On June 21, 2012, we at LEVEL5 Strategy Group hosted our sixth Leaders’ Forum with senior executives from a diverse range of industries, including the public sector, financial services, education, retail, professional services, healthcare, and non-profit, in both B2C and B2B arenas.

The topic was “The C-Suite Guide to Social Media – Your Keys to Profitable Brand Growth” and the intent was to provide a solid understanding to the C-Suite around the basics of social media, and its potential ROI, so they would be equipped to make decisions in this area that would push their organizations forward. To assist us, we were joined by a leading Digital Strategist, Gina Lijoi, Managing Partner at Rocket Digital Management.

Below are the key take-aways and insights from that day that we hope will provide a social media foundation for the busy C-Suite executive.

**THE DIGITAL ENVIRONMENT**

The common refrain by senior executives that “our company is different and doesn’t need to worry about social media” is fading away. And even though Marketing’s social media spend over the next five years is projected to double to more than 18% of the total marketing budget (according to the 2012 CMO Survey conducted by Duke University’s Fuqua School of Business), the C-Suite notion that social media is “Marketing’s responsibility,” is also changing. As a recent proof point from IBM’s latest CEO C-Suite study entitled, Leading Through Connections, indicates:

- Over the next three to five years, technology will be the number one impact on the organization for CEOs – in 2004, economic and market factors ranked as the most important impacts
- While social media today is the least used communication method by CEOs, within the next five years it stands to become the number two organizational engagement method
- CEOs will be shifting their focus to social networks, and away from e-mail and the phone, as the primary means to create closer connections with customers, partners, and employees
Note that the findings from IBM’s study regarding social media were not confined to marketing but applied to the entire organization, whether it be related to customers, employees, or corporate partners. Some in the C-Suite have embraced social media’s importance as a vital part of overall strategy, with 24% incorporating social media insights into business strategy according to another IBM study, From Social Media to Social CRM.

At LEVEL5, we have subscribed to this perspective for some time, as seen in our own whitepaper Forget Social Media: Think Social Profitability. In that paper, we fully endorsed the idea that “social media is fundamentally about profit, not marketing,” and should be used throughout an organization (not just within Marketing) to drive profitable growth, making it, ultimately, the responsibility of the CEO and C-Suite who share that profitability focus. This perspective ties into our belief that your brand is your business system™ and should be used as a management tool to align every department and function – from Operations to Supply Chain to Sales & Marketing – around a promise to the market that drives every decision and action.

When this approach to brand is applied to social media, it becomes apparent why and how social media, in alignment with the brand, can be used to drive profitable growth for any organization.

**THE FORMULA FOR C-SUITE SUCCESS WITH SOCIAL MEDIA: 5W + H**

The C-Suite holds a unique position in an organization. Although they need to know enough about the major departments/functions within their company to be able to understand how each contributes to the business system’s ability to drive profitable growth, they don’t need to know all the nitty gritty of the day-to-day activities encompassed within each – that is why they depend on their VPs.

The same holds for their need to understand social media. They need to understand the basic principles of it and how it can contribute throughout their organization to the top and bottom line, but they don’t need to know how to optimize online search, the ins and outs of running a Facebook advertising campaign, or the specific technology details for RFID tags and inventory management. Essentially they need to know the why, who, where, what, when and how (5W + H) of social media - a formula that provides i) a basis for making decisions about social media options, and ii) an understanding of how those decisions may impact the bottom line.

So let’s dive into the formula and see how it can help, starting with the Why.
Social media has the potential to enhance your competitive advantage, stimulate your revenue, reduce your costs, and drive overall profitability and ROI. 

The Why of Social Media

Why care about social media?

Because it has the potential to enhance your competitive advantage, stimulate your revenue, reduce your costs, and drive overall profitability and ROI.

To cite just one proof point, according to the 2012 Edelman Trust Barometer, an online survey sampling 25,000 respondents in the general population across 25 countries, the following sources were found to be most credible in providing information about a company in order of trustworthiness:

- Academic or expert (68%)
- Technical expert in the company (66%)
- A person like yourself (65% - a 22% increase form 2011)
- Regular employee (50% - a 16% increase from 2011)
- NGO representative (50%)
- Financial or industry expert (46%)
- CEO (38% - down 12% from 2011, and the largest drop in survey history)
- Government official or regulator (29% - down 14% from 2011)

Most of these sources are ones that organizations have traditionally had limited opportunity to influence due to sheer volume and lack of control, especially “people like you” and “regular employees”. Social media provides a unique, efficient, and effective tool to engage with all of these people/potential sources of business to provide them with the right information that they can either use themselves or pass along to others to drive demand and revenue.

In other words, social media isn’t about the CEO having a blog, but about the company as a whole engaging in a two-way conversation that is already in progress.
If you choose to ignore social media, and therefore your market, you’re also choosing to ignore the opportunity to drive your business forward or protect it from going backward. Just ask Kryptonite, a leading bike lock manufacturer. In 2004 a “person like yourself” (to steal the moniker from the Edelman study) posted a video of how a Kryptonite bike lock was broken into using a simple Bic pen. Instead of engaging with the market through social media, Kryptonite chose to ignore it, and it was their absence from the conversation that earned huge attention, eventually resulting in an estimated $15M in product recalls.

Through the act of engagement social media helps organizations, and their leaders, participate in the shadow conversation. This can help them gain valuable insight into the underlying beliefs the market has about their brand and result in better innovation, reduced cost, and overall business improvement.

We’re talking about real money that can have a real impact on your top and bottom line due to social media, and that’s why the C-Suite should care.

**THE WHO AND WHERE OF SOCIAL MEDIA**

When you understand that your brand is your business system, you also must acknowledge that it speaks to more than just current and potential clients and employees. You have to include the full range of stakeholders, including your suppliers and partners, shareholders and bankers, government regulators, NGOs, the media, and the general public. Each group can behave in ways that could tangibly impact your brand, balance sheet, and income statement.

As a member of the C-Suite, you must also remember that your personal communications can influence, for better or worse, any one (or a number) of these stakeholders. The personal brand of business leaders may even eclipse the organization they’re leading, as people like Richard Branson, Michael Dell, Bill Gates, Steve Forbes, and Arianna Huffington demonstrate.

The result is that the responsibility for using social media to communicate the messages of leaders and their organizations can’t be left to the intern because they’re young and are on Facebook — the role is far too important and influential for that.

The question is, then, where should the responsibility lie within your organization for communicating the key brand messages through social media?
For each organization the answer will differ based on the unique characteristics of their brand strategy, structure, and staffing. For smaller organizations run by an influential and involved founder, the answer may be that the founder takes on that responsibility. For larger organizations that depend on a deep infrastructure and team to run the business, the answer may be more complex with multiple coordinated touchpoints.

Again, when your brand is your business system and social media is used to drive overall profitability, no one individual necessarily has the ability to provide in-depth social media management for every department. In the case of larger organizations, each department or role should consider managing that responsibility for themselves while ensuring that their activities remain aligned with the overall brand strategy as determined by the CEO:

• Starbucks is a great example of an organization whose HR department uses social media related to job opportunities and communicating with new hires;
• Rogers Communications’ customer service department uses social media as part of their effort to deal with customer service issues;
• Home Depot and Dell both use social media to alert the market about offers, discounts, and other sales-related opportunities; and
• At Microsoft, Forbes, and The Huffington Post, the founders each have their own social media channels to engage directly with their stakeholders.

As you can see, assigning responsibility to communicate with stakeholders through social media should be determined by the unique structure and nature of the organization, and it may be centralized or distributed as a result.

What it should not be is left as default to the hippest kid in the office because they’re young and know the difference between SEO and RSS. Ultimately, it’s the CEO’s responsibility to choose a digital strategy in line with the brand and operating model because the complexity of stakeholder management and potential impact on the bottom line is too important to leave to anyone else.
THE WHAT OF SOCIAL MEDIA

Every day, it seems, a completely new social media platform “goes viral” as the next big thing, and this is undoubtedly true. But today there are four key platforms that must be understood in order for the C-Suite to make effective decisions, each with their own positives and negatives:

For example, Dunkin’ Donuts used Twitter (and nothing else) to launch a new product into the market place. They created a contest in which the winner would receive advance access to their newest Mocha K-Cup pack before anyone else in the market. For Dunkin’ Donuts, Twitter was a channel that reached their target audience, worked well with a contest campaign format, and enabled them to engage and strengthen their relationship with that market, all very cost effectively.
On the other hand, Blendtec, maker of the world’s best blenders (it proclaims), uses YouTube to create videos of Tom Dickson, the founder, blending everything from golf balls to credit cards to Bic lighters to an iPhone. The Blendtec team realized that video was the best platform for them to get across their unique selling proposition given their market and the qualities of their product, and they seem to be right — Tom has appeared on The Tonight Show and The History Channel, the videos were nominated for the 2007 YouTube award for Best Series, winner of .Net Magazine’s 2007 Viral Video campaign of the year, and winner of the Bronze level Clio Award for Viral Video in 2008. As of February 21, 2012, the Blendtec series of videos had also collected a total of 188,170,865 views on YouTube and by 2010 increased sales by 700%.

Intuit, on the other hand, uses an internal collaboration platform that helps new ideas get to market in 5 months (on average) vs. 13 months previously, as at 2010.

Once you understand the nature of each platform, the characteristics of your market, and your objectives, what social media platform(s) work(s) best will become much clearer.

THE WHEN OF SOCIAL MEDIA

The question of when/how frequently you should post/update (regardless of platform) is a common one and although, as a general rule, more frequency equals better impact, the reality is that how often you post takes a back seat to what you post. It’s pretty logical that daily posts of unfocused content that doesn’t speak to the intended market is going to be less effective than weekly (or even monthly) posts focused on meeting the needs of a clearly defined audience. Yet many get caught up in the need to provide quantity and thus blunt the overall effectiveness as a result.

One of the key tactics to a) determine a frequency rate, and b) create great content that speaks to your audience, is to create an editorial calendar. It will help focus your conversation thematically, identify how content, partnerships, photo, and video assets can be leveraged, drive the value and lifespan of the content, and, in the end, save you money by linking social media to your existing business activity.

As a general rule, more frequency equals better impact but the reality is that how often you post takes a back seat to what you post.
Social media cannot be controlled - if there was ever an argument about whether the organization or the audience controls the brand, this fact would tip the scales to the audience.

BY OFFERING TRUE VALUE TO THE AUDIENCE AND PLANNING FOR THE WORST, ORGANIZATIONS CAN REDUCE THE CHANCE OF SOCIAL MEDIA BACKLASH.

THE HOW OF SOCIAL MEDIA

Social media, and the behaviours it allows, cannot be controlled — if there was ever an argument about whether the organization or the audience controls the brand, this fact would tip the scales to the audience. The very nature of social media lies in its ability to provide a very public platform for multi-way conversations that can scale to hundreds of millions of people - a fact that scares many organizations. Therefore the question of how to assess and mitigate the risk involved is critical.

A good way to avoid this risk in the first place is to offer real value to your audience. Dell, like many organizations, does this very tangibly by using social media to communicate about sales or special discounts. Others provide value-added service through online forums that answer almost every question a customer could have, while still others, like Air Canada, use social media to identify and neutralize customer complaints by sending coupons to individual posters.

The reality though is that it’s easier said than done, as McDonald’s recently discovered. Their Twitter-based initiative intended to gather heart-warming stories about McDonald’s meals backfired when the hashtag “McDHorrorStories” took over the campaign and quickly attracted descriptions of the worst McDonald’s experiences. The problem was that there was no value to the audience in writing these stories, especially because it wasn’t an organic movement spawned by genuine interest, but a requested, and therefore, self-serving one.

To prepare in advance for the potentially dark side of social media, it often helps to develop a Risk Assessment Plan that:

1. identifies possible negative situations that could occur,
2. describes the larger risk each situation could result in,
3. lists the steps necessary to determine if the larger risk will come to pass,
4. quantifies the probability and severity of the situation occurring,
5. details an action and fallback plan to mitigate the risk, and
6. assigns responsibility to a person, team or department.

Offering true value to the audience AND planning for the worst can help organizations in two ways: 1) it can reduce the chance of social media backlash while providing organizational leaders with the assurance that, should the worst happen, they’re prepared, and 2) it can help foster a positive community online.
Throughout the Forum, the idea that social media needs to drive profitable growth was continually emphasized. But, like any good C-Suite, the senior executives attending wanted to see the numbers, and they did with these success stories:

- American Express ran a Twitter-based campaign called Sync, where Amex users “synced” their cards with their Twitter accounts. Amex, through its corporate partners, provided unique discounts and offers that Amex card holders could take advantage of by tweeting the hashtag of the offer. So, for example, if an Amex cardholder had “synced” their card with their Twitter account they could receive an offer through Twitter to get a free latte at Starbucks. When the cardholder tweeted the hashtag of the offer, it would automatically get uploaded to their Amex account and when the cardholder used their card at Starbucks to buy a coffee, their Amex account would get automatically credited for the amount of the offer. An interesting idea, but what really interested our C-Suite the most were the results:
  - Partners – McDonalds, Best Buy, Whole Foods, FedEx, H&M, FTD, Dell
  - 211,741 tweets – 263 tweets/ hour
  - 34,375 users – 117 new users/ hour
  - Total discounts awarded – $2,799,640
  - Total consumer spend – $12,835,570 – that’s net new revenue for Amex that they wouldn’t have generated without using social media (source: Visibili)

- From 2007-2009, Dell generated net new revenue of $6.5 million through direct customer interactions on Twitter, according to Bloomberg

- A study from Deloitte indicates that gross revenue enabled by activities of Facebook equals 32 billion Euros, which converts into an economic impact of 15.3 billion Euros, supporting 232,000 jobs.

- In a recent article, Forbes pointed out that:
  - Lowe’s Home Improvement realized $1M in additional revenue from a new way of selling paint that came from an employee’s idea that was shared and vetted through an internal social collaboration system;
  - Royal Bank of Canada realized an 18% improvement in customer satisfaction from implementing a social customer care system that was integrated with their traditional call center applications.

These are just a few stats that demonstrate the real, bottom-line impact that social media can have on an organization.
A NEW REALITY OF SOCIAL MEDIA

Although the principles of “going social” really harken back to a less technological society driven by stories and an oral tradition, the technology itself inherent in today’s social media does provide a catalyst for a new way of thinking - a new reality - that often challenges conventional ways of doing business in a variety of areas, such as:

PUBLIC RELATIONS

Often, executives will claim they don’t have the time to undertake social media initiatives but they will quickly agree to do a media interview. The reality is that you have more control over your message with social media (you’re developing it, after all, and not dependent on a journalist to interpret and position your words in the way you’d like), you can get immediate response and iterate as necessary, and it’s free (aside from the time invested) – no need to hire costly consultants.

TRANSPARENCY

Many business people fear transparency, believing that it will bare their mistakes to all. The reality is that mistakes will invariably happen and when they do, social media provides a platform to own up to them and describe how they’ll be fixed, which often goes a long way to soothing critics. It’s no longer about being perfect but being responsive, and social media is great at helping organizations be responsive.

CONTROL

Control of the brand within the organization and outside of it remains a major concern for business leaders, especially with assets that are so important and valuable. The reality is that while social media reduces the ability for all organizations to control their brand, it does at the same time provide an enhanced opportunity for you to gain insight into brand perceptions (and company reputation) and to influence those perceptions positively.
AUTHENTICITY

Many executives cling to the corporate-speak that has been traditionally used inside and outside their organization, developed during a time when organizations talked at their stakeholders, not with them. The reality is that these stakeholders, including employees, current/prospective clients, and corporate partners, want more and more to be engaged as people, not statistics, and while social media provides a platform to connect, the language, tone and approach must be one that is as authentic to the brand as possible.

ENABLING NEGATIVITY

Often, as as already mentioned, the prospect of proactively providing a forum for stakeholders to (potentially) air their dirty laundry is anathema to most business people. Without the forum, they suggest, critics won’t have the ability to broadly communicate their complaints. The reality is that people are talking about you through social media whether you provide a forum or not. At least by participating in social media, you’re able to know what’s being said and, if possible, nip it in the bud before it gathers steam. Consider social media a tool for gathering market intelligence, and not just on your customers but on your competitors too.

COMMUNICATION & MESSAGING

As mentioned above, it used to be that organizations would talk at its stakeholders, be they employees or customers, as the dominant form of communication and messaging. The reality is that people no longer want to be talked at, but talked and engaged with. Think of using social media to engage with your stakeholders as you would engage with guests at a dinner party:

• Don’t shout
• Respond immediately
• Do it for free (you don’t charge guests to come to your house)
• Give your guests a reason to come, and to stay

MEASURING SUCCESS

The common metrics of success in marketing have been centred around awareness, loyalty, and engagement, most often with a narrow focus on the external market. The reality is that these marketing metrics, while important to social media, are not the only metrics to be considered. As we’ve said, social media should be used to drive profitable growth throughout the business system and engage with all key stakeholders. That means metrics like ROI, employee engagement, and inventory costs and turnover should also be considered for the list of important metrics since social media can impact each of them by helping to align the entire business system. These additional metrics also elevate social media out of the exclusive and narrow realm of Marketing and into the broad and integrated domain of the C-Suite.
Our Leaders’ Forum was intended to provide a social media foundation for the C-Suite to help them make the most efficient and effective organizational decisions related to social media. At the end of the Forum, each of the business leaders attending was asked to talk about the insights that, to them, were most important on the topic of driving profitable growth using social media. Here’s what they said:

- Conquer your fear of the unknown - the benefits of social media outweigh the risks.
- Measure what works – and what doesn’t – and challenge yourself to find or develop metrics that can be tangibly measured and also reflect your objectives (still the biggest concern by the C-Suite with social media).
- Be proactive not reactive, but if reactive, be quick.
- Use social media to reflect your personality, and that of your organization, honestly and authentically.
- Social media is just one channel to help you achieve your objectives – it’s not everything.
- Social media is really a merger between customer service (reactive) and content production (proactive).
- Your social media approach needs to fit your unique organization, market, and overall needs – it’s not one-size fits all.
- There’s a difference between “spinning” the truth and being transparent and “telling” the truth – social media should build trust not manipulate.
- ROI, while important, is not as important as originally thought – the opportunity cost of NOT participating also has huge value.

Ultimately, the main issues with social media are not about whether you can afford to do it but whether you can afford not to, and how you can best leverage the power of the internet to create community and drive profitable growth.
To learn more about how LEVEL5 can help you drive profitable growth for your brand through social media, give us a call at 416-361-3468 ext. 236 or e-mail us at info@level5strategy.com.

You can read more about our perspective on brands and business at www.level5strategy.com, on our Facebook page, or by following us on Twitter @level5strategy.

ABOUT ROCKET DIGITAL MANAGEMENT

Rocket Digital Management Inc. offers digital strategy, web development, and social media services. Comprised of a network of the best and most accomplished leads across multiple areas of practice, they design and deliver elegant, ROI-

1 http://www.beingpeterkim.com/2012/01/social-business-roi-examples.html
2 http://www.beingpeterkim.com/2012/01/social-business-roi-examples.html