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# Social Business Transformation

Towards a connected and intelligent organization

## Complex markets and the challenges of change

The scenario that companies are facing is the result of an unprecedented series of discontinuities. It is perhaps the first time that – in the brief history of organizations – such an important sequence of transformations has occurred simultaneously.

### Turbulent economy

The speed with which companies over the last few decades have altered their ranking (topple rate) is the effect of sudden and unpredictable changes: new competitors from other industries, disruptive technologies and business models, ever more global markets, and a strong interdependence among systems (not only financial ones). Just twenty years ago, many of today's leading companies simply did not exist.

### Social & empowered customers

The market has truly become a conversation, as the authors of the Cluetrain Manifesto had suggested in 2000. Consumers have been able to utilise the power of the internet much better – for now – than brands and marketers have. The power that consumers have taken on in reputation mechanisms and in the formation of purchase behaviours is unprecedented.

### Service economy

Product economies have definitively transformed themselves into service economies and any product incapable of generating a strong service component is destined to exit the market. The service economy – based on the interaction/integration between the organization and system-customer – is far more complex and requires the entire organization to be ready to expose itself and be resilient to new demands.

## Customer relationship at risk

Ever larger organizations and those ever more structured by silos are tending to lose contact with the consumer. Few results have produced decades of innovative policies on more up-to-date systems of customer care, call and contact centres. In this way, organizations have lost the ability to build close and long-term relationships whilst new players are conquering this role.

### Data intensive age

We live in a data intensive age. Never before have our lives as consumers or citizens generated quantities of data growing exponentially at an ever-faster speed and from a multitude of sources (structured and unstructured). Current organizations are not ready to handle this vast amount of information, and they are suffering from background noise, disorientation, and an information overload.

## Social Business: a definition

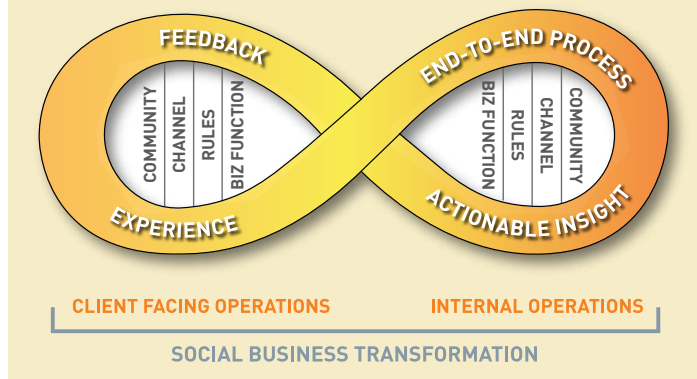
Social Business is a new enterprise organization system that centres on collaborative and networking relationships (employees, partners, customers, suppliers, etc.) to face and generate value in complex markets.

Social Business is building an organization that is more suited to the challenges of the change:

- More efficient in managing the collaborative mechanisms that characterise our working method but that are not supported by the current systems;
- More reactive and resilient as it is based on continually reconfigurable networking mechanisms;
- More intelligent in increasing the value of resources already present within the organization;
- More capable of innovation;
- More open and connected to the market and to customers.



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The implications of this new paradigm:

- The borders separating the company's inside from the outside are called into question;
- Processes that were once assigned to **management** or to a decision-making centre tend to be redistributed according to widespread empowerment criteria;
- The exchange process between inside and outside is made possible by a **participation** (and co-creation) approach and not just a communication approach;
- Emerging and cloud **technologies** support collaborative and co-creation processes, opening a new phase in the role of technologies in organizations (not of process optimisation or information archiving).

### Social Business Transformation

The evolution of the approaches to the use of the 2.0 paradigm inside organizations has had different seasons that we can summarise as follows:

- Web 2.0: term coined in 2004 by Tim O'Really to indicate the new participative course of social web;
- Enterprise 2.0: Andrew McAfee (then professor at the Harvard Business School) in 2006 published an article in the MIT Sloan Management Review (vol. 47 no. 3) in which he illustrated for the first time the term Enterprise 2.0 as a process of the entry into companies of social technologies (blogs, wikis, social networks, etc.);
- Social Business: the pioneering vision (technological and merely implementative) is surpassed in the concept of Social Business that is more systemic and broader than its predecessor was. Social software suites, at the same time, mature and acquire a space of recognisability;
- Social economy: a McKinsey report (07/2012) quantified the values in play in different industries in the application of collaborative methods in company development. It highlights the advantages both from the recovery of efficiency and from the creation of new value;
- Digital Transformation: MIT Sloan (10/2012) published research focused on social media and on the opportunities offered by new media, analytics and mobile

technologies. The focus is on the transformation process in the adoption of new technologies;

- Social Business Transformation (2013): the awareness that the process of Social Business is a true transformation – also disruptive and not linear – that surpasses the current structure and culture of organizations.

### Our point of view

OpenKnowledge has been active on these topics since 2008. The experience and reflection that we have gained cause us to see the transformation process according to a distinctive approach. The characteristics of our approach include:

- Keeping together the focus on the outside (marketing, communication, etc.) and the focus on the inside (operation, HR, R&D, etc.): social media strategy projects imply interventions on processes and on internal competencies;
- Building a new working business model that is more meritocratic and more open, including reviewing positions of power and breaking up restraining hierarchical logics;
- Integrating technologies and business lines: creating working tables between CTO and CMT, CTO and HR, CRO and R&D, etc.;
- Attention to the culture and organizational aspects: working not only on new behaviours but also on the underlying mindsets and creating new centres of excellence that support the change;
- Harmonising the old with the new: paying attention to cultivating innovation and change, guaranteeing commitment and engagement;
- Transformative and sustainable approach: creating systems of real use both for the organization and for the people and ensuring sustainability over time.

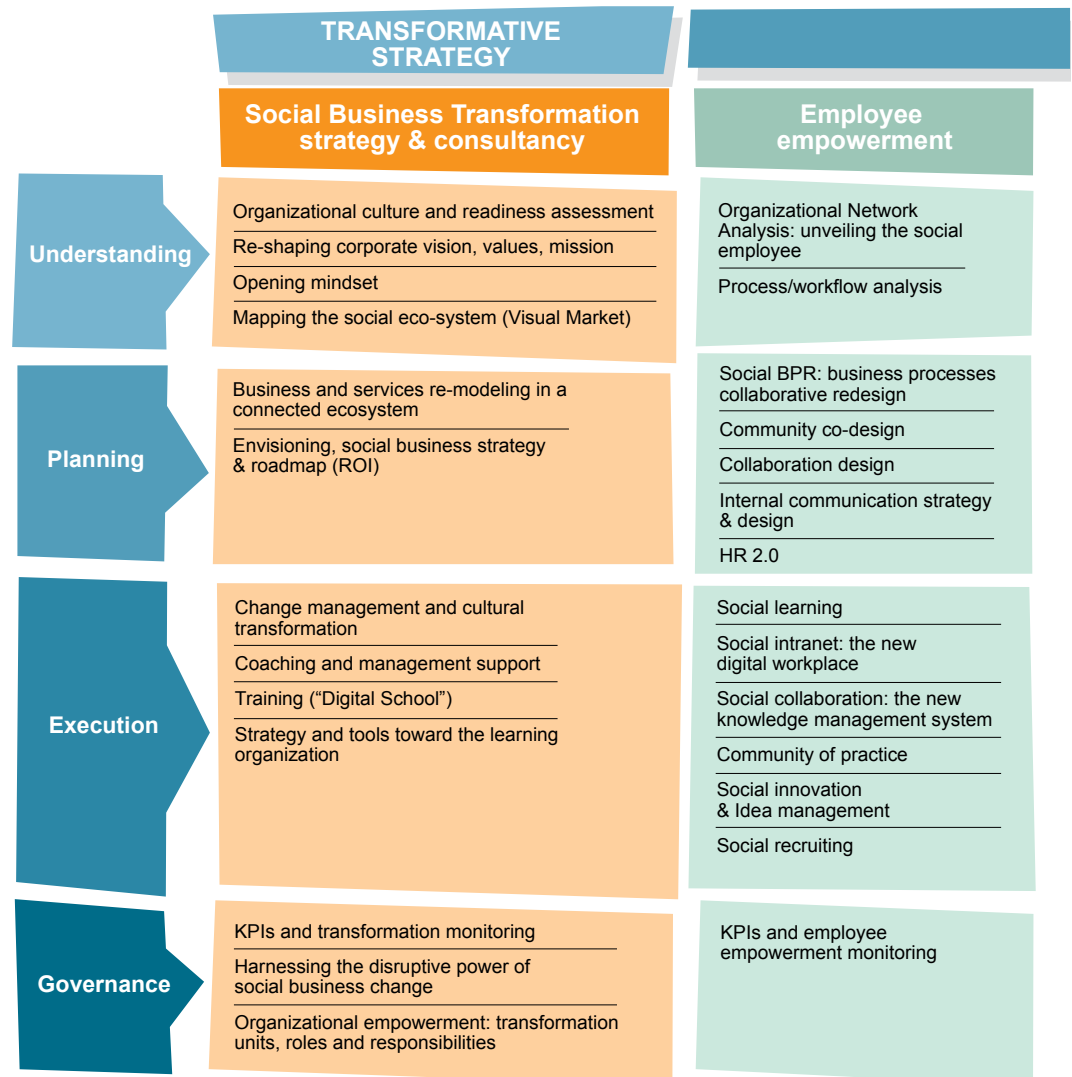
### Social Business Toolkit

Following the publication of the Social Business Manifesto (HBR, June 2012; <http://socialbusinessmanifesto.com/>), today we are offering the community this Social Business Toolkit. We have made the effort to explain clearly the 59 actions that an organization can put into place in order to change. Each action is represented by a card. We intend with this toolkit to move from a phase of sharing a vision and intervention models to an operational and transformative action phase.

The cards are organized into the three macro areas on which an organization is called to start its own process of Social Business Transformation:

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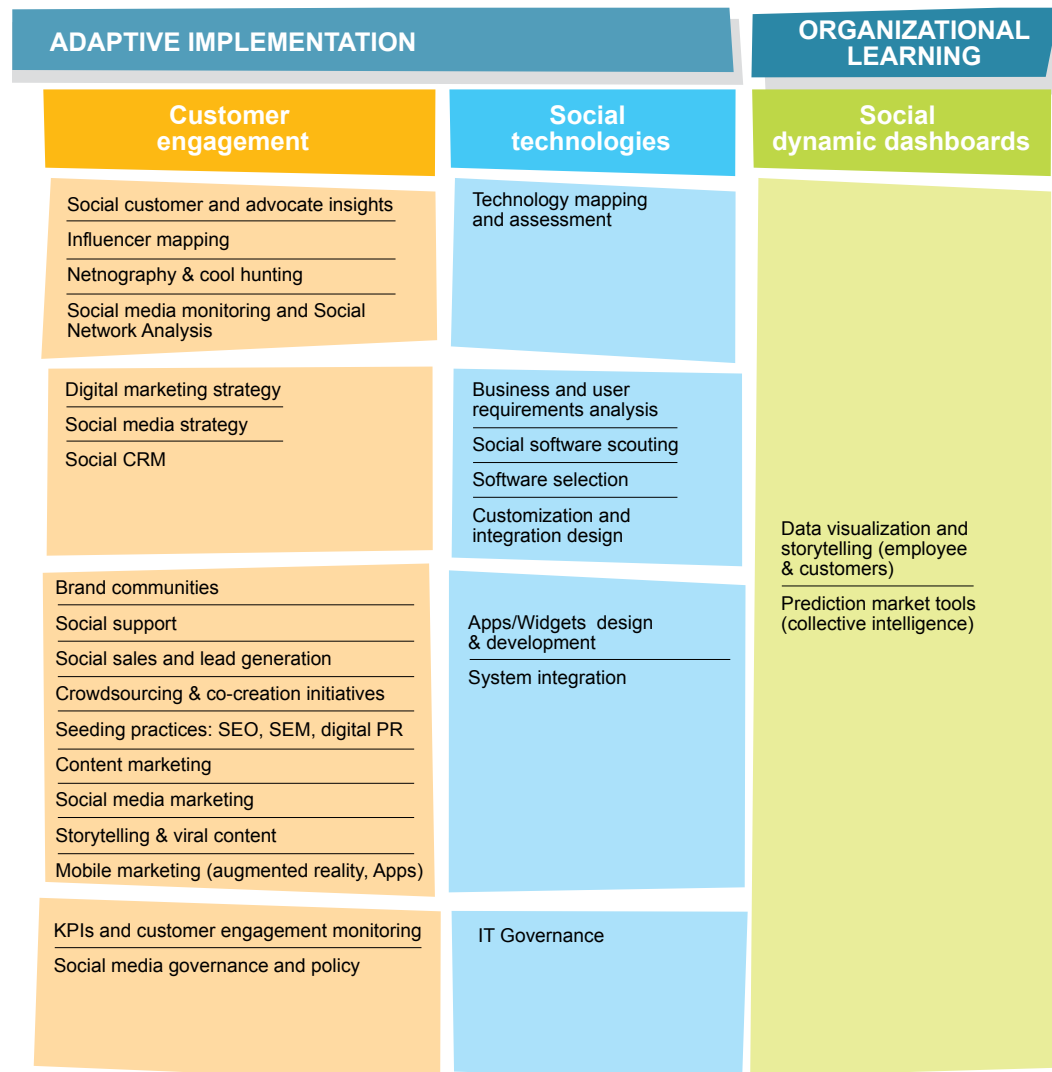
## Social Business Toolkit/Towards the connected intelligent enterprise



- **Transformative strategy:** a complex change, from the business model to the operational organization, from the new interpretation of its own business ecosystem to the diagnosis of its readiness.
- **Adaptive implementation:** the planning and execution of transformative projects both inside the organization and in its relationship with the market and external partners.
- **Organizational learning:** the activation of an ongoing process of monitoring and analysing the data produced by the new systems, generating feedback and organizational learning.
- The actions explore these three macro areas considering the four steps a **system approach** has to anticipate (as shown by the "Social Business Toolkit" table). The steps are as follows:
  - **Understanding:** building new maps and compasses considering the informal, collaborative and network sizes not previously captured by traditional systems of analysis;
  - **Planning:** designing and planning the intervention actions, involving the different departments and company stakeholders;
  - **Execution:** carrying out the interventions, supporting the change process that these projects involve;
  - **Governance:** defining the new company dashboards and harmonising – where possible – old and new systems.

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SOCIAL BUSINESS TRANSFORMATION



This booklet consists of the following sections:

- The 59 actions that represent the ingredients of Social Business Transformation. They are grouped into five sections:
  - Social Business Transformation strategy & consultancy;
  - Employee empowerment;
  - Customer engagement;
  - Social technologies;
  - Social dynamic dashboards;
- Some in-depth analysis of the methods and topics mentioned in the cards;
- Interviews with some managers who are experimenting with this process and who share here

their reflections and experiences;

- A company profile of OpenKnowledge and bios of the editors of this booklet.