



How ‘social intelligence’ can guide decisions

By offering decision makers rich real-time data, social media is giving some companies fresh strategic insight.

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In many companies, marketers have been first movers in social media, tapping into it for insights on how consumers think and behave. As social technologies mature and organizations become convinced of their power, we believe they will take on a broader role: informing competitive strategy. In particular, social media should help companies overcome some limits of old-school intelligence gathering, which typically involves collecting information from a range of public and proprietary sources, distilling insights using time-tested analytic methods, and creating reports for internal company “clients” often siloed by function or business unit.

Today, many people who have expert knowledge and shape perceptions about markets are freely exchanging data and viewpoints through social platforms. By identifying and engaging these players, employing potent

Web-focused analytics to draw strategic meaning from social-media data, and channeling this information to people within the organization who need and *want* it, companies can develop a “social intelligence” that is forward looking, global in scope, and capable of playing out in real time.

This isn’t to suggest that “social” will entirely displace current methods of intelligence gathering. But it should emerge as a strong complement. As it does, social-intelligence literacy will become a critical asset for C-level executives and board members seeking the best possible basis for their decisions.

In this article, we explore four distinct ways social technologies can augment the intelligence-gathering approaches of companies. As Exhibit 1 makes clear, social media has little effect on some aspects of the intelligence

Takeaways

Social media has helped companies better understand consumers—but these technologies could play a broader role, informing competitive strategy.

Companies can improve their intelligence-gathering approaches by incorporating social technologies in how they source, collect, analyze, and distribute information.

This is no longer the realm of specialists alone; becoming literate in “social intelligence” will be essential for executives and board members, who must immerse themselves in new information currents to sharpen their strategic insights.

cycle—in particular, the need to identify priorities for exploration and decision making over the next 6 to 12 months, as well as the use of assembled information to make unbiased decisions. But social technologies can play a surprisingly central role in how information is sourced, collected, analyzed, and distributed.¹

From identifying data to mapping people and conversations

Social media creates a new information map. Competitive analysts today differentiate between primary sources of information (from experts, competitors, employees, and suppliers) on the one hand and secondary sources (such as published data, articles, and market research) on the other. Social intelligence operates on a different plane, identifying people and their conversations in social spaces. Its logic is that if you can find the right “curators” and experts collecting and channeling vital, accurate information, that eliminates the need for extensive searches of traditional databases and published information. Identifying the right people ultimately should induce companies to join existing online conversations and even shape them. This real-time information may help preempt key actions of competitors or lead to adjustments of strategy.

The costs of navigating without a social-intelligence map can be substantial. Servier, a French pharmaceutical company, is a case in point. Its licensed diabetes drug, Mediator, was also used extensively off-label for weight loss. The drug was withdrawn from the French market in November 2009 after questions arose about its safety, including its role in a number of

deaths. For years after Mediator’s launch, in 1976, there had been little news in the press, let alone medical data, that pointed to problems. By 2003, though, online forums were hosting hundreds of conversations among concerned patients. Not long afterward, doctors and nutritionists began weighing in with their concerns about the drug’s safety. These early signals were too weak for traditional Web analysis to spot by simple keyword scanning. But if the analysis had shifted to deeper “argument mining,” diabetes-related conversations among experts would have appeared, perhaps prompting action by the company. A retrospective analysis from French social-media researchers found that by 2006 the conversations mapped through argument mining had shifted heavily to discussions of the drug’s risks.²

The case of Mediator, while perhaps extreme, hints at structural constraints that lurk within many organizations and hinder efforts to identify or act on key information—particularly when it runs against the organizational grain. Intelligence analysts often report exclusively to a single department, such as communications, marketing, or strategy. That can make analysts gravitate toward the approved pattern of thinking within their function, potentially limiting the breadth of insight they distill and sometimes even interfering with their judgment. Curating a variety of perspectives from multiple social-media sources should help internal checks and balances play out more freely and, in some cases, lead to necessary whistle-blowing. To reinforce this diversity of thought, companies can embed analysts across the organization in functions ranging from strategic planning and product development to R&D, customer service, and M&A planning.

¹The analysis in this article relies in part upon data and research provided by NM Incite, a joint venture between Nielsen and McKinsey.

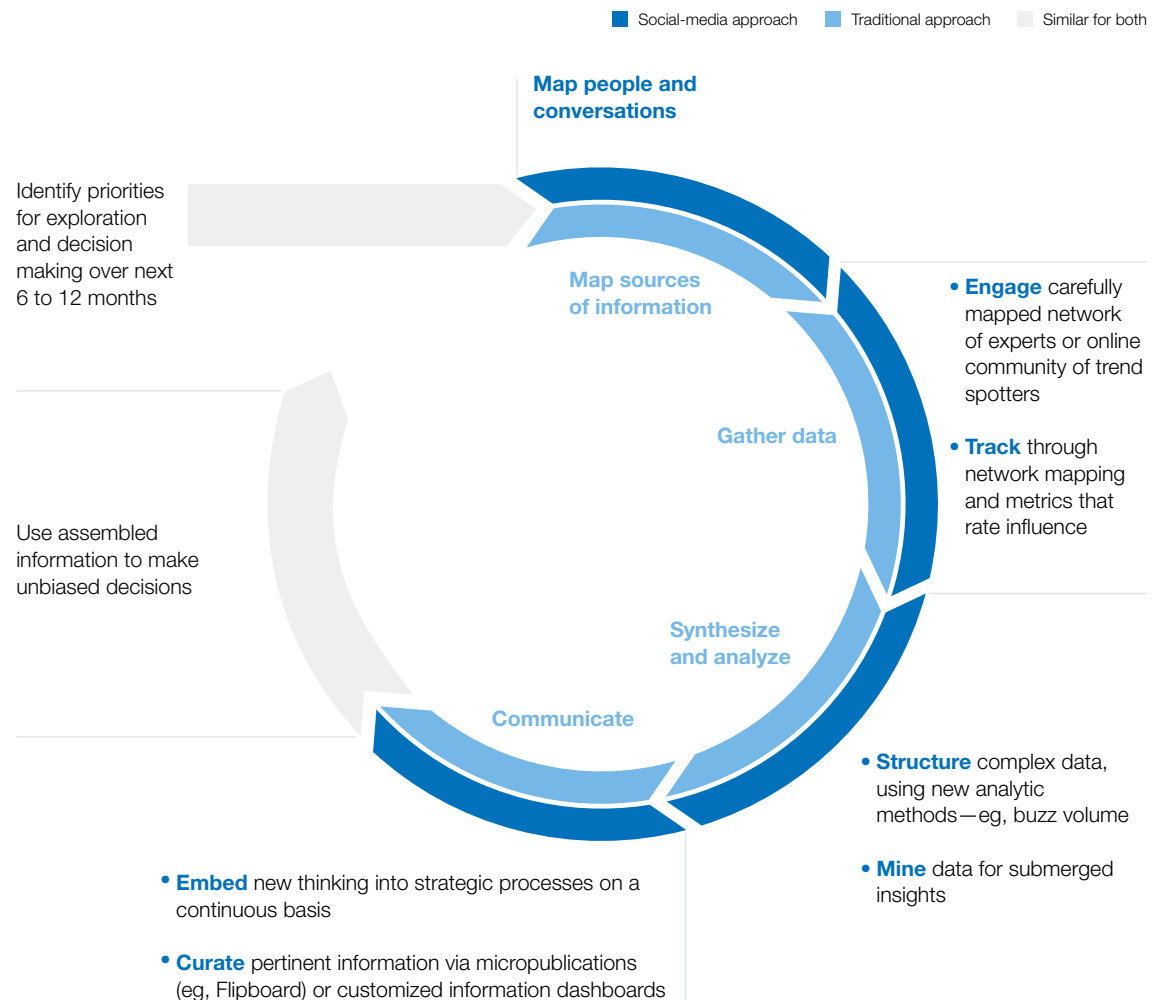
²See a case study published, in French, by Agence Conversationnel: *L’Argument Mining: Une Technique D’Investigation Online Pour Anticiper Les Risques*, 2011.

As companies make such moves, they will probably need to update the profiles of their competitive-intelligence analysts. Recruitment from outside the company or even the industry can improve the odds that analysts will pick up a variety of signals that now may be missed. Leaders, too, will need to understand that decrypting weak signals may offer better strategic insights than the familiar patterns traditional intelligence sometimes serves up.

From data gathering to engaging and tracking

Analysts typically spend 80 percent of their time gathering information before they begin to analyze it. Social intelligence radically alters this process. Numerous tools allow analysts to create dynamic maps that pinpoint where information and expertise reside and to track new data in real time. The most effective way

Exhibit 1 Social media is enhancing the intelligence cycle.



Companies today normally hire people with outstanding research and analytical skills. But socially astute analysts will need more, such as the ability to manage and engage an online community of trend spotters and the curiosity to reach out for novel sources of expertise.

of obtaining new information is to engage a carefully mapped network of experts on specific subjects.

General Electric employed this proactive approach in an effort to gather ideas about what it called a “social” airplane, offering prizes with Virgin Airlines for the best insights. The company enlisted a community of more than 90,000 people who follow its @ecomagination Twitter account and organized conversations around key topics using hashtags.³ Over the course of only two hours, this global network produced thousands of ideas that had not been discussed or published elsewhere. Some focused on green topics, such as the use of solar panels and electric vehicles in engine-manufacturing operations and of LED lighting on aircraft. Participants also suggested giving each flight its own hashtag for conversations or allowing airlines to send messages directly to passengers when their rows were boarding. GE used the information to fine-tune its understanding of airline passengers’ expectations and to create new processes for injecting stakeholder input into strategic planning and product development.

Social media can also provide windows into the plans of competitors, suppliers, and customers. Consider, for example, how competitive

analysts from one organization used LinkedIn to piece together, virtually, an advanced look at new features a major technology company was planning as part of a product upgrade. Because the company’s software developers were publicly sharing information about their work projects, it was possible to produce a surprisingly accurate view of the new product, with significant implications for the R&D and marketing strategies of suppliers within the major player’s ecosystem.

Companies today normally hire people with outstanding research and analytical skills. But socially astute analysts will need more, such as the ability to manage and engage an online community of trend spotters and, above all, the curiosity to reach out for novel sources of expertise. In effect, they must become *hunters* of information rather than *gatherers*. Companies will need to invest in the tools, such as network-mapping and influence-rating metrics, that analysts need to manage these new networks—for example, by helping to assess the expertise and relevance of community members. An obvious corollary is that companies should also be trying to reduce the odds of competitors “hunting” them in social spaces by making their people aware of how easy it is to inadvertently divulge valuable information.

³A word or phrase used in microblogging and social-networking services, such as Twitter, that is preceded by a hash mark (#) and identifies a category of interest and facilitates a search for it.

From reporting to curating and embedding

One complaint we often hear from analysts is that senior managers don't act on the information channeled their way. There are good reasons for this inattention: intelligence

reports often are formal documents sent by e-mail, broadcast by corporate newsletters, or posted on intranets. Content sometimes covers the waterfront of competitive topics, and information can be dated by the time it gets into decision makers' hands.

Exhibit 2 An explosion in new analytical tools gives companies new ways to tap expertise.

Objective	Traditional tool kit	Social-intelligence tool kit
Industry dynamics	<ul style="list-style-type: none"> • Porter's five forces (analysis of forces at work) • Structure, conduct, performance • Value-chain analysis • Analysis of consolidation/fragmentation 	<ul style="list-style-type: none"> • Network intelligence: analyzing real-time reactions across industry players, responses to changes • Examples: Alterian, TweetReach
Competitive landscape	<ul style="list-style-type: none"> • War-game and game-theory analysis • Benchmarking • Cost-structure comparison • Psychological profiling 	<ul style="list-style-type: none"> • Real-time competitive intelligence: tracking revenue growth and product usage, marketing success, brand mentions • Examples: BoardReader, Radian6, Socialbakers
Future trends	<ul style="list-style-type: none"> • Trend-interaction analysis • Granular opportunities • Scenario planning • Competitive trend exposure (benchmarking exposure to trends vis-à-vis peers) 	<ul style="list-style-type: none"> • Crowd intelligence: tapping into followers and fans for new insights and innovations • Weak-signal analysis: identifying emerging trends early • Examples: Facebook, LinkedIn, Glassdoor.com
Opportunity/market sizing	<ul style="list-style-type: none"> • Market sizing by triangulation • Estimation of achievable customer base in a previously undefined market • Penetration of addressable market 	<ul style="list-style-type: none"> • Live testing: getting direct feedback from users on new products/ideas • Data mining: using text analytics to estimate market size • Examples: Attensity, Autonomy
Customer insights	<ul style="list-style-type: none"> • Focus groups and customer interviews/surveys • Observing consumer behavior in field, "shadowing" • Customer segmentation 	<ul style="list-style-type: none"> • Sentiment analysis: estimating buzz around product or service • Influencer intelligence: identifying key influencers and targeting for marketing/insights • Examples: NM Incite, Social Mention, SocMetrics, Traackr, Tweepi

By contrast, new social software now on the market lets companies rapidly, even automatically, curate highly pertinent information—from news sources, Web discussions by experts and influencers, freshly minted market data, and customer feedback. This software allows companies to produce “micropublications” that can be dispatched to decision makers instantly. External sources, such as paper.li and Flipboard, automatically generate targeted newsletters on a particular subject in attractive and intuitive formats. Almost any user within a company can therefore create a personalized information dashboard, which “democratizes” intelligence and embeds relevant data deep within the organization.

Desjardins, a large Canadian financial cooperative, has crafted such an approach, using Flipboard to deliver data and information that users can tailor to departmental needs. To do so, analysts at the company first identify online curators—experts from outside the company who are rated highly for their ability to scan and interpret information on financial services and financial technology. The list of experts evolves over time to account for new directions in the company’s strategy. To support an effort to enhance the customer experience, for example, a team of analysts could expand the network of experts to include people with best-practice knowledge outside the financial-services industry. The company aims to embed new thinking into its strategic processes continuously. Armed with a customized roster

of experts, executives and managers throughout the organization can design their own narrowcast newsletters, selecting the curators who bring the most value to the company’s business goals. Previously, analysts had controlled the sources of information and distribution channels.

In an example of this approach at work, Desjardins recently tapped into cutting-edge trials of new electronic currencies being offered in the United States by start-ups such as Bitcoin. In the United Kingdom, to explore new forms of consumer and company finance, Desjardins tracked a community dedicated to crowdsourced funding. In Africa, it sought local experts on mobile-payment practices. The company has found that, particularly in fast-evolving markets, information-gathering approaches like these are more cost-effective and better able to deliver timely data than the traditional alternative of relying on market-research firms.

The Desjardins experience underscores the leverage companies gain when they distribute intelligence socially. Often, we find, one analyst within a company can identify a network of experts and curators. With this model in place, companies in effect outsource their data gathering—freeing up intelligence resources for other tasks, such as comprehensive data analysis and trend mapping. The organization’s information base becomes ever more granular as more and more committed executives learn

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social-data skills. Next steps at Desjardins include moving beyond curation to a more targeted and structured analysis of competitors by deploying advanced tools to crunch the company's increasingly granular social data.

Looking forward, more sophisticated users of social media, such as Desjardins, should be able to rate the relevance of information they receive, by using Web conventions such as "liking" or "+1 ing." That permits analysts to track the ripple effects of information bursts as individuals virally propagate those they find most useful. Visual-mapping techniques also let analysts chart these new information flows, which may appear as nodes and connectors across a company's geography. Such information maps highlight particularly strong knowledge relationships within companies

and may provide clues for new organizational designs that optimize intelligence.



The information that companies need to meet competitive challenges is moving quickly from published and proprietary sources to the open, chaotic world of social platforms. Navigating this new environment effectively will require new skills and a willingness to engage in social conversations rather than merely assemble information. This is a mission that should extend across the organization. Senior executives can't leave such important work to specialists. Social intelligence will sharpen strategic insights, and leaders must be immersed in the new information currents. ○