Book Open Leadership

How Social Technology Can Transform the Way You Lead

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Recommendation

Social technology is changing the face of business as it changes the core element at the heart of business: relationships. Charlene Li, co-author of the best-selling *Groundswell*, moves you into tomorrow's world of business connections with tools, cases studies and practical experience. Some of her examples might seem a bit obvious, but her advice remains sound and grounded in the real world. *BooksInShort* recommends Li's forward-looking approach to executives, PR leaders and managers of any-sized business seeking greater social technology involvement.

Take-Aways

- Social technologies foster new relationships with broad implications for business.
- Customers have more power than ever and expect a two-way conversation with you.
- A disgruntled customer can broadcast his or her bad opinion of your business to a far-reaching network.
- Social media can undermine your business or increase its productivity.
- Structure is crucial in social technology policies.
- Decide how open or closed your company should be about information sharing and decision making.
- Assess your firm's existing attitudes, social media practices and information workflow.
- Open organizations need collaborative leaders who quickly forgive and move forward.
- Put technology "zealots" – social-tech-savvy workers – in strategic positions during your transition to more open policies.
- Becoming an open organization or an "open leader" is an evolutionary process.

Summary

Brave Open World

The Internet and the proliferation of social media foster a more open, transparent public sphere. Most traditional corporations resist increasing their internal and external transparency. They hold outdated beliefs about secrecy and control over their image and internal affairs. Your company needs a robust, customer-facing social media presence to engage the millions of potential customers who connect to Facebook, Twitter and other online apps every day.

> "Companies that are both deeply and widely engaged in social media surpass other companies in terms of revenue, gross margin and gross profit performance by a significant difference."

This new open environment requires a new, more open leadership style, based on greater flexibility and an expanded comfort zone for criticism and personal sharing. That might disconcert "command and control" leaders and threaten those vested in traditional hierarchies. This takes planning. Openness without a strategy that pursues specific objectives can yield frustrating – and frustratingly expensive – results.

> "The parameters of success have changed from process control to innovation."

Power has shifted to consumers, who can create their own media and can broadcast opinions to their own networks. Issues that companies fail to address can end up

as the subject of viral tirades. But technologies that can undermine your company's reputation can also provide additional productivity. Recognizing how much control to give up – and where and when to relinquish it – is a hallmark of those who successfully leverage their online platform. To establish meaningful control again, appreciate and embrace the power that other stakeholders can exert. Then determine how you'll achieve your goals in a new, open environment.

"New Rules" of Engagement

Your business is based on your relationships with customers, partners and employees. Leading openly means accepting that these stakeholders all have power. Share information often to build trust. If you convey the real values of your organization, you will shape a workforce that acts accordingly. Be curious about and honest with your customers. Consider the perspective of other stakeholders. Communication is a two-way street: Expect civility in exchange.

> "By enabling your employees to hear and learn directly from customers, you empower them to use that information to do their jobs better."

The aircraft carrier USS *Nimitz* shows how organizations can be closed and open at the same time. The captain gave a group of visiting bloggers liberty to walk almost anywhere and talk to anyone. The members of his crew understood their mission well enough to know what to talk about and what not to discuss, and, within those unspoken boundaries, they shared freely. The US Navy is open with its information while retaining a strict hierarchy for making decisions.

> "Organizations need to develop the organizational flexibility to adapt to fast-changing situations."

Openness incorporates four decision-making approaches – "centralized, democratic, self-managing" or "distributed" – and six information-sharing categories:

1. **"Explaining"** – Clarify what you're doing to create buy-in.
2. **"Updating"** – Frequently tell customers what you're doing. Internally, use blogging and other social technologies to track projects.
3. **"Conversing"** – Encourage dialogue with all stakeholders, internal and external.
4. **"Open mic"** – Let other people have a say. The UK electronics company Premier Farnell has an internal site – OurTube – where staffers share best work practices from around the world.
5. **"Crowdsourcing"** – Take advantage of the wisdom of crowds.
6. **"Platforms"** – Define your social media infrastructure in terms of its openness.

"Open Architecture"

Apple has created an open architecture platform for developers who have designed literally millions of iPhone applications, catapulting Apple to market dominance. Some developers complain that Apple's standards aren't open enough, but it's Apple's choice how open it will or won't be. By using "open data access" platform sharing, companies allow developers to create applications that use existing sets of data in customized ways. For instance, Craigslist participants can use Google Maps to show the location of real estate for sale.

How Open Do You Want to Be?

Clarifying your firm's goals – whether to "learn, dialogue, support or innovate" – will help determine your strategy. When you're working with employees or customers, learn about them. Having and monitoring social media conversations with your consumers lets you integrate feedback directly from your client base into your customer services or sales response. This gives you the advantage of real-time feedback on your goods and services. Such information empowers employees to do their jobs more effectively.

> "By opening up their platforms to outsiders, [Facebook and Apple] have turned over the customer experience and relationship to nonemployees...thereby locking in the loyalty of both those users and the developers."

Your market research team should implement and integrate online communities. These communities have grown beyond simple forums where members help others solve problems. They have become online meeting halls where people exchange stories and best practices and test new ideas. The downside to social media's inexpensive, robust capabilities is determining what's relevant in an avalanche of information. Luckily, better tools keep emerging to help you analyze this data. Just deciding to participate in a social media exchange is a positive message about your firm to your online consumers.

> "Communications need to shift from relationships that are transactional, short-term and impersonal in nature to ones that are more long-term focused, personal and intimate."

How much to open up your firm to internal and external engagement depends on your unique business. Toronto General Hospital's leaders wanted to gather employees' input, but felt that too much feedback would damage its hierarchy. So management asks the workforce for anonymous feedback on one weekly question and posts the question, responses and resulting changes on bulletin boards for all to read.

Benefits Versus Risks

Cultivating relationships is the foundation of any "open-driven" strategy. But online platforms like Facebook and Twitter haven't been around long enough to build a long-range body of managerial experience and data. However, a Google analysis of the top 100 brands worldwide shows a correlation between open engagement and revenue. This doesn't establish a causal relationship between revenues and social media, but these brands all prioritize open leadership.

> "We found there was correlation between deep, broad engagement and financial performance, specifically in revenue and profit."

Dell Computers realizes substantial, direct and measurable benefits from tweeting sales on its @DellOutlet Twitter feed. Ford measures its online "buzz" factor: It translated excitement about its Fiesta model into a genuine "Fiesta Movement." Ford gave 100 online celebrities their own Fiesta to drive for six months and awarded them points for their blog posts, tweets, photos and videos. By the time of Fiesta's official launch, more than six million people had viewed Fiesta-related videos on

YouTube and 3.7 million had read tweets.

> "More than half of P&G's products have a component that was sourced externally, up from less than 10% in 2001."

The risks of greater openness relate to loss of control. Minimize those risks by building rules and structure into your open-driven policies. Teach employees to behave consistently in alignment with company goals and values, and tell customers to be civil. Typically, "social media guidelines" establish "guardrails" for community engagement. Involve your legal department from the beginning so you understand their concerns and allay their anxieties. Include a review process for rule violations.

Opening Up the Organization

"Socialgraphic" profiles can help you understand how your customers and employees relate to social media. Figure out where your customers go online and which platforms your employees prefer. Analyze how these groups engage. Do your employees use social media to share work-related information? Conduct an "influence" audit and then outline how information flows so you can identify staff networks. Identify primary stakeholders and work for their commitment to your openness strategy. Try to anticipate scenarios rather than having to learn from costly mistakes. Moving your firm to greater openness will "push" decisions closer to where problems arise.

> Companies must "humanize marketing and communications, replacing the nonspecific 'voice' of the company with a person and a meaningful relationship."

The structure you choose for greater openness will vary according to your culture and goals. Humana, a US insurance company, invited each of its departments to design an approach that fit their requirements, within the broad strategy of creating more openness. That method is known as an "organic model." Department representatives meet monthly to exchange best practices, but Humana makes no additional budget allocations to subsidize these efforts. This organic approach is good for organizations just stepping into social media.

> "Leadership takes on a different dimension in a connected, networked world – that of being a catalyst for change both outside and inside the organization."

A "centralized" approach lets a small group of executives make decisions about social media. This fuels consistency across platforms. In "coordinated" structures, a central group generates policies, but individual departments and employees implement them according to departmental needs and goals. Offer relevant training to help your workforce become more open, and offer well-designed incentives to propel your initiatives.

"The Open Leader"

Leaders with a "pessimistic mind-set" fear ceding control, so making the transition to a more open leadership style requires "optimistic leaders," those who tend to trust the best intentions of others and have confidence that employees will act for the good of the organization. Open leaders must handle criticism, warranted or not. They must appreciate the value of collaboration outside the organization and inside, where teamwork should cut across departments and job categories.

> Google is "able to identify and separate the personal competencies of people from the failings of a particular project, allowing good people to take risks again."

Open leaders come in many different forms. The "realist optimist" believes in the benefits of open collaboration and understands the obstacles. "Worried skeptics" obsess about how openness can go wrong and tend to adopt a command-and-control style. These leaders often want to handle telephone calls or journalistic inquiries themselves when problems occur. "Cautious testers" are also pessimistic, but they see the value of greater openness and collaboration. Clear rules of engagement help allay their fears. "Transparent evangelists" believe in the transformative power of technology, but lack the training to coordinate open policies across the organization.

> "If you're not present and conversational, the future open leaders of your organization are going to pass you by."

Being an "authentic" leader is a platform you can shape and control. People seek traditional characteristics in their leaders – honesty, reliability, fairness – but it's up to you when and how to reveal information about yourself and your decisions. Sharing over time builds trust. Open, responsive leaders teach the best lessons about openness.

> "It takes time to shift a mind-set, and it happens only with repeated successes."

Demonstrate greater transparency by giving your staff a glimpse into your decision making and updating them along the way. When you can't be open, say so. Increasing social connections throughout your organization gives everyone greater management experience, skills that translate well as you promote employees. This kind of connecting can threaten existing hierarchies; to those accustomed to rigid structures, relinquishing control means risk. Identify and engage tech "zealots" to help spread enthusiasm.

People will make mistakes and, in an open world, you can't hide failure. Google – where the mantra is "fail fast, fail smart" – welcomes errors as a sign of innovation and quick implementation. Separate the failed project from the persons involved to make it clear that they as individuals have not failed. Anticipate disaster by running through projected worst-case scenarios and devising emergency response messages. A forgiving attitude is an important element of open-driven policy. Trust will build over time.

Open Transformation

Conduct an assessment to see if openness fits your stakeholders' mind-set. If they don't have the right tools or attitudes, think about hiring strategic support or guidance from outside your firm. Different companies roll out openness strategies differently. Cisco, a very command-and-control corporation, focused first on its executives and built outward. Companies like Cisco that have had great transformative success let open policies evolve organically and learn through trial and error.

You may not think of the US State Department as an open culture, but Secretary of State Hillary Clinton has backed many new social tech initiatives, especially in the

area of strengthening diplomatic relations. The US Embassy in Jakarta, for example, has its own Facebook page with more than 20,000 "fans." Openness brings change, which can be painful. But the world is opening up and your company does not want to be left behind.

About the Author

Charlene Li is the founder of the Altimeter Group. She is also the co-author of the bestseller *Groundswell*.