SOCIAL MEDIA STRATEGY

A STEP-BY-STEP GUIDE TO BUILDING YOUR SOCIAL BUSINESS

Kamales Lardi
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CHAPTER 1

A Sustainable Approach to Social Media for Businesses

[SANDRO GRAF & TERESA VALERIE MANDL]

Glancing at the agenda for the next executive board meeting, David Wallmer prepares himself for a challenging session. As the senior director of business development in a company with more than 10,000 employees in two continents, David is responsible for all initiatives labelled 'social media'. He vividly remembers some of the board's previous discussions in the topic, which have sometimes been challenging. The lack of understanding of social media's business value and potential on the part of several executives, as well as his own inability to demonstrate returns on investment from the channels have left David frustrated.

The company David has been with for over ten years is very good at gauging the behaviour of its customers, and tailoring its products and services to their specific needs. After great effort, it has managed to position itself as a leading player and innovator in the highly competitive environment of consumer goods and today covers all major markets.

David's department was quick to recognise the digital changes affecting society. They observed the emergence of social networks with interest and soon initiated their own concept. Well ahead of the competition, David's team joined forces with the company's marketing and distribution teams in setting up a Facebook profile. While this initially focused on disseminating information to customers, interaction gradually increased. Today, the company offers customer support via Facebook. Many customer questions are answered directly by other customers, and support is provided by customer service staff only where it is necessary or requested.

Facebook was proceeded by Twitter, which was initially quite effective for one-way communication. The company mainly tweeted corporate news relating to new products or special achievements. While the Twitter feed was originally followed by journalists and existing loyal customers, the channel eventually became increasingly active and, after only a few months began to be used by potential new customers as well. Twitter followers started to use the account to respond to tweets and to make service enquiries.

As a result, the customer service department became quite busy with social media channel requests. Enquiries coming in via Twitter had to be addressed (and dealt with) immediately, in line with the dynamic nature of the medium and high customer expectations. This in turn led to higher staffing costs, particularly to cover weekend shifts. David has had several discussions with other departments regarding the impact of social media in the company. For example, the head of customer relationship management (CRM) argues that receiving requests and complaints on social media channels make it difficult to use standard CRM tools to manage and follow-up on enquiries as well as customer lead. This is because the platforms and customer data are not integrated.

As a consequence, it is becoming increasingly challenging to develop and maintain successful relationships with customers and other stakeholders. As social media became more popular throughout Europe, customers became more active in wanting to shape their experiences with the company and its products and services. They accessed their friends and peers online and interacted with them on different levels: by exchanging information and ideas, by providing peer support, leveraging their bargaining power and even engaging in co-creation. Eventually, the corporate communications department became involved and expressed the need for more proactive control of user-generated content on the social media channels used by the company.

David's company also initiated important developments in HR management including convincing recruiters to utilise social media channels to search for high potential candidates. Early on, individual staff members started using Xing to establish and maintain business contacts. As the company's operations became more international, LinkedIn also gained importance. Today, the HR managers actively use these platforms in their international recruiting activities to advertise job vacancies and identify potential candidates. However, to date this has not led to a reduction in the use, and thus the costs of more traditional recruitment methods.

In recent months there has been an increase in evaluation of the company on platforms such as |www.kelzen.com|, which is used by former and current employees and job seekers to evaluate potential employers. Negative comments by individual former employees give external users a biased opinion of the day-to-day operations of the company. Management fears that this may result in a highly subjective (one-sided) company profile affecting public opinion and perhaps even influencing representatives of employers' associations. So far, however, the company's efforts to address these risks have neither been effective nor coordinated.

Admittedly, David has profited from a very open and dynamic corporate culture that encourages a trial-and-error approach towards embracing new developments. On the other hand, pressure from senior management has increased to present financial figures justifying the investments made or proposed. At the beginning, external social media consultants promised great things and internal stakeholders placed high hopes on the use of social media tools for their business. Indeed, initially the company made remarkable progress in establishing direct access to its customers for the first time and took advantage of opportunities to learn about their likes, dislikes and desires. Customer interaction became more targeted and personal, leading to very valuable feedback. At the same time, in many ways the changes proved to be too radical for the company. While David's fellow board members appreciate the great potential of social media, they are feeling uneasy about the risks and the uncertain outcome of social media measures with regard to the company's profitability.

David will need to propose to the executive board a well-managed, top-down strategic approach embracing not only the company's goals and overall strategic direction, but also to manage reputational risks and trigger changes in organisational culture. The approach will need to demonstrate how social media could contribute to cost effectiveness and efficiency of processes such as recruitment and customer service. In addition, the company will have to implement reliable feedback mechanisms to monitor success and profitability over the coming months.

David's case is an example of the issues and sensitivities of senior executive clients of Lardi & Partner as well as the project partners of the Zurich University of Applied Sciences (ZHAW) face regularly. Those days when companies paid for their social media activities out of their marketing budgets and hoped for the best are long gone. The increasing popularity and significance of social media in the consumer lifecycle that developed over the past decade has created real challenges for companies and their long-term strategies. Social and collaborative technologies are no longer just marketing tools; they promise a broad range of benefits for companies in terms of internal and external collaboration, communication and interaction |MERCHANT, 2010|. In the medium and long term, these benefits must be transformed into sustainable, measurable profits. To this end, management today must deal with the following key questions: