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the Facebook Era

Tapping Online Social Networks
to Build Better Products, Reach
New Audiences, and Sell More Stuff

Clara Shih

creator of Faceconnector (formerly Faceforce)

foreword by Marc Benioff

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Foreword

Ten years ago, I was an executive at a traditional enterprise software company. The industry had stopped innovating. Conventional wisdom said that “innovation was dead.” I did not agree. I realized massive changes needed to be made in our industry, so I started salesforce.com with one simple idea: Make the software applications people use for business as easy to use as a Web site like Amazon.com.

Innovation was not dead; it was just emanating from a different place than we were expecting. The consumer Internet pioneers, like eBay, Google, and Amazon.com, were leading innovation. Taking advantage of the power of the Web, these companies were moving much faster and winning over much larger audiences than any of us had ever seen. Inspired by the Consumer Web, we developed a better way to serve business customers and ultimately transform the enterprise software industry.

Today, we still look to companies like Amazon.com and Google for inspiration, as well as a new generation of consumer companies, such as Facebook. Although we share similar philosophies with these companies, such as prizing intuitiveness and ease of use, the real power in this new era is not as much about learning from the consumer greats as it is about collaborating with them.

More than ever before, the lines are blurring between the consumer and enterprise worlds. It has become expected for people to use consumer applications such as Google Maps, Gmail, or eBay for business purposes. Bringing together social networking with enterprise applications represents the next phase in this evolution.

Relationships in today’s competitive business environment are paramount, and Facebook’s 150 million-user audience makes it an incredibly attractive community in which to conduct business. I realize that many in the business world have been leery of how this unknown frontier will affect their bottom line. But we are already seeing tremendous business value being unlocked on these social networking sites. And everything in this era is continuing to rapidly and profoundly change still.

We have entered a landmark new era in the maturity of the Internet. Web 1.0 revolutionized the transaction of goods and information and was marked by the killer apps from companies like eBay, Amazon.com, and Google. Web 2.0 gave rise to the next generation of applications, which allowed anyone to participate, such as through posting a video on YouTube or tagging photos on Flickr. Now, though, we have evolved to an entirely new level with Web 3.0—an era that is entirely about innovation and collaboration.

Cloud computing is enabling this new era by democratizing innovation. Today, anyone with an Internet connection can create even very complex and robust Web applications without any of the onerous infrastructure investment once required. Just look at the salesforce.com developer community, which now has over 450 independent software vendor (ISV) partners and 100,000 developers from around the world. Together, they have created more than 800 new applications now available on the AppExchange, our online marketplace for business Software-as-a-service apps and for which Clara Shih currently serves as product line director. On the consumer side, Facebook, too, is inspiring and empowering innovation with over 400,000 developers and entrepreneurs who have built 24,000 social applications on its platform.

When Facebook first launched its platform and application programming interfaces (APIs), developers clamored to build consumer applications, such as playing Scrabble, sharing photos, and “SuperPoking.” Clara changed this when over a few days she developed Faceconnector (formerly Faceforce), the first enterprise social networking mashup that pulls Facebook profile and friend data in real time into Salesforce CRM. Clara had the vision that the next generation of enterprise software won’t be about software at all. It will be about people and relationships, and social networking sites by design are all about relationships. Clara’s breakthrough idea was that using Facebook, business professionals could get to know the person behind the name and title, and thereby build a larger number of richer, more personal, and longer-lasting business relationships with customers, prospects, business partners, and colleagues.

Clara built Faceconnector on the Force.com platform using Facebook’s APIs and has made it freely available on the AppExchange, unleashing her innovation to our over 1 million subscribers worldwide.

Developers have taken notice and are following Clara’s example in “mashing up” business with consumer social networking sites. It’s a good thing, too, because times are changing. Increasingly, graduating college students entering the workforce and starting to take on leadership positions are shunning “antiquated” e-mail systems. (They say it’s only for grown-ups.) They all use Facebook. Social networking and collaboration have become the expectation. They will be frustrated and unproductive, and even reject business applications that don’t offer these features. Clara believes that five years from now, no enterprise application—CRM, recruiting, e-mail—won’t be integrated with the social graph. She’s right.

Recently, we announced a partnership with Facebook, led by Clara. Force.com for Facebook makes it easy for Facebook developers to build enterprise social apps on Force.com’s global, trusted enterprise infrastructure. At salesforce.com, we’ve spent the last ten years building out enterprise-grade functionality like workflow, security, multilanguage and multicurrency, and integration services “in the cloud” so that developers can focus on innovation, not infrastructure. Both Sheryl Sandberg, the chief operating officer at Facebook, and I believe that this partnership will enable a whole new class of business applications inside Facebook, such as truly social CRM. The Service Cloud and Sales Cloud, our set of technologies that allow customer service reps and sales reps to tap the knowledge of customer conversations taking place on social networks, are proof that social CRM is real.

At salesforce.com, we have witnessed firsthand the power of connecting on Facebook. Early on, I encouraged everyone in our organization to sign up and required everyone on my executive team to do so as well. Many of our employees had already built huge personal networks—many of them with hundreds of friends, and the ability to reach into and touch millions. They were eager to use this platform in their professional lives, and we were eager to harness their energy and networks.

We immediately saw the benefits: Employees intimately knew the features of the site and offered suggestions about how we could use it to communicate with one another, reach prospective job candidates, and generate enthusiasm and support for our company’s initiatives, such as new products and our nonprofit foundation. Employees, many who had recently joined us, or who were scattered across different departments or geographies, were able to easily communicate with one another as well as with previously hard-to-reach executives. The user profile—rich with information about one’s family, hometown, or outside interests such

as a passion for yoga or mountain biking—allowed individuals to get to know one another, foster connections, and establish deeper relationships. That was pivotal: Engagement helps us to retain our community spirit, continually inspire teamwork, and make us more aligned both internally with employees as well as externally with customers and partners.

In an age where traditional advertising influence is dropping like a rock, we have looked to social networking as an opportunity to become relevant in our customers' conversations, in their communities, where they want to be. We have a salesforce.com page to increase brand presence through sharing information about our company, posting photos from events, and uploading videos, such as a "trailer" to generate excitement for our annual user conference. We had exceptional success broadcasting our annual Dreamforce event through Facebook Events. As people registered, it was detailed in their News Feed, which further built viral awareness for our event. The result? We registered more Dreamforce attendees than ever before and did so more quickly. Hundreds of people have become "fans" of our page and their networks have been notified when they did so—thus further virally extending our reach and impact.

We don't just rely on our company page. I frequently contribute to my "status," in which I share what I am working on, convey my excitement for an upcoming event, or mention something great that was built on our technology. This information appears in my News Feed and reaches my entire network, which in turn, drives significant traffic to our site. The best part is the strength we have in numbers. Our employees update their profile with work-related information, and even mentioning that they work at salesforce.com magnifies our footprint.

Another real benefit has been in recruiting. The very best way to source new talent has always come from leveraging the relationships of our employees. With social networking sites such as Facebook or LinkedIn, this has never been easier. Our recruiters utilize these connections (*hint*: all young talented engineers are on these sites), and they also use social networks to actively keep in touch with former employees and interns. One of the most valuable features is the targeted search capability, which we use to find potential candidates based on their education (even specifying schools and majors), as well as by a particular past experience, area of expertise, or geographical location.

We are in the midst of a cloud computing revolution in which we are working, communicating, and collaborating in ways that are vastly different than ever before. *The Facebook Era: Tapping Online Social Networks to Build Better Products, Reach New Audiences, and Sell More Stuff* is the first book to reveal *why* these changes are important and *how* to take full advantage of them for your business. Author Clara Shih—the creator of the first business app for Facebook and an expert in this new blurry-lined world—articulately explains how the social networking phenomenon will fundamentally change how businesses fail and succeed.

Clara explores the crumbling walls between the consumer and enterprise spaces, and what this new era of collaboration and integration means for how all businesses can successfully build, market, and sell their products or services. Citing case studies from Victoria's Secret to men's clothing start-up Bonobos, Clara demonstrates that any company can adapt and thrive in the midst of these exciting changes. Most important, she reveals what everyone—from a CEO to an entry-level employee—must do to best prepare to compete, survive, and win in this revolutionary new era.

—**Marc R. Benioff**

Chairman and CEO of salesforce.com

Introduction

"I am a firm believer in the people."

—Abraham Lincoln

It was the spring of 2007. Smoking indoors hadn't yet been outlawed, though this place might not have cared either way. These two older men, clearly regulars, sat in the back corner, bare, lanky arms hanging out of their wifebeaters, cigarette dangling out one side of their mouth and a toothpick out the other. They were gesturing animatedly, laughing, eating, smoking, chattering away in loud Cantonese about this and that.

I tuned them out to focus on my steaming bowl of wonton soup. Just then, out of the corner of my ear, I heard them just barely: "...*blah blah blah Facebook*." I instantly sat up to listen. I had not been mistaken—these two men slurping down their congee at an anonymous diner tucked away in a corner of Hong Kong where foreigners never go, and probably don't know about, were talking about *Facebook*. Their children who were in college abroad got them into it, and now they were hooked. I was floored. It was the moment I realized that if Facebook was not already mainstream, that it would become so very, very soon.

I flew back to San Francisco the following week and attended the first *f8*, Facebook's developer conference. There, they unveiled a new platform that would allow third-party developers and software vendors to build applications that Facebook users could add to their Facebook pages, such as their profile. The keynote presentation and product demonstrations were novel and interesting—new Facebook applications such as *iLike* for sharing music and concerts with friends, *Slide* for sharing photos and videos, and so on and so forth.

Still, I felt like something was missing. Games and SuperPoking are fun, but where were the business applications? I was working (and still work) at an enterprise computing company, *salesforce.com*, which made its name

developing customer relationship management (CRM) applications. But wasn't relationship management at the core of what Facebook was offering, albeit in a more fun and casual and modern way?

That night, I went home and sketched out an idea for bringing Facebook to business. As a product marketer, I had been spending a lot of time on sales calls and saw that the most successful reps established immediate rapport with their prospects and had the strongest personal relationships with their customers. Meanwhile in my personal life, I saw Facebook help establish faster and better rapport with people I had just met, and help me maintain closer relationships with my friends. So I decided to bring Facebook to CRM.

With my friend Todd Perry's help, I developed Faceconnector (originally called Faceforce), which pulls Facebook profile and friend information into Salesforce CRM. Instead of anonymous cold calling, sales reps and other business professionals could get to know the person behind the name and title, and even ask for warm introductions from mutual friends.

Fortunately, Todd and I weren't alone. Enterprise start-up companies like WorkLight, InsideView, and Appirio evolved their products to include Facebook and other traditionally "consumer" social media. New companies emerged, like Mzinga, Socialcast, and Small World Labs, to build enterprise social technology from the ground up. My employer, salesforce.com, brought voting, tagging, profiles, feeds, and other Web 2.0 capabilities into its IT platform and CRM applications. Oracle announced a strategy around "social CRM."

Our idea—bringing the power of community, trusted online identity, and user data on social networking sites to business—was a simple one, but has had powerful consequences. But it represented a paradigm shift: Facebook isn't just for kids anymore.

Why You're Reading This Book

This book is meant to help you understand online social networking and what it means for your company. Perhaps these situations sound familiar:

- You know online social networking is a big deal but don't know what to do about it.
- You use Facebook in your personal life but aren't quite sure how it fits with your professional life.
- Your boss has asked you to create a Facebook presence for your company ASAP, but you don't know how or what to do.
- You *are* the boss and want to understand the social networking phenomenon and what it means for your bottom line.
- You want to hear how real companies are succeeding at sourcing leads, engaging new audiences, and transforming customers into a sales force on social networking sites.

- You understand that whether it's looking for a job, closing a deal, or advancing your career, a lot of it comes down to who you know in your social networks.
- Increasingly, you're being asked to do more with less, and want to leverage the power of your networks, your colleagues' networks, and your customers' networks to get the job done better, faster, and cheaper.

There are three main premises that motivate this manuscript. First, organizations are inherently social because organizations are only as good as their people and people are inherently social. Whether it's relationships between a sales rep and prospect, recruiter and candidate, vendor and procurement personnel, or other partners, business success has always come down to personal relationships. Second, recommendations and referrals from those you know and trust are powerful influencers of purchase decisions. Last but not least, research shows that weak ties, rather than your most intimate circle of friends and family, tend to carry the greatest amount of social capital in business contexts. It is precisely in weak ties where Facebook and other online social networks can often make all the difference.

Welcome to the Facebook Era

We are witnessing a historic movement around the *online social graph*—that is, the map of every person on the Internet and how they are connected. It is the World Wide Web of *people*, a reflection and extension of the offline social graph—the friends, family members, colleagues, mentors, classmates, neighbors, and acquaintances who are important to us, who help shape us, and for whom we live. The online social graph empowers us to be better, more effective, more efficient, and more fulfilled doing what is inherent to our nature—communicating who we are, and transacting and interacting with others. Data from social networks, such as where people are from, what they are interested in, and who their friends are, with the right privacy controls in place can then be implicitly or explicitly mined to make business interactions more tailored, personal, and precise.

With the lightning pace of technology, we are living in a very different world than a few years ago. Today's college students don't use e-mail except with "grown-ups" like professors and potential employers—they send Facebook messages and write on each other's Facebook walls. But it's not just college students. Although Facebook may have begun after office hours, its power extends far beyond our personal identities into our professional ones.

150 Million and Counting

This very moment, over 150 million people around the world are logged in to Facebook, updating their status, interacting with friends, interacting with brands, providing valuable information for you to be able to understand them better, and learning about you in return. As a business person, you *need* to be where your customers are, and increasingly, customers are spending time on Facebook.

We can learn a great deal from Barack Obama's 2008 presidential campaign, which used Facebook, MySpace, and other social networking sites to rally millions of supporters and help raise nearly \$1 billion in grassroots campaign contributions. According to the Pew Research Center, ten percent of Americans (and one-third of Americans under the age of 30) used Facebook or another social networking site to get information about the presidential election. How many people will use Facebook to learn about or become engaged with your company and products?

It's All About the People

Perhaps the online social graph was inevitable. Technology shouldn't be—was never meant to be—an end in and of itself. It is only interesting and meaningful and valuable where and when it serves people. Technology-centric technology was the result of an immaturity of our systems and thinking. The online social graph provides us with a new way, a way to bring what most defines and differentiates each one of us—our history, our relationships, our memories—into all aspects of our lives, including the way we experience technology.

What the future holds is anyone's guess, but what we do know is that business will never again be the same—whatever your industry, wherever you work, whether you are in sales, marketing, product development, recruiting, or another corporate function. We were in a very similar place of anticipation back in the early days of the Internet, and the PC and mainframe computing before it. Then, as now, some companies jumped blindly on the bandwagon, investing a tremendous amount of time, energy, and capital to implement technologies they did not understand, with no clear strategy and, ultimately, little to show for it. Others dismissed the Internet as a passing fad and were gradually outcompeted by online businesses or companies that used the Web to achieve more efficient and effective sales, marketing, recruiting, product development, and operations. But the smart ones took notice and began preparing for what an Internet era might look like. They thought through the implications for their business, and they adapted and thrived. This book is here to help you be smart about online social networking so that this time around you, too, can adapt and thrive.

If it's true that we are separated at most by only six degrees, then you are not very far from any one of your customers or prospective customers. Read this book, and then go out and get them!

Welcome to the Facebook Era.

How to Use This Book

This manuscript is structured into three parts. Part I (Chapters 1 through 3) provides the bigger-picture framework from which we can develop a richer understanding and appreciation of the online social networking revolution—what is happening, why it's happening, and what we can learn and apply from past technology revolutions. Part II (Chapters 4 through 7) takes a tour across four major functions in a company—sales, marketing, product development, and recruiting—and explores how each is being affected by online social networking technologies. Part III (Chapters 8 through 12) of the book is a practical how-to guide around implementing the ideas and possibilities presented in Part II. In all, there are twelve chapters in this book:

Part I: A Brief History of Social Media

- Chapter 1, “The Fourth Revolution,” talks about the significance of the online social graph in the context of the three digital revolutions before it: mainframe computing, the PC, and the Internet. It draws examples from Mutual of Omaha Insurance Company, JPMorgan bank, and Bloomingdale’s department store to show how past technology revolutions changed industry landscapes and what business decisions helped these companies establish a competitive advantage. The chapter concludes with a brief history of online social networking, including the rise and fall of popular sites, discovery sites used mainly for sales prospecting, private networks, and online gaming.
- Chapter 2, “The Evolution of Digital Media,” walks through the history of how our experience with and capabilities using media have changed as technology has improved. The PC Era enabled dramatic improvements in media creation and storage. The Internet transformed distribution capability, first with Web site communities and RSS readers, and then more recently with search engine marketing and behavioral targeting. Empowered by the online social graph, the future will be about “social filtering” and the ability to deliver precisely the right piece of content to precisely the right person at precisely the right time. The My Starbucks Idea online community on Facebook is provided as an example of how social filtering can help improve relevance and engagement. Chapter 2 concludes with a discussion on what attributes of Facebook make it unlike any other media site we have ever seen.
- Chapter 3, “Social Capital from Networking Online,” discusses the concept of social capital, how social capital is used to achieve business goals, and how online social networking transforms our ability to accumulate and exercise social capital to achieve our personal and professional goals. It explores how online interactions facilitate entrepreneurial networks, the crossover between offline and online networking, organizational flattening, and value creation from network effects.

Part II: Transforming the Way We Do Business

- Chapter 4, “Social Sales,” speaks to the power of the online social graph for a sales cycle, from prospecting and the first call through to customer references, navigating customer organizations, and enabling sales teams to more easily collaborate. It features a case study on how Silicon Valley start-up Aster Data Systems has used employees’ collective MySpace, Facebook, and LinkedIn networks to source leads and build personal relationships with customers.
- Chapter 5, “Social Network Marketing,” talks about the breakthrough new marketing techniques made possible by online social networks, including hypertargeting, enhanced ability to capture passive interest and conduct rapid testing and iteration on campaigns, social community engagement, and automated word-of-mouth marketing. Chapter 5 features two case studies, one from national retailer Victoria’s Secret, the other from nascent start-up Bonobos, demonstrating that businesses both large and small are achieving marketing success with Facebook’s new social advertising tools.
- Chapter 6, “Social Innovation,” describes how the four stages of innovation—generating concepts, prototyping, commercial implementation, and continual iteration—become more effective and efficient with online social networking. Online social engagement transforms the relationship between companies and customers from one-sided “build it and hope they come” to a partnership model. Businesses feel more empowered to go after new markets and audiences. Customers feel more accountable for providing input and more grateful when their input is incorporated in the design of new products. This chapter features examples of how brands like Dell, Gap, and YouTube are tapping into the wisdom of their customer communities on social networking sites to source new ideas and keep getting better.
- Chapter 7, “Social Recruiting,” applies these concepts to the ever-important task of finding, attracting, assessing, and closing job candidates. It features a short case study on how Joe, a Chicago-based headhunter, has used Facebook and LinkedIn to source new candidates, keep in touch with candidates who might not be ready yet to leave their current roles, and maintain personal relationships with successful placements. The chapter concludes with a short set of suggestions for job seekers on how best to use online social networking to find and land the right role at the right company.

Part III: Your Step-By-Step Guide to Using Facebook for Business

- Chapter 8, “Engage Your Customers,” guides companies through the first steps of any enterprise social initiative. It explains why anyone who is serious about investing in social networking must first start with business objectives and define a clear set of milestones. Using the example of Sanrio’s Hello Kitty brand, this chapter urges companies to first listen to what the community might already be saying about their brand, and then with that context establish a presence on the appropriate set of social networking sites to reach the right audience.

- Chapter 9, “Get Your Message Across,” is a step-by-step set of instructions on how to tactically execute on the social network marketing techniques described in Chapter 5. Featured examples include Wendy’s national fast-food restaurant chain, the Crash television program series, and Green Works natural cleaners.
- Chapter 10, “Build and Manage Your Relationships,” details how individuals set up a social networking account and provides tips for creating effective profiles, establishing friend connections, organizing contacts, and managing different identities across one’s personal and professional contacts. It also talks about etiquette for initiating or accepting friend requests, using online networking in conjunction with offline networking, providing or requesting introductions, and other interactions. Most of the examples from this chapter are from Facebook but can be generally applied to other social networking services.
- Chapter 11, “Corporate Governance and Strategy,” speaks to the challenges, obstacles, and realities of implementing social networking technologies in a corporate setting. Specifically, this chapter urges businesses to consider the risks around privacy, security, intellectual property, confidentiality, and brand misrepresentation, and the importance of partnering closely with legal and IT departments to put the right systems and policies in place to mitigate these risks.
- Chapter 12, “The Future of Social Business,” likens the status quo of online social networking to where we were with the Internet in the late ‘80s. Though there are plenty of unknowns, such as which vendors and business models will prevail, certain trends are already taking shape: flatter organizations, stronger offline communities, more small businesses, greater collaboration across organizations, and tighter integration with mobile devices. Despite the uncertainty, companies can and need to start thinking now about how this revolution will affect their business so that they can take the necessary steps to thrive in the Facebook Era.

3

Social Capital from Networking Online

The online social graph reaches far beyond technology and media. It is one of the most significant sociocultural phenomena of this decade. By inventing more casual modes of interaction and thereby making possible new categories of lower-commitment relationships, social networking sites like Facebook, MySpace, and LinkedIn are fundamentally changing how we live, work, and relate to one another as human beings.

One important way the online social graph is manifesting itself in the sociology of business is in facilitating the accumulation of social capital.

As individuals, we have two sources of personal competitive advantage: human capital and social capital. Human capital, which includes talent, intellect, charisma, and formal authority, is necessary for success but often beyond our direct control. Social capital, on the other hand, derives from our relationships. Robert Putnam, a professor of political science at Harvard who coined the term in his seminal work in the mid-1990s, defines social capital as the collective value of all social networks and the inclinations that arise from these networks to do things for each other. According to Putnam, social capital can be measured by the level of trust and reciprocity in a community or between individuals, and is an essential component to building and maintaining democracy. More recent work on social capital has focused on the individual. Studies such as those by Deb Gruenfeld at the Stanford Graduate School of Business and Mikolaj Piskorski at Harvard Business School have shown that social capital is a powerful source of knowledge, ideas, opportunities, support, reputation, and visibility that is equally if not even more influential than human capital.

Individuals with greater social capital close more deals, are better respected, and get higher-ranking jobs. Online social networks offer access to social capital, empowering those who are well connected with private information, diverse skill sets, and others' energy and attention.

Early research already shows that bringing networks online makes people more capable and efficient at accumulating, managing, and exercising social capital. Consciously or unconsciously, people are using sites like Facebook and LinkedIn as tools for maximizing their social capital from relationships:

- *Private information.* Frequent, informal communication that occurs on social networking sites, such as Facebook messages, can sometimes contain private information. Even when that is not the case, emotional rapport between individuals on social networking sites carries over into their offline relationship, increasing the likelihood of information exchange.
- *Diverse skill sets.* Hiring managers, recruiters, and others can easily search on LinkedIn or Facebook for member profiles that match desired skills, and then reach out directly or see how they are connected and request an introduction from mutual friends. Because online social connections are lower-commitment and more abundant, chances are higher that someone in the friend-of-friends network fits the bill or at least knows someone who does.
- *Others' energy and attention.* Instead of spamming your network with a mass e-mail, online social network members can passively broadcast opportunities on their profile or status message, and allow interested parties to come to them. Without online social networks, these otherwise-interested parties might never hear about the opportunity either because they are not closely connected enough to be part of the e-mail distribution or the individual does not notify them out of social protocol and not wanting to bombard their network with mass messages.

Social capital is the currency of business interactions and relationships. This chapter provides an important conceptual framework around social capital that will be repeatedly referenced in subsequent chapters on social sales, marketing, product innovation, and recruiting. In particular, there are four important implications for business: First, social networks establish a new kind of relationship that is more casual than what was previously acceptable. Second, online networking is able to fill important gaps in traditional offline networking. Third, the resulting social economy, which has been made more efficient by online networking, is helping accelerate the flattening of traditional organizational hierarchy. Last, but not least, net-new value is created for everyone on the social graph because networking online magnifies network effects.

Establishing a New Category of Relationships

For people you see every day, your close friends and family, your boss, coworkers, and neighbors, Facebook and MySpace—although perhaps an important part of your interactions—don't make or break your relationships. No matter what, these people will be a part of your life—they will still be your friend or daughter or coworker, as it were.

For your weak ties, it's a different story. It is for relationships *on the fringe* that online social networking can make a world of difference. Weak ties include people you have just met, people you met only a few times, people you used to know, and friends of friends. Prior to the online social networking era, most of us just didn't have the capacity to

maintain these relationships, nor sufficient knowledge or prescience to know which ones might become valuable in the future.

Yet as sociologist Mark Granovetter established in his seminal work in the 1970s, it is precisely our weak ties that carry the greatest amount of social capital. Weak ties act as crucial bridges across clumps of people, providing an information advantage to network members.

Online social networks have defined a new kind of relationship—like the Facebook Friend and LinkedIn Connection—that is more casual and, therefore, makes it possible to maintain a greater number of connections. Thanks to Facebook, MySpace, and LinkedIn, it has become socially acceptable to initiate lower-commitment relationships with people we would not have kept in touch with in the past. A Facebook Friend might be someone you met at a party last weekend over a couple of beers. A LinkedIn Connection could be someone you met at a conference or on a plane with whom you established a good rapport. Instead of letting that momentary rapport go to waste, you can “file it away” for later. Instead of losing a large, potentially valuable pool of fringe contacts over a lifetime, it is now possible to accumulate these lightweight relationships as social capital “options” you might want—but are not obligated—to exercise later.

How is this possible? Before, the notion of “keeping in touch” was hard work. It required one if not both parties to actively pursue contact on an at least somewhat regular basis. Communication required time and planning. Social networking sites, on the other hand, are designed for easy, lightweight, ad hoc communication. Two important innovations in particular have reduced the cost of staying in touch. First, social networking sites provide an easy-to-use database for managing contacts. Facebook and Hi5 have been described as a contact database for the masses. They are fun and intuitive, visual, active, searchable, and self-updating:

- *Fun and intuitive.* Far from fitting the stereotype of traditional databases as being boring and complicated, social networking sites bring games, multimedia, and intuitive design to managing contacts. A simple design and the help wizard that appears when you first register for sites like Facebook enable people to start using these sites right away, reducing the barriers to joining the online social graph.
- *Visual.* The visual aspect of social networking sites is especially important. Most people in the world aren’t very good at remembering names, especially when we have just met a large number of people over a short amount of time. After a party, conference, wedding, or the first day on a new job, profile pictures act like flash cards to help us put the face to the name and better remember people we meet. Seeing people’s photos and videos from different aspects of their lives that they choose to share, such as pictures of their dog, also helps us get to know and understand them better.
- *Active.* Most databases are passive in the sense that they wait for you to query them for specific kinds of data. Social networking sites go beyond passive data queries. Every time we log in to Facebook, we are shown News Feed updates—such as new status messages, profile pictures, friend connections, videos, gifts, and so on—about a different, random subset of our contacts. We are, in effect, reminded to think about people we know who might not otherwise have crossed our mind that day. News Feed

(introduced in Chapter 2, “The Evolution of Digital Media”) and Upcoming Birthdays on Facebook are, in effect, timely, proactive suggestions about whom we might want to reach out to and what we might want to say. Compared with before, communication with our contacts requires less work, planning, and remembering because we can count on social networking tools to tell us who, when, and what we want to communicate.

- *Searchable.* Social networking sites make it easy to find contacts within your network. Almost all of the sites allow you to search and filter contacts based on various criteria of interest, such as name, employer, school, city, hobbies, gender, relationship status, and other profile information. This search functionality is useful both when you want to establish a new online connection as well as when you want to search from among your existing connections, for example, if you want to know which of your friends have a particular area of expertise.
- *Self-updating.* Last, but not least, the advantage of social networking sites over traditional contact databases is that everyone is responsible for maintaining and updating her own profile. This means that information is much more likely to be current and accurate.

In addition to providing an easy-to-use contact database, social networking sites have invented new modes of interaction that make it faster, easier, and more efficient to communicate with contacts. The following list details a few examples, including photos, status messages, and Facebook pokes, that are replacing and augmenting our traditional communications arsenal (Chapter 10, “Build and Manage Your Relationships,” provides a more comprehensive overview of all Facebook interaction modes):

- *Photos.* If pictures are worth a thousand words, then the ability to post, share, and tag photos on social networking sites represents an important advancement in our ability to communicate. Before, if you wanted to share digital photos, you had to e-mail everyone to let them know. With social networking sites and feeds, when you post new photos on Facebook, your friends get automatically notified in their News Feed (unless you have restricted them from viewing your photos). People can also see the photos on your wall and “Photos of [You]” when they visit your profile.
- *Status messages.* As in the case of photos, status messages are broadcast out to your network, making it easier to update a large group of people you know all at once. By posting a photo or a status message, you are effectively saying to everyone in your network, “Hey, look at what’s new in my life” and creating opportunities for them to think about you and potentially reach out for more interaction. Compared with the kind of news or content that was needed to justify a traditional message, status messages such as Facebook Status and Twitter Tweets tend to be more casual, spontaneous, temporal, and personal. It’s a lower bar for what qualifies as a message. Often people express feelings, likes, dislikes, what they are doing at the moment, where they are, or where they are headed—for example, “Clara is . . . working on her book.” In the pre-Facebook Era, many of these thoughts and feelings that people had were simply never communicated. For example, I would never e-mail or write a letter to someone just to say that I am working on my book. It’s not big enough news to warrant an e-mail or letter.

It has become acceptable because social networking sites reduce the cost of both sending and processing information. Feeds provide opportunities to send information in a

one-to-many fashion (information about you broadcast to your friends' News Feeds) and process information in a many-to-one fashion (your News Feed updates about your friends).

- *Facebook pokes.* The fun part about Facebook pokes is that no one really knows what they are or what they mean. Like real-life pokes, they could be playful, flirtatious, or just a neutral way of calling attention to yourself. Poking is an easy way to let someone know you are thinking about him or her without having something specific to say. Typically, people respond by poking back or sending a Facebook message.

For most people, social networks are characterized by few strong connections (such as with parents and best friends) and many weak connections. The exact number and type of connections vary by individual, but we all have a threshold beyond which we choose not or simply are unable to maintain relationships.

At their core, social networking sites are relationship tools that allow us to be both more aware and better able to engage with our outer networks. By reducing the cost of interaction and the cost of maintaining a relationship, sites like Facebook and LinkedIn help increase our network capacity to include otherwise-foregone fringe relationships. As a result, we can capture more of the full value of our cumulative lifetime social network (see Figure 3.1).

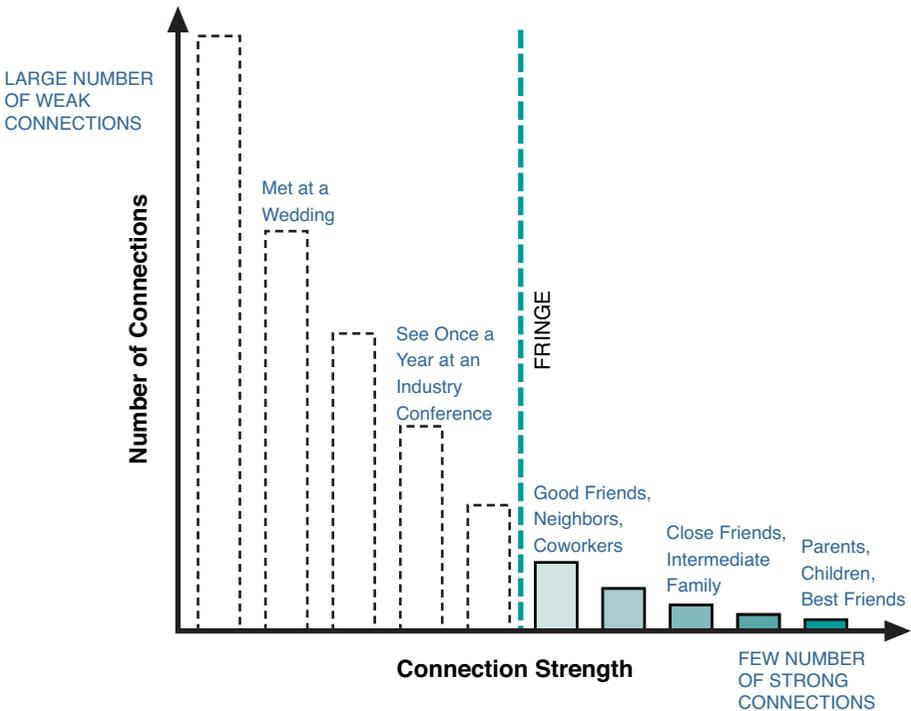


Figure 3.1

Online social networking sites like Facebook are like contact databases that increase our capacity to maintain relationships. We potentially no longer have to forego as many fringe, “long tail” relationships.

Discovering Which Relationships Are Valuable

In addition to increasing our relationship capacity, social networking sites also provide important information that can help us better assess the potential relevance and value of a relationship. Instead of waiting for time or happenstance to reveal common ground, mutual friends, or overlapping interests, we can glean more of this information sooner from viewing profile information our new contacts have chosen to share. Having access to this information makes us smarter about which relationships to invest in, prioritize, and potentially escalate from the fringe.

For example, it might never have come up during your brief conversation and business card exchange with the guy you met at a medical conference last month that he also plays soccer. If, say, your league team is seeking another member, that new information could be enough for you to decide to become more than just fringe friends. There might be any number of reasons why you would actually want to stay in touch, but you just wouldn't have had a chance to discover this the first time you met—and as a result, you might decide not to stay in touch at all.

Online social networking gives serendipity extra chances. First, you are more likely to stay in touch with people you have just met because the bar for establishing an online social networking connection is lower compared with traditional relationships. Second, once you've established the connection, you are empowered with information to decide sooner whether this is a relationship worth pursuing. Information helps us qualify early and reduce false positives and false negatives: We waste less time on relationships that likely won't go anywhere, and we miss out less often on relationships that likely will go far.

Latent Value: When Options Come in Handy

Friend options come in handy when life circumstances change and new unmet needs emerge. If you are laid off, tap your social network to find a job. If you are moving or traveling to a new city, see who in your network is local and perhaps they can show you the ins and outs. If you are starting a company, hire employees from your network. If you have a sudden need for advice or expertise, find answers and experts from your network.

Fringe relationships can carry immense latent value. Who knows, maybe that friendly gal who sat next to you on the flight to New York ends up introducing you years later to your new job or business partner. She might not have seemed "valuable" at the time when you met, but she could become "valuable" later. Online social networking extends serendipity across time and circumstance.

Especially for younger generations of people who are starting to use Facebook at earlier ages, there are interesting implications of having a database containing every person you have ever met. My friend's younger brother, Tyler, is a good example. Tyler is thirteen (the minimum age for joining Facebook) and registered for an account several months ago. The first thing he did was search for all of his elementary school classmates and add

them as friends. If Tyler wants, he could be Facebook Friends with these people forever. In fact, Tyler is going to be able to keep in touch with everyone he meets from now on, accumulating a lifetime of latent social capital. In twenty years, perhaps Tyler will find that his friend from kindergarten has become an important business partner.

Of course, Tyler might not want to stay in touch in every instance. (Who among us hasn't wanted to "start over" at some point?) When relationships or life circumstances change, it sometimes makes sense to reflect these changes in our online social networks. We have several options: adjusting privacy settings to limit what information is visible to a contact, "de-friending" a contact, blocking a contact, or committing "Facebook suicide." The following list describes each option, ranging from most subtle to most drastic:

- *Limiting profile visibility.* Using Privacy Settings and Friend Lists, you can change who has visibility into your profile (including photos, friends, contact information, and wall posts), who can search for you, how you can be contacted, and what stories about you get published to your profile and to your friends' New Feeds.
- *"De-friending" a contact.* You could decide to remove a contact from your friend network altogether by de-friending him. When you do this, the person will not be explicitly notified. However, he will see your name and be able to initiate a Friend Request if they search for you or view the Friends section of any mutual friend's profile.
- *"Blocking a contact."* Blocking a contact takes de-friending even further by removing your presence completely from the person's Facebook experience. You will not show up if they search for you or view the Friends section of mutual friends' profiles.
- *Committing "Facebook suicide."* There are a small but growing number of Facebook members who are committing so-called Facebook suicide by deactivating their accounts. Three reasons are most often cited: Facebook addiction, not wanting certain people from the past to reemerge in your life, and wanting to start over. Several college students I interviewed mentioned they have temporarily deactivated their Facebook accounts around midterm and final exam time to focus on studying, and then reactivated once the exams were over. But as Chapter 11, "Corporate Governance and Strategy," explains, canceling your account might not be the best way to get off the Facebook grid because other members could still tag you in photos and videos or, worse yet, create fake profiles pretending to be you.

Supporting Entrepreneurial Networks

Yet not all social networks are created equal. Ronald Burt at the University of Chicago Graduate School of Business has laid much of the research foundation for modern social capital theory. Burt depicts two types of networks: clique networks and entrepreneurial networks. Clique networks are typically characterized by strong, mutual, and redundant ties, with few ties to other networks. Entrepreneurial networks tend to be broader and shallower, with many connections to other networks. Although clique networks might feel more secure, they can be isolating and limited in scope.

In contrast, entrepreneurial networks empower their members with access to a wider range of knowledge, people, and opportunities. By providing access to new networks and supporting weak ties, online social networking, in effect, encourages entrepreneurial networks and maximizes social capital.

Online Interactions Supplement Offline Networking

One common objection to online social networking is that it sacrifices relationship quality for quantity. Although this might have been true of first-generation sites, it is becoming less the case as people become more sophisticated about the connections they accept and establish. As we discussed in Chapter 2, interactions on social networking sites tend to augment, rather than replace, offline interactions. One of the reasons why Facebook has been so successful compared with its predecessors is the focus on supporting offline networks over online-only relationships.

To test this assumption, I surveyed 100 of my own friends to ask whether they initiate or accept friend requests from strangers on social networking sites. A *stranger* is defined as someone whom you have never met in person. I tried to get representative coverage across different age groups, professions, and geographies, but admittedly many of my friends tend to reflect my own demographic. Also, this is not strictly an apples-to-apples comparison because not everyone I surveyed belongs to all four sites.

Still, the results are illuminating. First of all, most (73%) had never received a friend request from a stranger on Facebook. Even among those who had, most did not accept these requests. They either clicked “ignore request” or did not respond at all (see Table 3.1). The results for LinkedIn follow a similar pattern.

Table 3.1 SURVEY OF FRIEND REQUESTS INITIATED AND ACCEPTED FROM STRANGERS ON FACEBOOK, LINKEDIN, ORKUT, AND MYSPACE

	Facebook	LinkedIn	Orkut	MySpace
Received friend request from a stranger	27%	34%	100%	100%
Accepted friend request from a stranger	5%	18%	66%	94%
Initiated friend request with a stranger	0%	7%	3%	47%

The respondents’ experience on Orkut and MySpace was markedly different. Without exception, everyone had been solicited by a stranger. More tended to accept strangers’ requests on MySpace than on Orkut. There was also a higher incidence of initiating friend requests with strangers on MySpace, presumably because it is common practice to befriend bands and celebrities on MySpace.

I dug a little deeper. Most people who accepted requests from strangers said they did so because it's not clear what the protocol is for acceptance or rejection, and they didn't want to appear rude. Many told me that after awhile, their Orkut networks degraded into largely random connections. Spam started drowning out interactions with real friends; as the site became less relevant, people stopped logging in and interacting, which made it even less relevant for their real friends who were on the site. Pretty soon, entire groups of friends stopped logging in.

Compared with Orkut or MySpace, Facebook and LinkedIn established a clear friend request protocol and culture of trust for their networks. Facebook did so through e-mail-based identity confirmation (talked about in Chapter 2) and modeling their online networks off of real offline networks. For example, when you join Facebook, one of the first things you must do is choose one or more networks with which to be associated. Your options include schools, employers, cities, and other real offline networks that have real offline trust. LinkedIn took a different approach to establish protocol. By accepting a LinkedIn connection request, you implicitly agree to share your network and to professionally vouch for this person. Most people aren't willing to vouch for strangers, so they are more careful about accepting LinkedIn connection requests from strangers.

Even when people meet for the first time on Facebook or LinkedIn, they are usually friends of friends or at least belong to the same network versus complete random strangers. In the case of LinkedIn, there is generally a business objective being driven that would result in a real offline relationship.

Far from signaling the end of traditional relationships, Facebook's success is a testament that nothing is stronger than in-person rapport. Protecting the quality of online networks and focusing them on supporting offline relationships keep the Facebook experience relevant and valuable.

One interesting trend I did notice in the surveys, however, is that teenagers are more willing to initiate and accept requests from strangers. As I investigated further, it became clear this is due to competition over who has the most Facebook Friends. Fortunately, it is now possible on Facebook to classify and tag your relationships using Friend Lists, and to accordingly limit interaction and how much data is visible to each connection. For example, you could create a "Never Met" Friend List for strangers and hide all of your photos, wall posts, and contact information for all connections on this list. Relationship tagging and tiering using Friend Lists can be extremely helpful in maintaining high-quality online networks. Chapter 10 describes in detail how Friend Lists work.

With perhaps the exception of teens, we are seeing that online interactions tend to support rather than replace offline rapport, strengthening relationships you already have and laying the groundwork for future relationships you might not otherwise have enough context and capacity to pursue.

Flattening Effect

At the end of Chapter 1, “The Fourth Revolution,” we discussed the general trend with each digital revolution toward corporate decentralization. It is interesting to think about this in terms of social capital, or privileged access to resources, in an organization. The Internet democratized privileged access to information. Online social networking takes this further, democratizing privileged access to people.

Because there are fewer barriers in place, people are empowered to build social capital in more informal, entrepreneurial, and ad hoc ways. On most social networking sites, registration is open to anyone, and every member more or less starts on level footing. Sites like Facebook were designed without hierarchy, so real-world social structures that are hierarchical don’t translate well. They tend to flatten out. Take corporate communication, for instance. Something the CEO says is more likely to spread across the company’s informal word-of-mouth networks compared with something said by an entry-level worker. But to Facebook, these statements look identical.

Say the CEO posts a link on her profile to a news article annotated with her comments, and the entry-level employee does the same with a different article. Before, likely the CEO’s comments would propagate across the company and the employee’s would not. But on Facebook, both messages might have equal opportunity to propagate the company network. In the truly flat Facebook Era, entry-level workers potentially have the same opportunity as the CEO to have their voice heard.

Using online social networking, employees might also be able to bypass traditional organizational hierarchy and boundaries to network directly with senior managers or colleagues in other departments, units, and geographies. Just like blogging democratized who had a voice on the Internet, someone who is really active on Facebook and posts interesting links and commentary might win visibility in the company in ways which would simply not have been possible before.

Creating New Value from Network Effects

Metcalf’s Law provides a good explanation behind the power and value of the online social graph. Originally used to describe telecommunications networks, it states that the value of a network increases exponentially with the number of members. This is because for n members, there are roughly n^2 possible connections. Among these n^2 connections forms a social economy of mutual trust, favor, and contribution. Over time as new members join, the value of the each individual’s network increases as well as the value of the overall social economy.

The Reciprocity Ring

I experienced Metcalfe's Law firsthand in spring 2008 during a somewhat contrived but nevertheless convincing offline experiment. It was the last day of a weeklong leadership course I was taking at the Stanford Graduate School of Business, and in our final session together, we created a reciprocity ring to demonstrate how social networking can create value for everyone who participates.

The first step was coming up with a request to put forth to the group. Each one of us wrote down our request along with our name on a Post-it Note and placed it around a large circle that had been drawn on the whiteboard (see Figure 3.2). Next, we were handed a pad of blank Post-it Notes and given ten minutes to survey the circle of requests. For each request where we could contribute, we wrote down our name and how we might be able to help on a Post-it, and placed it below the request on the whiteboard (see Figure 3.3).

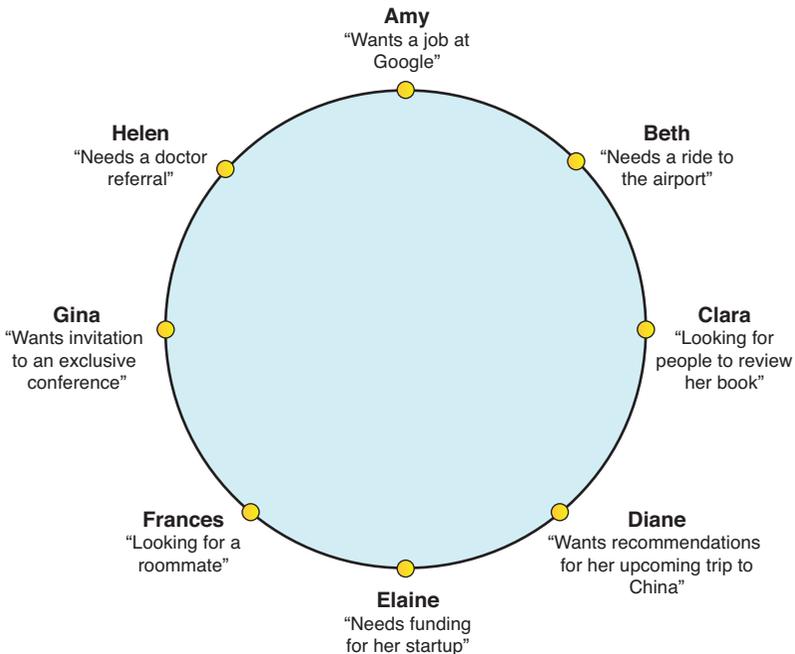


Figure 3.2

The first step in the reciprocity ring exercise was to write down your name and a request to put forth to the group, and then place these in a circle.

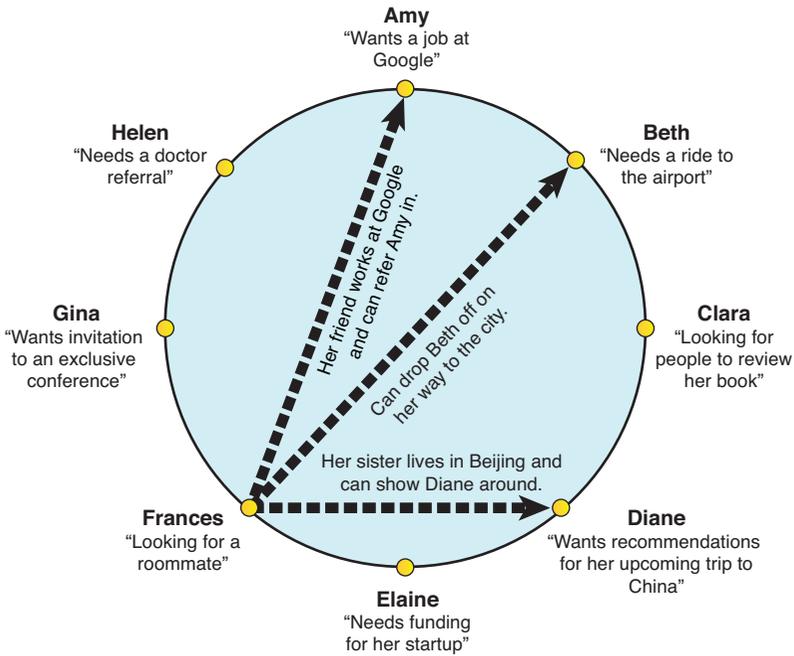


Figure 3.3

Next, each participant scanned the set of requests and volunteered to help where they could provide value.

The results were impressive. First, every request received help; in fact, most requests received multiple offers of help (see Figure 3.4). Second, each one of us could contribute to at least one request; in fact, most of us volunteered to help with multiple requests. What was most interesting, however, was there were almost no one-to-one exchanges. That is, in the majority of cases, the person providing the favor to you is not the same person to whom you are providing a favor.

For example, Elaine needs to find funding for her new start-up. Amy volunteered to help because she knows several of the partners at a venture capital firm. Amy, in turn, is looking for a job at Google. She receives help on this request, but not from Elaine. It is Frances, who receives help from Gina, who receives help from Elaine, who actually can help Amy. The reason this works is that the cost of helping is generally miniscule compared with the benefit of being helped. To Elaine, receiving an introduction to a venture capitalist is worth a lot because it could make or break her new start-up. But to Amy, providing the introduction is no big deal. It takes her just a few minutes to do so over e-mail. In the end, new value is created for each individual as well as for the group collectively. Everyone wins.

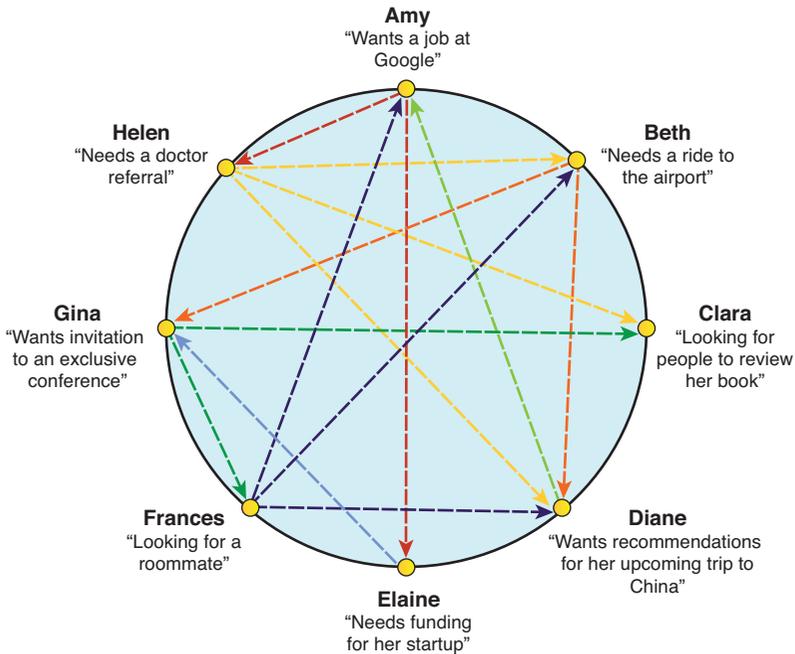


Figure 3.4

The result was every request received help and every participant helped provide a favor.

The Online Social Graph Reciprocity Ring

For the Stanford experiment to work, we all had to be there at the same place and same time for the same purpose. In real life, this is extremely rare. Offline, such explicit networking feels too utilitarian and contrived. And you would never physically assemble a large group of people for the purpose of asking each other favors. But in Facebook, Orkut, and LinkedIn, these large groups of people are already assembled and ready to be mobilized when you need a favor.

Social networking sites take the rapport we have established offline and bridge them into a system that you can call on in times of need. Online social networking extends the notion of the reciprocity ring across time, geography, and networks and is, therefore, capable of generating a tremendous amount of social capital for participants. Ultimately, efficiency gains from bringing technology to the intrinsically human activity of social networking create net-new value for individuals as well as to the collective community.

Easier to Ask a Favor, Harder to Say No

In fact, social networking sites might even be making it easier to ask for favors while making it harder to say no. Because interactions feel more casual on Facebook or LinkedIn, there is a lower bar for when it is considered OK to make a request. Picking up the phone or visiting someone in person and asking them for a favor puts them on the spot and, therefore, carries a higher social cost. In contrast, sending someone a Facebook message is no big deal. By reducing the cost, social networking sites can make people feel more comfortable asking for favors.

What about being on the receiving end of a request? Even when they contain legitimate requests you should actually consider, e-mails and voice mails are easy to ignore or let get lost in the shuffle. These traditional forms of communication feel too impersonal.

Requests made on Facebook are harder to ignore. Facebook messages do not come in isolation—you see the requestor's photo, profile, and who you know in common. The request feels personal, so you think twice before saying no. Especially if you have strong mutual ties or belong to the same networks (or the requestor belongs to a different network that has value to you), the social and mental cost of ignoring the request is higher. This ties back to the earlier discussion on how information on social networking sites helps people qualify the potential value of relationships earlier on. If you receive a request on Facebook and can quickly identify that the requestor might be a valuable contact, it is much harder to ignore the request. If you received the same request on e-mail, in our age of rampant spam you might never have even given it a chance.

In certain cases, asking favors is made even more effective when requests are passively broadcast to your network using a status message, say “[Clara is...] looking to hire an engineer,” versus a directed one-to-one message. Because the request hasn't been directed toward any one person specifically, no one feels annoyed or obligated to respond. It feels serendipitous that your status message happens to show up in their News Feed, or if they visit your profile page where your status message is visible, then that was their choice to look at your profile in the first place. In this case, your entire network is given an opportunity without the obligation to respond, which frees you to make more requests more often because you are not expending any social capital with any one individual contact.

Because it feels more personal and there is more information about who is making the request, online social networking both makes it more casual and acceptable to ask for favors while making it harder to say no. As a result, more requests tend to get made and tend to get fulfilled, increasing the amount of social capital in circulation and overall value of the social economy. In a sense, social networking sites extend the notion of the reciprocity ring across time, geography, and networks and might, therefore, have the potential to generate a tremendous amount of new value for everyone involved.

Blurring the Lines

The lines are blurring between our personal and professional lives. We refer friends to our employer. We befriend colleagues, clients, and business partners. We work from home, we exercise at work, we work for ourselves. The added social capital from our personal relationships and fringe relationships are empowering us with broader networks that give us access to more information, people, and resources than ever before. Meanwhile, e-commerce and Web 2.0 have given us as individuals not only a voice, but also the power to act. By using online social networking tools to keep in touch with fringe networks, discover valuable relationships, transcend traditional hierarchy, and ask more favors, we can maximize social capital, enjoy more satisfying careers, and ultimately be more effective at achieving our goals.

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