

A thought paper on the strategy for competitive advantage of LinkedIn

Sanjna Srivatsa

University of Maryland, College Park

Abstract

One of the most interesting facts about LinkedIn is that it started off 14 months before Facebook did. This means that right from the start LinkedIn had a game plan and a specific target audience to address. The very first move of building a professional network orchestrator when there wasn't a giant in the social space itself was good. The rate at which LinkedIn has grown and gained traction is incredible. LinkedIn claims to be solving a social problem of unemployment and employability. Is LinkedIn a true hero or is it a scam that millions fall prey to?

Keywords: LinkedIn, Competitive Strategy, Information Management

A thought paper on the strategy for competitive advantage of LinkedIn

Sanjna Srivatsa

University of Maryland, College Park

Current Strategy

One of the most important things that works for LinkedIn is their entry into the market. They've been around for more than a decade and according to an article I read, LinkedIn has 3 times more success rate for a 'visitor to lead conversion' than Facebook. With a whopping 3.47 billion users, LinkedIn is said to have 4 times more 'company homepage redirection' than Facebook. (inc.com, 2015).

These numbers are phenomenal but does it mean money? The third quarter of LinkedIn's revenue reported 37% year over year growth to \$780 million. Clearly LinkedIn is exploiting its user base and translating it to a revenue stream (press.linkedin.com, 2015).

What might have not been working

February 5th 2016 marked one of the worse days for LinkedIn. The stocks plummeted from \$192 to \$108 overnight. The reason for this was LinkedIn's ill planned proclamation of how 2016 was not going to be as rosy as they expected. All values of LinkedIn's first quarter showed results drastically lesser than the analyst prediction. Investors reacted, causing roughly \$10 billion of the company's approximately \$25 billion market cap to evaporate instantly.

There was also a considerable reduction in online sales revenue. The premium subscription and Recruiter lite also took a downward trajectory.

What's working. LinkedIn has grown so much from where it was a decade ago. What seemed purely like a professional networking website has grown to be so much more that we

could ever imagine. After barely 3 years of inception the company books profits, with the introduction of subscriptions for small businesses and recommendations to connections. In 2008, they took their first step to going global and expanding their platform to various languages. This was a smart move enabling diverse market expansion because most professionals around the world prefer to communicate in their native language. The entry of Jeff Weiner to the company marked glory for LinkedIn, pushing it to hyper growth in 2010. With 90 million members, LinkedIn became a publicly traded company. Choosing a new CEO surely proved to be a good move by the board.

Recently (2014) Jeff claimed to have the economic graph of the world as their plan for the next decade. Not only does the idea seem visually cool and conceptually impressive, but it hints at their inner motives. The company will hold professional and economic data of the world, structured and visualized, like no other entity could ever do. (ourstory.linkedin.com, 2014)

What should be changed. I have a strong opinion about the video shown to us in class, where Jeff Weiner delivers an impeccable speech about the ten year plan for LinkedIn (LinkedIn's vision for the next 10 Years, 2014). Jeff Wiener's whole speech about LinkedIn changing the way professionals network is amazing! No complaints. But I noticed how he never let a chance go by where he could talk about how LinkedIn is solving a global problem of employment disparity. While they do have good tools like Recruitment Lite, Lynda and Premium, all tools are extremely pricy and not something that students or the unemployed can afford to pay. The premium subscription for a job searchers account is \$22 per month (no citation, I speak from experience) and while students in the United States might find it pricy, students in most parts of the country will not be able to afford it. How so you propose to solve the global problem of disparity and employability if the initial filter is based on the fact that your

prospective employable students' base is only the slightly wealthy or middle class? It's okay to be completely profit oriented and commercial. I am just not okay with veiling their revenue model with a philanthropic motto which does not even make sense.

Future strategy. Considering that they have blatantly proclaimed to want to solve a social issue, I'm going to talk about this first. If it wouldn't make sense economically to completely waive it off, subsidizing the student subscription plan or the job search plan could be a start. This means more talented and well deserving students get on board. The recruiters always complain about how they never find the right candidate, with the right ethics, the right attitude, and the right skillset. They're right! How would they? When they're going about it all wrong. Students in the senior year or penultimate year of graduation are on the look-out for jobs. They want to have a job locked in so that they have peace of mind to help them focus better. This is only partly right. The students feel satisfied knowing where their career is headed and subconsciously work towards making themselves a better fit for the role. While training is an easy task, attitude and aptitude is hard to build. Companies must test the students on their passion, attitude, adaptability and pace of learning rather than the match in the skillset.

I suggest a paradigm shift in the model. Candidates or students, filtered by their field of interest or domain of study could be tested for all the factors that matter to the company's goals. These factors being agility, aptitude etc. Since the candidate is already of the domain that is required by the role, there can be a fixed time period where the candidate is trained through the 'oh so many tools' that LinkedIn provides, or even external tools. If they shift to this operational model, I think the world will see the difference in the level of performance by new entrants. This does not have to be specific to LinkedIn, It works for any talent solution. Extending a little more on the talent solution aspect, having many more campus events like Hackathons and coding

challenges could also help getting more students on board to the subscription program, may work like subtle advertisement. Increasing sensitivity and relevance of job suggestions to a candidate based on the browsing, hover-over objects, and page visit history will help. People in search of a job always spend the most time online, and collecting user data strategically will help increasing relevance of job suggestions.

Now coming to data, Jeff Wiener spoke about a really impressive idea of ‘global economic graph’. They have also added a lot of new features, the INfluencer program, publishing technical content and posts, Pulse (news), Alumni outreach and many more. There aren’t public mentions of how much of our data they sell to which organizations, so my suggestions might be repetitive of what they are already doing. Since the name and email id are public knowledge, they can pull up the users Facebook Profile, and by the travel patterns on Facebook they can report to companies the willingness that a candidate might have to relocate. I am unsure about the ethical aspect of this, but since Facebook data is now public data, they can also evaluate a person’s Facebook profile to evaluate how open, bold, adventurous or passionate a person is and how this aligns with the qualities required for a job. The same can be extrapolated to twitter activity as well.

Stepping aside from the job perspective, their new acquisition of SlideShare opens a Pandora of new opportunities. The data on slideshare is all in the form of presentations, and PDF’s. This data has rich clean metadata which can be easily structured and transcribed to different forms using OCR. SlideShare has clear mentions that no data, even if intellectual propriety, if put on SlideShare stays private. So this data can be converted to pure text, or transformed to articles, or can be extracted to a rich bank of images or can even be sold to business schools.

References

You're in Desperate Need of a LinkedIn Strategy. Here's How to Get Started (Infographic).

(2015). Retrieved April 11, 2016, from <http://www.inc.com/justin-bariso/you-re-in-desperate-need-of-a-linkedin-strategy-here-s-how-to-get-started-infogr.html>

LinkedIn Announces Third Quarter 2015 Results. (n.d.). Retrieved April 11, 2016, from

<https://press.linkedin.com/site-resources/news-releases/2015/linkedin-announces-third-quarter-2015-results>

(n.d.). Retrieved April 11, 2016, from

<http://www.forbes.com/sites/kathleenchaykowski/2016/02/05/five-reasons-linkedin-had-its-worst-day-ever/#6423a62417c4>

A Brief History of LinkedIn. (n.d.). Retrieved April 11, 2016, from

<https://ourstory.linkedin.com/>

[LinkedIn]. (2014, May 13). LinkedIn's vision for the Next 10 Years. [Video File].

Retrieved from <https://www.youtube.com/watch?v=jm15S1QmOTw>

