Social Enterprise By Design
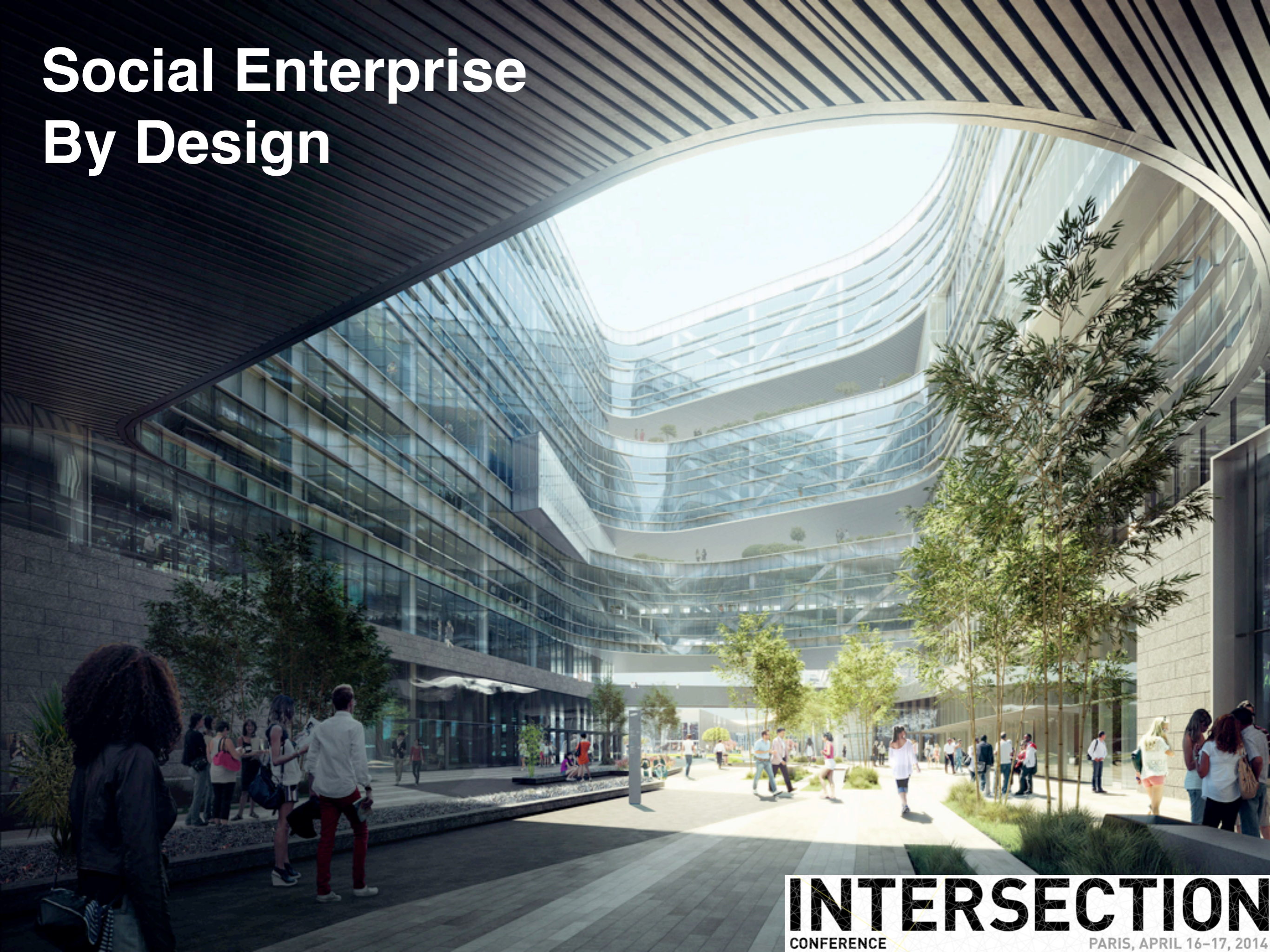
Introduction

Dion Hinchcliffe

- ZDNet's Enterprise Web 2.0
  - http://blogs.zdnet.com/Hinchcliffe
- ebizQ's Next-Generation Enterprises
  - http://www.ebizq.net/blogs/enterprise

  - Adjuvi Chief Strategy Officer
  - http://adjuvi.com
  - mailto:dion@adjuvi.com
- **twitter** : @dhinchcliffe

How will the enterprise operate at the end of this decade?

How will we get there?

The Opportunity

- **Our conception of business has changed in the digital age**

- **Evidence now shows that the <u>industrial age model</u> of the enterprise is in <u>widespread decline</u>**

- Including failing to engage our most important asset: Workers

- **We need better models to build our organizations upon**

- **But the details of these news models are not very well captured and codified yet**

- **<u>How can we better capture the opportunity and change?</u>**

Framing Up the Today's Business Environment

The World We Work In

20TH CENTURY	21ST CENTURY
Resource abundance	Resource constraints
Value in transactions	Value in relationships
Business stability	Business flux
Well-defined industries	Industry transformation
One-way markets	Two-way markets
Limited information	Information abundance

The shift of power and control to communities

THE SHIFT

INSTITUTIONS

GLOBAL MARKETPLACE

COMMUNITIES

CAUSES
· Information networks
· Global information flows
· Social computing
· Market discontinuity

CONTROL
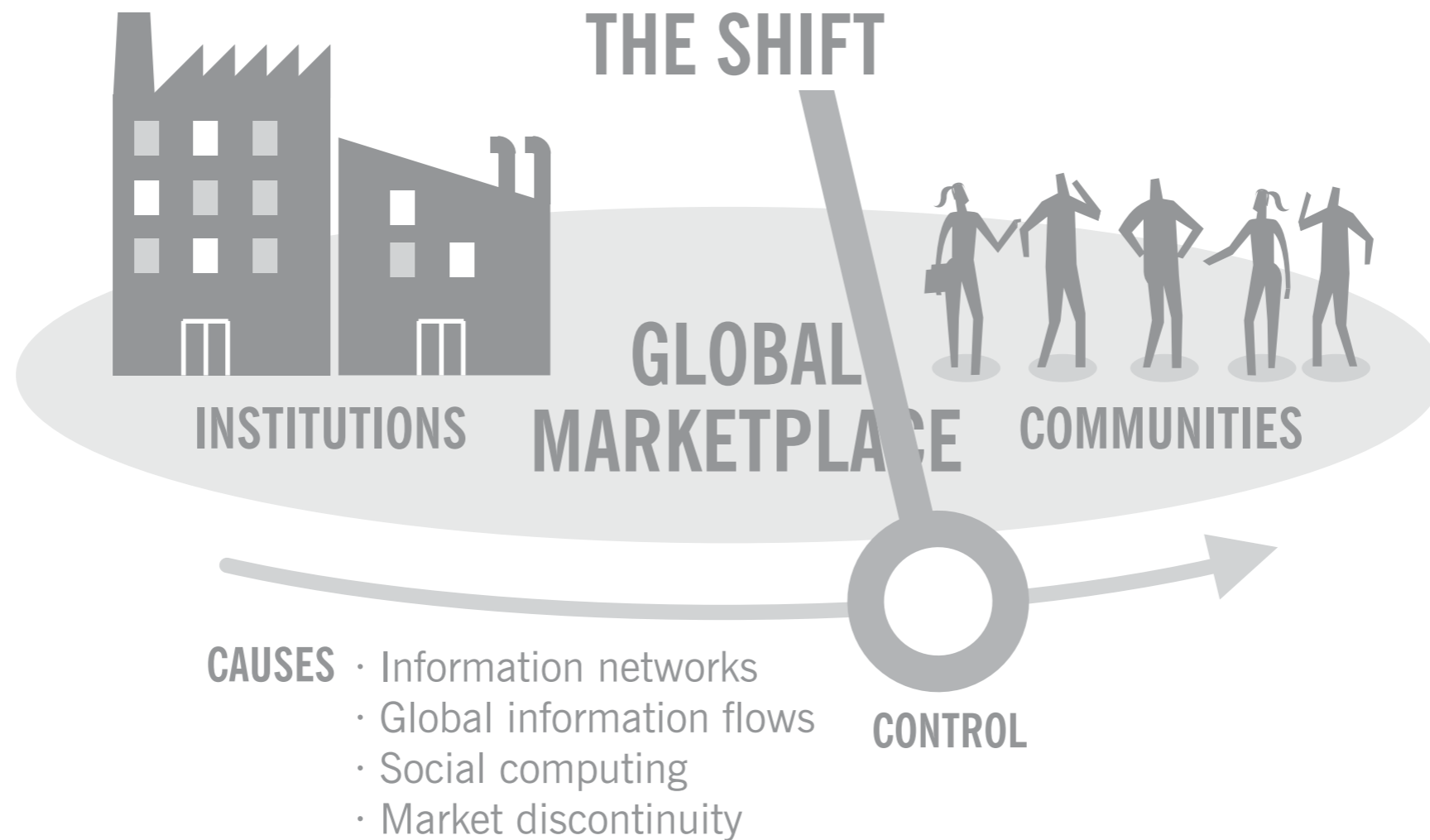
XPLANATIONS™ by Dachis Group

As a result, our institutions aren't very durable today

Average company lifespan on S&P 500 Index (in years)

Projections based on current data
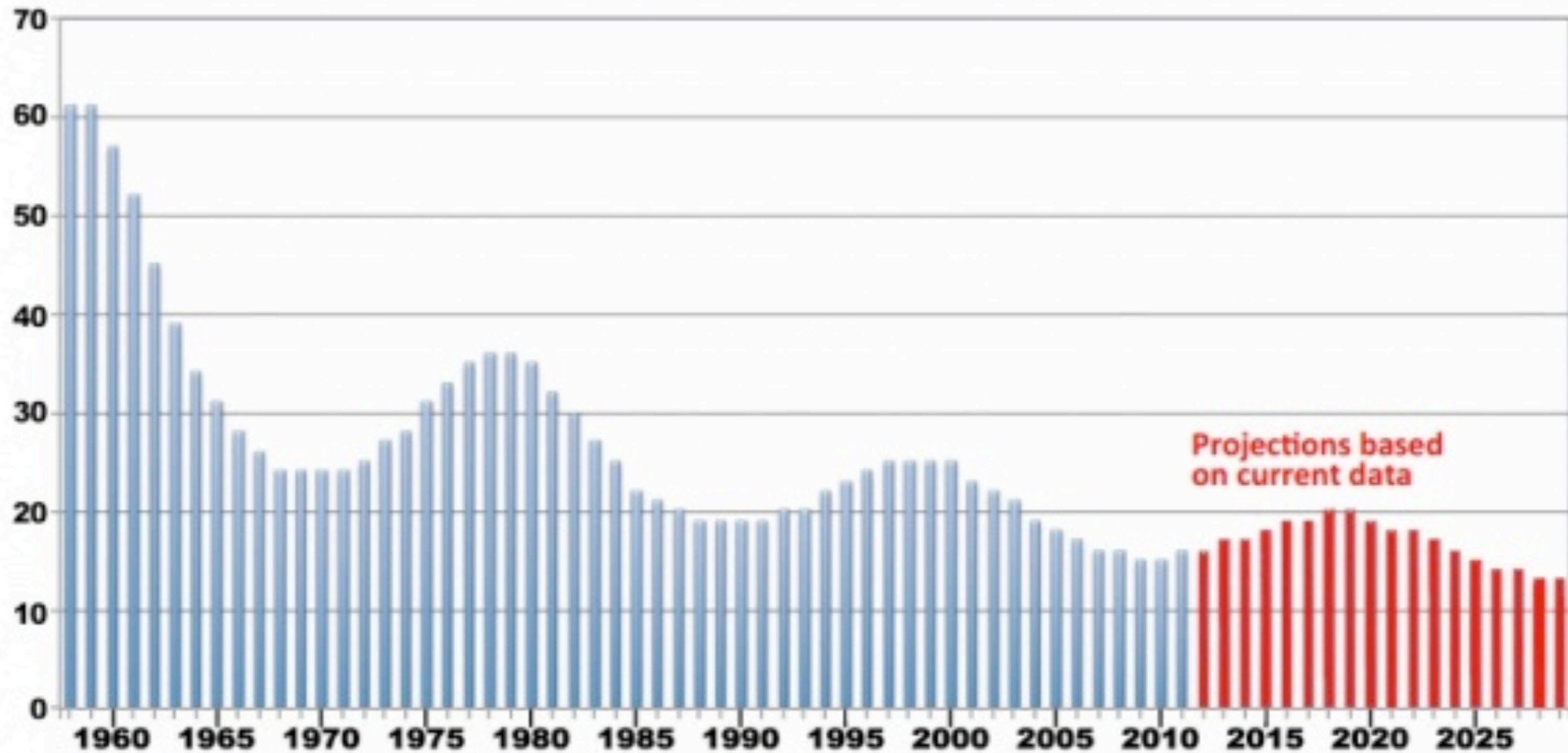
Year (each data point represents a rolling 7-year average of average lifespan)

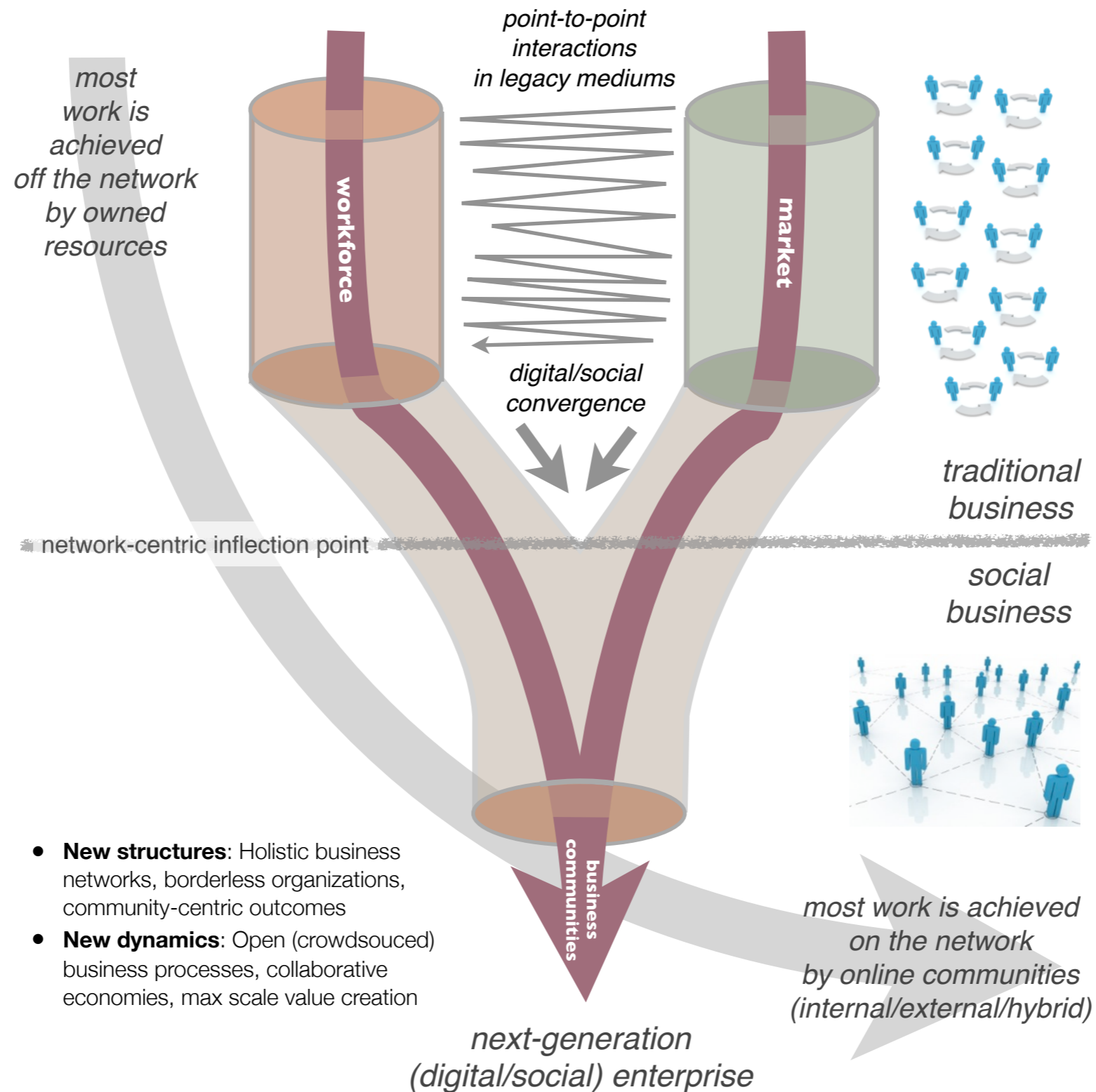DATA: INNOSIGHT/Richard N. Foster/Standard & Poor's

The future: The Next Generation Enterprise

- Well-organized to deal with *rapid change as the norm*

- Fostering *sustainable resource flows* instead of static resource stocks (infrastructure, information, people, etc.)

- *Fundamentally network-centric* and *social* in the way it organizes its technology, people, and business models

- P*art of a much larger ecosystem* that can be tapped into for growth, fueling change, and may other positive outcomes

- Fundamentally embraces *digital business models* and the constantly emerging new delivery methods for them

- *Deeply applies the power laws* to greatly reduce costs, increase virtually all upsides, and avoid disruption from those that are also applying them

What is **social**? Simply it means that conversation is *open*, *participative*, and *shared* by default.

The Premise: The Ongoing Merging of the Enterprise and Community

point-to-point interactions in legacy mediums

most work is achieved off the network by owned resources

workforce

market

digital/social convergence

network-centric inflection point

traditional business

social business

- **New structures**: Holistic business networks, borderless organizations, community-centric outcomes
- **New dynamics**: Open (crowdsouced) business processes, collaborative economies, max scale value creation

business communities

most work is achieved on the network by online communities (internal/external/hybrid)

next-generation (digital/social) enterprise

Examples of new community-led business...
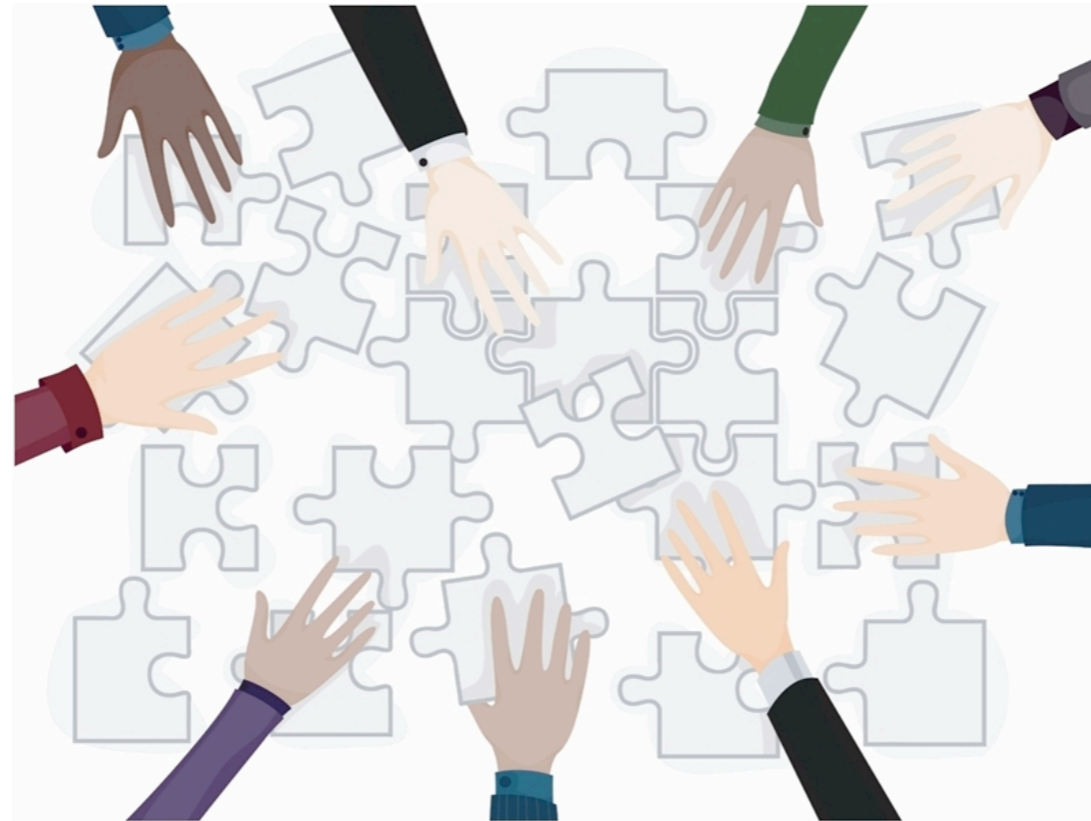
- **Story of Valve:** A major company that is entirely non-hierarchical and self-organized

- **Story of Intuit:** A company that used mass peer production with its customers to create breakthrough customer care
  See case study in Social Business By Design

- **Story of Fold.It:** An online community that solves some of the scientific communities largest problems using outsiders

And open source

A Class-Leading Example

"A Team-Based, Flat Lattice Organization"

"How we work at Gore sets us apart. Since Bill Gore founded the company in 1958, Gore has been a team-based, flat lattice organization that fosters personal initiative. There are no **traditional organizational charts, no chains of command, nor predetermined channels of communication**.

Instead, we communicate directly with each other and are accountable to fellow members of our multi-disciplined teams. **We encourage hands-on innovation, involving those closest to a project in decision making. Teams organize around opportunities and leaders emerge.** This unique kind of corporate structure has proven to be a significant contributor to associate satisfaction and retention."
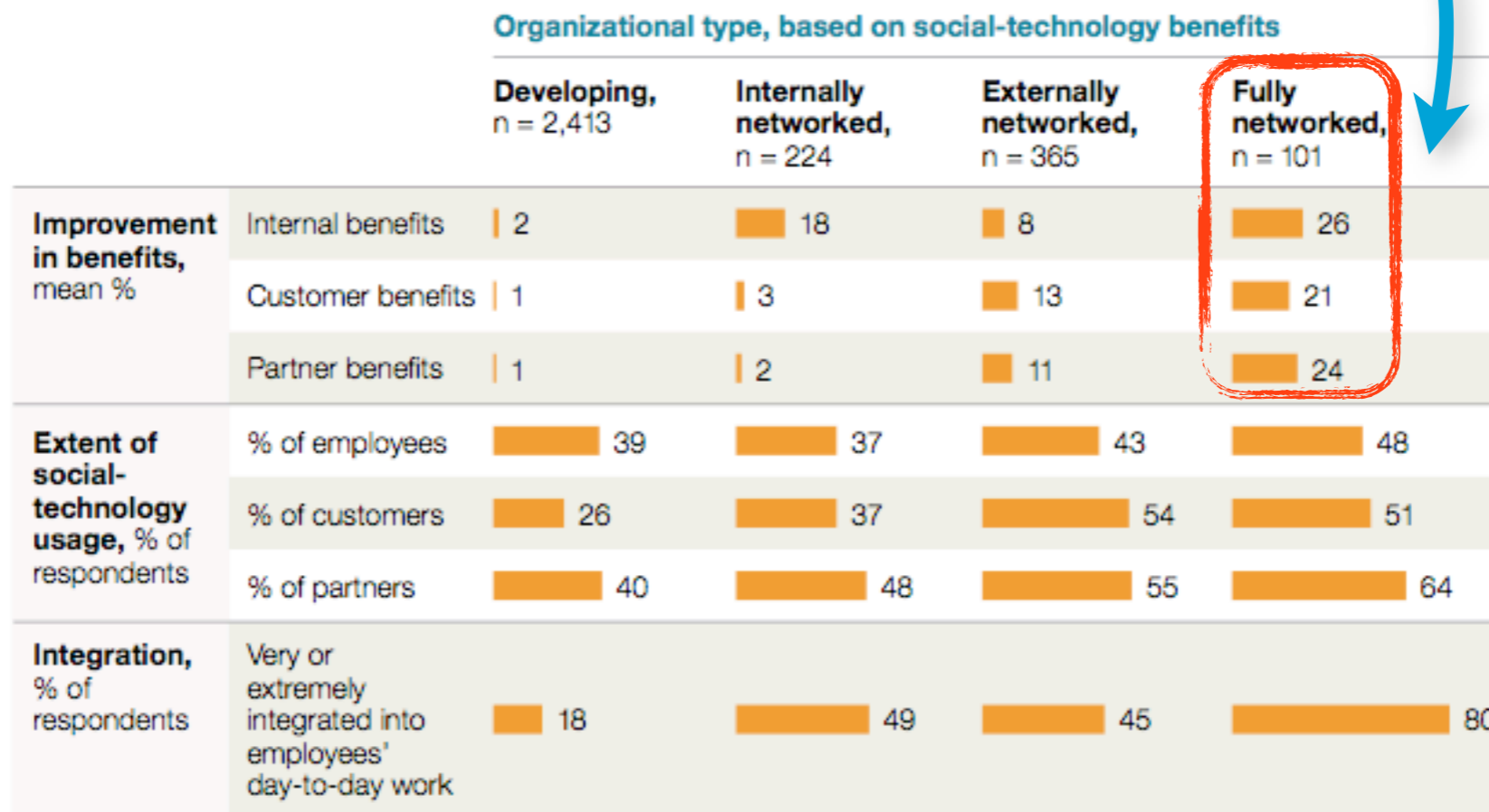
Our Culture

A unique, nonhierarchical culture fosters the innovative spirit of individuals and small teams.

Key stats for W.L Gore:

10,197 employees
$3.2B revenue (2013)

We've learned that extensively community-oriented organizations get outsized benefits

Tracking the four types of organizations

Organizational type, based on social-technology benefits

		Developing, n = 2,413	Internally networked, n = 224	Externally networked, n = 365	Fully networked, n = 101
Improvement in benefits, mean %	Internal benefits	2	18	8	26
	Customer benefits	1	3	13	21
	Partner benefits	1	2	11	24
Extent of social-technology usage, % of respondents	% of employees	39	37	43	48
	% of customers	26	37	54	51
	% of partners	40	48	55	64
Integration, % of respondents	Very or extremely integrated into employees' day-to-day work	18	49	45	80

Source: McKinsey Web 2.0 Survey

Only fully social organizations can tap into the $1.3 trillion social business opportunity
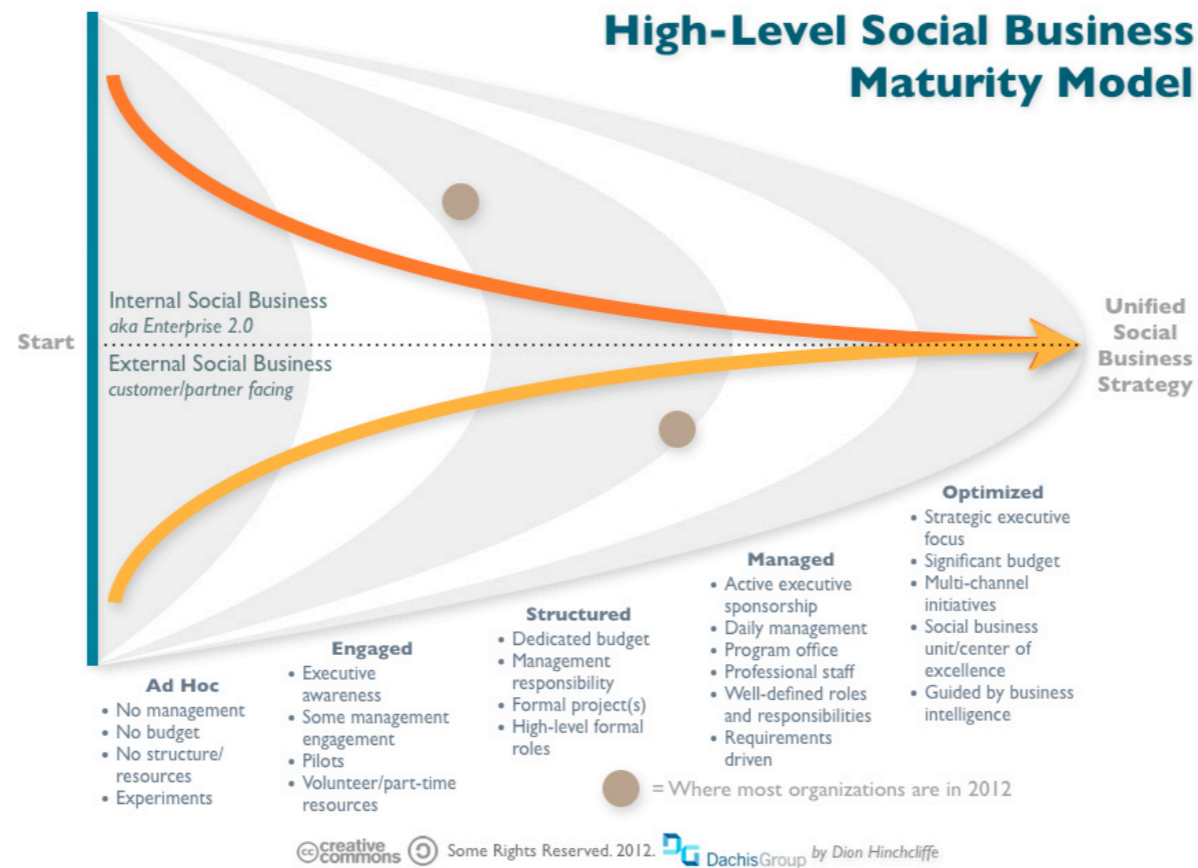
But we still have many challenges

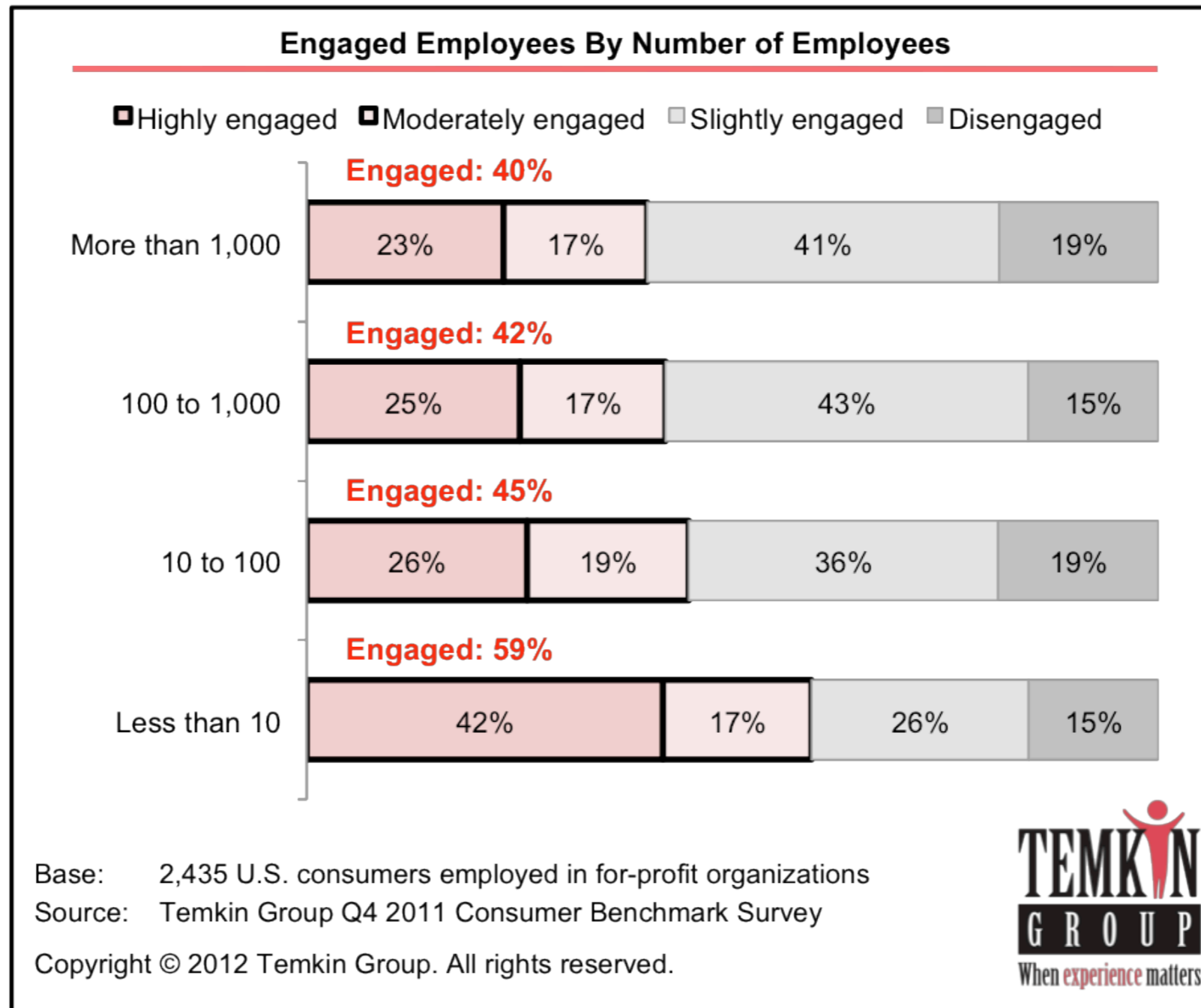- **96% of internal and external social business efforts are not connected**
- Source: SOCIAL BUSINESS COUNCIL

- **Yet that's where the most value is, by far**

High-Level Social Business Maturity Model

Start

Internal Social Business
aka Enterprise 2.0

External Social Business
customer/partner facing

Unified
Social
Business
Strategy

Ad Hoc
- No management
- No budget
- No structure/resources
- Experiments

Engaged
- Executive awareness
- Some management engagement
- Pilots
- Volunteer/part-time resources

Structured
- Dedicated budget
- Management responsibility
- Formal project(s)
- High-level formal roles

Managed
- Active executive sponsorship
- Daily management
- Program office
- Professional staff
- Well-defined roles and responsibilities
- Requirements driven

Optimized
- Strategic executive focus
- Significant budget
- Multi-channel initiatives
- Social business unit/center of excellence
- Guided by business intelligence

= Where most organizations are in 2012

creative commons Some Rights Reserved. 2012. DG Dachis Group *by Dion Hinchcliffe*

Workforce engagement is another challenge

Engaged Employees By Number of Employees

Legend: Highly engaged, Moderately engaged, Slightly engaged, Disengaged

More than 1,000 — Engaged: 40% — 23% | 17% | 41% | 19%

100 to 1,000 — Engaged: 42% — 25% | 17% | 43% | 15%

10 to 100 — Engaged: 45% — 26% | 19% | 36% | 19%

Less than 10 — Engaged: 59% — 42% | 17% | 26% | 15%

Base: 2,435 U.S. consumers employed in for-profit organizations
Source: Temkin Group Q4 2011 Consumer Benchmark Survey
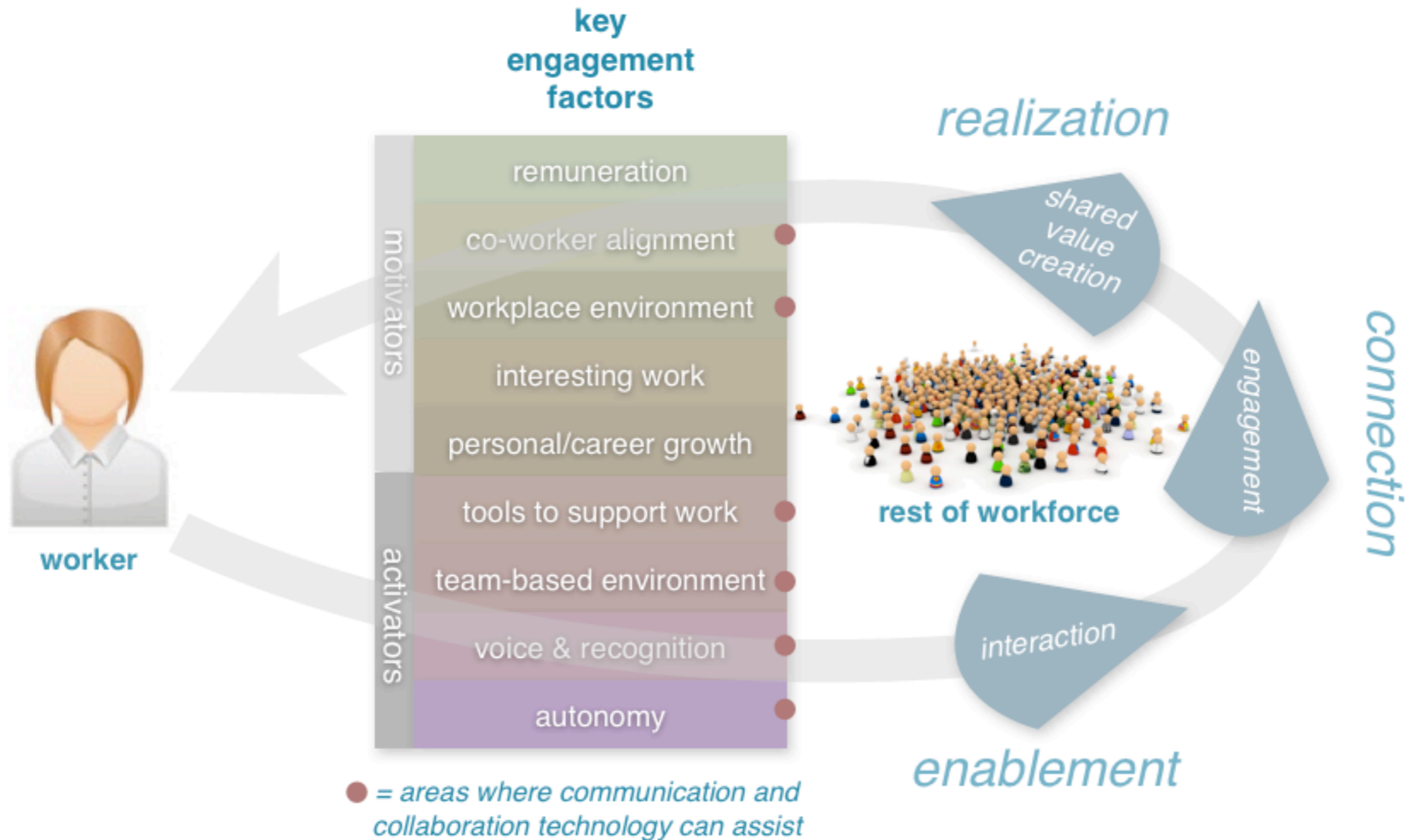Copyright © 2012 Temkin Group. All rights reserved.

The opportunity: **In most companies, the majority of employees are not well engaged**

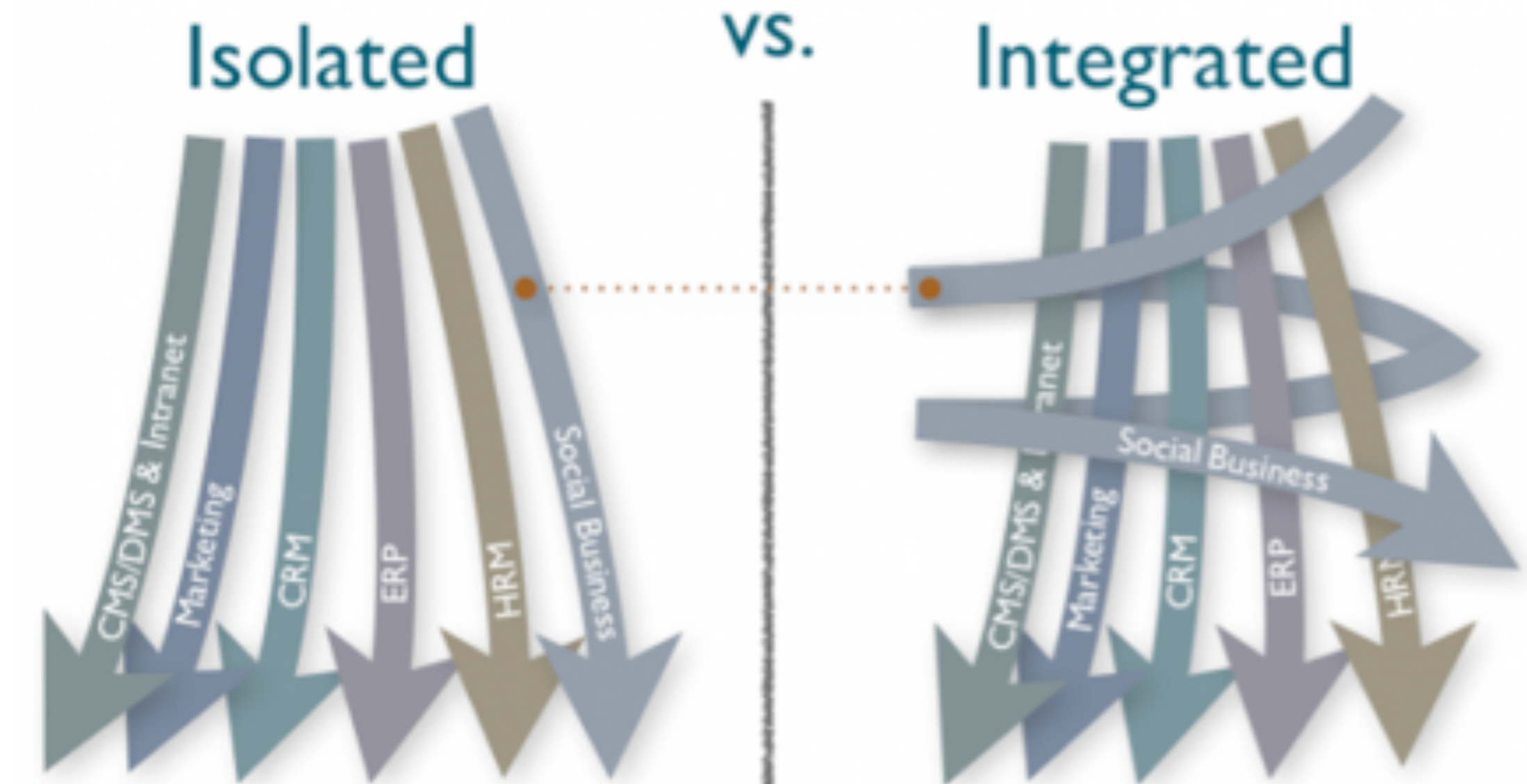# Yet the benefits of better engagement could not be more clear...

Impact of Employee Engagement
Difference between top and bottom engagement quartiles

Absenteeism -37%
High Turnover -25%
Low Turnover -49%
Shrinkage -27%
Safety Incidents -49%
Patient Safety Incidents -41%
Quality (Defects) -60%
Customer 12%
Productivity 18%
Profitability 16%

Top decile companies have 3.9 times the Earnings Per Share (EPS) growth rate

Data aggregated from 199 research studies conducted 1994-2008

Reference: Gallup Inc.'s Employee Engagement Survey October 2011

Source: Tom Rath & Donald Clifton, The Power of Praise & Recognition, Gallup Business Journal

Does technology even improve employee engagement?

key
engagement
factors

realization

remuneration

co-worker alignment

workplace environment

interesting work

personal/career growth

motivators

shared value creation

tools to support work

team-based environment

voice & recognition

autonomy

activators

rest of workforce

connection

engagement

interaction

enablement

● = areas where communication and collaboration technology can assist

worker

(Yes, dots in red.)

We've also learned that collaboration cannot be isolated from work

The Lesson: The next-generation enterprise is... part of a single continuum... one unified ecosystem

Social Business
enterprise ecosystem

customers + world

Internet

extranet

business partners

intranet

workers

Social Innovation

Crowdsourcing

integrated vision

Social Marketing

Social CRM

Customer Communities

Social Workforce

A difficult industry lesson:
To succeed with new modes of work, we must create digital org structures to engage at scale
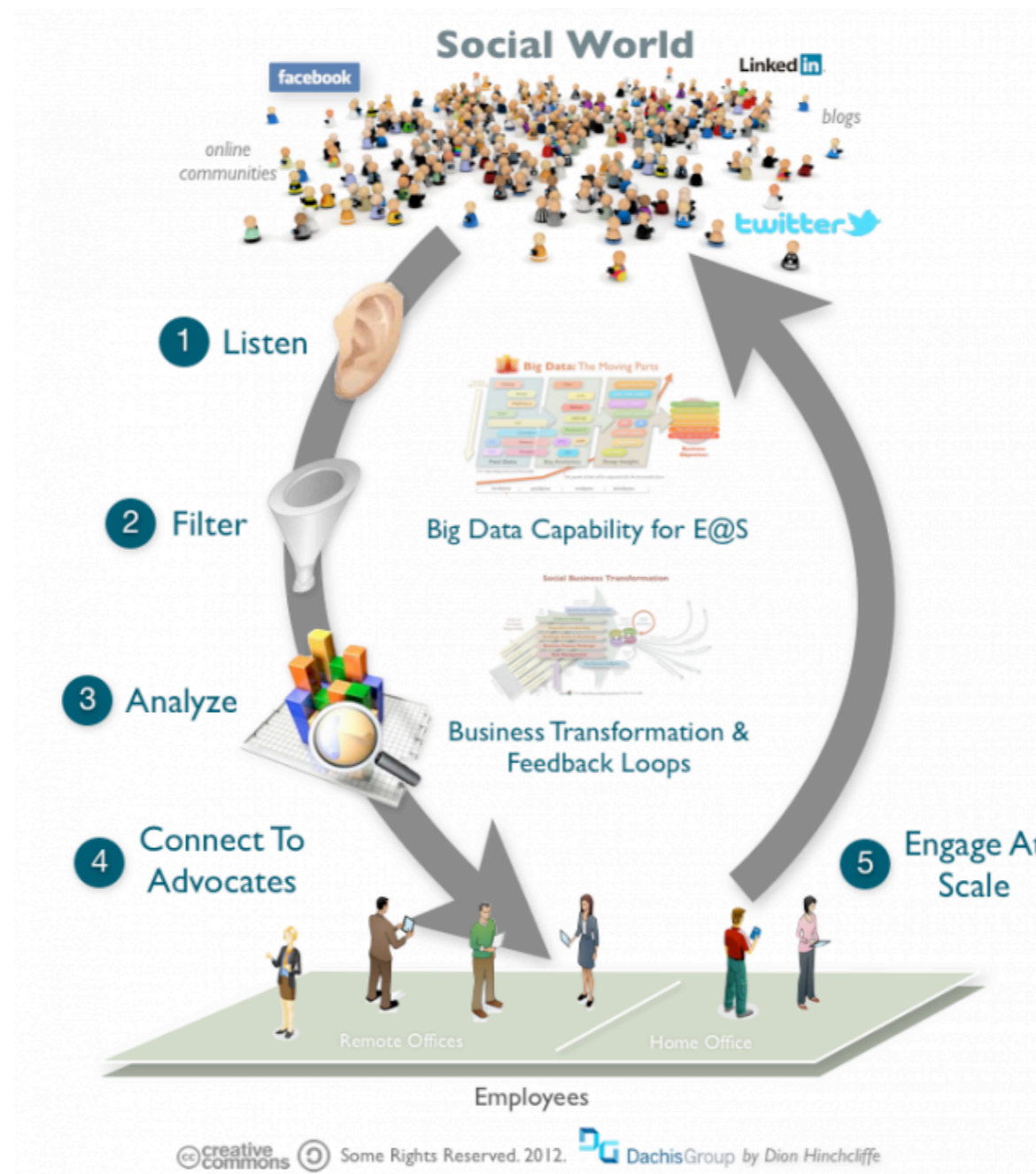
And we have a large digital/social palette we must use

Key Point: This is a minimum view of digital strategy today

We Must Also Design for Emergent Outcomes

- **DIRECT CAUSE**
  - Social networking
  - Open knowledge management
  - *Emergent collaboration*

- **SECOND ORDER CAUSE & EFFECT**
  - Better discovery
  - Cultivating weak ties/cross pollination
  - Collective intelligence
  - *Knowledge retention*

- **THIRD ORDER CAUSE & EFFECT**
  - Improved processes
  - Worker efficiency
  - Human ingenuity
  - Collaborative problem solving
  - *Superior decisions*

- **FOURTH ORDER EFFECT**
  - New products & services
  - Increased profitability
  - Higher quality work results
  - Higher customer satisfaction
  - Employee retention
  - *More efficient operations*

CHANGE

CASCADING EFFECTS
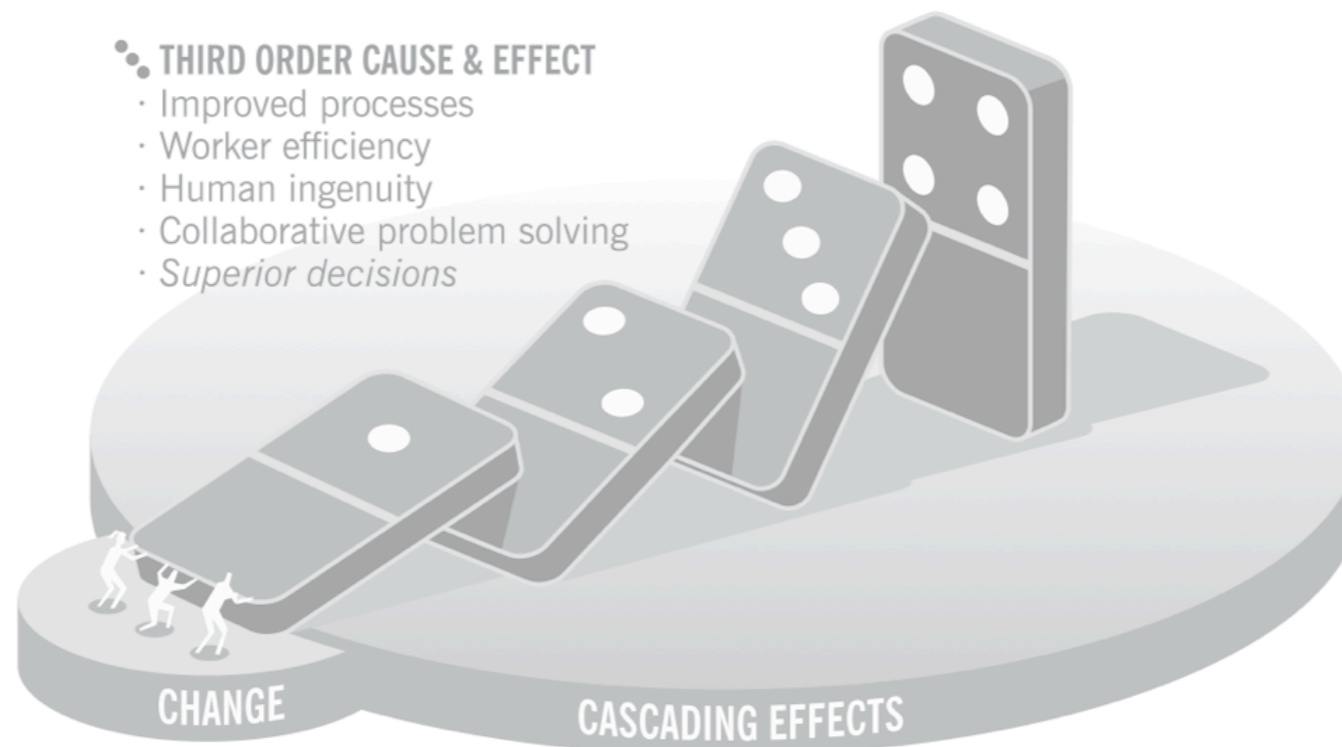
Key Point: Because communities create many additional, rich outcomes

In other words...

Design for
Loss of Control*

*** Full credit due the great JP Rangaswami**

But are the traditional, linear models for change the best?

Implementing and sustaining change

Engaging and enabling the whole organization

Creating a climate for change

1	2	3	4	5	6	7	8
Create urgency	Create a coalition	Develop a vision and strategy	Communicate the vision	Empower action	Get quick wins	Leverage wins to drive change	Embed in culture

The 8-Step Process for Leading Change – Dr. John Kotter

Peter Senge's Growth Processes of Profound Change
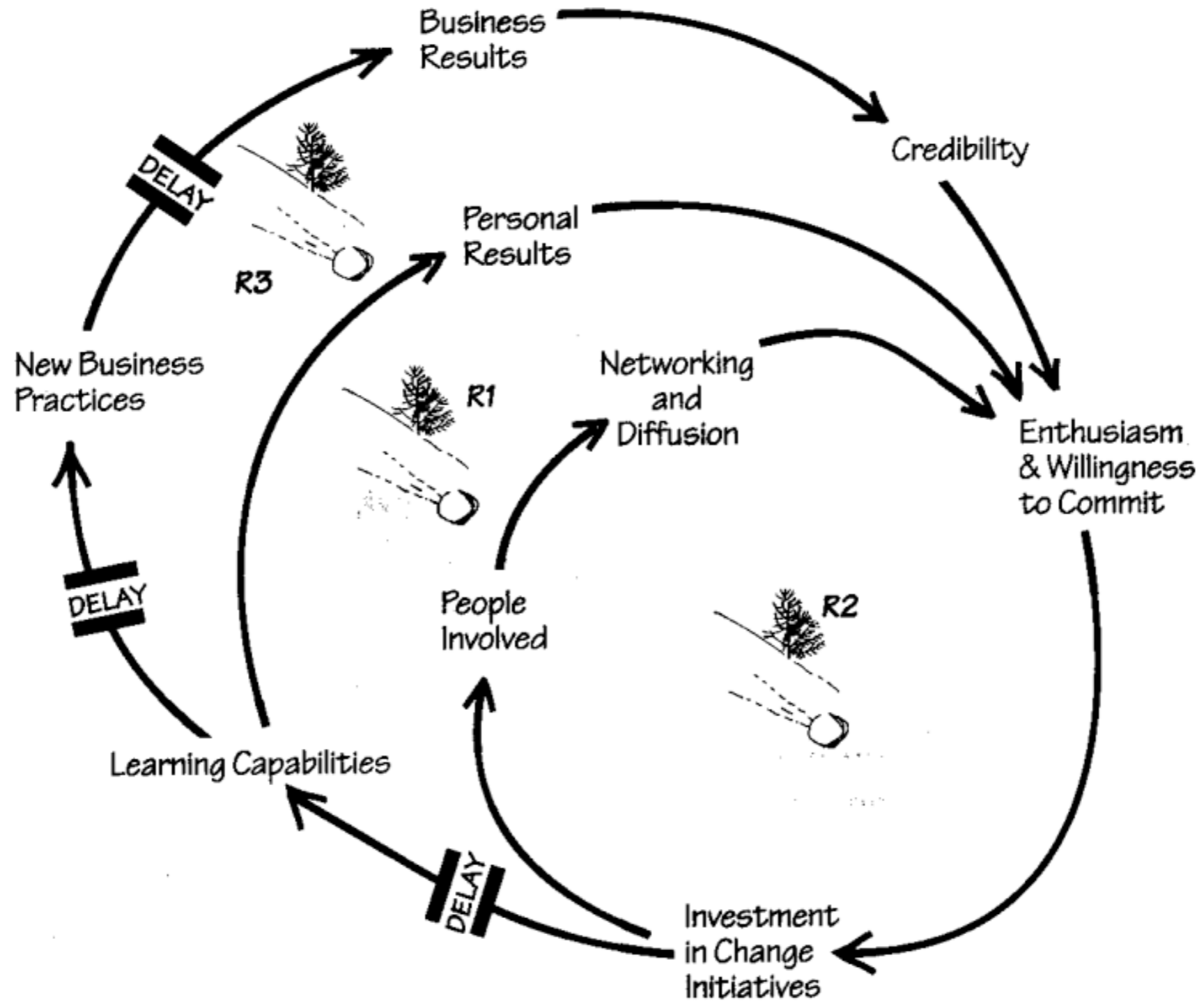
Credit: Mark Foden

Getting to the core: A simple sustainable model that will handle *disruptive*, *cyclical*, *constant* change
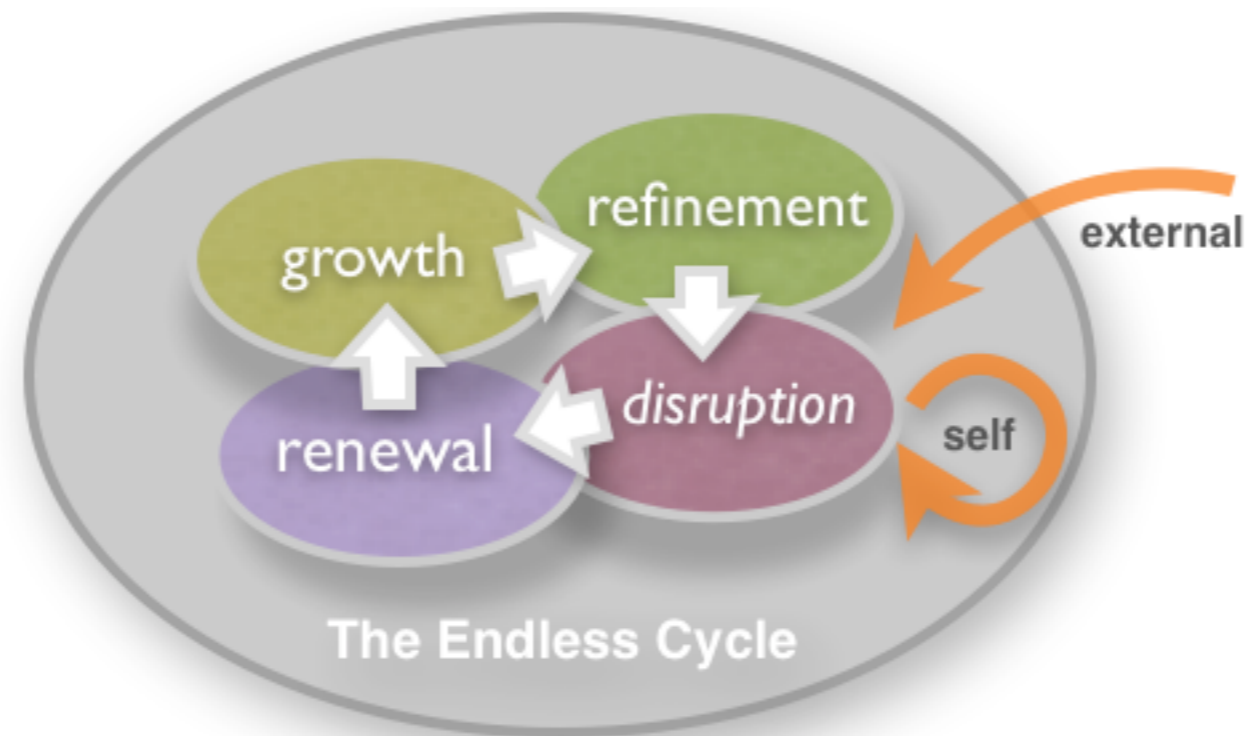
Change points for the new enterprise

new types of devices   open APIs

smart mobility   social media   big data

app stores   new UXs   wearable tech

Technology

comfort with self-service   predilection for sharing

tech savviness

expectations of
job security   desire for work flexibility

Culture

virtualization of workforce   networks of networks

social media communities   non-hierarchical
management

Structure

peer production   user generated content

community management

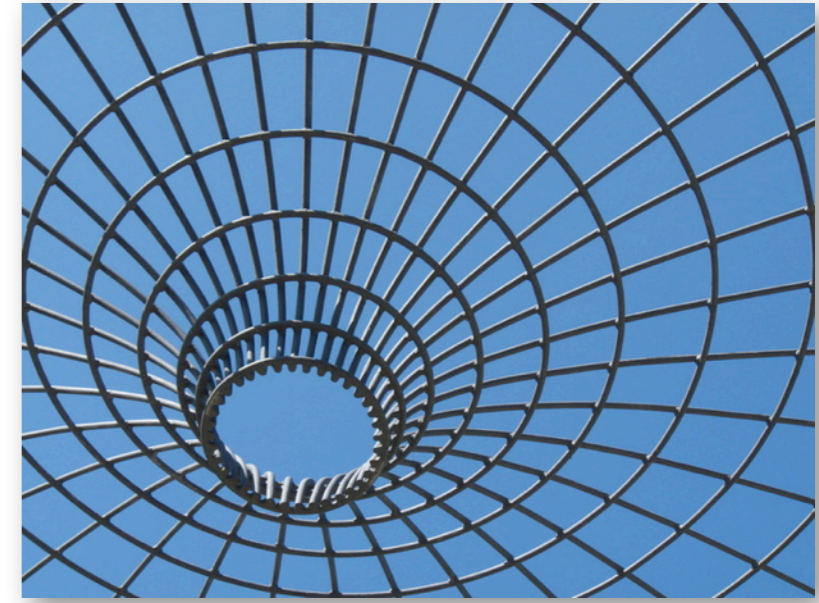crowdsourcing   social business processes

Process

Do we need strategy to get there?

- **Do they make sure we don't forget what's most important?**

- To leverage everyone's lessons learned?

- To let the network do the work

- To be the conduit and co-shaper of the outcomes

- To cultivate and wield social capital

- **Can social business meet our expectations if it only delivers what is planned?**
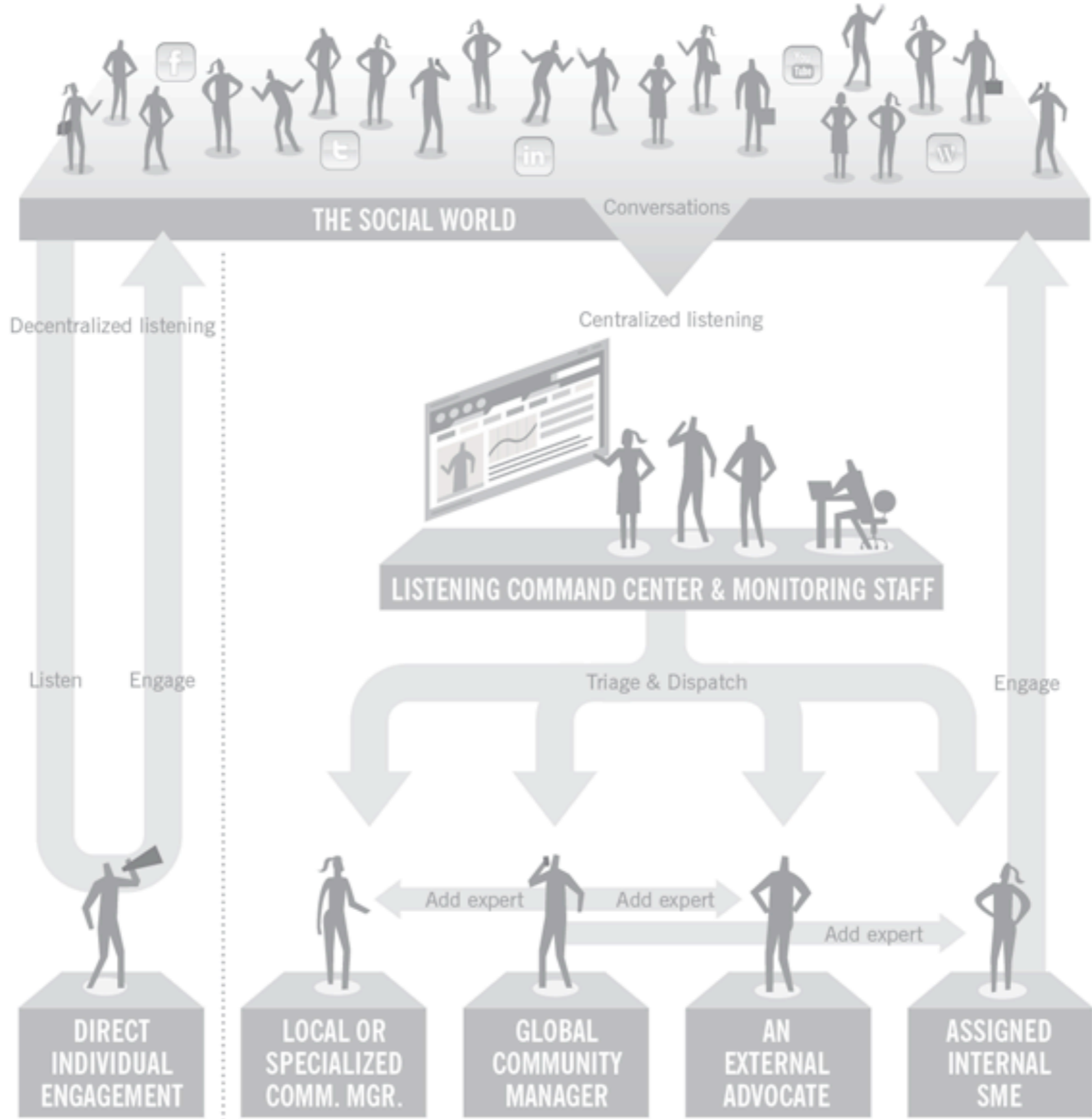
Perhaps that's not even the right question

- **Can we apply new frameworks broadly to**
- Most industries?
- Most geographies?
- Most corporate cultures?
- **Will they work most of the time?**
- **What will they provide us?**
- Lower risk?
- Faster results?
- Better results?
- *Is there any evidence of this?*
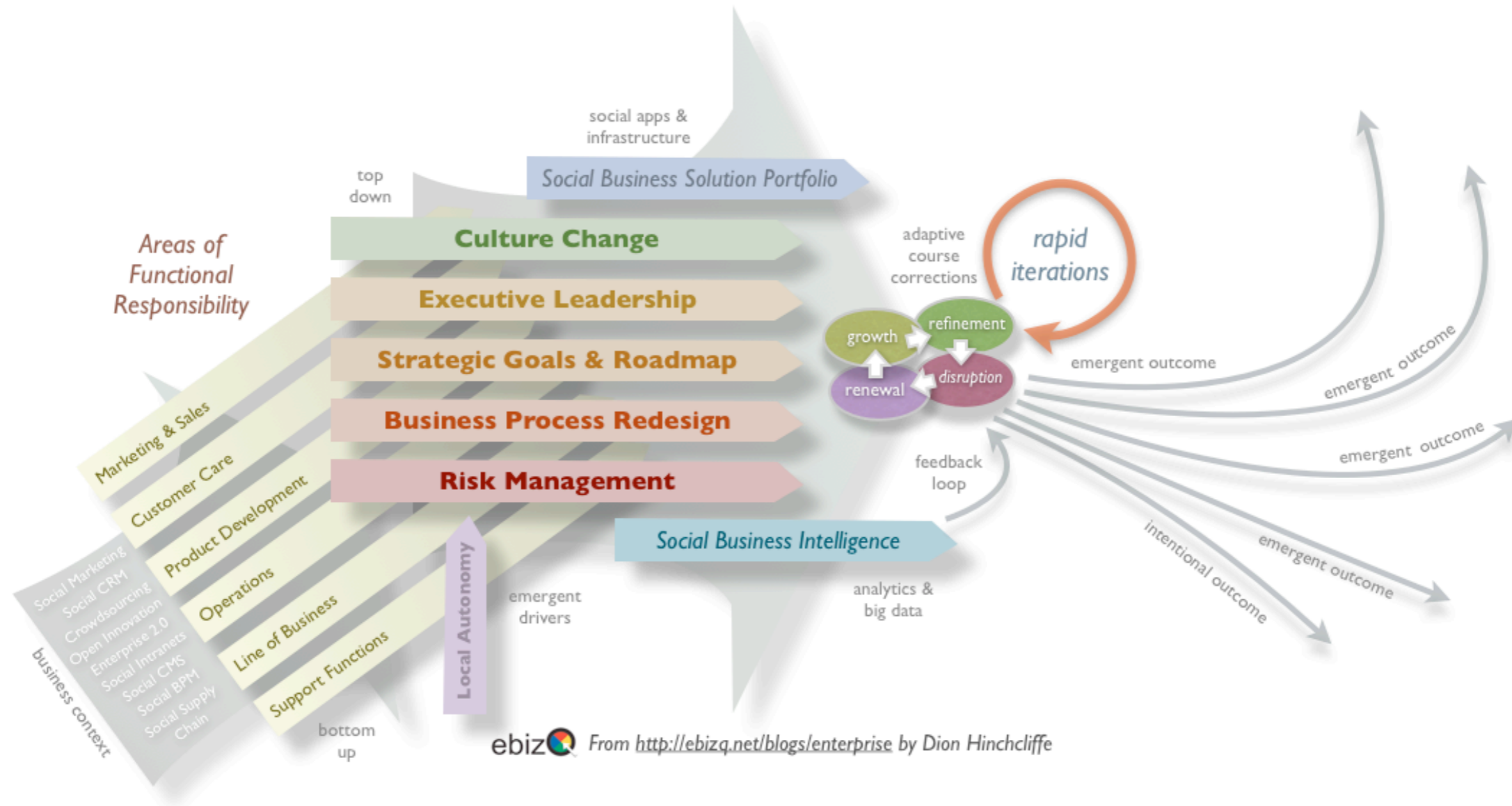- **Or do they lock us into what has only happened before?**

Looking at Organization for the New Enterprise

New Intrinsic Processes for Engagement

THE SOCIAL WORLD

Conversations

Decentralized listening

Centralized listening

LISTENING COMMAND CENTER & MONITORING STAFF

Listen   Engage

Triage & Dispatch

Engage

Add expert   Add expert

Add expert

DIRECT INDIVIDUAL ENGAGEMENT

LOCAL OR SPECIALIZED COMM. MGR.

GLOBAL COMMUNITY MANAGER

AN EXTERNAL ADVOCATE

ASSIGNED INTERNAL SME

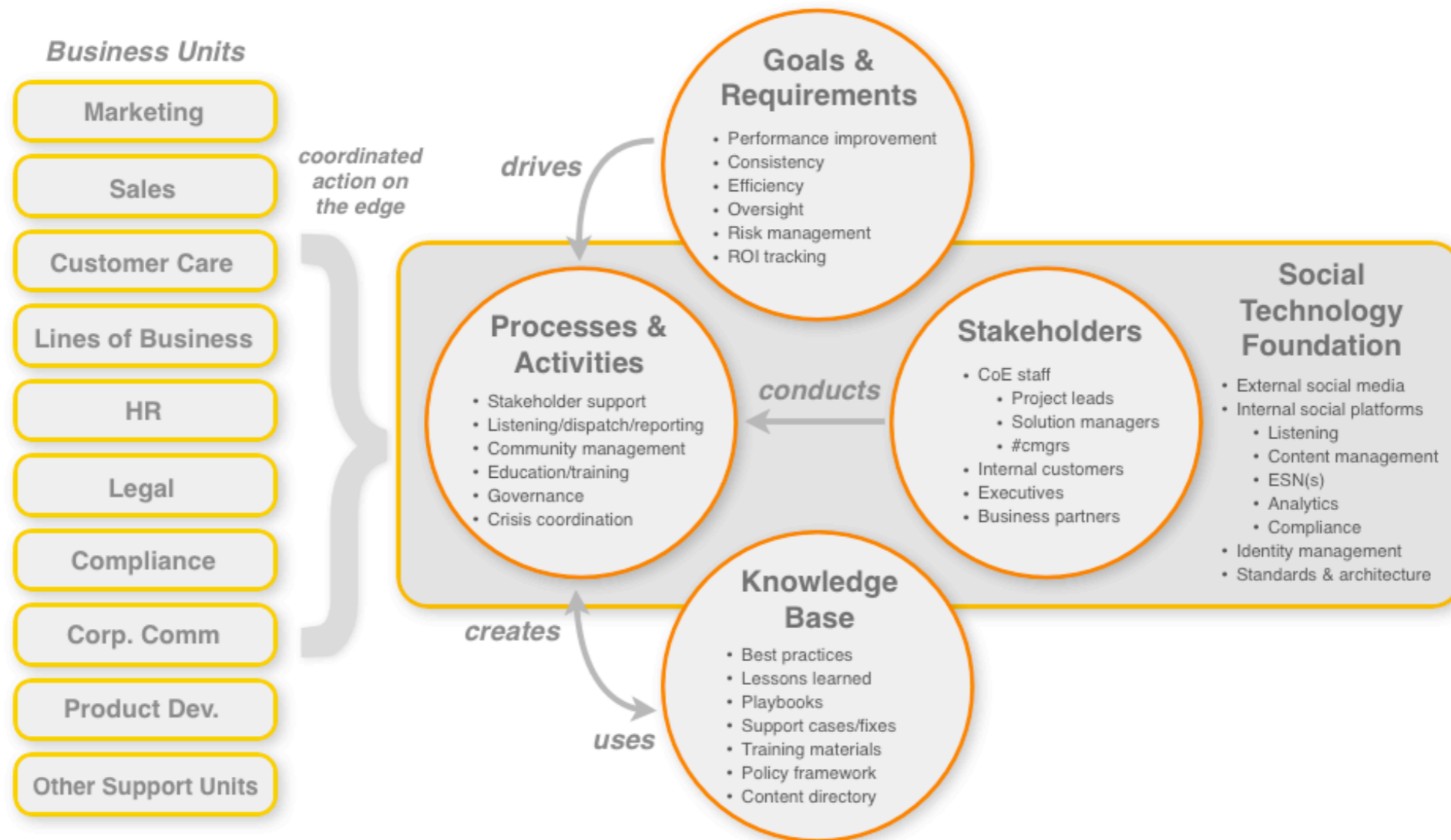# Deliberate Enterprise-Scale Strategies for Change
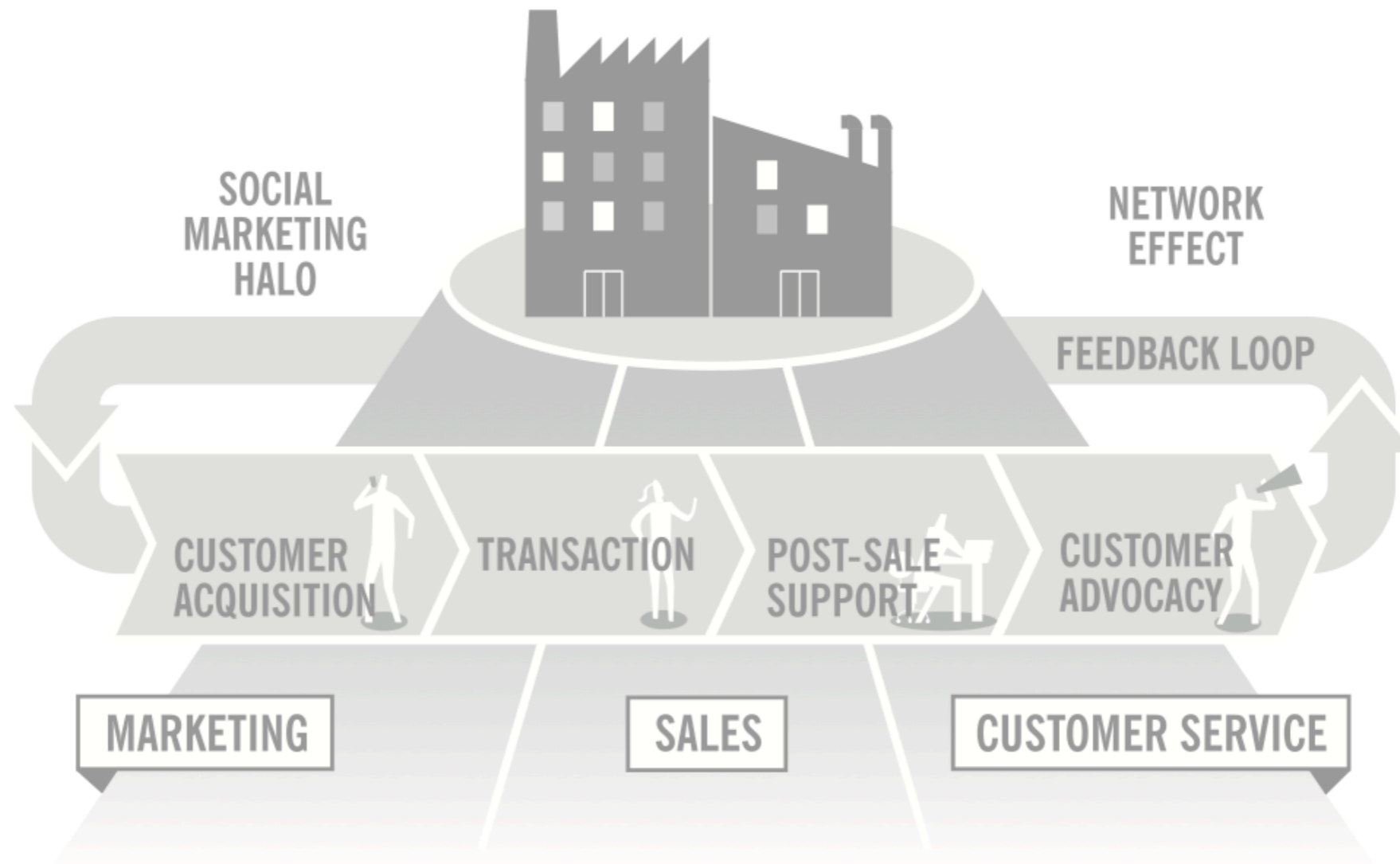

Social Business Transformation

Incremental change means incremental results.
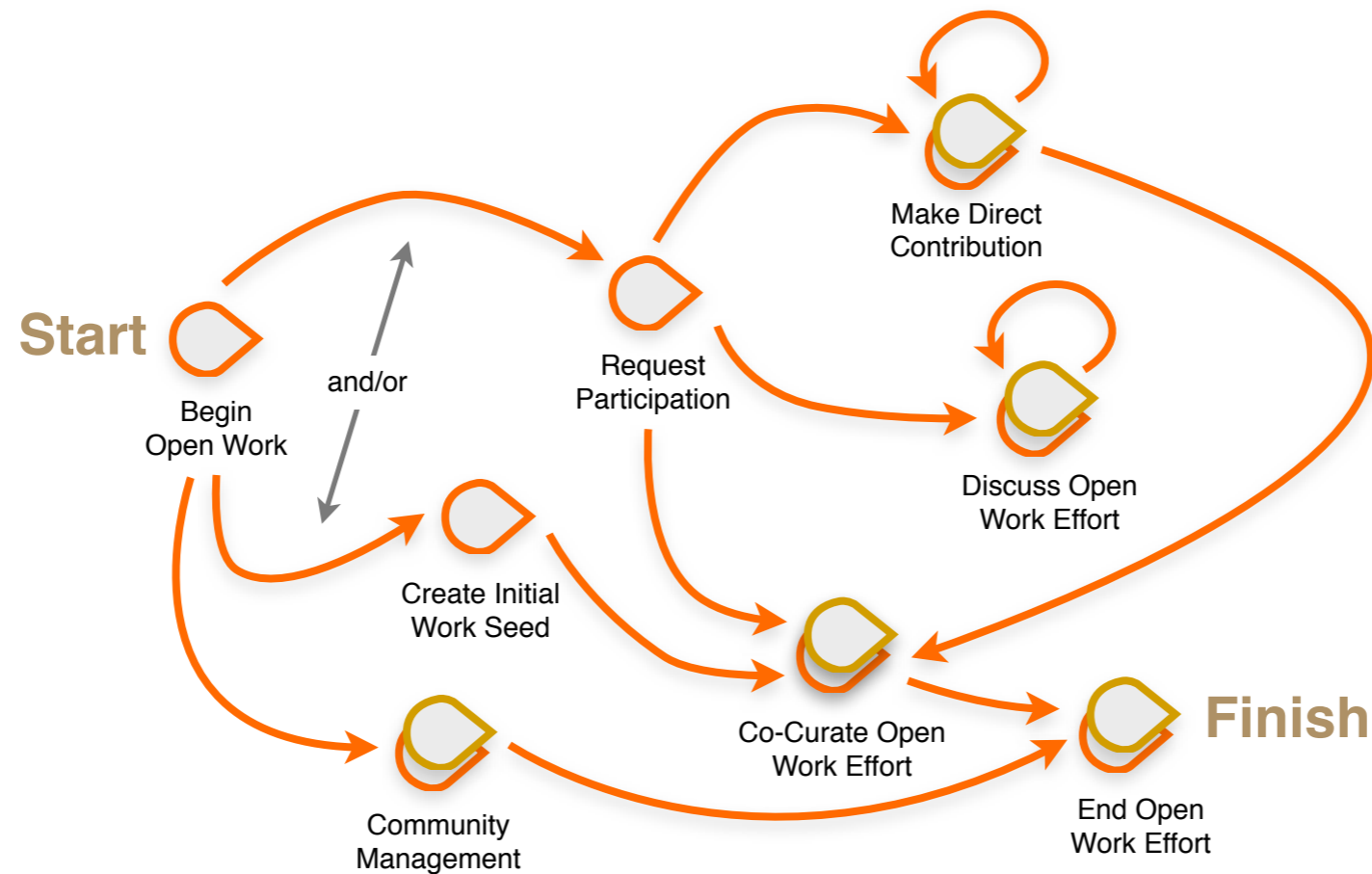
Strategic Organization and New Org Structures

The Maturing of the Social Media Center of Excellence

Business Units
- Marketing
- Sales
- Customer Care
- Lines of Business
- HR
- Legal
- Compliance
- Corp. Comm
- Product Dev.
- Other Support Units

coordinated action on the edge

drives

Goals & Requirements
- Performance improvement
- Consistency
- Efficiency
- Oversight
- Risk management
- ROI tracking

Processes & Activities
- Stakeholder support
- Listening/dispatch/reporting
- Community management
- Education/training
- Governance
- Crisis coordination

conducts

Stakeholders
- CoE staff
  - Project leads
  - Solution managers
  - #cmgrs
- Internal customers
- Executives
- Business partners

Social Technology Foundation
- External social media
- Internal social platforms
  - Listening
  - Content management
  - ESN(s)
  - Analytics
  - Compliance
- Identity management
- Standards & architecture

creates

uses

Knowledge Base
- Best practices
- Lessons learned
- Playbooks
- Support cases/fixes
- Training materials
- Policy framework
- Content directory

Engagement Processes that Scale

Org Structures for Scaling "Working out loud"

Definitions

	Open Work	**Co-Curation**	**Community Management**
Definitions	A social business work process where anyone can contribute. You choose the boundaries of the community.	Community-based decisions on the best contributions to integrate into the ultimate open work effort.	The process of 1) drawing in the participants, 2) managing their engagement, 3) enforcing standards, and 4) eliciting their participation.

Legend   ⬠ Open Work Initiator   ⬠ Community Participant

This is community management, but what else?

Closing Loop: Turning Data and Engagement into Action

CHANGE THE LOOP:
CONVERTING SOCIAL ACTIVITY INTO STRATEGIC BUSINESS INTELLIGENCE

FAST DATA

BIG ANALYTICS

18:3280-24277 9203475992
3414146.256802 + 252395
235444 00. 3278/235720-33
:3338245 00, 01, 2938 2592
2656502.29823 92955 2839
255 389259 3925x32＝2003
373904 00. 3278/235720-33
:3338245 00, 01, 2938 2592
2656502.29823 92955 2839

SOCIAL BI

· Sentiment analysis
· Engagement measurement
· Marketing optimization
· Customer care analysis
· Behavior prediction
· Harvesting innovation

GLOBAL SOCIAL MEDIA

RESPONSE

HUMAN ACTIVITY

External

Internal

ENGAGEMENT CYCLE

DachisGroup   creative commons   Some rights reserved, 2012

A continuing discussion of socialbusinessbydesign.com
Visual by Dion Hinchcliffe & Bill Keaggy

All aimed at tomorrow's very different worker

TEN SKILLS
FOR THE FUTURE WORKFORCE

1 SENSE-MAKING

DEFINITION: *ability to determine the deeper meaning or significance of what is being expressed*

3 NOVEL & ADAPTIVE THINKING

DEFINITION: *proficiency at thinking and coming up with solutions and responses beyond that which is rote or rule-based*

5 COMPUTATIONAL THINKING

DEFINITION: *ability to translate vast amounts of data into abstract concepts and to understand data-based reasoning*

7 TRANSDISCIPLINARITY

DEFINITION: *literacy in and ability to understand concepts across multiple disciplines*

9 COGNITIVE LOAD MANAGEMENT

DEFINITION: *ability to discriminate and filter information for importance, and to understand how to maximize cognitive functioning using a variety of tools and techniques*

2 SOCIAL INTELLIGENCE

DEFINITION: *ability to connect to others in a deep and direct way, to sense and stimulate reactions and desired interactions*

4 CROSS-CULTURAL COMPETENCY

DEFINITION: *ability to operate in different cultural settings*

6 NEW-MEDIA LITERACY

DEFINITION: *ability to critically assess and develop content that uses new media forms, and to leverage these media for persuasive communication*

8 DESIGN MINDSET

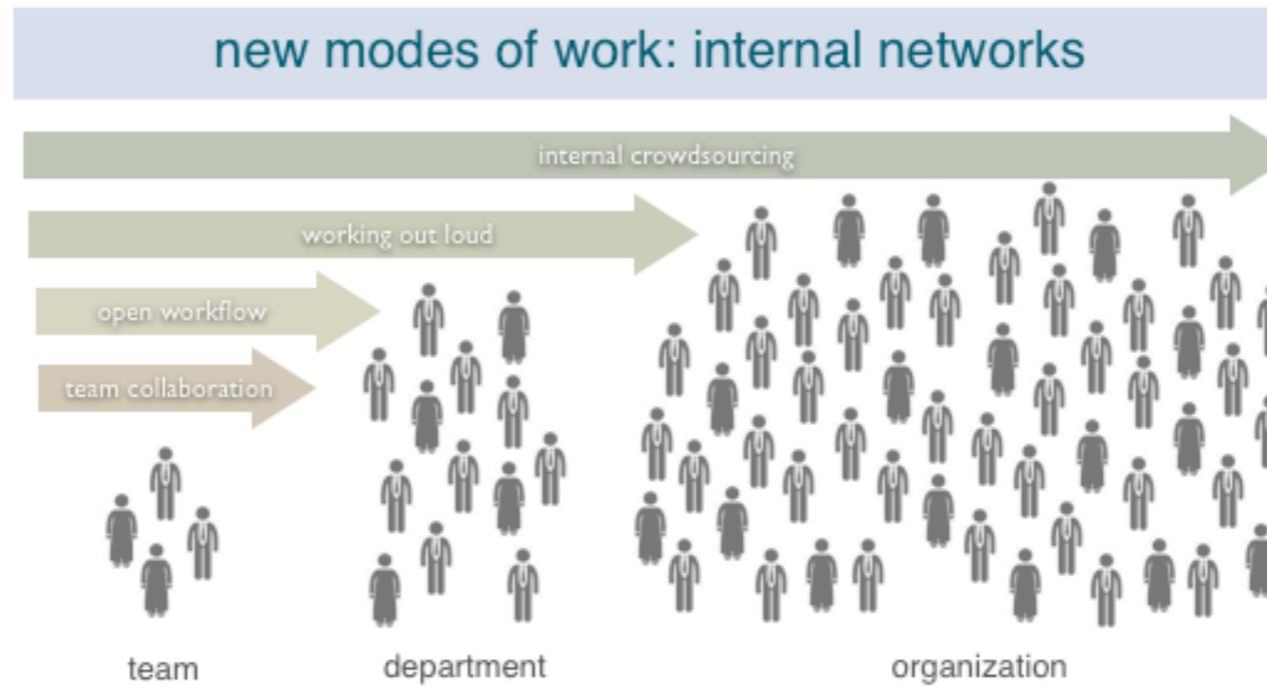**DEFINITION:** *ability to represent and develop tasks and work processes for desired outcomes*

10 VIRTUAL COLLABORATION

DEFINITION: *ability to work productively, drive engagement, and demonstrate presence as a member of a virtual team.*

Source: Cengage

And incorporating the new top level modes of work

new modes of work: internal networks

internal crowdsourcing

working out loud

open workflow

team collaboration

team   department   organization

new modes of business: collaborative economy

shared products & services

facilitation & monetization

creative commons Some Rights Reserved. 2014 by Dion Hinchcliffe

new modes of alliance: business networks

collaboration

collaboration
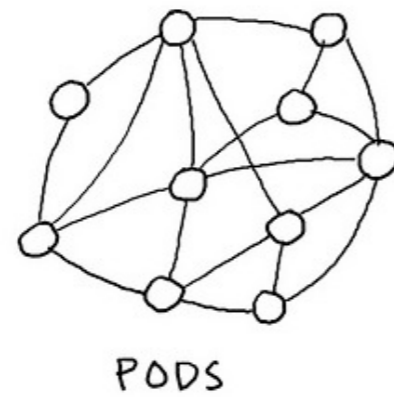
collaboration

collaboration

Do we need frameworks to attain the next-gen org?

If so, do we have what we need?

Podularity

PODS

ORGANIZING
PRINCIPLES

CORE
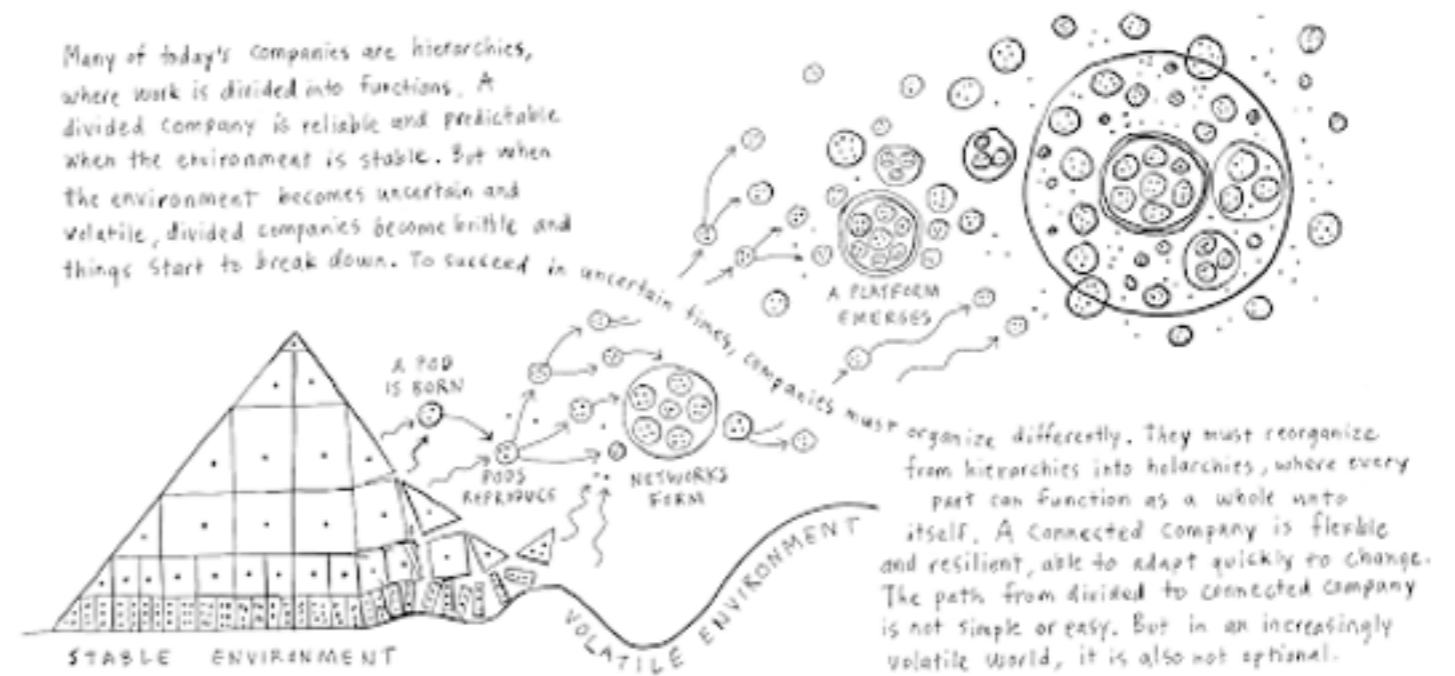FUNCTIONS,
PROTOCOLS
STANDARDS &
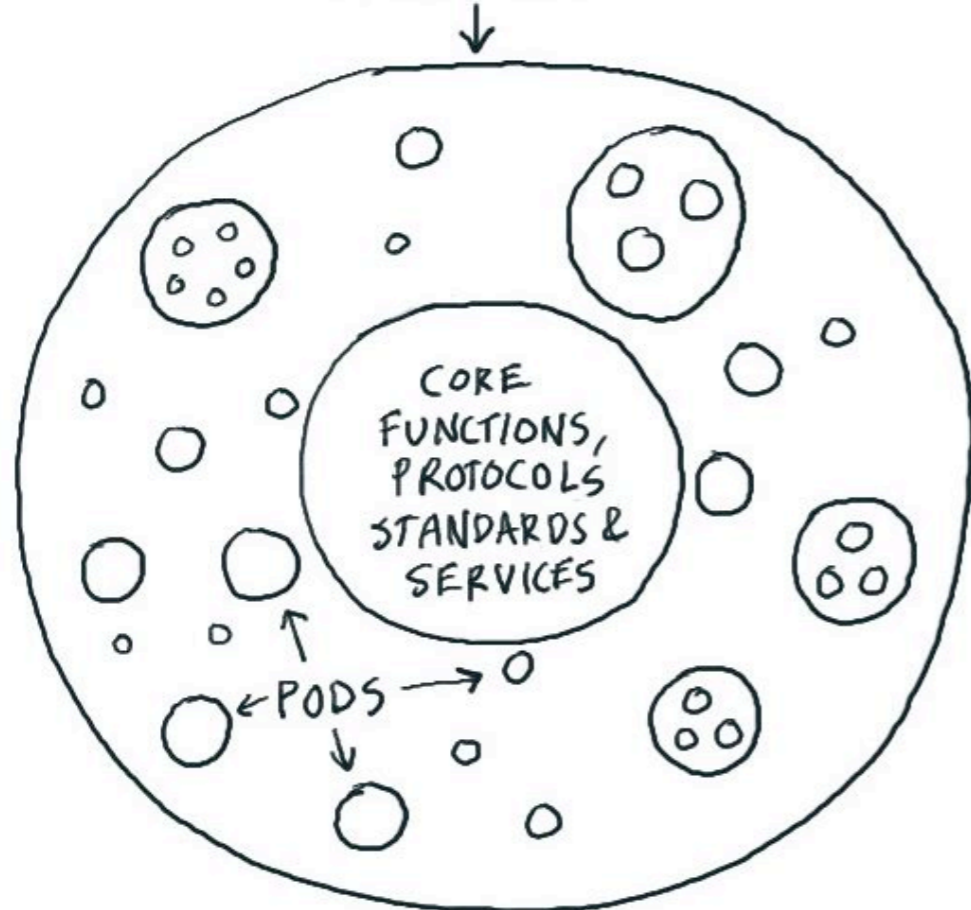SERVICES

←PODS→

PODULAR ORGANIZATION

THE DIVIDED COMPANY

Many of today's companies are hierarchies, where work is divided into functions. A divided company is reliable and predictable when the environment is stable. But when the environment becomes uncertain and volatile, divided companies become brittle and things start to break down. To succeed in uncertain, volatile, companies must organize differently.
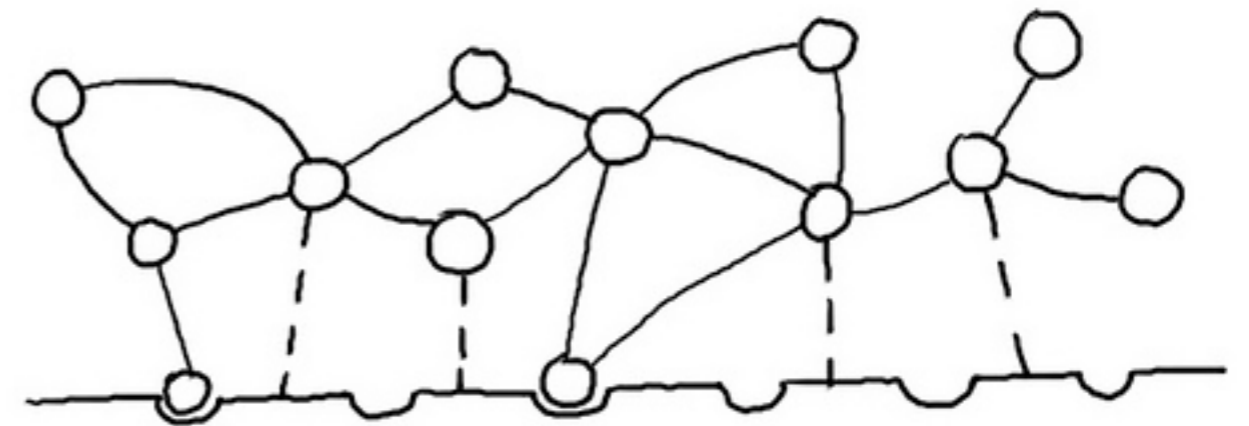
THE CONNECTED COMPANY

A POD IS BORN

A PLATFORM EMERGES

PODS REPRODUCE

NETWORKS FORM

STABLE ENVIRONMENT

VOLATILE ENVIRONMENT

organize differently. They must reorganize from hierarchies into holarchies, where every part can function as a whole unto itself. A connected company is flexible and resilient, able to adapt quickly to change. The path from divided to connected company is not simple or easy. But in an increasingly volatile world, it is also not optional.

A PODULAR SYSTEM NEEDS A PLATFORM

Design Thinking

Profile of the emerging Designer

Team Worker

Knowledge

Contact with Reality
World - People - Environment

Access to Specific Knowledge
and Virtual Worlds

Knowledge Base

Society

Research

Meaning

Knowing & Finding

Ethics

Value Base
Feeling

Expression

Doing

Thinking

Cognitive Base

Drawing

Dreaming

Abilities with
Tools of the Trade
Action Capabilities
Management
External Modelling
& Presentation

Skill Base

Motivation
Cognitive Capabilities
Values & Attitudes

Empathy rooted in
Core Philosophy

Modelling

Simulation

Ideology

Thinking

© 1993 M P Ranjan, National Institute of Design

Next-generation business architecture

Customers & Marketplace

Business Partners & Affiliates

External Social Media Platforms

App Stores

Mobile Apps

Web Apps

Rich User Profiles (Worker Identity)

Federated Enterprise Search

Social Intranet

Enterprise Social Network

Unified Communications

Enterprise Document & Content Management (DMS & ECM)

Customer Relationship Management (CRM)

Enterprise Resource Planning (ERP)

External Social Business Services

conversation & participation

Mobile Devices

Cloud Delivery (Private and Public)

Linked Social Data

Social Listening, Analytics & BI

Open APIs

Social Business Apps

integration

E-mail

transactions & work

Other Line of Business Applications

Types of External Social Business Services
Social Product Development
Social Marketing
Social CRM
B2B Communities
Crowdsourcing

Internet

internal & external

intranet

Engagement with the World	Service Delivery	Social Foundation	Systems of Engagement	+	Systems of Record

Adding design and management to community

Community Maturity Model™

	Stage 1 Hierarchy	Stage 2 Emergent Community	Stage 3 Community	Stage 4 Network
Strategy	Familiarize & Listen	Participate	Build	Integrate
Leadership	Command & Control	Consensus	Collaborative	Distributed
Culture	Reactive	Contributive	Emergent	Activist
Community Management	None	Informal	Defined roles & processes	Integrated roles & processes
Content & Programming	Formal & Structured	Some user generated content	Community created content	Integrated formal & user generated
Policies & Governance	No Guidelines	Restrictive	Flexible	Inclusive
Tools	Consumer tools used by individuals	Consumer & self-service tools	Mix of consumer & enterprise tools	'Social' functionality is integrated throughout
Metrics & Measurement	Anecdotal	Activity Tracking	Activities & Content	Behaviors & Outcomes

www.community-roundtable.com

Creating a standard technical foundation for digital community

WHAT'S MISSING IN SOCIAL BUSINESS STANDARDS?

HIGHER-ORDER STANDARDS

UNIVERSAL CURRENCY FOR...
Social Engagement
· Likes
· Retweets
· Comments
· Posts
· Etc.

TRACKING DATA MODELS FOR...
Social Behavior
· Views
· Participation
· Recommendations
· Activity
· Etc.

DOMAIN SPECIFIC MEASURES FOR...
Social Metrics
· Net Promoter Score
· Social Business Index
· OSAT
· LTR

BASIC STANDARDS
(formal and ad hoc)

Social Identity/Graph
· LDAP/Activity directory
· Facebook Graph API
· Twitter Friends/Followers API
· Portable Contacts
· Google Contacts API

Social Activity
· Activity streams
· RSS
· ATOM
· Pubsubhubbub
· Salmon
· OStatus

Social Integration
· OpenSocial
· Open Graph
· OAuth/xAuth

Security/Privacy/Policy
· SAML
· OpenID
· OAuth
· P3P
· DNT

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A continuing discussion of socialbusinessbydesign.com
Visual by Dion Hinchcliffe & Bill Keaggy

But can we change our DNA with just a plan?
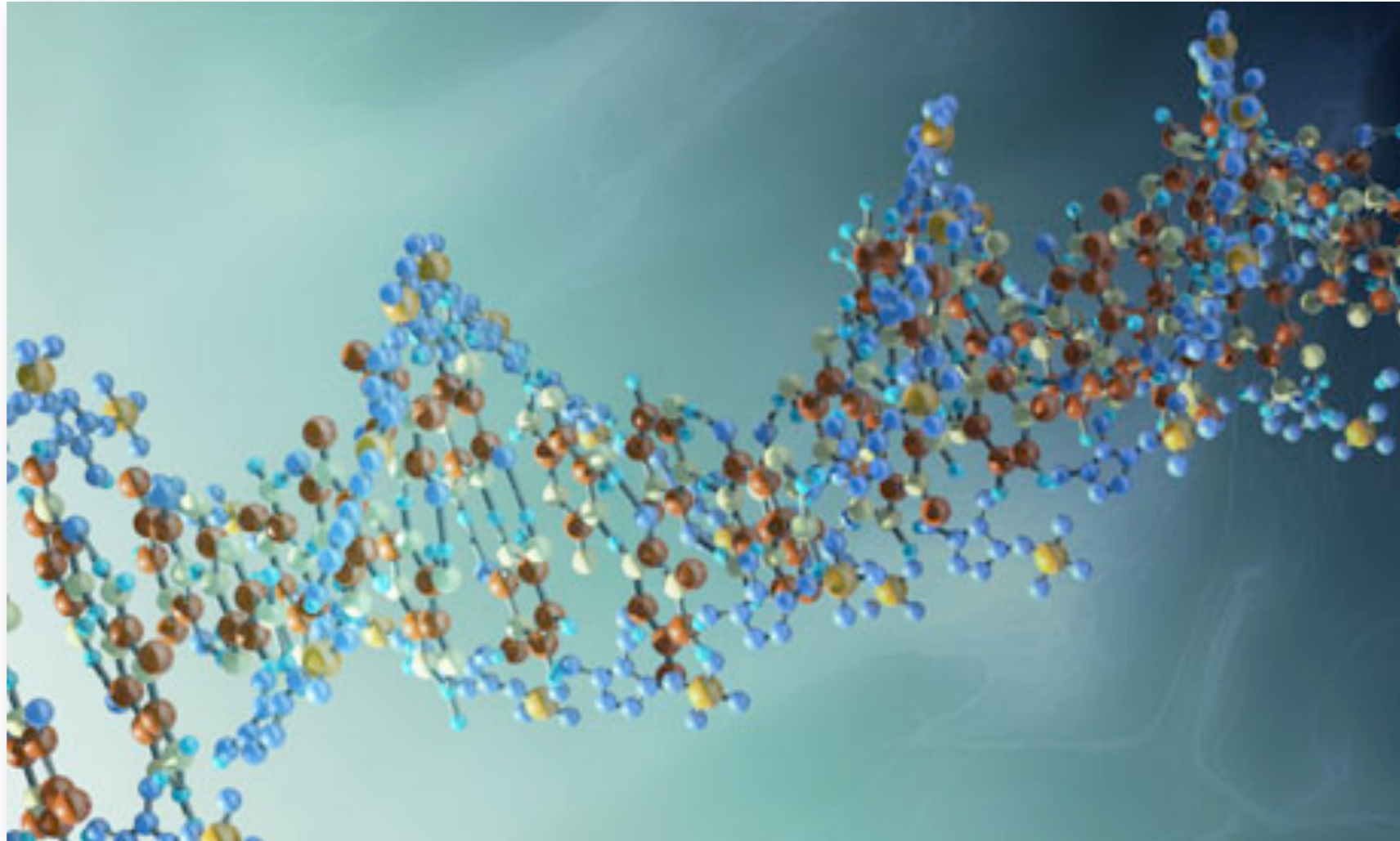
What if frameworks aren't necessarily the best approach?

- **What if things like heuristics are?**
- One of the reasons we went with the 10 tenets in #SocBiz By Design
- **What if we really need updated management theory instead?**
- **Can a framework ever really have everything we need to succeed?**

The Ten Tenets of Social Business

1. Anyone can participate.
2. Create shared value by default.
3. While participation is self-organising, the focus is on business outcomes.
4. Enlist a large enough community to derive the desired result.
5. Engage the right community for the business purpose.
6. Participation can take any direction. Be prepared for it, and take advantage of it.
7. Eliminate all potential barriers to participation. Ease of use is essential.
8. Listen to and engage continuously with all relevant social business conversations.
9. The tone and language of social business are most effective when they're casual and human.
10. The effective social business activities are deeply integrated into the flow of work.

Because if we forget what makes new modes of work special...

- **Community-led and open business processes**
- **Emergent and self-organizing outcomes**
- **More transparency, more available knowledge**
- **Better engagement, everywhere**
- **High-scale and cost effective results**
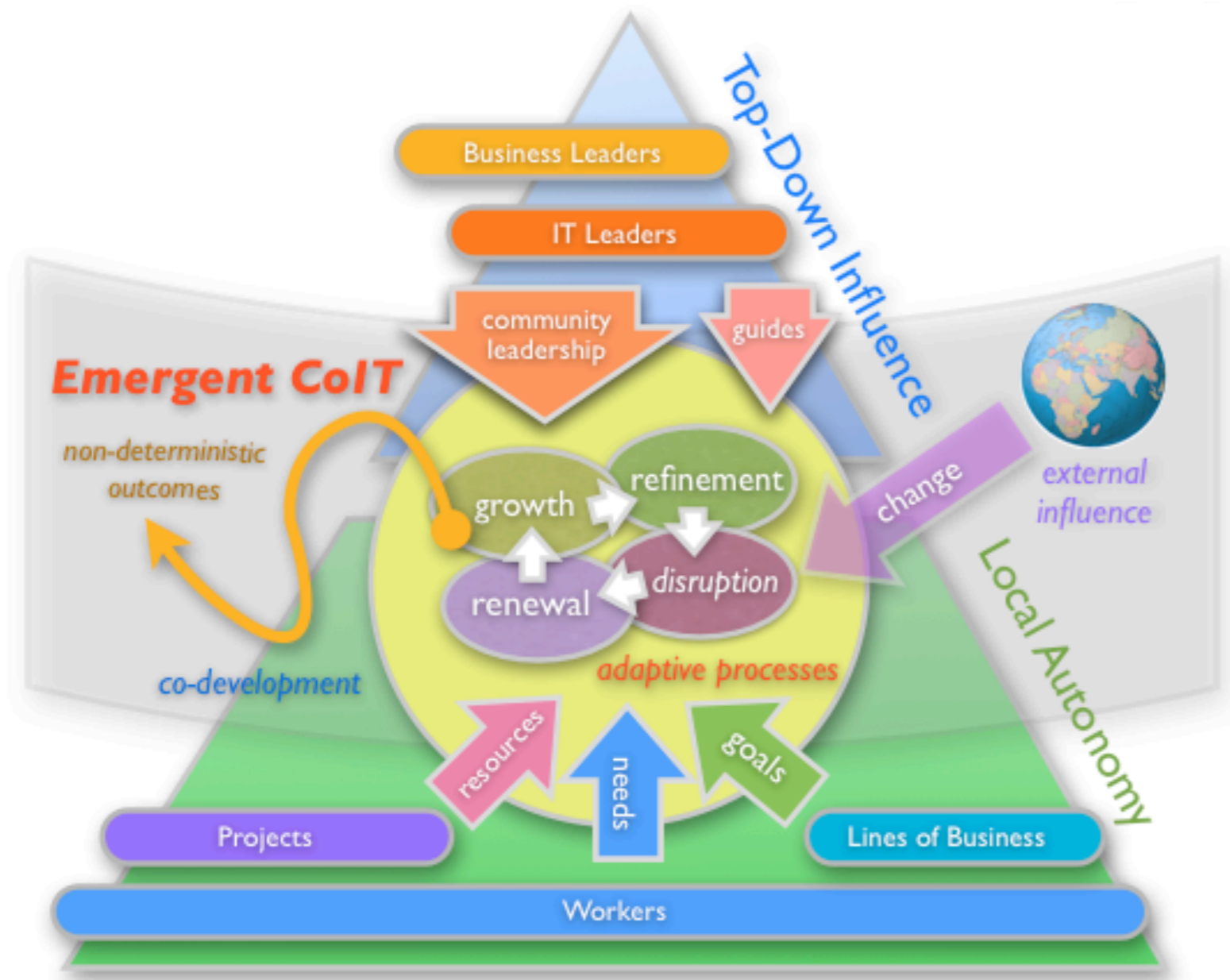- **Network effects**

Supporting Trends:

- **BYOT**
- **Big data**
- **Shadow IT**

...then there is no point

# There is a broad pattern in frameworks for next-gen orgs emerging however...

From http://zdnet.com/blog/hinchcliffe on ZDNet

- **Decentralization**
- **User-control**
- **Need to cope with constant change**
- **Adaptive processes**
- **Local autonomy**
- **Sustainable transformation**

Functional next-gen frameworks seem to be most effective

- **Specializing in a specific capability**

  - Marketing and sales

  - Supply chain (especially exception handling)

  - Project management

  - Customer care

  - Product innovation

  - Community management

  - Advocacy

- **Implication: <u>A custom framework of proven functional frameworks seems to be best</u>**

DIFFERENT METHODS OF SOCIAL MEDIA ENGAGEMENT
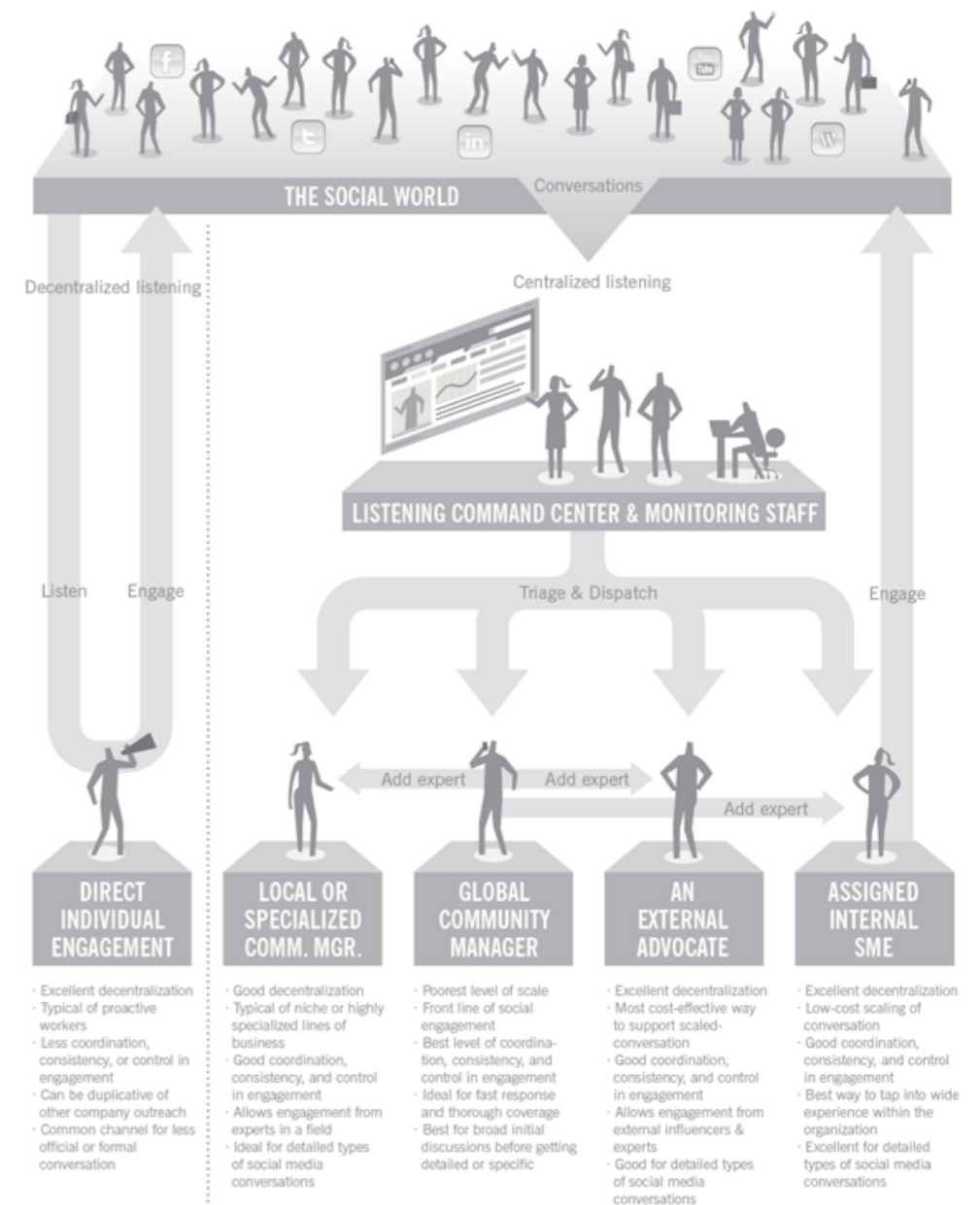
In the end, what most organizations need...

- **Is guidance and a way to cross check their journey**
- **To build on the shoulders of those that came before**
- **And to make sure they haven't forgotten anything**
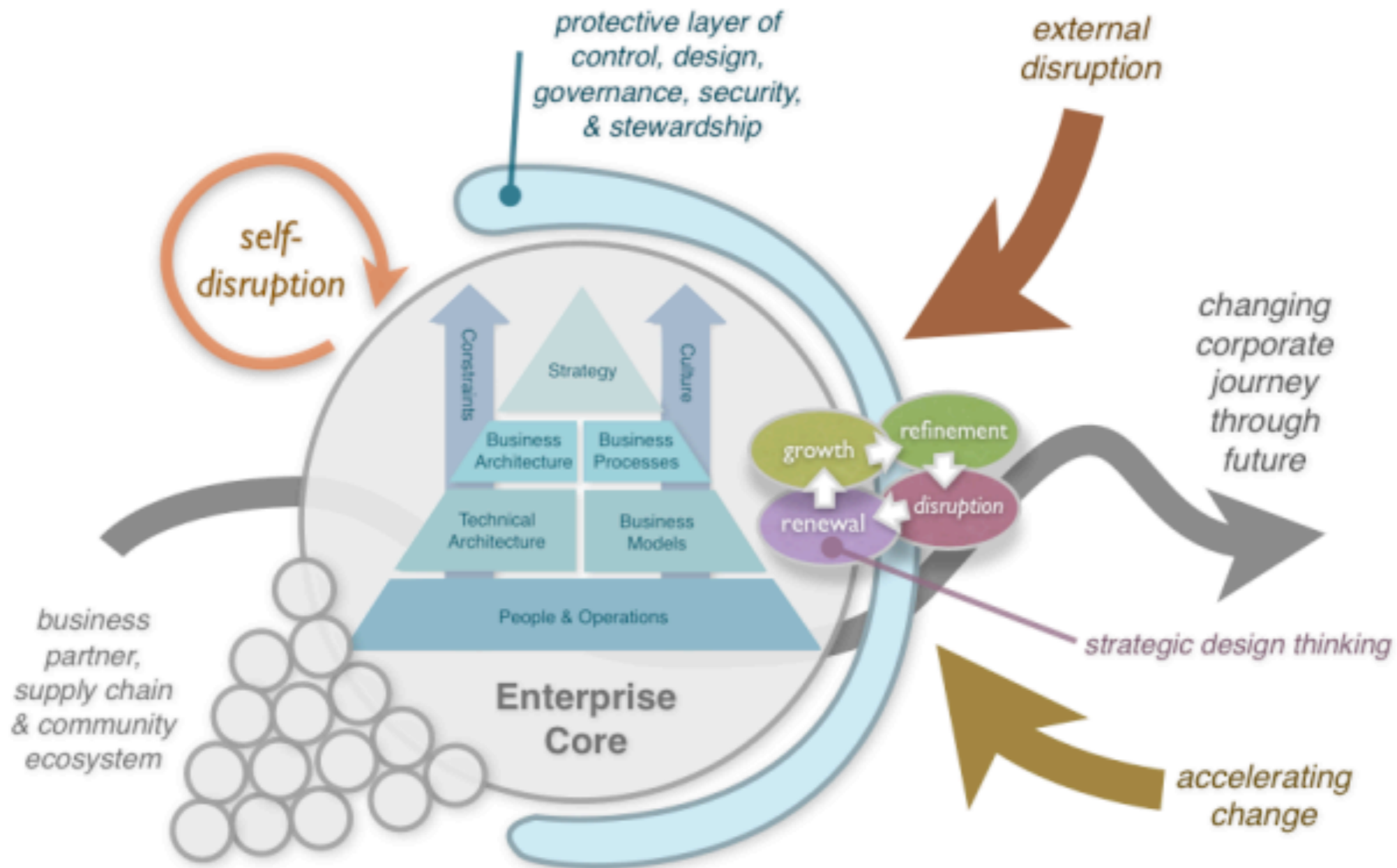- Especially fundamental principles
- **In other words...**
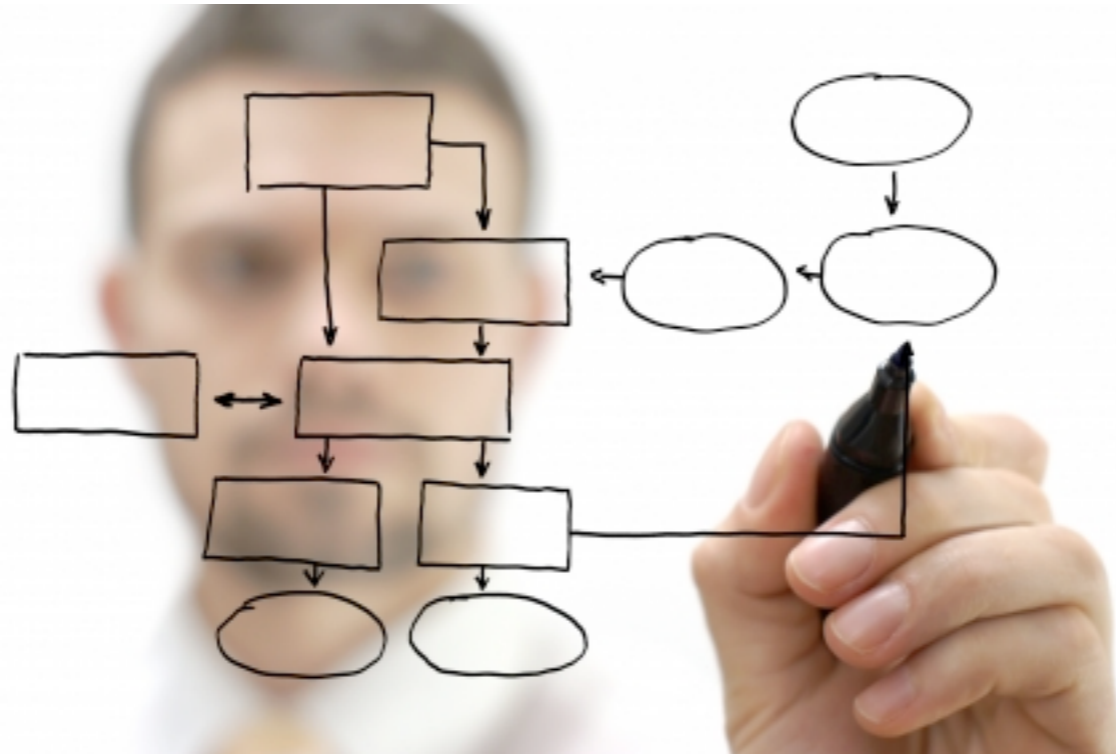
So most orgs end up building their own

And mostly they are relatively informal.

Summing Up: Designing the New Enterprise

In other words...

Design for Continuous, Emergent Change

But the best ones do it with community

This is what most successful next-gen orgs are doing

And We Can Continuously Change, By Design, Together

The full story is in *Social Business by Design*

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