



The Social Business Mandate

Clara Shih

“The riskiest thing we can do is just maintain the status quo.”

—Roger Iger, CEO of Walt Disney

As venture capitalist Marc Andreessen has said, “Software is eating the world.” We live in an age in which every aspect of our lives from physical devices to offline services is being digitized; the impact of social media on consumers and business alike today is as profound as the rise of Google 15 years ago. Yet, many business leaders and CEOs are thinking about what I call Social Business in exactly the WRONG ways.

The mistake leaders make is over-delegating social and digital efforts to entry-level marketing and customer service teams. Senior executives then confuse having a social media team with having a social business, and have a detrimental misconception that these efforts are far from the business’s core initiatives. In reality, business leaders need to personally own and drive these digital and social initiatives. To fully become a Social Business, an organization must truly embrace digital opportunities on every platform; and this transformation must be led by C-Suite Executives.

Social Business might start with being responsive on Twitter and amassing a large following on Facebook, but it doesn't end there. True business transformation needs to be embraced by and driven from the top. History is littered with examples of failure by management teams and boards to embrace change that disrupts their way of doing things. Successful companies in particular can get drunk on their own success and start to believe their current business models will last forever, whereas struggling companies can easily fall into the trap of becoming totally consumed by stopping the bleeding and forgetting to play offense.

Blockbuster is one example. Throughout the 1990s and the early 2000s, Blockbuster seemed unstoppable in its quest to provide home movie and video game rentals. At its peak, the company employed nearly 60,000 people and had over 9,000 stores worldwide. In 2000, Blockbuster CEO John Antioco even had the opportunity to acquire then-fledgling Netflix for a mere US\$50 million (at its peak, Blockbuster was worth US\$5 billion). Today, Netflix has a market capitalization of US \$40 billion. Blockbuster filed for bankruptcy in 2011 and a year later was sold to Dish Network for US\$233 million. Blockbuster was blinded by its own success and in the end, got "eaten" by software, as did RadioShack, Motorola, and Circuit City. It's all too easy for even very smart and capable leaders to be continually consumed by the here and now, or to assume the future will be a linear continuation of the past when in fact it's a step change.

As with any change, the best way to drive Social Business transformation is to model the desired behavior. Social Business transformation is not quite as easy as signing up CEOs with a Twitter handle, but leading by example is a good start. Today, 68% of CEOs have no social media presence, and most of those who are on social have only a LinkedIn profile. This has to change.

Despite CEO skepticism, there is actually huge, leadership-transforming upside for CEOs who take the plunge and get on social. For one, social media allows CEOs to go directly to the source and get an unfiltered pulse on what and how customers are thinking, rather than waiting months for expensive “voice of the customer” focus groups to be massaged and formally presented. Social media provides the modern-day version of mystery shopping and walking the halls. That company letter that CEOs used to write to staff once a year? Now it’s a quarterly Periscope chat and more frequent updates on social media. Many of those social, always-connected consumers work at your company and expect the same frequent, authentic touchpoints from you that they expect of other brands they love. Your customers and employees alike want to feel constantly connected to your authentic leadership.

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Social CEOs boost reputation, and they can also help to humanize a company. PR firm Weber Shandwick found that CEOs engaged on social media are more likely to be rated as good communicators. Social CEOs foster a corporate culture of openness and transparency that ultimately empowers employees and customers. And when CEOs are active on social media, it sends the message to all employees that social media is important and strategic. Finally, if there is ever a social media crisis, social CEOs help resolve the issue better and faster because they are already on the scene and have built up credibility and following.

There are only three instances I can think of when CEOs need not be social: 1) if you have just one or very few customers (to whom you can directly reach out and vice versa), 2) if you are dealing with confidential or national-security related information and products, or 3) if you have a monopoly (when customers have no choice, nothing is really an imperative).

Though the news is full of social media failures, the real story should be about the everyday successes of companies building their brands with online networks, one tweet, one message, one positive customer interaction at a time. In reality, truly disastrous tweets are no more common than shark attacks, and forgoing a social media presence is no defense against a social media publicity attack.

Firms should always be cultivating customer relationships and building third-party advocates who will rise to their defense when needed— what Howard Schultz calls investing in the reservoir of trust. What’s becoming clear is that the biggest risk in social media is not being on at all or only participating superficially.

Some CEOs and leaders may be overwhelmed at the all-encompassing yet necessary task of becoming a Social Business. Below are a few Dos and Don’ts that will help get you off on the right track.

TOP 8 SOCIAL BUSINESS DOS AND DON'TS

Source: The Social Business Imperative (Pearson/Prentice Hall, on sale April 25, 2016) by Clara Shih

1. **DON'T** think social media is not your job and that it will be entirely handled by your social media marketing team. **DO** get personally involved, whether you are a CEO, head of sales, support manager or sales rep. Social and digital have become everyone's job and to succeed in the long run, you will need to master it.

2. **DON'T** just create a new Twitter handle and say you're done with digital.

3. **DON'T** think of the Web as a place to deliver your content, only for it to sit idle.

4. **DON'T** think of Social Business as only something for online companies.

5. **DON'T** put up a banner ad or create social profiles and expect your work to be finished.

DO think strategically about how to engage with your customers wherever they may be, including social media, search, text messaging, email and more.

DO use data, analytics and new technology to deliver your content to the people who would care. The infamous case of Target's "Pregnancy Prediction" algorithm may have gotten some folks in trouble, but the idea behind the system was sound. (pp 28)

DO consider the fact that the digital last mile is extending to traditionally offline services, like hospitality, home improvement, dining, and child care.

DO deliver digital programs that are integrated with multichannel initiatives. Last year, John Hancock became the first insurer to offer customers discounts for sharing ongoing personal data from a wearable fitness device. (pp 29)

6. **DON'T** freak out about a bad review or customer comment on social media.

DO use this as an excuse to right a wrong and gain even greater customer trust.

7. **DON'T** simply create content with no plan.

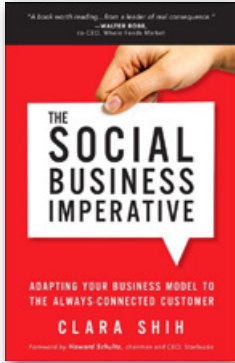
DO conceive of a well-oiled content strategy machine. Look at Warby Parker's Home Try-On Program (pp 103), where the company sources and amplifies social media content from customers.

8. **DON'T** assume that this Social Business revolution is just for millennials.

DO understand that this revolution is happening with traditional institutions, from government to healthcare to financial services.

Though social media is everyone's job, the true prize for companies is to be engaged with and informed in Social Business at the highest levels, and that starts with CEOs and boards of directors. Only then do companies stand a chance at being able to seize the full opportunity presented by Social Business. **It can drive everything from improving brand reputation and transforming employee engagement, to attracting top recruits, harnessing big data, and ultimately driving growth in an exciting new era of business.** 📌

Info



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ABOUT THE AUTHOR | Clara Shih is a Silicon Valley tech entrepreneur and bestselling author. She is founder and CEO of Hearsay Social, an enterprise software company whose predictive omnichannel marketing platform helps financial advisors engage clients across social, text message, email, and websites while complying with industry regulations. A pioneer in the social media industry, Clara has been named one of *Fortune*'s "Most Powerful Women Entrepreneurs," *Fast Company*'s "Most Influential People in Technology," *BusinessWeek*'s "Top Young Entrepreneurs," and both *Fortune*'s and *Ad Age*'s "40 Under 40." She was also named a "Young Global Leader" by the World Economic Forum.

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