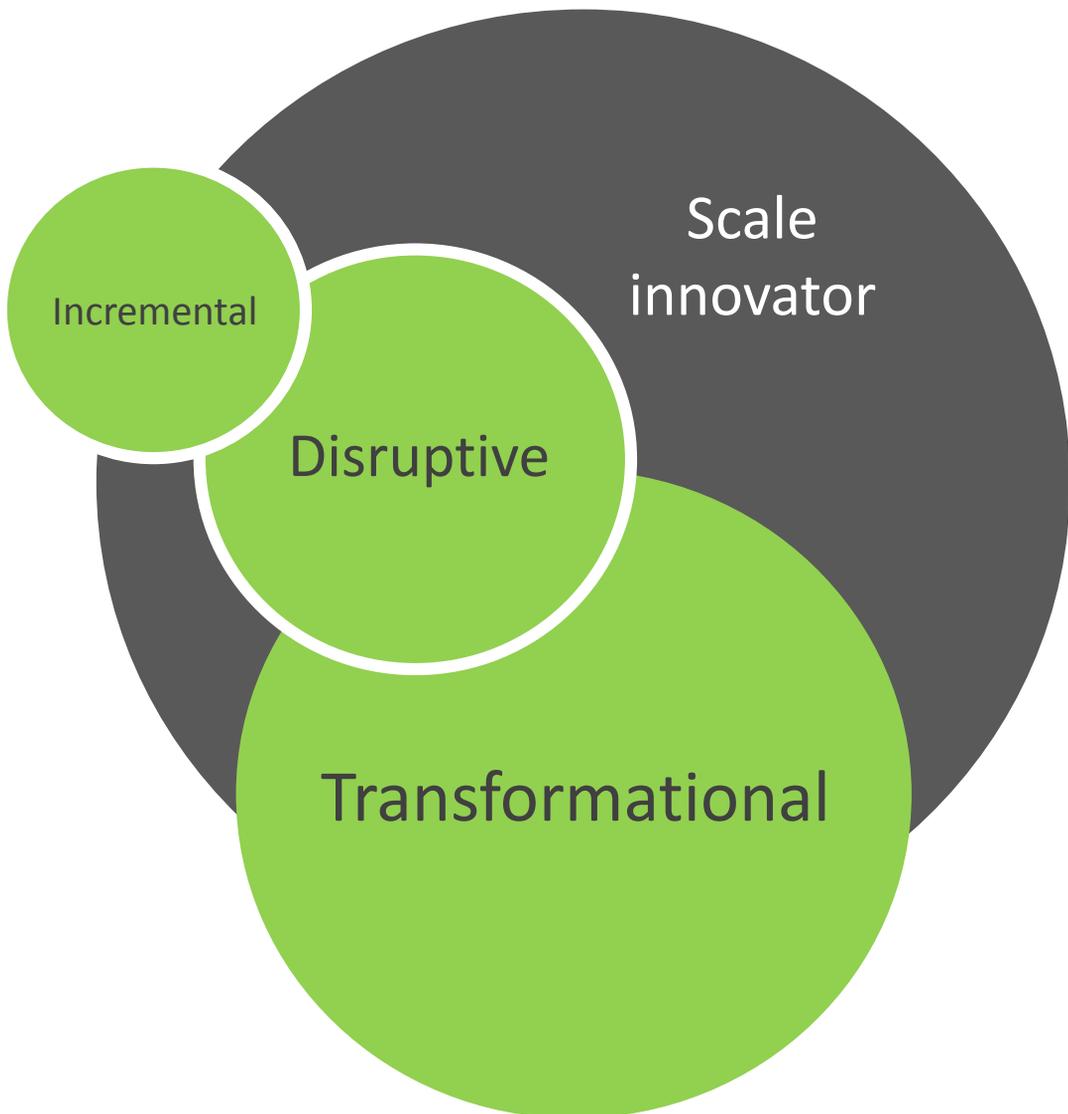
Both exist in organisation and are needed. But in many organisations valley managers and mountain leaders are in the wrong place – valley managers guiding strategy in the most turbulent economic conditions we have experienced in 70 years and mountain leaders trapped in the hierarchy unable to deliver changes required.

Creative leadership

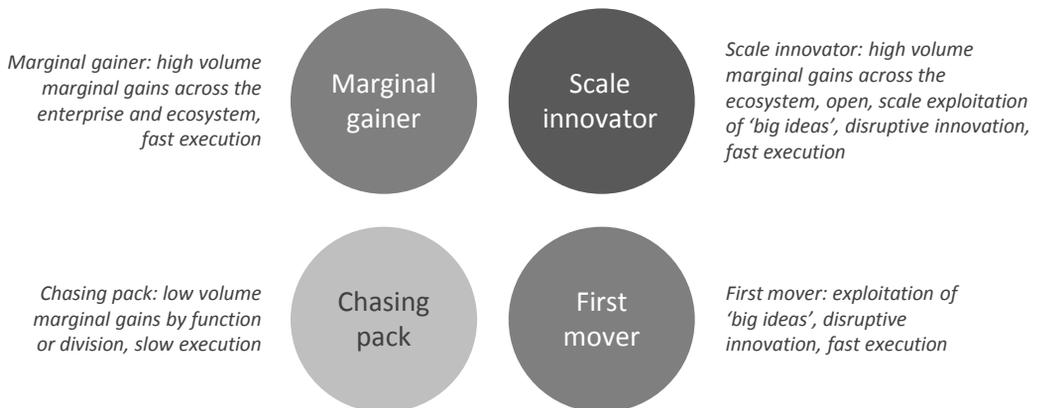
Management innovation is a necessary companion of social business. More creative leadership is needed to recognise and exploit the full potential of social business. In parallel with process and technological shifts, leaders must now transition the culture, relationships and organisational fabric of their businesses. Social business requires leadership that 'think big and bold', find smarter, more effective ways to compete strategically by re-inventing how management and organisations work.

Business leaders in many industries have the unenviable task of re-building trust and confidence with staff and customers. They need to re-focus organisations on a greater good, societal values and re-connect business with diverse communities and a broader social agenda. Most management need measures to understand progress and performance. Social business is no different in this respect. But existing reporting orthodoxies will not cope. New more sophisticated measurements systems are required to interpret activity and productivity in networked organisations and align with sources of longer term and sustainable economic value.





There are as many types of innovation as there are things to do. But, in the context of social business what's more important is the change impact and scale of innovation on offer. The ability to embrace, enable, integrate and exploit incremental, disruptive and transformational innovation at speed and scale.



Innovation...

Innovation and social business. Innovation is one of the key strategic processes at the heart of social business. The search for organic growth, competitive edge, increased productivity and better ways of working, that are central to social business is reliant on innovation. Not just product innovation, but concept innovation and the free flow of ideas, more creative management and relationships required to truly transform businesses.

In 2010 Boston consulting reported that 72% of business leaders considered innovation to be a 'top 3' priority. Two years later in 2012 IBM's CEO study: Leading Through Connections, said the same thing, but also confirmed that more radical innovation is now being embraced by business leaders.

It's tempting to think of 'disruptive innovation' and 'big ideas' when contemplating change at scale. But it's also worth also considering amplifying the speed and frequency of 'marginal gain' innovations. Smaller changes implemented more easily but often discounted as non-contributory in isolation, but collectively of great value.

Social business and in particular collaboration and ideation technologies enable innovation, more openly and at scale from anywhere in the organisation. They support multiple organisational models for innovation, and critically they enable business leaders to engage directly with innovation programmes. The ability to do so characterises innovation leaders: scale innovators, able to capitalise on highly disruptive and incremental innovation with partners at a speed and scale that allows them to outperform.

Many of the highest performing enterprises are already developing far more open cultures and embracing the most disruptive forms of new innovation

Ginni Rometty, CEO IBM



Social business

The way we work is changing. Social networking has transformed the way we communicate, interact and connect with each other as individuals, expanding our personal reach and influence. Now, new social business strategies and technologies are changing the way we work. We help organisations release the full potential of social business throughout the extended enterprise, connecting ideas, people and brands. We design and deliver social business strategy, change and transformation quickly and at scale..

Management innovation

Management is changing too. As social strategies change the way work gets done, creative business leaders are transforming management attitudes and behaviours, re-inventing management practices and building new capabilities to make their organisations more agile, more competitive and much more innovative. We help build resilient, creative businesses by changing the way management think and by transforming management practices, developing management innovations that deliver hidden competitive advantage, new capability and differentiation.



Find out more about social business and management innovation, knowledge transfer, brand building, customer experience at:

www.brandintellect.com

About brand intellect

Brand Intellect operate at the forefront of idea management and value creation designing and delivering social business and management innovation strategies that release capacity, capability and commercial advantage. We understand the intimate relationship between social business and management innovation allowing us to deliver unique strategic insight. We help organisations identify the full potential of social business and management innovation and exploit the benefits on offer. We develop winning strategies, performance breakthroughs and enable organic growth by identifying efficiencies and exploiting social media, social networking, ideation, collaboration, social intelligence and social technologies. We change organisations and transform management practice with ingenuity, disciplined planning and relentless focus on building future value.

Contact:

Brand Intellect Limited

E-mail: enquiries@brandintellect.com

Phone: +44 (0) 1844 347523

Brand Intellect: www.brandintellect.com



About the author:

Bill Wright is CEO of Brand Intellect and a long time business innovator and change agent, currently delivering business innovation and marketing excellence programmes, change, performance and growth strategies with major clients in multiple industries nationally and internationally.

He has led innovative start-ups and held senior international executive positions in global corporations and professional services organisations. A web pioneer and passionate advocate of social business.