

Building the social enterprise

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By following a few simple principles, leaders can realize the vast potential of social technologies to engage employees and transform organizations.

Why do so few companies capture the full value of social technologies? There's no doubt organizations have begun to realize significant value from largely external uses of social.¹ Yet *internal* applications have barely begun to tap their full potential, even though about two-thirds of social's estimated economic value stems from improved collaboration and communication within enterprises.² Although more than 80 percent of executives say their companies deploy social technologies,³ few have figured out how to use them in ways that could have a large-scale, replicable, and measurable impact at an enterprise level. Just over a quarter of executives say that their companies have significantly incorporated social technologies into the day-to-day work flow by, for example, adapting internal structures, systems, processes, and practices to the greater connectedness they enable. Maximizing the odds of successful integration by coupling them with a robust organizational-change program is generally an afterthought, at best.

Companies are missing a potentially huge prize. The McKinsey Global Institute last year estimated that \$900 billion to \$1.3 trillion in annual value could be unlocked in just four sectors by products and services that enable social interactions in the digital realm. That's not easy to do, but a large part of the problem is that many companies, viewing social technologies as yet another tool to be implemented rather than as an enabler of organizational transformation, fail to identify the specific organizational problems social technologies can solve.

These companies find that mind-sets are hard to shift, whether they're trying to persuade employees to use social technologies rather than e-mail or to evolve into an environment where information sharing is standard. Often, leaders think social technologies can be left to IT or marketing, while others are simply intimidated by possible risks. And many are so focused on the technologies themselves that their ability to

empower a dynamic, integrated business- and cultural-change program that drives productivity, innovation, and collaboration in core business processes is largely ignored.

So what should be done? We see four principles that should guide the implementation of social technologies.

Add value, not complexity

Social technologies add the most value when they become central to the organization and complement (or, ideally, substitute for) existing processes. They shouldn't be distracting "extras"—they should be embedded into the day-to-day work flow. Consider the experience of The MITRE Corporation, a not-for-profit organization that provides IT, research-and-development, and systems-engineering expertise to the US government. When the company identified an urgent need for employees to collaborate more easily with colleagues and external partners, it used open-source social-networking software to build and customize its own social platform, called Handshake. The platform is secure, invitation only, and integrated with MITRE's collaboration- and knowledge-management tools, so staff can start using the tool and make it part of their daily work seamlessly.

Provide essential organizational support

No particular social technology can transform organizations on its own. Companies must define their objective, select a technology, and then consider the additional elements of organizational change required to support it. That might mean everything from role modeling to fostering understanding and conviction, building capabilities, and aligning systems and structures. We call this approach the influence model—it encourages mind-set and behavioral shifts that assist organizational transformation.

When Canadian financial-services company TD Bank Group launched an internal social-media network, using IBM's Connections platform, for example, individuals were designated as "Connections Geniuses" to spur its adoption. This group helped colleagues learn how to use the platform and evangelized for its ability to improve day-to-day work, thus making the potential impact more relevant to individual users. The support that's required to maximize the odds that social technologies will be implemented successfully should obviously be customized to the needs and culture of individual organizations. But make no mistake—support *is* essential.

Experiment and learn

Top-down implementation directives don't work for social technologies—and in fact directly contradict their very purpose. Organizations should adopt approaches that emphasize testing and learning; any lack of impact must be viewed not as a failure but as a lesson learned. Developing an atmosphere of experimentation enables organizational learning and keeps alive the possibility that technologies may have unexpected successes.

The mantra “Think big, start small, show impact” guided TD's social-platform launch for its 85,000 employees around the world. A small pilot program launched in 2011 allowed the company to manage technology risks and thoughtfully identify communities for the platform. As examples of success became clear, TD leveraged its Geniuses to help it scale up the effort. This process of testing, learning, and thoughtful growth was instrumental in expanding the platform, which now has thousands of communities, blogs, and wikis that help colleagues find relevant knowledge and skills quickly and easily.

Track impact and evolve metrics


The head of social media at global shipping company Maersk Line, Jonathan Wichmann, discovered some 14,000 images in its photographic archive during his first week at work.⁴

Recognizing an opportunity to share the company's rich history and engage both employees and outsiders, Maersk Line launched a low-cost, experimental social-media campaign. No metrics were attached; at this stage, the company was unsure of what to measure.

After the initiative took off—it's currently delivering more than 170,000 unique social interactions a month and has doubled the number of the company's job applicants—appropriate metrics were developed. What began as an outward-facing effort is now driving performance internally: Maersk Line executives now seek to track social media's impact on everything from persuading recruits that they should join the company to aiding innovation and the gathering of customer insights. This is the best approach to metrics; while it's important to be open minded about social initiatives, and not always possible to have robust metrics from the start, it's critical to put rigorous ones in place once you find that something clearly adds value.



Employees, customers, external stakeholders, and future talent are all embracing social technologies. While the true impact of building them into the culture, structure, and work flow of organizations remains to be seen, we know that companies adapting to a more open, sharing, and flexible world stand to create

tremendous value. They could also be the pioneers of new, more nimble and entrepreneurial operating models that will change business as we know it. In that sense, understanding social media is now a critical element of every executive's tool kit. 

¹ Roxane Divol, David Edelman, and Hugo Sarrazin, "Demystifying social media," *McKinsey Quarterly*, April 2012, mckinsey.com.

² See the full McKinsey Global Institute report, *The social economy: Unlocking value and productivity through social technologies*, July 2012, mckinsey.com.

³ See "Evolution of the networked enterprise: McKinsey Global Survey results," March 2013, mckinsey.com.

⁴ For more on Maersk Line's social-media initiative, see Jonathan Wichmann, interview by David Edelman, "Being B2B social: A conversation with Maersk Line's head of social media," May 2013, mckinsey.com.

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