Making the Business Case for Enterprise Social Networks

Focus on Relationships to Drive Value

February 22, 2012

By Charlene Li
with Alan Webber and Jon Cifuentes

First of two reports on Enterprise Social Networking
Table of Contents

Executive Summary .................................................................................................................... 3
Defining Enterprise Social Networks ......................................................................................... 3
Enterprise Social Networks Fail to Meet Expectations .............................................................. 4
Pain Point #1: Lack of Metrics Means Business Impact Goes Unmeasured .............................. 7
Pain Point #2: Rapidly Developing Technology Platforms Create a Myriad of Confusing Options .......................................................................................................................... 10
Pain Point #3: Integration Into Existing Platforms, Workflow, and Access Remain a Barrier ................................................................................................................................. 11

A Framework for Enterprise Social Network Success ............................................................... 12
Mind the Gap: Four Ways ESNs Drive Business Value .............................................................. 12
Value Driver #1: Encourage Sharing .......................................................................................... 12
Value Driver #2: Capture Knowledge ......................................................................................... 14
Value Driver #3: Enable Action .................................................................................................. 15
Value Driver #4: Empower People ............................................................................................ 16

Action Plan ................................................................................................................................ 16
1. Objectives ............................................................................................................................... 17
2. Metrics ...................................................................................................................................... 18
3. Relationship Management ...................................................................................................... 18
4. Technology ............................................................................................................................... 19
Endnotes ....................................................................................................................................... 20

Methodology ............................................................................................................................... 21
Ecosystem Input .......................................................................................................................... 21
Enterprise Social Network Vendors (13) .................................................................................. 21
Enterprise Social Network End Users (18) ................................................................................ 21
Acknowledgements .................................................................................................................... 21

Open Research ........................................................................................................................... 22
Permissions .................................................................................................................................. 22
Disclosures .................................................................................................................................... 22
Disclaimer ..................................................................................................................................... 22
About Us ...................................................................................................................................... 23
Executive Summary

This is the first of two reports on enterprise social networking, with this one focused on how it creates value for organizations. The next report will focus on maturity models and the future of enterprise social networks.

Social networks move into the enterprise with mixed results. In 2011, the US hit a milestone — more than half of all adults visit social networking sites at least once a month. But when it comes to using social-networking technologies inside organizations, many business leaders are at a loss to understand what value can be created from Facebook-like status updates within the enterprise. Some organizations have deployed social-networking features with an initial enthusiastic reception, only to see these early efforts wither to just a few stalwart participants.

It’s about relationships, not technology. The problem: Most companies approach enterprise social networks as a technology deployment and fail to understand that the new relationships created by enterprise social networks are the source for value creation. Yesteryear, internal technology departments could force software on business units, but in today’s consumerized world, business units can adopt enterprise software, often without IT ever knowing. As a result, a new approach is required that focuses on four key ways that relationships create value through enterprise social networks:

1) Encourage sharing.
2) Capture knowledge.
3) Enable action.
4) Empower employees.

Defining Enterprise Social Networks

In 2011, we reached a milestone when over half of all US adults regularly used social networking sites. That means the majority of American adults are not only familiar with social networking sites like Facebook, LinkedIn, and Twitter, but also understand the value of being connected with the people in their lives.

But then they go to work, where people are traditionally siloed from each other by departments and hierarchies. Organizations have seen the rise of “enterprise social networks” where employees take the best elements of public social networks and apply them to the special needs of an organization.

Altimeter defines Enterprise Social Networks (ESN) as:

A set of technologies that creates business value by connecting the members of an organization through profiles, updates, and notifications.

This definition is intended to encompass a wide range of tools, including point solutions like Yammer and Socialcast, SaaS-based solutions like Salesforce.com’s Chatter, and solutions from enterprise powerhouses like Microsoft, IBM, and Cisco. What these ESNs have in
common is that they form the connective tissue with and between other social technologies that range from blogs and wikis to innovation and video hubs.²

But ESNs are not simply Facebook behind a firewall. Every enterprise has distinct needs and nuances that require a reframing of a social network. Altimeter found that there are six elements of a social network that are similar — and yet different — between public and enterprise social networks (see Figure 1):

**Figure 1. How Public and Enterprise Social Networks are Similar – And Different**

<table>
<thead>
<tr>
<th>Public Social Network</th>
<th>Enterprise Social Network</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>People Profiles</strong></td>
<td>Who you are, where you went to school, interests.</td>
</tr>
<tr>
<td><strong>Object Profiles</strong></td>
<td>Places and brands also have identifies and activity streams.</td>
</tr>
<tr>
<td><strong>Updates and Activity Streams</strong></td>
<td>Created by the person. Can also include chats, video, group messaging, and event planning.</td>
</tr>
<tr>
<td><strong>Notifications</strong></td>
<td>People can completely control from whom they get updates.</td>
</tr>
<tr>
<td><strong>Relationships</strong></td>
<td>Two-way relationships, as well as one-way follow/subscribe, always controlled by the person.</td>
</tr>
<tr>
<td><strong>Permissions and Privacy</strong></td>
<td>The nature of relationships dictate permissions, so greater care must be taken to make sure that private information stays within the right circles.</td>
</tr>
</tbody>
</table>

Source: Altimeter Group

The upshot is that enterprise social networks differ because of the special context that comes with being part of the workplace — a structure of team, projects, and reporting relationships that do not change by our choice. While ESNs must take this pre-existing relationship into account, it also creates opportunities to form new relationships that address the problems of that existing structure. The rest of this report examines how the special context of work impacts the adoption and success of ESNs.

**Enterprise Social Networks Fail to Meet Expectations**

Expectations are high for ESNs because people see the benefits of social networks, such as being able to quickly and easily connect and stay in touch with people in their personal lives. To find out about the state of ESNs today, we interviewed 13 technology providers, 185 end users, and surveyed 81 ESN decision makers from companies with over 250 employees. Detailed findings and the survey instrument are also available online.³
We found that there is a strong sense that ESNs can provide value to the organization, especially around collaboration and improving information and knowledge flows around the organization (see Figure 2).

**Figure 2. Top Enterprise Social Network Goals Revolve around Sharing and Collaboration**

“How important are the following goals in your decision to deploy an enterprise networking solution? (On a scale of 1 “Not important at all” to 4 “Very important”)?”

Despite these successes, there was an undercurrent of concern about the value creation and sustainable adoption of ESNs. Notably, most organizations saw one or more of the following four scenarios:

1. **An initial enthusiasm and usage followed by slow decline.** When ESNs are first deployed, they are usually greeted with a strong level of interest. Status updates proliferate across the network, and employees enjoy connecting with each other. We found that more than half of the ESN deployments were across the entire company, with the belief that broad deployment would provide more opportunities for connections (see Figure 3). But the lack of commonality and connections between far-flung participants sometimes resulted in less and less participation. We also found that the reality of everyday work pushed ESN use to the side, causing people to pull away from their ESN activities and return back to their original work and communication patterns. In the end, often only a “core” group of users continued to engage in the ESN.
2. Only one department strongly adopts the ESN. Department-specific deployments — namely in IT, Marketing/products, Sales, Corporate Communications, and Support — typically found early traction because of common goals and objectives. Interviews found that while department specific rollouts had greater adoption rates, other departments found it difficult to adapt the ESN to their specific needs. Dell shared that although they deployed their ESN across the entire organization, they still have only 60% adoption. Rich Nazzaro, the Salesforce Strategy Director at Dell, shared, “Most of that adoption is still focused in Sales and Marketing where it all initially started.” One of Nazzaro’s key responsibilities is to leverage that initial uptake across the company.

3. Culture confusion and lack of executive engagement stymied growth from the start. One problem organizations frequently face is how “personal” ESNs should be allowed to be. Many organizations described how they had to overcome executive resistance to any kind of non-business-related content being allowed on the ESN out of fear that the ESN would impact productivity. One organization shared that its executives didn’t want the ESN to be a Facebook or LinkedIn, so there was nothing about where you went to dinner or what movie you recently saw. Another organization did just the opposite — with over 100,000 employees worldwide, they encouraged people to connect on personal interests and found they were more likely to also share work-related expertise and interests.

4. Lack of social business maturity. Several end users describe the general lack of social business maturity on the part of the organization and the culture to be able to understand, appreciate, and leverage the ESN. When asked to rate the social business maturity of their organizations, more than half of the respondents shared that they were still early in their journey (see Figure 4).
Figure 4. Most Organizations are Still Early in their Social Business Maturity

“What is your organization’s social business maturity level?”

We found that even though there is great potential, there are also three key pain points when it comes to deploying ESNs within the enterprise. These points are detailed below.

**Pain Point #1: Lack of Metrics Means Business Impact Goes Unmeasured**

Despite uneven adoption, many end users remain convinced that ESNs create business value and provide many anecdotal examples. But when it came to seeing the impact of ESNs, most companies reported only modest success (see Figure 5). On a scale of 1 to 4, the highest impact seen — in the area of improving collaboration between departments/teams -- scored only a 2.91.

This is due to the fact that the organizations frequently used metrics at the engagement level — such as frequency of use and percent of employees using the ESN (see Figure 6-1). Organizations also admitted that despite having some metrics in place, they generally do not measure ESNs well and would like to see a great deal more improvement (see Figure 6-2). Only a third believe they measure ESNs “somewhat well” while none felt they measured it “very well”. In fact, a quarter admitted that they did not use any metrics at all to gauge success of their ESNs. With no concrete metrics in place with which to benchmark the ESN, companies found they had few ways to connect ESN behavior to business impact and value.
Figure 5. Enterprise Social Networks have only Moderate Impact on Business Goals

“How much impact has the enterprise social network platform had on your organization in the following areas? (On a scale of 1 “Very little impact” to 4 “Significant impact”)”

<table>
<thead>
<tr>
<th>Area</th>
<th>Average rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve collaboration between departments/teams</td>
<td>2.91</td>
</tr>
<tr>
<td>Find experts or share expertise from around the company</td>
<td>2.79</td>
</tr>
<tr>
<td>Sharing of best practices</td>
<td>2.66</td>
</tr>
<tr>
<td>Support a strategic transformation of the organization or evolve the company culture</td>
<td>2.35</td>
</tr>
<tr>
<td>Create a virtual “watercooler” to increase sharing</td>
<td>2.77</td>
</tr>
<tr>
<td>Reduce internal emails</td>
<td>2.08</td>
</tr>
<tr>
<td>Faster decision making</td>
<td>1.95</td>
</tr>
<tr>
<td>Streamline a business process (sales, marketing, research, etc)</td>
<td>1.97</td>
</tr>
<tr>
<td>Reduce volume of meetings</td>
<td>1.84</td>
</tr>
<tr>
<td>Employee retention</td>
<td>1.63</td>
</tr>
</tbody>
</table>

It was striking that in our interviews with both end users and vendors, the evolution of ESN metrics was so poor. One of the main reasons may be that, to date, investments in ESNs have been low — two-thirds spent less than $100,000 on their ESN in 2011, with no plans to spend significantly more in 2012. Thus, the pressure to provide concrete proof of value creation or ROI isn’t as present as other technology deployments.
Figure 6-1. Top Metrics Measure Engagement, Not Progress against Business Goals

“How do you measure the impact of enterprise social networking in your organization?”

Base: 43 companies with more than 250 employees (surveyed by Altimeter Group Q4 2011)

Source: Altimeter Group

Figure 6-2. Most Organizations Admit They Measure ESNs Poorly

“How well do you feel your organization is measuring the impact of enterprise social networking?”

Base: 42 companies with more than 250 employees (surveyed by Altimeter Group Q4 2011)

Source: Altimeter Group
Pain Point #2: Rapidly Developing Technology Platforms Create a Myriad of Confusing Options

From a technology viewpoint, the ESN space is still in its nascent stages — for example, Yammer made its debut only three years ago in summer 2008. A wide assortment of technology offerings have emerged, and their selection and deployment tend to fall into four scenarios (see Figure 7):

Figure 7. Enterprise Social Networking Technologies Evolve from Three Scenarios

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Why Pursue This Path</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standalone solution</td>
<td>It’s fast, easy, and cheap. Most are developing integration APIs.</td>
<td>Google+</td>
</tr>
<tr>
<td></td>
<td>Can exist independently</td>
<td>Salesforce.com Chatter</td>
</tr>
<tr>
<td></td>
<td>Also can be integrated into enterprise apps</td>
<td>Socialcast</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yammer</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Collaboration platforms are already social and in-house. ESN is a feature that is easily “turned on.”</td>
<td>Box.net</td>
</tr>
<tr>
<td></td>
<td>Tends to be one major platform in each organization</td>
<td>Cisco Quad</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clearvale</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Drupal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Moxie</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mzinga</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Socialtext</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Telligent</td>
</tr>
<tr>
<td>Enterprise application add-on</td>
<td>While not inherently a collaboration platform, it can turn on or layer on social technology to make them an ESN.</td>
<td>Lotus/IBM Connections</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Salesforce.com Chatter</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SharePoint + NewsGator</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TIBCO/tibbr</td>
</tr>
</tbody>
</table>

It may look like this is an emerging battle between scrappy start-ups like Yammer and enterprise giants like Microsoft’s SharePoint, but the key word here is “integration.” Almost all of the players have APIs that allow them to be integrated into others’ solutions. ESN solution providers recognize the reality that CIOs don’t want to have yet-another-platform for their employees to use.

As to be expected with a nascent market, deployed solutions varied widely with no clear leader dominating the market (see Figure 8). No one player dominates and, in fact, almost half of the solutions cited fell into the “Other” category, with solutions ranging from Drupal to Skype and even Facebook. This wide dispersion of solution providers held true across company sizes and industries.
Figure 8. The Nascent ESN Market Results in a Wide Diversity of Technology Solutions

“What is your primary enterprise networking solution? Only one answer allowed.”

![Chart showing the Nascent ESN Market Results in a Wide Diversity of Technology Solutions](image)

Base: 77 companies with more than 250 employees (surveyed by Altimeter Group Q4 2011)

Source: Altimeter Group

Pain Point #3: Integration Into Existing Platforms, Workflow, and Access Remain a Barrier

Regardless of the technology selection, end users described three typical technology-related problems they encountered:

1. **Managing platform proliferation.** Simply put, the reaction to the introduction of an ESN is usually, “Oh no, not another one!” Employees already have a plethora of enterprise tools that they use sub-optimally and adding “yet another one” doesn’t exactly get them excited. Moreover, early adopters often saw the quick uptake of ESNs – but the bad news: each department turned on different technology platforms that suited their needs. The result: a Frankenstein’s monster of enterprise social networks. Like many large organizations, Dell was faced with this situation, with several departments adopting different ESN platforms. The support of executive leadership was needed to encourage departments to discontinue the use of legacy applications in favor of Chatter.

2. **Integrating into existing workflows.** There is a strong recognition, especially on the part of ESN vendors, that these technologies need to be integrated not only into platforms, but into the flow of everyday work. The likely scenario is for enterprise social networking to be integrated into the enterprise platforms we are already using, ranging from Outlook, to Office, to back-office business apps. This will require that ESNs not only integrate with existing platforms, but that they also play nicely with each other: IBM, Yammer, TIBCO,
Socialcast, Chatter, and SharePoint all interconnecting to one degree or another. The trend is that the vendors realize this and have more to gain from smoothly transferring information than to play a game of one-upmanship to gain exclusivity within the organization.

3. Providing access to all employees. It’s one thing if you live in an enterprise app every day. It’s another if all you use is just email or work in a non-desk environment. For example, one organization had an email-driven culture, and its ESN needed to be integrated into the workflow, even those who preferred using only email. And access to computers or data-capable mobile devices is also an issue. Best Buy shared that the lack of adequate instrumentation and access for employees on the store floor has delayed its deployment of an ESN.

A Framework for Enterprise Social Network Success

Despite the promise and potential for ESNs, they have only received moderate traction. The problem is that most ESN deployments to date have been treated as technology deployments with a focus on adoption and usage. A different way to think about this is that ESNs represent a new way to communicate and form relationships — and because of that, can bridge gaps that exist in terms of information sharing and decision-making processes. This requires first identifying a specific business gap or problem and then assessing if the relationships created by an ESN can fill that gap.

Mind the Gap: Four Ways ESNs Drive Business Value

To date, we’ve tracked hundreds of individual use cases from both end users and vendors. To better understand these use cases, we found that they boil down to four different types of gaps in the organization — tough problems that can’t be addressed by the current technology, process, or culture. This next section looks at the four ways ESNs drive value through the simple act of connecting people with each other (see Figure 9).

Value Driver #1: Encourage Sharing

Remember how revolutionary email was? It fundamentally changed the way we communicated by reducing the cost/effort and collapsing the time frame and scaling it to include multiple recipients. Social represents a fundamental change, simply because, at its essence, it encourages sharing. The simple presence of a status update box on a page encourages people to share their thoughts, activities, and expertise. Here are five ways that greater sharing via an ESN drives value within an organization.

- **Creates two-way dialog.** People can share through any number of social platforms like blogs and discussion forums. But ESNs – through activity streams and notifications – make the consumption of shared content quick and customized. This means more time and energy is spent in the dialog. ESNs are so effective because the conversational back-and-forth without the interruption burden of email.
Figure 9. Four Ways Enterprise Social Networks Drive Business Value

| Encourage Sharing | • Creates two-way dialog  
• Makes business personal  
• Reduces power distance to leaders  
• Connects globally, person by person  
• Forms private groups |
|-------------------|---------------------------------------------------------------|
| Capture Knowledge | • Identify expertise  
• Avoid duplication and have better coordination  
• Transfer knowledge  
• Improve best practices |
| Enable Action     | • Solve problems faster and better  
• Bring outsiders in  
• Streamline processes |
| Empower People    | • Give employees a voice  
• Make meaningful contributions and innovations  
• Increase engagement, satisfaction, and retention |

Source: Altimeter Group

- **Makes business personal.** Several organizations go to great pains to make sure that the content on their ESN is strictly about work. Why? Because they fear that personal discussion will result in less productivity or inappropriate private content. We asked in our interviews if this was an issue and there was only one minor incident reported by one company. If anything, the organization should encourage “personal” postings because social networks are a representation of who you already are. If you are an unproductive, time-wasting team member, your activities (which are tied to your real identity) will be plainly visible to everyone. Social Business lead Luke McCormack from Deloitte Australia shared that about 20% of the company’s ESN content was personal in nature, and that it “was really important as it connects the fabric of culture for people to come together and allows people to enjoy what they’re doing.”

- **Reduces power distance to leaders.** Several vendors and end users saw top executives as key drivers behind the adoption of ESNs, expressly for the purpose of reducing hierarchies and increasing the flow of information between organizational levels. An executive may want to align employees around a strategic initiative, stay in touch with a key project, or get feedback – and all at a much faster pace. For example, when Nokia CEO Stephen Elop started his new job, he wanted to focus the organization on how to increase its innovation capabilities. He posted questions on the company’s ESN, Socialcast, asking what things Nokia needed to change and what they needed to keep doing. The dialog not only helped him learn from the organization, but also signaled that a new type of relationship was dawning between the leadership and employees.
• **Connects globally, person by person.** A person in an office on the other side of the world may be merely a name and photo in a directory. But that person comes to life when you can get a feel for his or her daily life from ESN activities. Simply having that little bit of context lowers the barriers that exist with time zones, culture, and language. For example, Yum! Brands is the parent company of restaurant chains like Burger King and Pizza Hut, with over 375,000 employees highly distributed around the world. Its business depends on uniformity, so it installed Jive to allow people to share challenges, best practices, and insights around the globe. The result: A general manager in Mexico shared best practices for pizza delivery with his counterpart in the UK.

• **Forms private groups.** At some point, the ESN becomes so big that it loses the context of work — a project, team, department, or location. Naturally, people then form groups — which by their nature do not share information outside of that group. Hence an interesting dichotomy develops — greater openness eventually ends up creating what on the surface looks like more silos. The difference: These groups are centered on work that needs to get done, rather than rigid hierarchies. As the nature of the work changes, these groups should be fluid enough to flex with the work, bringing in people as needed while others move on to other projects.

**Value Driver #2: Capture Knowledge**

Capturing the collective knowledge of an organization is a daunting task because it includes a wide range of facts, information, and skills gained through experience. Yet few people proactively sit down each day to document and capture their knowledge. ESNs provide an opportunity to do just that, by capturing glimpses of knowledge through profiles, activity streams, and interactions. There are four ways ESNs help capture the elusive knowledge of an organization:

• **Identify expertise.** At the most basic level, expertise is captured in a static manner through people’s profiles on the ESN. What projects you are working on, educational background, prior work history — these all provide rich, searchable data. But by capturing the actual day-to-day work someone does, simply through status updates, the expertise database reflects both the depth and freshness of that knowledge. Grocery chain Supervalu saw store managers sharing their expertise on topics ranging from how to run a beachfront store to building relationships with the Hispanic community. Erin Grotts, Director of Internal Communications, shared, “Social media allows our people to be able to drive sales by going to a specific group on our ESN with expertise for a particular situation.”

• **Avoid duplication and have better coordination.** Simply knowing what one part of the organization is doing can be a huge benefit for large or distributed organizations. Rather than reinventing the wheel again and again, organizations can quickly figure out if the work has already been done and if it can be repurposed for new uses. One technology company with 25,000 employees deployed Telligent across the organization. Once employees started sharing their project work, several teams discovered that they were working on products and services that had already been previously launched. They were able to stop the duplication of work and leverage the pre-existing work.
• **Transfer knowledge.** Remember the first day you showed up at work or joined a project already in progress? It was vital that you ramp up quickly, but you were likely given nothing more than a simple onboarding document or project plans and updates. With an ESN, a new team member can get quickly caught up in a day on what is happening simply by looking at the activity stream of the team. By understanding the benefits of knowledge capture, team members become more diligent about sharing with the ESN rather than having that knowledge get lost in ephemeral email. Director of Communications Katrina Bentley from BCD Travel commented, “From a sales perspective, it’s crucial for an account manager to be able to transfer information and knowledge and for the manager to track it. Before, it was emails and phone calls, and none of that would make it into our Salesforce CRM system — it would just be in someone’s Outlook folder.”

• **Improve best practices.** A key goal of knowledge capture is to not just acquire it, but to also evolve and improve upon it. This is very much the case with best practices, which by their nature need frequent updating and culling. This goes beyond the basic call-and-response nature of asking for best practices and instead represents a habit of contributing knowledge. One example of this is Canadian retailer Indigo Books. It used Moxie Software to share best practices for displaying the Steve Jobs biography in its stores. Indigo’s research found that store managers spent on average of eight minutes a day using their ESN and that adoption was nearly universal. The result: The near-ubiquitous usage meant that as each store adapted a best practice, it could report back in near real-time the results of its improvements.

**Value Driver #3: Enable Action**

Having an ESN in place means that operations and processes can begin to change as well. This happens when the day-to-day process changes because the ESN enables new relationships and behaviors that address a gap that prevented actions from being taken. Below are three examples of ESN-enabled actions:

• **Solve problems faster and better.** Because of the knowledge capture, it’s easy for people to simply search and look for an answer that has already been posted — rather than have to wait for someone to serendipitously answer a question. Over time, as more knowledge is readily available, people gain confidence that if they go to the ESN, their issues will be answered. For example, because Deloitte Australia has nearly all of its employees using its ESN as a part of their daily work, most of the organization’s knowledge is captured there, so they end up using Yammer as an “internal Google” to find answers to questions.

• **Bring outsiders in.** The rich and rapid interactions of an internal project team typically come to a screeching halt when it tries to interact with an external client or stakeholder. But with detailed private group control, a client can collaborate only with the project team while the rest of the organization remains off-limits. Being able to bring outsiders into this rich environment definitely enables new ways to work with these clients. For example, an architecture firm was working on the design of a new hotel. The hotel client was able to log into only the project that belonged to them, see current updates, and interact with the team. In another example, the external stakeholders were simply other parts of the organization, where they were able to collaborate in one specific area.
• **Streamline processes.** Many processes and operations run perfectly well in organizations — but when they don’t, exception handling and resolution can be excruciating, generating seemingly endless rounds of cc’d emails. ESNs can help streamline such processes, keeping paperwork centralized in one area by making it an “object” with an activity stream. Because all interested parties can see the full activity stream, there isn’t as many back-and-forths. One pharmaceutical company found that using its ESN helped it identify external events that could potentially impact the supply chain. After rolling the ESN out to 300 people, it reduced supply exception meetings by 50% and increased manufacturing cycle time by 40%.

**Value Driver #4: Empower People**

The last way ESNs drive value is that they empower and embolden people to speak up and join together, as well as gives them opportunities to contribute their skills and ideas. There are three ways to empower people:

• **Give employees a voice.** This is more than just giving employees an opportunity to say something — it’s also ensuring that they are heard by the people who matter. At Sprint, the company had a standing policy that employees were not allowed to buy the hottest new devices. When Sprint realized that employees were venting their frustrations on external sites, it enabled and encouraged them to post on their ESN. Once provided a place internally to air their grievances, leaders could address their concerns directly.

• **Make meaningful contributions and innovations.** The number one reason people leave an organization isn’t because of compensations — it’s because of the lack of opportunities to make meaningful contributions. At Humana, one of the most successful initiatives the company has is the suggestion box on its ESN, Socialcast. Ideas don’t go into a black void — instead they are put into a conversation flow and then tagged and tracked. Good ideas spur more conversations — and validate along the way the contributor’s efforts. Simply making visible who contributes what makes these innovations all that more meaningful.

• **Increase engagement, satisfaction and retention.** Several end users highlighted that their ESNs not only helped the organization work better, but also helped make employees better workers and better people. The focus for these organizations is to bring people back into the heart of business, using ESNs to unlock potential by humanizing the way people work. Director of Internal Communications Erin Grotts at Supervalu also recognized the competitive nature of hiring and retaining talent, commenting, “You’re going to lose employees to companies that are ahead in this area.”

**Action Plan**

Regardless of where you are on the maturity curve, there should be four essential elements of your ESN action plan: 1) **Objectives**; 2) **Metrics**; 3) **Relationships**; and 4) **Technology**. To get started, use the following checklist to help organize and prioritize your effort (see Figure 10).
1. Objectives

- **Identify and prioritize the gaps that relationships can fill.** Take a look at the four value drivers, and identify things that aren’t working today within your organization. Survey and interview employees for ideas about what’s working and what’s not working today. Match those findings against your current business goals to help prioritize which ones to focus on first. Bigger gaps warrant closer consideration.

- **Design your long-term goals for the ESN with purpose.** Paint the long-term picture of where you envision the organization as the ESN matures. If a key gap is duplication of effort, then paint a picture that each department knows what every other department is doing, in a seamless manner. Several organizations saw their CEOs turning to ESNs to help them transform their organizations. These CEOs were patient — they recognized that change would not happen overnight and that a foundation needed to be built. But they kept their organization focused on the end goal, painting a picture of what the organization would be capable of doing once it went through this transformation.

- **Paint the path in gold.** In the *Wizard of Oz*, Dorothy needed a yellow brick road to show her the way to the Emerald City. In a similar manner, don’t leave things to chance — clearly lay out the path, behaviors, and actions you wish people to take. New employees or team members can be “mandated” to participate in training so that they start out fresh with the right collaboration habits. Map out initiatives, campaigns, events, and incentives not just for the launch, but also for each stage of evolution to get to your objective.

---

**Figure 10. Action Plan**

<table>
<thead>
<tr>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Identify and prioritize the gaps that relationships can fill</td>
</tr>
<tr>
<td>- Design your long-term goals for the ESN with purpose</td>
</tr>
<tr>
<td>- Paint the path in gold</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Measure gap closing, not engagement</td>
</tr>
<tr>
<td>- Track relationships, not conversations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Relationship Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Budget, staff, and resource appropriate</td>
</tr>
<tr>
<td>- Get executives involved</td>
</tr>
<tr>
<td>- Foster transparency to create an open culture</td>
</tr>
<tr>
<td>- Create incentives and rewards for participation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Choose your technology based on the relationships you want to build, not features</td>
</tr>
<tr>
<td>- Prioritize technology options based on your objectives</td>
</tr>
<tr>
<td>- Have simple guidelines in place</td>
</tr>
<tr>
<td>- Deploy in partnership, and in one department first</td>
</tr>
</tbody>
</table>

Source: Altimeter Group
2. Metrics

- **Measure gap-closing, not engagement.** Tie your highest-level business value metrics to the gap you are trying to close and not to engagement activity. For example, if a key gap is reducing the power distance with executives, how many times do executives engage across levels? Using an internal survey, find out if employees feel more connected to executives. Check in with executives to see if they are getting better information about the needs and concerns of employees.

- **Track relationships, not conversations.** The amount and frequency of conversations and engagements is an alluring metric to use, but it’s difficult to find meaning and value in this broad number, especially if the most valuable conversations take place in private groups where you can’t easily track them. Instead, create a map of the social and interest graph of your organization to see where there are “hotspots” — and see if they correlate to gaps being filled. Over time, the number, nature, and depth of relationships between people and with groups will be a much stronger indicator of the health and value creation of your ESN.

One example of this is the surprising metric of counting how many private groups, conversations, and relationships were being established. The counterintuitive logic: Groups are a reflection of formalized relationships and processes that are optimizing themselves. Corporate travel management company BCD Travel found that over time, more and more groups formed, and it consistently had a ratio of 75% private groups versus 25% public groups.

3. Relationship Management

- **Budget, staff, and resource appropriately.** Over and over again, we heard from end users that they didn’t anticipate how much work would be involved in setting up and managing the ESN. Pauline Ores, from Infosys, shared, “People sabotage themselves by not understanding how long this takes. Building community is like having your seventh child. You may know what you are doing, but you still have to get up at 3 a.m. and feed it. It’s super hard each and every time.” In particular, dedicate a resource to community management — your ESN will need care, feeding, and nurturing just like any external community.

- **Get executives involved.** Change is hard, and you’ll need executives to not only support ESN efforts, but to also be actively engaged in it so that they can lead by example. And Becky Graebe, Manager of Internal Communications at SAS Institute, added, “If you get a ‘like’ from a top executive for your idea, that’s cool!” If the ESN is important to the company from a business viewpoint, then the executives need to show up and demonstrate visibly that they see value in it as well.

- **Foster transparency to create an open culture.** Open, honest, and authentic relationships require transparency, and the best way to do that is to make it clear that these conversations have a place on the ESN. If culture is as culture does, then the leaders of the organization need to ensure that these conversations reflect the kind of culture they want to have. A fear of some organizations is that too much will be shared — for example,
confidential client information or inappropriate personal anecdotes. But linking real identities to content authorship has a mitigating impact – after all, knowing that your boss and colleagues are watching keeps most people on their best behavior.

- **Create incentives and rewards for participation.** Consider using recognition, rewards, and gaming elements to make using and engaging in the ESN fun and rewarding. This does not necessarily need to be monetary in nature — simple recognition of contributing good content and asking insightful questions can be enough. This is especially powerful when the recognition comes from someone unexpected, like an executive, and is widespread throughout the organization.

### 4. Technology

- **Choose your technology based on the relationships you want to build, not features.** The biggest takeaway we found from our vendor interviews is that organizations who come in with a committee-generated list of features they want in an ESN are the ones most likely to fail in their implementation. Begin your discussions with a potential ESN vendor by explaining your key objectives, gaps, and relationships you want to enable. Stay at the table for further discussion only if they have a strong appreciation of what problems you are trying to solve. If they don’t, move on. But only you can lay out the strategic relationships you want to build — don’t get blinded by flash features from the objective.

- **Prioritize technology options based on your objectives.** It’s inevitable — over time, you will have to integrate your ESN with other enterprise platforms. Take a hard look at the gaps you are trying to fill, and understand the underlying sources for each of them. Then look for ESN solutions that will enable the organization to create relationships that will result in the greatest impact against those gaps. For example, if you have strong usage of an existing enterprise platform, like SharePoint, and that platform is the source of many of your identified gaps, then it makes sense to address them within that platform with an add-on, like NewsGator. But if you conveniently already use TIBCO, then tibbr may be a great solution for you.

- **Have simple guidelines in place.** Many end users emphasized the need to have guidelines to develop new behaviors and relationships. But they also emphasized to keep it simple. Community Manager Jeff Ross at Humana advised, “Don’t bog it down with too many rules about what you can’t do on the network. Let people be creative.” Educate people about the consequences of breaking the rules as well. The key: Regularly post and remind people about the rules, and over time the community will self-police.

- **Deploy in partnership and in one department first.** While it’s easy to turn on an ESN for all of your employees, resist the temptation to do so until you are ready. While IT will most certainly be involved, find an executive sponsor and team or department that you know will pick up the ESN and make the most of it. The goal: Create eager, early evangelists who can then spread ESN use cases and best practices to other parts of the organization. Investing in and ensuring that strong cohesive relationships are built first will help take the ESN to the next level.
Endnotes

1 Pew Internet surveys found that, for the first time, 50% of all adults use social networking sites, while 65% of adult Internet users say they use a social networking site like MySpace, Facebook, or LinkedIn, up from 61% one year ago. Source: Madden, Mary, and Kathryn Zickuhr. “65% of Online Adults Use Social Networking Sites | Pew Research Center’s Internet & American Life Project.” Pew Research Center, 26 Aug. 2011 http://pewinternet.org/Reports/2011/Social-Networking-Sites.aspx


Methodology

For this report, we conducted both quantitative and qualitative study using a combination of online survey, qualitative interviews, and conducted analysis on public programs. Specifically, we conducted:

- An online survey of 185 professionals from various industries and backgrounds involved in the management or deployment of their corporate Enterprise Social Network.
- Qualitative interviews among corporate practitioners, IT and communications leaders, and senior executives of several Enterprise Social Network vendors and end users.

Ecosystem Input

This report includes input from market influencers and solution vendors who were interviewed or briefed by Altimeter Group during the course of this research. Input into this document does not represent a complete endorsement of the report by the individuals or companies listed below.

Enterprise Social Network Vendors (13)
Altimeter Group took briefings and conducted interviews with the following vendors over the past quarters influencing this report:

Box  NewsGator
Cisco   Salesforce
IBM     Socialcast
Infosys Telligent
Jive    TIBCO
Mindjet Yammer
Moxie Software

Enterprise Social Network End Users (18)
Altimeter Group took briefings and conducted interviews with the following companies over the past quarters influencing this report:

BCD Travel   HOK
Best Buy     Humana
BMC Software Ingersoll Rand Security Technologies
Cable and Wireless SAS
Dell         Sprint
Deloitte     Supervalu
Edmunds      Teekay
Ellisdon

Note: Three companies are not listed for confidentiality reasons.

Acknowledgements
With thanks to Alan Webber, Jeremiah Owyang, Brian Solis, Regina Meyer, and Christine Tran.
Open Research

This independent research report was 100% funded by Altimeter Group. This report is published under the principle of Open Research and is intended to advance the industry at no cost. This report is intended for you to read, utilize, and share with others; if you do so, please provide attribution to Altimeter Group.

Permissions

The Creative Commons License is Attribution-Noncommercial-Share Alike 3.0 United States at http://creativecommons.org/licenses/by-nc-sa/3.0.

Disclosures

Your trust is important to us, and as such, we believe in being open and transparent about our financial relationships. With their permission, we publish a list of our client base on our website. See our website to learn more: http://www.altimetergroup.com/disclosure.

Disclaimer

Although the information and data used in this report have been produced and processed from sources believed to be reliable, no warranty expressed or implied is made regarding the completeness, accuracy, adequacy or use of the information. The authors and contributors of the information and data shall have no liability for errors or omissions contained herein or for interpretations thereof. Reference herein to any specific product or vendor by trade name, trademark or otherwise does not constitute or imply its endorsement, recommendation or favoring by the authors or contributors and shall not be used for advertising or product endorsement purposes. The opinions expressed herein are subject to change without notice.
About Us

Altimeter Group is a research-based advisory firm that helps companies and industries leverage disruption to their advantage.

Charlene Li, Analyst and Founder

Charlene Li is founder of the Altimeter Group and the author of the New York Times bestseller, Open Leadership. She is also the coauthor of the critically acclaimed, bestselling book Groundswell, which was named one of the best business books in 2008.

She is one of the foremost experts on social media and technologies and a consultant and independent thought leader on leadership, strategy, social technologies, interactive media and marketing. Formerly, Li was vice president and principal analyst at Forrester Research and a consultant with Monitor Group. She was named one of the 100 most creative people in business by Fast Company in 2010 and one of the most influential women in technology 2009.

Charlene is a graduate of Harvard Business School and received a magna cum laude degree from Harvard College. She serves on the Board of Directors of the Harvard Alumni Association as well as The Poynter Institute. You can follow her blog at charleneli.com/blog or at twitter.com/charleneli.

Jon Cifuentes, Researcher

Jon Cifuentes works closely with Charlene Li and Susan Etlinger to support their research in disruption on leadership, organizational change, and analytics. Jon recently joined Altimeter Group after spending 2 years with a Boston-based digital agency, Overdrive Interactive. Jon led social media efforts at Overdrive for many large-scale B2B and B2C organizations. He primarily concentrated on the measurement and optimization of engagement across all digital channels. He also managed the development of a proprietary social publishing and analytics tool, SocialEye while at Overdrive. He graduated with degrees in Communications and Philosophy from Boston College.

Contact Us

Altimeter Group
1875 S. Grant Street, Suite 680
San Mateo, CA 94402-2667
info@altimetergroup.com
www.altimetergroup.com

Advisory Opportunities

For more information about our advisory services around this topic, please email us at sales@altimetergroup.com