Wharton School Publishing

Social Networking for Business

Choosing the Right Tools and Resources to Fit Your Needs

Rawn Shah

Vice President, Publisher: Tim Moore
Associate Publisher and Director of Marketing: Amy Neidlinger
Wharton Editor: Steve Kobrin
Editorial Assistant: Pamela Boland
Development Editor: Russ Hall
Operations Manager: Gina Kanouse
Senior Marketing Manager: Julie Phifer
Publicity Manager: Laura Czaja
Assistant Marketing Manager: Megan Colvin
Cover Designer: Alan Clements
Managing Editor: Kristy Hart
Project Editor: Lori Lyons
Copy Editor: Krista Hansing Editorial Services
Proofreader: Williams Woods Publishing Services, LLC
Indexer: Lisa Stumpf
Compositor: Jake McFarland
Manufacturing Buyer: Dan Uhrig

Publishing as Wharton School Publishing
Upper Saddle River, New Jersey 07458

Wharton School Publishing offers excellent discounts on this book when ordered in quantity for bulk purchases or special sales. For more information, please contact U.S. Corporate and Government Sales, 1-800-382-3419, corpsales@pearsontechgroup.com. For sales outside the U.S., please contact International Sales at international@pearson.com.

Printed in the United States of America

First Printing January 2010

ISBN-10 0-13-235779-8
ISBN-13 978-0-13-235779-1

Pearson Education LTD.
Pearson Education Australia PTY, Limited.
Pearson Education Singapore, Pte. Ltd.
Pearson Education North Asia, Ltd.
Pearson Education Canada, Ltd.
Pearson Educatión de Mexico, S.A. de C.V.
Pearson Education—Japan
Pearson Education Malaysia, Pte. Ltd.

Library of Congress Cataloging-in-Publication Data

Shah, Rawn.
Social networking for business : choosing the right tools and resources to fit your needs / Rawn Shah. — 1st ed.
p. cm.
Includes index.
ISBN 978-0-13-235779-1 (hardback : alk. paper) 1. Business enterprises—Computer networks. 2. Leadership. 3. Computer software—Development. I. Title.
HD30.37.S44 2010
658'.056754—dc22

2009035891

1

Social Computing on the Ascent

Determining where to focus innovation efforts is a challenging open-ended and uphill battle. Most businesspeople look for answers from product and technical leadership balanced against the current business strategy. This often hinders a wider look at what needs and opportunities exist.

In large multinational organizations such as IBM, with many different product lines, research interests, and industry foci, this is multiplied. IBM's answer was simple: Ask everyone. In 2006, its InnovationJam online event drew 150,000 business partners, employees, and even family members to focus on a number of high-level innovation themes. IBM has conducted such InnovationJams since 2001, but this was by far the largest. Thousands of users brainstormed, discussed, and debated ideas within each theme online to improve how people stay healthy, work toward a better planet, and improve finance and commerce. By committing $100 million to build new businesses for each theme, IBM created smarter healthcare payment systems, real-time language services, and a 3D Internet project. Gathering input for innovation initiatives and corporate social responsibility isn't new, but IBM's approach was an innovation in itself for its time—the company cast a wide net and invited a multitude of perspectives, expertise areas, and deliberation to arrive at the best ideas.

IBM isn't the only company working with groups of users on complex, subjective business problems. In its drive to provide innovative customer support, Verizon, a leading wireless phone and communications carrier, encourages a core of tech-savvy customers to answer

deep-level technical support questions for others at no cost.[1] The company is taking advantage of a known phenomenon of users' desire to help others as they themselves tinker on the systems. With the expertise of Lithium Technologies, a consultancy in Emeryville, California, Verizon is quickly learning how to shape its community toward the focused business goal of customer support.

Amazon.com, the well-known retailer of books and other products online, is discovering other ways to involve the collective energies of many individuals in helping it sell more. Through customer reviews, recommendations of similar products, and categorization of items based on how people really see products fitting together, Amazon is driving return-customer sales.

The list goes on: Best Buy is asking its workforce to predict future prices for its inventory of products. Disney reaches an increasingly online generation of children ages 6–11 with a safe online world of *Club Penguin* designed just for them. Busy executives—Jonathan Schwartz (CEO of Sun Microsystems), Bill Marriott (Chairman and CEO of Marriott International), Bob Lutz (Vice Chairman of General Motors), and David W. Hill, Yao Ying Jia, and Tomoyuki Takahashi (design executives at computer manufacturer Lenovo[2])—now communicate regularly through Internet blogs to customers, shareholders, and other industry watchers. Chacha.com provides fee-based services that enable mobile and online users to ask any question, which Chacha.com hands to its collections of experts to find and provide answers. Many businesses are now actively investigating how to harness the collaborative strength of their customers through online sites such as MySpace, Facebook, Second Life, and Twitter. Other businesses help their employees or business partners discover skilled resources, share expertise, or even develop new products and projects within their company.

---

[1] Steve Lohr, "Customer Service? Ask a Volunteer" *New York Times* (online edition), 25 April 2009. Accessible at www.nytimes.com/2009/04/26/business/26unbox.html?_r=2&ref=business.

[2] Jonathan Schwartz blogs at http://blogs.sun.com/jonathan/. Bob Lutz's *FastLane* blog is at http://fastlane.gmblogs.com/. Bill Marriot blogs at www.blogs.marriott.com/brands/. Hill, Yao, and Takahashi from Lenovo blog at *Design Matters,* at http://lenovoblogs.com/designmatters/. The Lenovo team's design work on the Thinkpad laptop computer is the subject of Steve Hamm's *The Race for Perfect* (New York: McGraw-Hill, 2008).

From internal innovation to customer support, and even to developing new business services, all these companies are finding different ways to structure groups of people to work on common goals to solve business problems. You have probably used these tools, or others have used them to try to reach you. Like it or not, you will need to understand how they work, how they impact your business, or even how to turn them to your financial advantage. However, these companies aren't "managing people" in the classic sense of task assignments, job roles, and team projects today. The approach they're taking falls into a new field of software- and group-assisted business processes called *social computing*. (See the sidebar "Social Networking, Social Media, Social Computing: What's the Difference?")

According to the *2006 Global CEO Study* by the IBM Institute for Business Value,[3] CEOs expect that the top three primary sources of new ideas and innovation will come from business partners, general employees (other than internal research and development), and clients; 75% of CEOs agree that collaboration is a key influencer of innovation. A McKinsey report[4] describes it as follows:

> Although collaboration is at the heart of modern business processes, most companies are still in the dark about how to manage it...they do a poor job of shedding light on the largely invisible networks that help employees get things done across functional, hierarchical, and business unit boundaries.

By framing collaboration toward specific goals and methods instead of a large, amorphous concept, social computing helps develop and direct innovative development in an organization. At the same time, social computing is shaking up a fundamental aspect of business: how people communicate and work together to produce results. It has an impact on many areas of business and management: It changes team and organizational unit structures, who can participate in and influence business decisions, decision-making processes, and the business environment that encourages people to work together effectively.

---

[3] *Global CEO Study 2006*, IBM Institute for Business Value (2006). Accessible from www-935.ibm.com/services/us/gbs/bus/html/bcs_ceostudy2006.html.

[4] R. L. Cross, R. D. Martin, and L. M. Weiss, "Mapping the Value of Employee Collaboration," *The McKinsey Quarterly*, no. 3 (2006): 29–41.

Social Networking, Social Media, Social Computing: What's the Difference?

Generally, *computation* means applying a defined set of procedures to solve a particular problem. In *social computing*, people become part of the overall computation system by examining, analyzing, and addressing the issues. Problems well suited for social computing are often the same ones that are difficult or unfeasible to solve using only software analysis and formulaic calculations: They're problems that require ingenuity or associative thinking, relationships and trust between people, and subjective knowledge.

This is social in the sense that it relies on groups of people interacting in some way. Although many people interact simply to keep in touch with friends or for their own personal entertainment, we're interested in how social computing techniques apply to business relationships and interactions that lead to results.

The role of software in social computing is to support the way people can interact and to frame the steps for them to work on loosely defined problems. The software helps users communicate, keep track of their interactions and relationships, collectively make choices and decisions, and filter the business results within the vast tracts of content and messages that these interactions produce. Not all social-software applications support all types of social computation. And software is only one necessary tool. Social computing also depends on human factors, such as the tasks people perform, how they interact, and what encourages them to participate.

Social computing accelerates the key business element of collaboration. It incorporates different approaches to collaboration—supported by IT infrastructure, well-defined user experiences, and tasks formulated to different business areas—while considering the culture of how people interact and collaborate. *Social networking* is a popular term referring to all kinds of social software tools. It also refers specifically to how users build networks of relationships to explore their interests and activities with others. The difference between social networking and social computing will become more apparent in later chapters. *Social media*, another popular term,

refers to the online content, or methods to create, share, or build on such content through social means. By definition, a *social environment* is a virtual place where the interactions between the people involved in social computing take place. It has no one particular shape or form; instead, think of it as the vessel wherein ideas and interactions mix together into a complex recipe. Successful social computing involves determining the right ingredients, recipe, and preparation techniques that deliver the expected result.

These changes require new ways of thinking about how people work together in an organization. More important, larger business and customer trends are impacting the nature of how modern enterprises operate that in turn reinforces the need to apply social computing to business management processes.

Reshaping the Way We Work

Two main trends are changing how we work: an increased pace of business across the globe, and the way users are taking to online environments. These trends are meeting at a nexus that blatantly pushes organizations to investigate and implement more social interaction and online collaboration through social environments.

The speed of business is calling for strategic improvements in business agility through faster innovation, exploration of new and emerging markets, and increased partnering activities. To keep pace, organizations are focusing their strategic IT assets to institute faster computer networks for an increasingly flexible, mobile, and distributed workforce, enabling them to communicate complex information within the organization and with partners and customers. Although e-mail and Web access to support communications have become common in most organizations, corporate users are looking for better ways to organize their enterprise data, manage their business relationships, communicate detailed content, and discover new information, customers, and the expertise to guide them. For companies with a distributed workforce, simply keeping track of who works in their organization and what time zone they're in becomes a time-consuming task in itself.

The other significant trend is a swirl of changing online user behavior. A new wave of employees who have been active online from a young age are now entering the workforce and exemplify these changes particularly well. These "digital natives" have grown up Internet aware, actively using online software, visiting Web sites, and connecting and developing relationships over the virtual world of the Internet. According to the Pew Internet and American Life Project, 75% of adults age 18–24 and 57% age 25–34 have a profile on a social network site.[5] Eighty percent say that being a networked worker improves their ability to do their job, and 73% indicate that it improves their ability to share ideas with coworkers.[6]

How these digital natives use computers is also resulting in an increasing reliance on *cloud computing:* an emerging IT system in which data and applications reside entirely online instead of on any single computer or device. In the United States, 69% of users are moving to Web-based tools to manage their e-mail, photos, and files.[7] They use the Internet to research information about products, organizations, and even other people to guide their decisions. Their information can now also move with them as they change jobs. Their focus has shifted from "What's on my computer?" to "What information do I have access to?"

In a world where computers are everywhere, from the massive supercomputer systems in the largest corporations to Internet-capable household appliances, it seems that *people* are taking back some of the power previously relinquished to faceless devices and organizations. The tools of this new order are social interaction and collaboration—ironically, facilitated by the same computers that previously locked us away into fixed processes, compartmentalized information, and isolated workspaces.

---

[5] Amanda Lenhart, *Adults and Social Network Websites*, Pew Internet and American Life Project, January 2009. Available online at www.pewinternet.org/~/media//Files/Reports/2009/PIP_Adult_social_networking_data_memo_FINAL.pdf.pdf.

[6] Mary Madden and Sydney Jones, *Networked Workers*, The Pew Internet and American Life Project, September 2008. Available online at www.pewinternet.org/~/media//Files/Reports/2008/PIP_Networked_Workers_FINAL.pdf.pdf.

[7] John B Horrigan, *Use of Cloud Computing Applications and Services*, Pew Internet and American Life Project, September 2008. Available online at www.pewinternet.org/~/media//Files/Reports/2008/PIP_Cloud.Memo.pdf.pdf.

Businesses should take note of where the two trends of the speed of business and enhanced online user behavioral changes merge turbulently. Employees, customers, and partners are getting used to working online, connecting to each other, and sharing on a level far beyond what e-mail access and the static content on Web sites provide. People are using these tools to collaborate in more ways than one-on-one communications. They are voicing their opinions to a larger audience through more channels of communication, across organizational lines both within and beyond the company. They are trying to overcome organizational silos, facilitate idea sharing and innovation, and build stronger relationships with fellow employees. By supporting these drives with software, social computing is now reshaping the process of organizational decision making.

This kind of collaborative effort points to new ways of looking at how employees work across teams, departments, geographies, time zones, and skill sets. It can happen anywhere at any time: directly between members who knowingly engage each other, indirectly between those who contribute to a group, or even incidentally in a shared environment when people working for their own goals reveal some bit of knowledge that can help others. Such interactions can last a few minutes, a few hours, a few days, or a few weeks, or might even continue to exist indefinitely as long as a need exists. Collaboration can bring together skills and knowledge in more permutations than members might have imagined.

Such complex networks of people across the enterprise and beyond (for instant, short, or even long-duration projects) hint at a new way of defining a "team" effort and how to manage and lead such effort. These groups might involve participants independent of the organizational structure, or they might stand entirely beyond the organization. Yet they can produce useful work and information that can help a cause.

These do not follow the traditional behaviors of high- and low-performing teams, as Jon R. Katzenbach and Douglas K. Smith described in the business classic *The Wisdom of Teams*.[8] Instead, a

[8] J. Katzenbach and D. Smith, *The Wisdom of Teams* (New York: Harper Collins, 1993).

revised look at the basis for high-performing individuals and groups now includes those who demonstrate social intelligence[9] and find the best ways to incorporate the wisdom of crowds.[10] Instead of focusing on direct people management, social computing centers on driving results through influence and indirect leadership. Working in this mode requires an understanding of the context of the social environment and applying the right techniques.

Social computing methods raise new questions about how to conduct business in the Internet age: What business problems can social computing methods address? Do they offer new opportunities or approaches to providing value to customers? Do these changes require new business models or changes to existing ones? To answer these questions, we need to look at how organizations are applying these social computing methods.

Integrating into Business Processes and Activities

Verizon's social computing applies to customer-support processes. Amazon focuses on increasing sales. IBM's InnovationJam combines research goals and corporate social responsibility activities. Best Buy's project combines market intelligence, inventory management, and sales planning. Other social environments, such as for Disney and Chacha.com, are business services to customers.

Amazon's recommendation system and IBM's InnovationJams are substeps of the overall business process—in these cases, the innovation process and the retail-sales process. In other instances, social computing methods are parallel or ancillary supportive steps to existing business processes, such as Verizon still providing official customer service in addition to the community-driven approach. Disney and Chacha.com's social computing activities comprise entire areas of business and include many processes within.

Social computing methods can seemingly apply anywhere in a single business and across industries. The recurring pattern seems to

---

[9] Daniel Goleman, *Social Intelligence: The New Science of Human Relationships* (New York: Bantam Books, July 2007). http://tinyurl.com/3pssto.

[10] James Suroweicki, *The Wisdom of Crowds* (New York: Random House, 2004).

be the set of social computing methods and the decision-making processes they support.

First, we need to recognize that many approaches exist to social computing. Each approach seeks to get a group of people to focus on a certain task. However, the way people interact in the group, and the approach to driving results, can vary with the task. Understanding the right mix of shared experience, leadership model, and task helps set the right context for a social computing project. This context sheds light on the expectations for the social computing project to both your organization and the potential participants. Getting results out of a social environment also requires an understanding of the culture of the social group and a plan for enabling the members of the group to participate in and act on the goals. You will also need ways to describe how these social computing activities deliver and impact your own business processes.

Summary

Businesses, large and small, are finding ways to involve employees, customers, and partners in shared, online, collaborative activities that perform distinct business functions. Such *social* computing methods replace pure computer hardware–based methods for analyzing complex information and supporting decision-making processes. These methods guide a diverse group of participants to focus on tasks that take advantage of the experience, expertise, and subjective analysis skills that they bring to the group. They can apply to a wide range of business areas and industries by providing collective effort and wisdom to support the underlying decision-making steps in these processes.

Achieving results from social computing involves looking beyond simply gathering a group of people together online. With the high-powered support available, it can be relatively easy to bring people to the stage. The challenge lies in getting a widely diverse group to contribute to the actual performance of social computing. This takes a coherent effort to create a defined context for the social computing activity, generate an enablement plan to guide it, and establish a measurement approach to show how both the participants and the organization benefit.

INDEX

A

B

C

D

E

F

G

H

I

N

O

P

Q

R

S

T

U

V

W

Y

Z