



Managing the Business of Social Technologies

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A greater number of consumers use social technologies-social media, social networking, and social relevance-than organizations. Economically, however, companies have much to gain by taking the plunge. Results show that organizations that have made the effort to increase their knowledge and build social technology platforms have experienced astounding results. The purpose of this article is to discuss social technology categories and present a strategy for knowledge management so that organizations may successfully implement these technologies. A huge growth is expected in the number of companies whose management will make a decision or have already made a decision to develop social technology platforms in the near future. This article provides a straight forward approach accompanied by examples of real companies who have used social technologies and experienced real returns—many in the millions of dollars. The intention is to provide a concise, up-to-date social technologies knowledge management guide.

Keywords: learning; knowledge management; social technologies; social media; social networking; social relevance

Introduction

Social Technologies encompass social media, social networking and social relevance. Social media includes the use of mobile media and the Internet (videos, photos, presentations, and documents) for sharing ideas, concepts and messages; social networking is about connecting people through online communities and communication methods; and social relevance is defined as the online reputation of an individual or organization (Klososky, 2011). Terminology varies when describing these emerging technologies. This paper will use terms and descriptions as defined by Klososky, unless directly quoting another author.

Are organizations who have *not* gained control of learning and managing the knowledge that exists around social technologies at risk? Worldwide, the use of social technologies in business and industry has steadily increased as consumer use of these same technologies has skyrocketed. Jason Breed (2011) states, 'If a company can re-imagine their business with these new ways to communicate and interact, they will have a distinct advantage over their competitors who take a long time to figure this out.' The true economic impact is yet to be determined as businesses recognize

the importance of social relevance and develop strategies to embrace and manage social media and social networking.

Overview

There are numerous online social media and social networking sites. When developing a social technology knowledge management strategy, the best bet is to go with established sites to increase the potential reach. Keep in mind, however, that with the dynamics of social technology, it can be challenging to stay on the cutting edge *and* that up-to-the-minute information is at your fingertips through the Google search bar.

A real obstacle exists with the perception of the purpose of social technologies and how (or if) these tools should be used in business. Many who have experience using these technologies view them as tools for personal communications among their friends and for keeping up with the latest news.

Organizations must have employees dedicated to becoming knowledgeable on the 'good, the bad, and the results' of using social technologies in business for increasing awareness and ultimately revenue. For best results, the principles of knowledge management—capturing, distributing, and effectively using this knowledge—should be applied. KM is the movement to replicate the information environment known to be conducive to successful R&D-rich, deep, and open communication and information access—and deploy it broadly across the firm (Koenig, 2012).

Hamilton (2012) shares a similar view:

Where Knowledge Management and Social Business diverge is the organic nature of Social Business. Knowledge Management is about the capture, structure, organization and availability of information from all sources. Social Business is about encouraging people to share what they know, to feel good about doing so, establish relationships with others in the organization which span the organization tree and genuinely do something extraordinary. There are legs to Social Business which all organizations can benefit from.

A recent business challenge facing enterprises is that of mobile commerce (San Martin, Lopez-Catalan, & Ramon-Jeronimo, 2012). With 4.8 billion mobile users and most social technology sites now available on mobile devices, this is a reality and should be viewed as not only a challenge, but also an opportunity for organizations.

IT continues to play a vital role in business organizations (Peslak, 2012). The IT issues that are most important to companies vary, but an area that has been ignored or neglected by many is the management of social technologies in business-social media, social networking, and social relevance.

Social Media

Examples of some of the more popular social media sites include YouTube (videos), Flickr (photos), Slideshare (presentations), and Digg (articles). YouTube is the world's second largest search engine and the third most visited website with more than 2 billion views per day (Bullas, 2012):

Communication and engagement is much more than talking or writing and the popularity of YouTube is evidence of that. The availability of cost effective high speed internet access is making it easy for people to express themselves via video. Brands have seized its power to be a viral media that augments traditional advertising media such as TV. YouTube's advantage is it is always available and searchable.

Flickr houses over five billion of the world's photos. More than just being a web site, Flickr is a community – one with a very large number of active users. Creative business people can set themselves apart by marketing through connections and photos on Flickr. Slideshare is a Web 2.0 based service for sharing slide shows. The world's largest community for hosting such documents, Slideshare is a great way to learn from others and share your expertise. Digg is a social news website with an estimated 4.4 million unique visitors per month.

Social Networking

Facebook, LinkedIn, and Twitter are the giants of social networking with plenty of competitors jockeying for position. Google's new social network Google+ is gaining 625,000 users per day and now claims over 400 million. Pinterest is generating more referral traffic to websites than YouTube, Google+, and LinkedIn combined (Bullas, 2012). Facebook has approximately one billion users; Twitter currently claims 500 million worldwide with 100 million of those in the US; and LinkedIn has 161 million accounts in over 200 countries including more than two million *companies* with a LinkedIn page. The numbers continue to increase as 200 million Facebook users are added annually, LinkedIn reports two new members per second, and 11 Twitter accounts are created every second.

Social networks are used by organizations to connect employees, reach customers and communicate with suppliers, although most companies are far from using these networks to capacity. This appears to be rapidly changing. According to Mullaney (2012), Forrester Research indicates the sales of software to run corporate social networks will grow 61% a year and be a 6.4 billion business by 2016.

Social Relevance

Social relevance is already starting to make a difference in the world and will soon have a dramatic impact on a company's ability to sell

products and services. Organizations are just starting to use online reputation management to understand the good, the bad, and the ugly of open and accessible public comments on products and services, there to be seen by anyone with Internet access. [Klososky, 2011]

It takes a lifetime to establish an online reputation of integrity and one negative review to cast a shadow of doubt. Does this mean that one should avoid the chance of negative comments by avoiding an online presence? Absolutely not! Comments should be taken seriously and addressed rather than being ignored. For comments that have validity, responding to the comment and attempting to right the wrong is the best approach. For those that are falsely stated, the best approach is to contact the guilty party if possible and ask them to remove the post. Otherwise, responding in a professional manner online is better than no response at all. Consumers rely on ratings and also pay attention to whether the company is alert to the concerns of their customers.

With employers now using social technologies to make hiring decisions, social relevance is not only important to an organization but equally as important to an individual.

Strategies for Developing a Successful Social Technologies Platform

Developing a successful social technologies platform requires much more than just creating profiles on social technology sites. This is a start and where many companies are at this point, but to make a difference a systematic approach followed by management and social technology strategies is a necessity.

An activity oriented process model illustrating a knowledge management approach to developing a social technologies platform is shown in Figure 1.

Each of the steps listed in the model is discussed in more detail:

1. *Hire dedicated personnel who are committed to not only learning, but also managing the organization's social technologies, preferably an individual with proven organizational experience in this area.* This step parallels with the first stage of Knowledge Management-Information Technology. As Koenig (2012) points out, the salient point is that the first stage of KM is about how to deploy a new technology to accomplish more effective use of information and knowledge.
2. *Identify the organization's social technology goals.* Historically, the second stage of KM – HR and corporate culture – emerged when it became apparent that simply deploying new technology was not sufficient to effectively enable information and knowledge sharing. This may include added exposure, increased sales, additional branding,

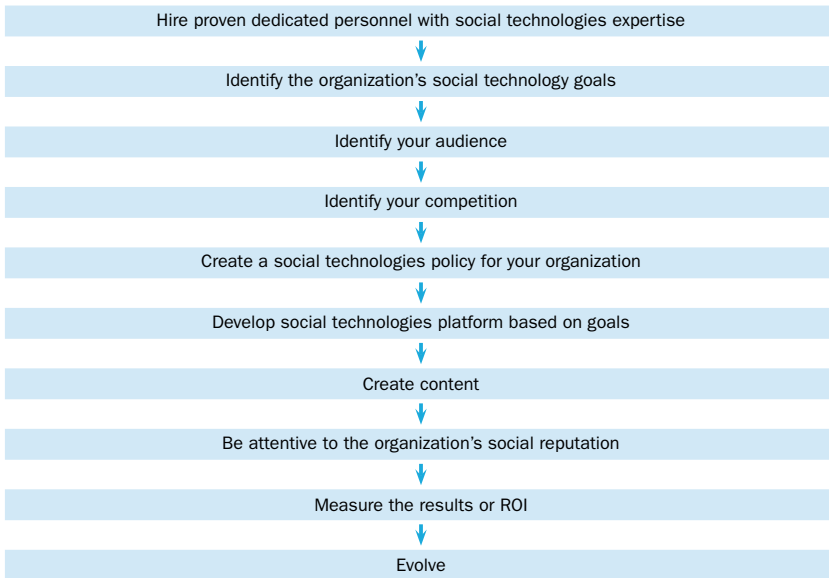


Figure 1 A Knowledge Management Approach to Developing a Social Technologies Platform

improved customer service, hiring, savings when compared to traditional methods, etc. Goals should be established in collaboration with a management team. Expectations should be clear and result-oriented. The implementation of Knowledge Management involves changes in the corporate culture, in many cases rather significant changes. KM therefore extends far beyond just structuring information and knowledge and making it more accessible (Koenig, 2012).

3. *Identify your audience.* If you have a global audience, the language used should be English. Demographics of the target audience may make a difference in relation to the social technology tools selected. For example, the primary users on Google+ are currently students. Like Facebook, however, this will likely change over time.
4. *Identify your competition.* Check out their social technology sites and learn from and improve upon what they are doing. There are competitive analytic sites that help monitor the competition. Anna Johnson (2010) compiled a list of sites that are free and there are many great ones that are by paid subscription. By conducting a search on Google you will find sites like *sproutsocial* and *Competitive Analytics* whose business is to keep up with an organization's competition.
5. *Create a social media policy for the organization.* In Susan M. Heathfield's (2012) words, 'These guidelines will help open up a respectful,

knowledgeable interaction with people on the Internet. They also protect the privacy, confidentiality, and interests of your company and current and potential products, employees, partners, customers, and competitors.' Templates and examples of social media policies are available on the web. Chris Boudreaux (2013) has compiled a comprehensive listing of links to over 200 companies' social media policies which can be sorted by industry. It is not only important to have a social media policy, but also to make sure that all employees read and acknowledge their understanding of it.

6. *Determine social media platforms based on goals.* It is better to manage fewer sites well than to have multiple sites that are ignored. The rule of thumb is that two hours per day should be devoted to each social technology site. An eight hour day should not include more than four sites, although this could vary depending on the organization's goals. Multiple dedicated social technology personnel may be required to properly handle the demands.
7. *Create content.* The third stage of Knowledge Management-taxonomy and content management-developed from the awareness of the importance of content, and in particular the awareness of the importance of the ability to retrieve content, and therefore of the importance of the arrangement, description, and structure of that content (Koenig, 2012). To increase the number of followers, provide content that is interesting and useful to your audience. The industry standard is 80/20 indicating that 80 percent should be content that does not include sales pitches and that would be of interest to the followers. This could be links to articles, fun facts, knowledge sharing, blogs that are on a related topic, videos, etc. and 20 percent should be directly selling a product (if that is the goal) including coupons or specials. Creating content is where many get stuck; however, the content does not all have to be original. It is acceptable to have only 20% original content with links or references to the remainder. The best way to increase your online following is to post interesting content. Credit should always be given to the source of the non-original content.
8. *Be attentive to all comments and always address negative comments or reviews.* It has been proven that unaddressed negative comments or video posts can cost companies millions of dollars in revenue. For example, after United Airlines passenger, Dave Carroll, had his \$3500 guitar broken by baggage handlers and was unsuccessful in getting the issue resolved, he created a music video titled *United Breaks Guitars* that went viral on YouTube. Chris Ayres (2009), a reporter from the *Times of London*, reported that 'within four days of the song

going online, the gathering thunderclouds of bad PR caused United Airlines' stock price to suffer a mid-flight stall, and it plunged by 10 percent, costing shareholders \$180 million.'

9. *Measure the results.* Although ROI is measured in almost every other aspect of an organization, an astounding number of organizations do not measure their social technologies return on investment. Shea Bennett (2012) confirms this stating, 'Measuring the return on investment (ROI) of your social media strategy is something that still frustrates a lot of brands and marketers-studies have shown that just 10 percent of marketing decision makers in the UK monitor their Twitter and Facebook ROI.' Scott Klososky (2011), expert in the social technologies arena and author of *Enterprise Social Technology*, suggests a five step process when measuring ROI:

- Measure the current impact of your social technologies.
- Set objectives for ROI.
- Determine social tech results needed to meet objectives.
- Source and implement social tech measurement systems.
- Measure results, compare to objectives, and adapt continuously.

Nate Elliott (2011) suggests that standardized reporting templates should be created and frequent reporting of digital measures should go to community managers and social media strategists, per-campaign with annual reporting of branding and trial metrics to other marketing team members. Distribution of quarterly or annual reporting of financial metrics to the executives should also be included in the reporting process. Without this, it is difficult, if not impossible, to know what is working and where changes need to be made.

10. *Evolve.* Social technologies are rapidly changing, so it important to stay abreast of these changes through research and training. The best way to be strategically competitive is to be informed, stay on the cutting edge, and evolve when it is economically feasible.

Many marketing campaigns combine both traditional marketing and social technologies. One of the most notable to successfully do this is Old Spice, a company that was founded in 1934. Old Spice increased their product sales over 100% through a continuous campaign that included television commercials, Twitter, Facebook and YouTube. In two days, Old Spice gained 80,000 Twitter followers and Facebook likes now exceed 2.4 million with video posts increasing interaction by 800%. They also hold the distinction of having the number one most viewed sponsored channel on YouTube. Bullas' (2011) statement sums up the bottom line. 'At the end of the day you can have all the noise, buzz and viral success you like but if you



Figure 2 Simplified Social Technologies Platform Model

don't increase sales you might as well pack up and go home. The Old Spice campaign achieved both.'

Societal and Economic Impact

Peter Kim (2012) in an internet post on January 11, 2012, listed examples of social technologies implemented by organizations and the return. As Mr. Kim mentions, results in social business and brands willing to stand behind them are difficult to find. His complete list quantified shows approximately 60% revenue generation and 40% cost reduction, a true testimony to the potential effectiveness of social technologies.

Never before have such opportunities existed for an organization's voice to be heard around the world while at the same time being vulnerable to attacks that echo throughout the atmosphere. Many hesitate to jump into the social technologies arena because they haven't seen real examples or real results and because of a lack of knowledge about the use of these technologies in business. It is impossible to manage knowledge that doesn't exist in the manager's mind. The knowledge first has to be captured before the principles of knowledge management can be applied. It could be compared to babies learning to crawl and then walk. Once the benefits are apparent, the walk becomes a run.

Social Media, Social Networks, and Social Relevance must be part of a strategically designed Social Technologies Platform, which will result in additional revenue through increased organizational sales and/or savings as illustrated in Figure 2. Social Technologies business examples follow.

Table 1 includes selected social technologies business examples as reported by Peter Kim (2012), listing brand, activity, source and year. Those selected for this paper represent a spectrum of social technology success stories including the use of blogs, Facebook, twitter, corporate social networks, YouTube videos and others. A blank cell in the table indicates that this information was not revealed, which is not surprising considering the competitive nature of most organizations. This summary is intended to serve as motivation for the implementation of social technologies and as a springboard for ideas.

Discussion and Conclusions

The overall objectives of this paper were to discuss social technology categories, present a strategy for knowledge management as organizations

Table 1 Selected Examples and Results: Companies using Social Technologies

Business	Social Tech.	Process	Results
Aflac	Community	Drove online payments process – increase of 3%	\$95,000 in savings
AT&T	Community	21,000 customer issues resolved	16% improvement in call deflections
Audi	Audi A1 Community	40,000 people created customized versions of the new model. 5.5 million people visited the microsite 119 million times.	Largest number of pre-orders in its history
Best Buy	Community		\$5 million in annual support savings and sales advocacy
Blendtec	Viral Videos		Increased company sales +700%
Bonobos	Twitter	Exclusive sale	1200% ROI in 24 hours on promoted tweet
Burberry	Social microsites	Secured 100,000 fans	10% increase in sales
Cerner	Community		70% decrease in internal HR issues logged
Charles Schwab		Customer referrals (ratings & reviews)	40% increase in new customers
Cisco	Community		Deflects 120,000 support cases each month
Dell	Twitter		Generated \$2 million in direct sales, influenced \$1 million of additional sales
Ford	Social Networks	Word of mouth campaign 31,000 pieces of original Ford Fiesta content	10,000 online vehicle reservations
Hershey's	House Party	10,000 parties, reached 129,000 people	Seen by 7 million people

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implement these technologies, and illustrate examples with real results of the use of social technologies in organizations globally. Jason Breed (2011) suggests that corporate social networks or communities (as they are sometimes referred) are just now beginning to test the limits of how they can add value back to the company beyond branding and product marketing.

Social technologies have existed for almost a decade and only in recent years have businesses used this platform to generate revenue, create brands, communicate with customers or collaborate internally. This supports Clive Shepherd's (2011) philosophy that when it comes to media technologies, corporate behaviour tends to follow what happens outside of work, not the other way around. The opportunities are greater than ever be-

Table 1 *Continued from the previous page*

Business	Social Tech.	Process	Results
Honda	Facebook	Increased fans from 15K to 422K	Generated over 3500 dealer quote requests
HP	Forum	Customer service	Solved issues for 4.6 million people, made customers happier and saved the company millions of dollars
IBM	Community	Customer service	Saved \$100 million annually
Intuit Quick- books		Ratings and reviews	Business owners engaged with rated ProAdvisors 555% more often than unrated counterparts
Jewelry TV		Customer ratings and reviews	Boost mobile sales by 30%
La-Z-Boy		Comfort Stories campaign	13,000 new leads
Justin Boots		Social media marketing	Exceeded sales goal for new product line by 30 percent, social media marketing accounted for 95% of sales
Logitech	YouTube	Bowiechick 'Breakup' video	Doubled webcam sales on Amazon.com
Microsoft	House Party	40,000 in 12 countries	3–4 million in software sales
Movistar	Community		Delivers 5.75 million in call deflection savings annually
NetApp	Community		\$500 million in sales and drives 28% of all NetApp web traffic
Paramount Pictures	Twitter	Promoted movie through tweets using hash tag #Super8Secret	9 million impressions in less than 24 hours and mentions of the movie skyrocketed to more than 150 per minute; receipts for the sneak preview exceeded \$1 million; weekend box office surpassed expectations by 52%

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fore with social technologies expanding an organization's reach worldwide.

Translating the results from social technologies in order to understand the ROI is a must. Bell (2012) reported that Marshall Sponder, author of *Social Media Analytics*, confirms that social media ROI is achievable, and companies, more and more, are working with social data in an intelligent and scalable manner. Perhaps even more persuasive is a statement made by Erik Qualman (2010) – 'The ROI of social media is that your business will still exist in five years.'

The examples presented provide evidence that by strategically developing a social technologies platform based on the principles of knowledge management, an organization will significantly grow their customer base, in-

Table 1 Continued from the previous page

Business	Social Tech.	Process	Results
Petco		Q&A content	75% increase in sales; 100% more orders per session; 28% increase in items per order; 9% higher average order value
SAP	Community		15% reduction in product release cycles
Sprint		Brand monitoring helped uncover conversation insights to drive campaign messaging changes	\$133 increased revenue
Starbucks		75,000 product and service ideas suggested	
T Mobile		Sales and product training	Reduced time from 1.5 hour sessions to 15 minutes
University of London	Internal Social Network	Students collaborate remotely	Expected to deliver future savings of £300,000 per year in print, courier and administration costs.
UPS	POPURL dashboard	Videos	32,000 video views; 25% regular return visits to the site; and average of seven minutes spent on the site per visit
Virgin America	Twitter	Exclusive flash sale	Raised the maximum \$50,000 in charitable donations for Stand Up to Cancer; top five sales days ever for the airline

Notes Adapted from Kim (2012).

crease their revenue and realize considerable savings over ‘doing business as usual.’

Maintaining a desirable online reputation is the key that will keep the social technology doors of opportunity open.

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