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The Power of Social Technologies

Social technologies have radically transformed the world of business. They have enabled globe-spanning supply lines, real-time information exchange, and allowed businesses to enhance their performance. These powerful technologies challenge existing management practices and models, consequently many executives are rethinking their infrastructure for collaboration and communication. Typically these technologies include blogs, wikis, podcasts, information tagging, widgets, mashups, prediction markets and social networks. The use of these social technologies within companies is referred to as Enterprise 2.0. Global enterprise spending on these technologies is predicted to increase dramatically to \$4.6 billion by 2013, with a 43% year-on-year growth, which makes it the fastest growing technology in the enterprise software industry.

Despite the recession, a growing number of innovative firms are integrating social technologies into their businesses, including General Electric, Proctor & Gamble, Shell, KPMG and Airbus.

These forward-thinking firms are adapting their traditional management practices while leveraging Enterprise 2.0 technologies. However, when it comes to the current management practices that dominate in the majority of companies – a large number of leaders are still ‘unsure about the relevance’ of social technologies to allocate their resources and capabilities effectively. The big question is ‘can these social technologies actually boost business performance?’

Our research has found that companies can boost productivity and enhance performance by leveraging social technologies to support business needs. A number of companies have implemented Enterprise 2.0 applications for a variety of purposes such as research & development, marketing, customer service and knowledge management. Global service firms such as Accenture, Pfizer, BT and IBM have used these technologies to rapidly identify who within their organisation know ‘what’ and thus consequently share their expertise quickly.

In some cases this goes beyond the UK borders to creating global outreach platforms for collaboration and communication.

Customer connections

Traditionally, some companies used to be in control of designing their products, services and marketing messages based on their own understanding of what their customers wanted. However, empowered by online social technologies, customers are now quickly connecting with and drawing power from one another and defining their own perspective on companies and brands. For example, Ikea has a platform called IkeaFans.com, which has been used to engage customers instantly in product feedback and design ideas. Similarly, Dell features its IdeaStorm Forum on DellCommunity.com for new ideas and product development. While, Pfizer has rushed into developing these technologies for internal usage, thinking that employees will use it as an internal Google-level search and Wikipedia-level internal collaborations.

Leaders need to acknowledge that these social technologies have implications for business performance, as they can improve management systems, reduce costs and quicken processes in their business models. Therefore, it facilitates co-operation among information workers, provides a secure and managed collaborative environment for content creators, and helps to orchestrate people to achieve new innovative solutions e.g. Pfizer using Pfizerpedia to increase drug innovation. However, there are many other challenges that leaders and their organisations need to consider in implementing Enterprise 2.0 strategies.

Implementation challenges

Our research shows three possible challenges that leaders will face. Firstly, leaders need to decide which social technologies make sense for their business needs. The choice in social tools can be difficult and also fairly expensive, at times costing in excess of £1m.

With the variety of social tools available, each with its own implications for performance, leaders will have to map their desired outputs.

Secondly, with the number of companies in the UK using Enterprise 2.0 technologies rising, companies are training their engineers, managers, accountants and sales professionals on Enterprise 2.0 technologies. However, implementing a technology strategy requires a significant orchestration of culture. Companies will have to embed and embrace true global working into their culture, while networks develop independently of geographic and organisational boundaries. Companies will have to move to a ‘deliverables based performance’ culture, rather than a ‘be seen in the office’ culture, which could positively impact performance.

Finally, some companies will resist adopting Enterprise 2.0 technologies, despite the overwhelming evidence to suggest superior performance.

In part, this may be due to the kind of adoption required being too challenging when compared to current best practices. Some leaders will truly believe that their ‘current’ organisational energies, practices and mindsets are going to be successful in the future; not recognising that they must learn to forget the old ways in order to compete for the future. With these tough challenges in mind, social technologies are going to be gaining momentum on boardroom agendas very soon. **MF**

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