

As the Importance of Social Business Grows, So Does the Need for C-suite Support

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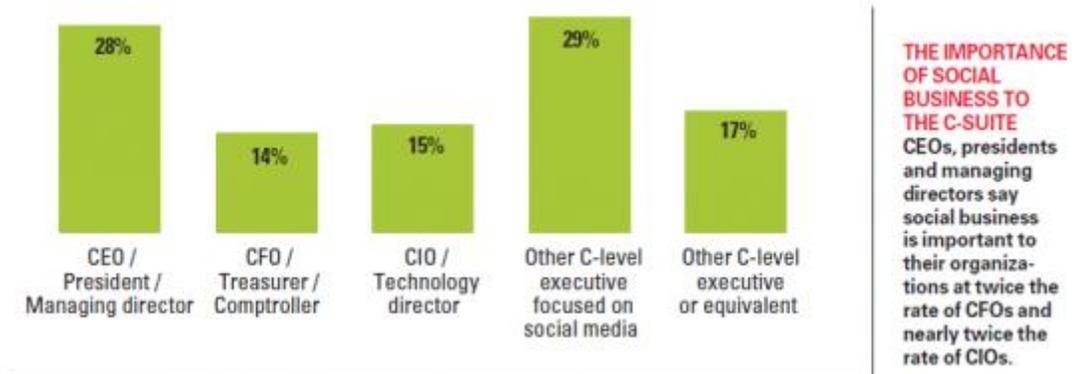
Despite early failures and ongoing challenges, social business is growing in importance, but its full adoption requires support from CFOs and other C-suite leaders to gain traction in the organization and produce results, according to *The 2012 Social Business Global Executive Study and Research Project* by MIT Sloan Management Review in collaboration with Deloitte.

The report identified where social business is contributing the most value to organizations, the challenges to effective adoption of social business's value-driving capabilities and leading practices to implement social tools that can drive business decisions, actions and outcomes across the enterprise. The findings are based on interviews with thought leaders and business executives and a survey of 3,478 managers from companies in 115 countries and 24 industries, representing a wide range of management roles, functional areas and business sizes.

CFOs See Social Business as Less Important to Their Organizations Than Do CEOs

The report found differing views between CFOs and CEOs regarding the value of social business. According to the report, the CFOs surveyed were only half as likely (14%) to view social tools as important to their organizations as CEOs (28%).

The gap persists looking ahead: 71.3% of CEOs, presidents and managing directors believe that social business will be important to their organizations in three years, compared with 56.3% of the CFOs surveyed.



Source: *Social Business: What Are Companies Really Doing?*, MIT Sloan Management Review Research Report 2012 in collaboration with Deloitte.

"It is not surprising that CFOs place less value on social business. CFOs tend to focus on investment returns, and our findings suggest that few companies measure the results of their social initiatives," says David Kiron, Ph.D., a co-author of the report and executive editor of Innovation Hubs at MIT Sloan Management Review. When survey participants were asked how they measure the effectiveness of their social business initiatives, the most frequent response was "do not measure," while "lack of business case" was the second-most cited internal barrier to adoption.

Many CFOs appear inclined to hold back on adopting social business until the technology matures and there is more evidence to support its business value. "While social business is still in its early days, our findings suggest that now is the time for CFOs to get involved with social business and even take a lead role in their organizations' social business activities," says Doug Palmer, Ph.D., principal at Deloitte Consulting LLP, who leads Deloitte's Social Business practice and is one of the

report's co-authors. "Doing so can support the growing strategic role that CFOs are playing and enhance their organizations' competitive advantage," he adds.

Despite some reluctance on the part of CFOs to embrace social business, Mark White, principal, Deloitte Consulting LLP, sees an emerging trend: the 'Social CFO.'

"Some CFOs who are comfortable with the elements of social business (networks, tools, media and technology) are thinking about how it can be applied to the finance organization's activities to drive better, cheaper and timelier improvements," notes Mr. White, who also serves as chief technology officer for Deloitte's Technology practice.

Even those CFOs who think they're not using social tools in their processes may, in fact, be doing so. Mr. White points to the close-the-books process in a multinational company or large diversified enterprise as an example of how social business is already being used by CFOs, even if they may not think of it that way. "Think about how the close-the-books process actually works, say in a multinational company or large diversified enterprise: it's a highly collaborative and social effort among the divisional and corporate CFOs and controllers to consolidate, confirm and communicate a synthetic result," he adds.

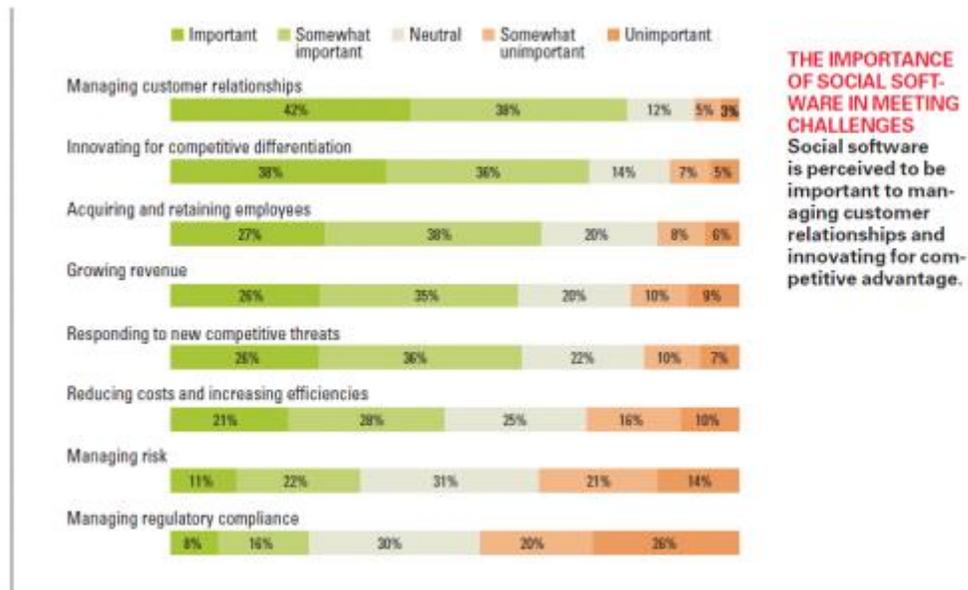
Where the Value Is

The report found that social business is creating the most significant opportunities in four areas: marketing and customer service, innovation, operations and leadership.

1. Marketing and Customer Service—Survey respondents said managing customer relationships was the top business challenge that could be addressed by social software.

"Enterprises have attained the most progress with social business in enhancing their understanding of, and engagement with, their customers. Customers, vendors and suppliers are clearly willing to engage with business in online social forums," says Mr. Palmer.

Social business tools can enable large companies to engage with customers in a way that makes them seem small and responsive. Creating and supporting virtual communities, monitoring online communities and developing new communication channels are some of the approaches organizations are taking to use social tools to improve customer relationships.



Source: *Social Business: What Are Companies Really Doing?*, MIT Sloan Management Review Research Report 2012 in collaboration with Deloitte.

2. Innovation—Survey respondents said the second-most important use of social software is to innovate for competitive differentiation. Social business is making consumers a major source of product innovation by tapping external social sites for new ideas and ways to refine existing products and services. According to the report, many companies are using social business to mediate or forge links between consumer innovators and the business to help improve products. The creation of virtual consumer environments is one example.

3. Operations—For operations, social business can help knowledge flow more efficiently within and into organizations and thereby provide value to business leaders. “We found many companies in a range of industries that are using social tools to enhance their collaboration efforts,” Mr. Kiron says.

4. Leadership—By providing real-time information, social tools are providing insights that are helping leaders better understand their organizations and extend their reach throughout their organizations. “Social business can advance a leader’s strategic agenda in many ways,” says Mr. Palmer. He cites the report’s example of a corporation with a franchisee network that uses social tools to change front-line behaviors, even among front-line employees not working directly for the organization.

Organizations are also leveraging social business software to provide leadership with strategic insights about consumer trends by monitoring and analyzing what’s happening online. For example, companies are applying sentiment analysis tools to microblog streams or activity in online communities to identify shifts in customer preferences and problems with a brand or product.

How to Put Social Business into Action

The report found companies are taking the following steps to help capture the value of social business:

1. Starting with a Long-term Vision—Survey respondents named a “clear vision of how social media supports business strategy” as the top facilitator of adoption. Senior management can help create a social strategy for their organizations by answering the following questions:

- What business problems are to be solved with social business activities?
- What is the strategy for making this happen?
- What technology can support these objectives, and what kinds of social networks can support this strategy?

2. Assessing Current Use of Social Media—Companies may be engaging more in social media than they realize. The survey found that some companies are taking a number of steps to understand and formalize their current social media footprint by:

- Identifying problems currently being addressed with social tools.
- Making sure a governance process is in place to address coordination between those who are most invested in social business activities and those who understand the regulations addressing social business issues.
- Identifying the people or roles focused on social business and how these individuals are coordinating with one another. “What, if any, relationship exists between your CMO and CIO around social business? Individuals in both roles should have a shared understanding of the risks and opportunities,” says Mr. Palmer.
- Using listening tools to collect information on what is being said about the organization, its brands, customer service and competition.

3. Supporting Adoption—Company leaders and company culture should be aligned with the new opportunities. “It’s important that leadership clearly communicates and supports the mandate for adoption, and that companies promote a cultural shift toward social business by giving people reasons and incentives to share information,” Mr. Kiron notes. As an example, he cites a technology company’s question-and-answer ‘marketplace’ in which employees earn points in proportion to the value of their answers.

Some organizations allocate funds for social software tools and then neglect or underfund the adoption components, often with disappointing results. The following steps can be taken to help social business initiatives meet their objectives:

- Assigning responsibility for the initiative, making it the top job priority of one person.
- Targeting the right incentives to the right people.
- Allocating resources for user training, communications, content building and community management.
- Preparing resources to respond to brand issues that might develop in social channels.

4. Measuring Results, Not Adoption—Adoption metrics do not address what matters most to executives, managers and employees: whether the tool helps them do their jobs more effectively. One way companies are measuring how social business can improve performance is by comparing the performance of groups that are heavy and light users of social software and social networking. As Mr. Kiron noted previously, well-defined metrics are especially critical if CFOs are to support social business in their organizations.

Related Resources

- ***Social Business: What Are Companies Really Doing?*** Findings From the 2012 Social Business Global Executive Study and Research Project by *MIT Sloan Management Review* in collaboration with Deloitte.
- Deloitte Insights Videocast: ***Social Business: What Are Companies Really Doing?***
- ***Tech Trends 2012: Elevate IT for Digital Business***
- *What Managers Really Think About Social Business*, MIT Sloan Management Review, Summer 2012

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