Enterprise Social Networking: Finding Value in Serendipity
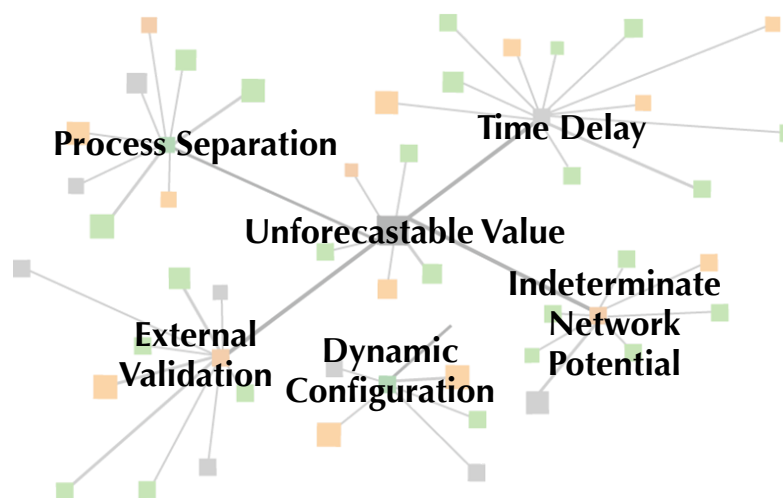
by Daniel W. Rasmus

If the only economics you have to work with come from the industrial age, then everything looks like a factory.

Most organizations want to justify their investments ahead of time. When the world is orderly and linear, such justifications are pretty easy to develop. The often haphazard, unpredictable world of the Internet, has caused even the most conservative of professionals to doubt their approaches to measurement. Even in cases where return-on-investment calculations offer positive, near-term value, they don't seem to tell the whole story. Once enterprise social networking, for instance, is implemented in a firm, people apply it in unexpected ways, creating returns that were unanticipated by the technology's original advocates.

Because most financial systems are designed to look only at the world through the linear, industrial age lens, those systems end up, even when they work, reflecting only clear process returns for software that exists outside of process—time saved, reduced costs, faster communication, etc.. This paper will explain why social media software is governed by rules that allow organizations to anticipate the returns. In the Serendipity Economy, the only way you know you are receiving value is by actively participating in its creation.

This paper explores six attributes that differentiate the Serendipity Economy from industrial age economics.

For a deeper exploration of this topic, see *Welcome to the Serendipity Economy* and *The Serendipity Economy and Social Media*, both available at:
http://danielwrasmus.com/Research.aspx

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The process of creation is distinct from value realization

What this means for you: organizations can't look to enterprise social networking in strictly process terms. Ideas generated outside of the social network may gain value through dialog, and those first created within the network will likely be realized outside the confines of the software.

Communication is a process. No matter how effective the members of a conversation are at communicating, the ideas being transmitted are often of indeterminate value at the time they are typed. The value doesn't arise from the process of communication, but from the engagement with the ideas being transmitted. And those ideas may have been generated on pieces of paper, typed into a dialog box or scanned as an image. None of those "production" processes adds value to the message, they are only effective in moving the message around a network more efficiently.

Value realization is displaced in time from the act that initiated the value

What this means for you: when organizations implement enterprise social networking it may take several weeks, or even months, to realize value.

Here's an example:

On April 17, 2011, 7-Eleven holds an annual meeting in Dallas. The company introduces its franchise owners and staff to Yammer.

They provide few rules outside of those related to common courtesy, information privacy and other activities already documented in other electronic media policies.

Yammer becomes a back-channel for side conversations about restructuring and change. People grumble and sympathize. Work isn't conducted through Yammer.

On 7-Eleven's "birthday," a store owner in Boston spontaneously posts a picture of what he is doing in his store during this day of celebration and promotion. Other franchise owners and their teams follow suit. Soon Yammer is alive with the stores posting pictures of the "birthday" celebrations. They establish new connections, but realize no measurable value.

The next day, this spontaneous sharing turns into careful examination of the photos and serious conversations about merchandising and practice sharing. No one knew it would be Boston. No one knew it would be merchandising. The Serendipity Economy asserted itself. Three-months after deployment, franchise owners, who might never have known each other, discovered a new channel for sharing business practices.

Value is not fixed, and cannot be forecasted

What this means for you: when examining interactions in enterprise social networking, organizations will not be able to pre-determine the exact value of conversations that take place on a social network, unless the social network serves a constrained process. Wide deployment of enterprise social networking will generate a range of values, and examining the network prior to the implementation of the software will

not be able to determine what potential values may arise.

Here's an example:

Executives at 7-Eleven headquarters started to look for other serendipitous activity related to Yammer. When they correlated standard sales reports with Yammer activity, they discovered another unanticipated insight: those stores actively adopting Yammer represented some of their best performing locations. This created a *chicken and egg* question: which was answered by looking at historical sales data. The stores using Yammer were high performing locations before deployment. Yammer was being adopted as a new tool to extend management capabilities, increase learning opportunities and improve customer engagement. 7-Eleven, recognizing the foundations of the successful adoption, decided not to tout Yammer as the tool to make franchises more profitable, but rather decided to invest in leadership development at underperforming franchises. What they found was that as management acumen improved at the franchises, their use of Yammer also increased. Contrary to perceptions of enterprise social networking as a distraction, the better 7-Eleven managers recognized the value of enterprise social networking as a source of learning through practice sharing.

The measure of value requires external validation

What this means for you: external processes must be put into place to determine if a social network has yielded value. Nothing within the communication process offers valid analysis of an idea, a decision or any other action, so in order to determine if a social network is creating value, a process external to the

social network must be in place to assess developments arising from the network.

The act of posting a photo is a process. The act of applying merchandising lessons learned from a peer is a process. The second process validates the first, but only a third process can validate the application of the new merchandising lessons. The sharing and processing of ideas only generates value when applied, and the application results in realized value. In the case of retail, the value of a new idea may be proven using standard sales reports, as long as the new idea clearly drives improved sales. In an innovation situation, where a new idea is being generated, it may ultimately be the development of a market for the idea that proves its value, or even the failure to create a market, therefore generating negative, yet valuable information, about what a group of customers may or may not want.

Looking at a network in the present cannot anticipate either its potential for value or any actual value it may produce

What this means for you: It is impossible to fully predict the value of a social interaction, and therefore, it is impossible to determine the value of the network where those interactions take place.

Imagine you have infinite information about everyone in a social network. You have deep profiles of interests, career backgrounds and all relationships between the people in the network are

known. Even with all of that information, no one will be able to determine what the network will next discuss, and which members of the network will be the next to create something of value.

Even creating a complete snapshot of a network does not provide any information about the network's context, the external world in which it exists, nor the state of mind of any person in the network. What someone decides to discuss, or what they are compelled to discuss due to business circumstances, cannot be anticipated.

The network exists in a state of Serendipity Potential, which we know by number of connections and by diversity, can be increased, but an increase in potential does not help forecast what that potential may yield.

Here's an example:

Deloitte. Deloitte Australia began using Yammer in Sept. 2008 with no clear goals or expectations. Yammer has since helped transform the organization and delivered many examples of serendipitous value. Deloitte found that professionals with 10 or more posts on Yammer had an average turnover rate of 2%, compared to a firm-wide average of 15-20%. These professionals who engaged in internal enterprise social networking were 8-10x as likely to stay with the firm. Lower employee turnover has many clear business benefits, including deeper customer and organizational knowledge, and reduced recruiting and on-boarding costs.

Serendipity may enter at any point in the value web, and it may change the configuration of the value

web at any time

What this means for you: even with perfect knowledge of a social network at a point in time, that knowledge quickly becomes obsolete as new people join a network, members leave and existing members learn and grow. This makes the network dynamic in both its configuration and in the knowledge and interests it represents.
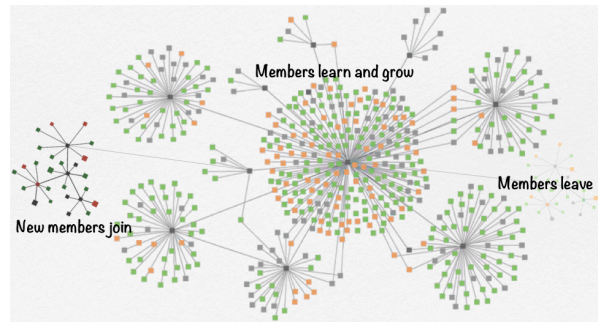
Here's another Deloitte Australia story: A second year Deloitte consultant in Sydney Australia has an innovative idea to help a client. He posts it to Yammer at 6pm at night with the question: "Will the client be amenable to this solution?" An hour later a risk services partner in Melbourne suggests the young consultant connect with one of two partners. At 8pm, the Head of Consulting chimes in and facilitates the conversation, directing the young consultant to one partner over the other. The next morning the consultant and the partner discuss the suggestion and it is presented to the client. Deloitte Australia CEO, Giam Swiegers, believes that prior to the implementation of the Yammer enterprise social networking platform this idea would have been lost. A demoralized young consultant would not have found the right connections for his idea, and would give up in light of insurmountable organizational friction.

Serious Insights

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The Tens: Ten Social Media Tips for Leveraging the Serendipity Economy

1. **Go big or go home** Enterprise Social Networking is about, well, networking. Limit the network to a few people in a pilot and the results will also be limited. The only way to create serendipity is by letting people connect.

2. **Integrate Social Profiles with Performance** Before a new employee completes his or her first day, their social profile should be created and ready to searched. The social profile provides the searchable parameters that let others know about a persons interests and expertise.

3. **Make the System Accessible** Don't just deploy software and hope for the best. Design an inclusive social media experience. If the technology overwhelms or underperforms, then it will be quickly abandoned. Successful social media often displacing legacy systems. If this doesn't happen, then you don't have it right.

4. **Give people permission to collaborate** Too often organizations look for incentives to get people to collaborate, forgetting that they gave their workers neither time nor permission to go outside their assignments and routines to seek new ways to provide value.

5. **Track results** There is no metadata for a serendipitous activity. Some organizations are using hashtags (#) to identify #value inside a conversation they think will lead to value.

6. **Learn from Failure** Not all serendipitous activity is going to lead to positive results, but all negative results do lead to learning. Use social media as the channel for capturing lessons learned and discussing what to improve or what to avoid.

7. **Look beyond productivity and efficiency** If all measurements focus on cost reductions or productivity improvements, then Serendipity Economy activity will be overlooked. Organizations need to make a special effort to recognize serendipitous activity and its resulting value because their instruments aren't designed to reveal it.

8. **Executives: lead by doing** not by saying you support enterprise social networking. Executive involvement validates the network as a sanctioned tool for work, which helps drive engagement and increases the potential for realizing value. If executives don't actively participate, they devalue the efforts of others and eventually derail open, collaborative work.

9. **Celebrate value** When value is realized, recognize it, its source and its participants. Make this policy and practice in order to reinforce that people have permission to collaborate, and that their efforts are appreciated.

10. **Be patient** Serendipity Economy results won't appear overnight. That doesn't means great things aren't happening, just that they haven't bubbled to the surface yet. Stay vigilant and if you do the other things in this list, your patience will pay off.