

**Deloitte.**



Social business  
Capturing the  
digital opportunity  
in UK PLC

# Contents

|           |                                     |
|-----------|-------------------------------------|
| <b>1</b>  | Executive summary                   |
| <b>3</b>  | So•cial bus•in•ess, a definition    |
| <b>7</b>  | The bigger picture                  |
| <b>15</b> | Case study: AstraZeneca             |
| <b>17</b> | The leadership imperative           |
| <b>21</b> | A view from the top: Peter Williams |
| <b>23</b> | Case study: O <sub>2</sub>          |
| <b>25</b> | Measuring the value                 |
| <b>29</b> | Risk versus reward                  |
| <b>33</b> | Case study: Evenbase                |
| <b>35</b> | Conclusion                          |
| <b>39</b> | Acknowledgements                    |

# Executive summary

Few organisations today are unaware of the social phenomenon cutting a swathe through the traditional business landscape. Awareness and engagement, though, are very different beasts.



< This report, based on a survey commissioned by Deloitte in 2013, examines just how seriously UK organisations are taking social business – not just how they view it intellectually, but what they are actually doing to make use of new socially-oriented tools, technologies and principles.

On the face of it, the results of this year’s survey seem unsurprising. Like most new business ideas, social business is taking its time to embed itself in the national consciousness, just as PCs and email did before it; and a general assumption exists that “we’ll get there in the end”. As this report will highlight, however, there remains a lot of work to do to ensure that UK business does eventually engage fully with social business.

The list of jobs to be done is a long one. Today, collection and analysis of social data is moderate at best. Marketeers embrace it more enthusiastically than HR people, for example, and its value is still understood mostly in marketing and reputational terms rather than as a tool for fundamentally reshaping business processes.

Few organisations use meaningful metrics to really understand the value of social business to their organisations, and thus lack data from which to make sound business cases.

Perhaps most worryingly of all, business priorities are definitively elsewhere – social business is seen as just another communication channel that may or may not mature in three years, rather than something that needs to be addressed today.

One very clear picture emerges from this survey. Many UK businesses are not yet fully embracing social business, a fact which places them at serious risk from more socially aware competitors on the global stage. Those competitors will use social tools not just to sell more products and project their brand further, but to attract smarter talent, improve employee motivation, reduce innovation costs, anticipate market shifts and engage more fruitfully with customers and partners. None of this will happen by accident, but because they have invested in the ideas, frameworks and people who make social business possible.

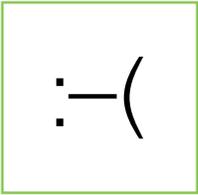
The good news is that Britain’s more forward-looking organisations are already making those investments, with extremely positive results. It is clear from their experiences – several of which are presented in this study – that they are reaping substantial rewards from social approaches, even in the earliest stages. Opportunities abound, right across the UK business continuum – a fact that Deloitte believes will ultimately establish social business as a welcome and permanent organisational fixture rather than a fashionable curiosity. ●

# So•cial bus•in•ess

Definition: [noun]

For the purposes of this survey, we defined social business as any combination of software, strategies and social networks designed to build more effective and useful connections between people, information and assets, both within the organisation and outside it.

>



< ON A SCALE OF 1 TO 10, HOW CLOSE IS YOUR ORGANISATION TO AN IDEALISED, FULLY INTEGRATED SOCIAL BUSINESS?



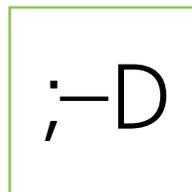
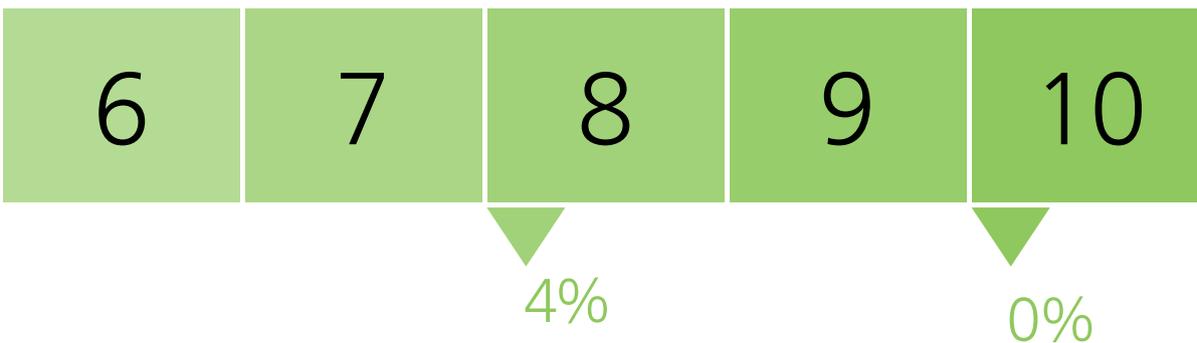
Definitions of social business vary widely depending on who you ask. At some level, nearly every business is inherently social, a fact that reflects the interactional nature of most business activities. For the purposes of this survey, though, we defined social business as any combination of software, strategies and social networks designed to build more effective and useful connections between people, information and assets, both within the organisation and outside it.

Inevitably, definitions like these tell only part of the story. While very large numbers of organisations now employ some measure of social business activity that broadly fits within this definition, others have very good reasons why they cannot operate across the full spectrum of social business techniques

and technologies – not least those in heavily regulated industries such as pharmaceuticals and finance, whose scope to communicate directly with individuals and organisations across any channels is extremely limited.

Nonetheless, our interviews with representatives across business sectors show that even in the most heavily regulated industries, the importance of the social approach is well understood – and that creative and optimistic approaches to social business can still yield exceptional results, however well they fit popular definitions.

The transition to social models is being helped by the fact that many organisations already have some history with collaborative software, especially internally focused applications such as Lotus Notes.



The big change today, though, is that they are also beginning to look outwards; not just at customers and consumers, but business partners too.

Perhaps inevitably, most of the businesses taking part in this survey are still focused principally on social media; today, exactly half of them are using mainstream social platforms such as Facebook and Twitter to a large or great extent, with 39% using technology-based social networks such as Yammer.

Whatever technologies and platforms they are using, organisations are nonetheless finding all sorts of uses for social business, albeit with widely varying degrees of commitment. This survey shows that it is used everywhere across UK businesses, dominating in sales,

marketing and customer service departments but also being used to a lesser extent in product development, human resources, operations, IT, finance, supply chain and risk management. And it is being deployed across every business sector, from professional and financial services to retail, healthcare, entertainment, construction, transport and agriculture. ●

Perhaps inevitably, most of the businesses taking part in this survey are still focused principally on social media...



# The bigger picture

## Timelines for social business



27%  
of organisations  
make extensive  
use of social  
media today

61%  
of organisations  
believe social  
business will be  
important in a  
year's time

74%  
of organisations  
believe social  
business will  
be important  
in 2016

33%  
of businesses  
believe that  
social business  
is important  
today

>

< This apparently rosy picture inevitably conceals some less attractive truths. However well tapped into the mainstream organisations appear to be, very few businesses are yet fully exploiting the ability of social business to affect widespread positive change.

The use of social data is just one example; only 4% of respondents to this survey say that they make extensive use of social data, arguably the most powerful social tool at their disposal, with a third of organisations not using it at all. As this report will show, there is no shortage of willingness and intent, and there is plenty of evidence that UK organisations are embracing social business with vigour and creativity. But there is still a long way to go, and many organisations will need some help in getting there.

How important does UK PLC really think social business is? The answer may surprise even the most hardened social business sceptics. Just 33% of respondents say that social business is important to their organisation today, a conclusive demonstration of the fact that British business is still testing the waters of social business – tentatively engaging, in the words of AstraZeneca’s Neil McCrae (see page 15) rather than wholeheartedly embracing. Projections about its future importance are, happily, more upbeat. 61% of respondents think that social business will be important in a year’s time, that number rising to 74% over three years.

More encouraging, but still indicative of a lack of faith in the power of social business in some quarters.

That lack of faith is seen most vividly when it comes to using social business technology and processes to make decisions. Today, just 9% of respondents use their social business tools to make decisions every day; 40% use it for decision-making occasionally, and 25% rarely or never use it for making decisions at all.

This may in part be explained by a perception problem; two-thirds of respondents see social business as just another communications tool, rather than a set of ideas and technologies with real transformative power. The remainder, though, have a markedly different view of the potential of social business to forge real organisational change – over a third, 34%, see it as an opportunity to fundamentally change the way they work.

How soon that sort of change will happen remains open to debate in most organisations. To date, investment in social business platforms remains fairly conservative, often restricted to the well-known and well-established public tools that are freely available and easily adopted for purposes of testing the waters.

HOW OFTEN DO YOU USE SOCIAL BUSINESS TO SUPPORT DAY-TO-DAY DECISION-MAKING?



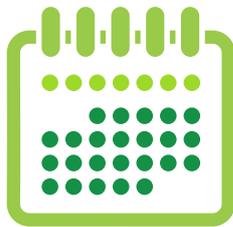
25%  
NEVER OR RARELY



40%  
OCCASIONALLY



26%  
OFTEN



9%  
EVERY DAY



< Mainstream social media platforms such as Facebook and Twitter are by far the most commonly used platforms today, with 50% of organisations using them to a large or great extent; and 55% of departmental social business projects are currently pilots, an indication that many organisations are still acquiring the data they need before committing to broader social immersion.

Amid this early-stage caution, it is perhaps inevitable that marketing departments are still leading the field in social business adoption, representing 40% of extensive activity in this survey. That fact is almost certainly responsible for driving the fastest-growing uses of social business within UK organisations in the last 12 months; crowdsourcing, reputation management and driving of brand affinity. More prosaic but still critical functions such as sales (21%) and customer service (20%) are next on the list, clearly some distance behind despite their immediately apparent applications in such externally-facing roles.

Finance, though, is by far the most conservative of all the functional business areas in social business adoption, with none at all using it to a great extent as defined in this survey. While it is probably unsurprising that accountants have so far taken less interest in social media than their marketing and sales counterparts, it is nonetheless an important indication of the fact that social ideas have not yet fired (or, perhaps, been allowed to fire) the imaginations of people and departments at the very heart of the organisation.

DEPARTMENTS MAKING EXTENSIVE USE OF SOCIAL BUSINESS



40%  
MARKETING



21%  
SALES



20%  
CUSTOMER SERVICE



18%  
PRODUCT DEVELOPMENT



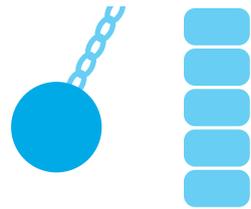
11%  
HUMAN RESOURCES



10%  
RISK MANAGEMENT



## PRIMARY PERCEIVED OPERATIONAL BENEFITS OF SOCIAL BUSINESS



35%

BREAKING DOWN SILOS



30%

IMPROVING EMPLOYEE  
MORALE AND MOTIVATION



25%

FASTER TIME TO  
INNOVATE

### Great expectations

Statistics like these only tell a part of the social business story. While adoption rates may appear to be sluggish, the organisations that are involving themselves in social initiatives have high expectations of their efforts. 59% of respondents expect their current social business initiatives to deliver returns on their investment, an indication that social is not just a box-ticking exercise but one with real business value. While measuring that value is often a contentious subject (see page 25), organisations are nonetheless clear on the specific operational benefits that accrue from social business activities; 35% of companies say that social business breaks down silos, while 30% cite improving employee morale/motivation and 25% mention faster time to innovation as key benefits. Strategic benefits, too, are widely

cited, with around a third of respondents stating that access to strategic marketing data, improved competitiveness and enhanced customer satisfaction are all improved by their use of social business.

What do these trends tell us about the true status of social business within UK organisations? On one hand, confidence in it appears to be low, and its use confined to the safest and most immediately obvious applications and business functions. On the other hand, those who use it expect significant returns, and have clearly identified some of the important ways in which they might be realised. What seems to be lacking, then, is vision and leadership – qualities that must inevitably derive from the upper echelons of the organisation.

It comes as little surprise to discover that business leaders are not yet fully versed in the ways of social business. “Social is not yet really part of senior management’s world”, says AstraZeneca’s McCrae. “Some are quite sceptical. Others are quite enthusiastic, if not always well-informed”. Whatever their level of insight, few of them are taking responsibility for the social aspects of their business; in 40% of organisations, nobody has been assigned responsibility for overseeing or managing social business initiatives. Where that responsibility exists, it is assigned to marketing personnel in over a third of companies – and in the hands of senior management only 25% of the time. Even corporate communications teams are a relatively rare choice when it comes to owning social business responsibility – just 14% of respondents, according to this survey, an indication that social business has yet to become a mainstream communications tool. ●



< AstraZeneca is one of the world's largest pharmaceutical companies. Headquartered in London, it operates in over 100 countries; and like all companies in its sector is closely regulated wherever it does business, with specific limitations and guidelines on how it can talk to consumers about its products. Vice president of group corporate communications, Neil McCrae, says that while this makes social business difficult to integrate into sales and marketing, he is nonetheless very aware of the potential benefits of a social approach.

"We recognise that the future is about how we interact and engage more socially. When you look at this new generation it's obvious that we have to go in that direction, both internally and externally", he says. Today, the company is "tentatively engaging" with social business, as McCrae puts it. "Quite a lot of our social media activity started out as a bit of an experiment, rather than something driven by a firm 'we must be here in 3 years' strategy". He cites the example of a US-centric blog, initially slow to make an impact but which has subsequently become an important social tool for AstraZeneca. "It wasn't very successful for the first year or so – it was really just rebadged corporate information", he says.

But a stronger understanding of the target audience and a clearer focus on content has helped it to become a much more important platform. "It's a much more effective amplifier of what we're trying to say, and it's now being referenced by politicians in policy discussions, for example".

Experiments like this have given the company a clearer picture of the potential of social phenomena. "Social sits across all aspects of our business", he says, "but clearly we can't be seen to be promoting medicines on social media. Instead we have to look for interesting and innovative ways to talk about science, strategy, social responsibility and so on, rather than products" – in particular, he says, spreading the conversation onto other people's platforms. But extending the conversation to platforms such as Twitter, says McCrae, puts additional pressure on the company to manage risk effectively, and to ensure that all of their communications are compliant with local regulations.

"Compliance is very familiar to us, a part of our daily life. So we knew that we needed more robust approaches to make sure that what we said was compliant and that our risk is controlled. Now we have very clear processes for everything regarding our digital footprint, and some very detailed questions about all of them".

We have to be clear where the lines are, and our teams are very clear on what the rules are. It's beholden to us to make sure that they understand the basics of digital compliance.

For example – what happens when a website manager leaves? Or when the prescribing information for a medicine changes? How do we automate managing processes like these? And how do we centralise as much of this as we can, so that we control everything as it expands?”

Asking questions like these has helped AstraZeneca build a baseline from which it can operate safely in the digital world, where any new content or idea operates within a properly compliant framework.

A big part of establishing this baseline has been in the education of the workforce in the acceptable use of social tools, says McCrae. “We have to be clear where the lines are, and our teams are very clear on what the rules are. It's beholden to us to make sure that they understand the basics of digital compliance”.

However tentatively AstraZeneca is engaging, McCrae is confident that social business has a vital role to play in the future of the company. **“Eventually it'll just be the way we do things. We won't have to have departments or digital teams – it will all just happen as part of day-to-day operations”.** That, he says, will ensure that social business is a part of everything the company does, including future innovation. “One thing's for sure. You don't create the next great medicine by sitting in a room with the doors locked”.

# Case study: AstraZeneca

“You don’t create the next great medicine by sitting in a room with the doors locked”.

>



# The leadership imperative

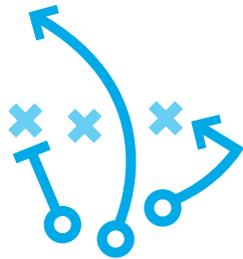
On the face of it, the lack of involvement by senior management in social business initiatives may appear to be of little real concern; no more relevant, some argue, than the lack of interest among CEOs in the details of the IT infrastructure.

>

< TOP THREE BARRIERS TO ADOPTION OF SOCIAL BUSINESS



37%  
TOO MANY  
COMPETING  
PRIORITIES



35%  
LACK OF OVERALL  
STRATEGY



28%  
LACK OF  
MANAGEMENT  
UNDERSTANDING

This survey, though, shows just how important senior management is in helping organisations overcome the barriers to widespread social business adoption. 28% of respondents said that lack of management understanding of social business constituted a major barrier to its adoption, with 11% citing lack of direct sponsorship from senior management. Perhaps more critically, 35% of respondents said that the lack of an overall strategy was preventing them from implementing social business programme – strategy that must in part be driven by the board.

“One thing that helped us to get over the social barrier was getting the CEO tweeting, and making sure that he was confident enough to do it himself rather than have the social teams do it for him”, says O<sub>2</sub>'s director of communications Nicola Green (see page 23) – confirmation that buy-in from senior management comes from experience, not just from theory or statistics. Such thinking is rapidly becoming prevalent within many organisations, as the value of social-savvy executives becomes clear.

“I'm a firm believer that communications should come from leaders themselves, not a comms person with access to the Twitter account”, says Felix Wetzel, Strategy Director at global digital recruitment group Evenbase (see page 33). “It needs to be authentic if it's going to have any real impact”.

It seems clear, then, that there are very good reasons for senior management to get involved with social business initiatives. So what's stopping them from doing so? One oft-cited reason is competing business priorities, mentioned by 37% of respondents – the biggest barrier of all, according to this survey. Business leaders just have more important things to do, it seems, than open up their organisations to more social approaches. Coupled with the lack of a strong business case or value proposition – an objection raised by 25% of respondents – the incentives to spend time and money on something as nebulous as social business may indeed seem hard to find. Today, over 40% of the UK companies approached in this survey expect social business to deliver a financial return on investment – a tough call for a phenomenon whose value often extends far beyond the bottom line.

Some of these barriers can be addressed by measuring the impact of social media directly (see page 25) to build a convincing business case. Others, such as the lack of technical implementation skills cited by 16% of respondents, can often be addressed by outsourcing at least part of the process to skilled third parties. One barrier in particular, though, requires addressing a more emotional concern – fear, particularly that of engaging with customers in open, public forums. “People will say things on social that they’d never say face to face. You have to understand that as a company

and you have to be able to turn that around”, says O<sub>2</sub>'s Nicola Green – a sentiment echoed by Felix Wetzel. “You need to be able to handle the feedback. It's not just about having a thick skin – you need to ask yourself lots of questions in order to do it properly. How do I deal with strong opinions? Am I trained to deal effectively with this kind of direct communication? It requires a new way of thinking”. ●



# A view from the top

Peter Williams

“We are people at the end of the day –  
and people like interacting with people”.

>

< Few business leaders have had as clear a view of the changes being forged by social business as Peter Williams. Formerly CFO and then chief executive at Selfridges, he is now on the board at online fashion retailer ASOS, as well as cinema chain Cineworld and sports betting operator Sportech; and he is highly aware of the importance of social approaches to modern consumer-facing organisations.

“Social initiatives are incredibly important to every business, especially consumer businesses. People are more educated and informed than ever, and if something happens it’s instantaneous news, available everywhere. You can’t afford to not be part of that”.

For businesses like ASOS, with its digital-only heritage and a revenue stream built on a generation well-versed in social technologies, it’s clearly vital that it gets the approach to social business exactly right.

“This is a new world”, he says. “From a customer services perspective, call centres are old hat and everyone hates them”. As for marketing and advertising, he says, “the old above-the-line, broad-brush approach is clearly under a bit of pressure – people want to spend money at the point where the consumer is about to make their decision”.

Trends like these are driving the way that organisations like ASOS approach social initiatives. “Social helps give organisations a real

personality. In the fashion retail world we see tweets about everything from bank holidays and barbecues to Bob Dylan. We can find interesting ways to talk to the audience that extend far beyond fashion, and help them in ways that don’t involve call centres”.

For Williams, it is the business differentiation that extends from these conversations that is the real benefit of social business approaches, rather than conventional business metrics. “Most businesses have gone through their cost-cutting exercises, and a lot of the weaker high street propositions have already disappeared.

“The big question now is: how do we grow our top line just a little? The current thinking now is about how we differentiate ourselves in such a way that customers feel we’re a bit different from everyone else that’s left in the market”.

Such thinking has enabled ASOS to build a truly international business in a short time, with over half of revenues now coming from outside the UK. “That would have taken 30 or 40 years to do in the bricks and mortar world”, he says, “but ASOS has done it in ten”. Williams thinks that as companies seek to emulate the success of businesses like ASOS and become increasingly focused on technology, the emphasis on social components will only get more pronounced. “We are people at the end of the day and people like interacting with people”.

< For Nicola Green, communications director at O<sub>2</sub>, one of the UK's biggest mobile network operators, social business is no longer an optional element of the company's business strategy. "Social is a vital business skill. It gives you a way to grow and define the brand on a daily basis", she says – influencing people not just externally but internally too, a fact vividly illustrated by the company's adoption of Microsoft's Yammer enterprise social network software.

"Yammer is something that was brought in by the employees, not by the comms team. There's a real feeling now that people can talk to each other right across the organisation, in the way that they want to talk". To date, more than 9,500 employees use Yammer, out of a total of 12,000, across 117 different discussion groups devoted to everything from tariffs and retail issues to staff benefits. Green says that, increasingly, staff turn to Yammer for serious discussions rather than formal corporate intranet communications tools: "Detailed conversations happen on Yammer rather than the intranet, especially the more difficult ones. It's the more staid discussions that tend to happen on the intranet".

Yammer has been such a success at O<sub>2</sub> that the senior management now use it as a platform for monthly communications with employees, in the form of so-called

"Yam jams" that give staff an opportunity to talk to the board about what's good, what's bad and what change needs to happen within the organisation. One recent example was a conversation with the COO about the company's 4G strategy, where he fielded tough questions about device availability. "Face-to-face communication is still really important, but it really helps us talk to people who might not have such a strong voice otherwise", says Green.

With social business tools having such a positive impact inside the business, it's unsurprising that they are working hard for O<sub>2</sub> outside the walls too. On any given day, O<sub>2</sub> experiences as many as 1 million social interactions across its social media presences, which include Twitter, Facebook, Google+ and a new blogging and content channel called The Blue.

So important has social become that O<sub>2</sub> is investing more than £30m in its customer services channels, including all the digital channels – an investment that could mean as many as 1 million fewer customers calling the call centres every month, according to Green. Twitter, in particular, now forms a critical part of the customer service function, enabling the company to react quickly – usually within two hours to serious complaints and queries from customers.

“The importance of managing risk within organisations barely needs stating. For board-level executives, few issues carry the same weight – one overpowering reason why new risks to the business are viewed with great suspicion”.

By focusing hard on getting the tone right – informal, conversational and relevant – it has been able to create an important damage limitation tool and manage potentially serious events more effectively.

“Social is a real business skill, and some people are clearly better at it than others”, says Green. She cites the example of a rapper who made a complaint on Twitter; a member of the social business team replied in rap form, easing the tension with the customer. “The people who are good at it help us to manage serious problems such as network outages and give us a more positive outcome perception-wise than we’ve had in the past”.

## Case study: O<sub>2</sub>

“Social is a vital business skill. It gives you a way to grow and define the brand on a daily basis”.

>



# Measuring the value

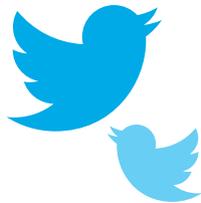
One powerful way to help senior management understand the value of social business is to show them proof that it works. To date, though, that has often proved harder than it sounds.

>

< TOP METRICS USED TO  
EVALUATE SUCCESS OF SOCIAL  
BUSINESS INITIATIVES



28%  
SOCIAL REACH  
(I.E. NUMBER  
OF FOLLOWERS)



23%  
ENGAGEMENT  
SCORES  
(I.E. MENTIONS,  
RETWEETS)



21%  
PRESS MENTIONS

“The jury is still out on how you measure social business value”, says AstraZeneca’s Neil McCrae. “Measurement should actually be easier than in the real world, especially with the level of analytics that we have now on digital platforms”. Just what you measure, though, can sometimes be hard to discern, he says. “There’s still a big question about whether measurements of social media really tell you anything. Justin Bieber’s followers are one thing – for us things are a little more complex”.

This problem is reflected in the very diverse range of responses to questions about metrics in this survey. For externally-facing initiatives, nearly a third (28%) of respondents measure principally social reach, in the form of followers, fans, subscribers and so on. 23% measure engagement numbers and scores such as mentions and retweets; 18% look at referral traffic from social sites, with a further 18% monitoring brand and reputation enhancement. Blog traffic and customer satisfaction, too, are regularly mentioned by respondents. Internally, companies are equally broad in their approach to measuring success of initiatives. Top of the list of metrics is employee engagement, cited by 25% of respondents; customer satisfaction, employee satisfaction and social activities are all measured by around 20%.

1 ‘Tweets for Sales: Gaming’, Deloitte, April 2013.

Amid all of this activity, two further statistics stand out. The first is that only 12% of organisations measure the success of external social business initiatives in terms of sales – perhaps because drawing a straight line between social activity and actual sales is often perceived as being hard to do. Strong evidence of such a link exists, however; one 2013 study by Deloitte<sup>1</sup> showed that positive tweets about brands can directly drive sales, with a 30% increase in positive tweets proving four times more effective than a 30% increase in above-the-line advertising.

Perhaps even more surprising than the lack of attention to sales figures is the fact that 28% of respondents don't use any metrics at all to determine the success or otherwise of their external social business initiatives – a figure that rises to 37% for internal initiatives. Yet despite this apparent diffidence about gathering evidence, many organisations are clear on the value that they derive from social business, whether they measure it or not.

Better use of internal staff expertise, for example, is cited by 51% of respondents as a key benefit of a social and collaborative approach; and in a third of companies, faster problem resolution is an important part of the mix.

So UK organisations are generally bullish about the real value of social business – not because it's fashionable, but because it delivers real results. As O<sub>2</sub>'s Nicola Green notes: "We're not doing it because it's the thing to do, but because it drives business benefit". The trick for many organisations now is to make sure that they properly balance that benefit against the potential risks. ●

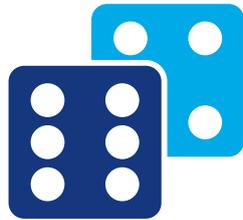


# Risk versus reward

The importance of managing risk within organisations barely needs stating. For board-level executives, few issues carry the same weight – one overpowering reason why new risks to the business are viewed with great suspicion.

>

< ORGANISATIONAL PERCEPTION OF FUTURE SOCIAL BUSINESS IMPACT



6%

A RISKY MEDIUM WE ARE FORCED TO CONFRONT



57%

JUST ANOTHER COMMUNICATIONS TOOL



34%

AN OPPORTUNITY TO FUNDAMENTALLY CHANGE THE WAY WE WORK

It is unsurprising, then, that some organisations remain wary of embracing social business; indeed, it is arguably more surprising how few UK organisations see it that way. Just 6% of respondents to this survey regard social business as a risk that they are forced to confront, a remarkably low number by any measure. By contrast, 34% of respondents think that social business represents a fundamental opportunity to change the way that they work, a mark of the optimism with which many executives now approach social initiatives.

More worrying, perhaps, is the indifference that many respondents showed towards social business. More than half, 57%, say that it is just another communications tool – not *per se* a bad thing, but a source of risk in its own right. Social pilots can be so quick to develop, at such low cost, that it is easy to overlook the importance of control and preparation in deploying them – a fact which has got many high-profile organisations into widely-publicised trouble.

## RISK PERCEPTION OF SOCIAL BUSINESS



44%

OF ORGANISATIONS SAY THAT SOCIAL BUSINESS IS IMPORTANT FOR MANAGING BRAND AND REPUTATIONAL RISK



11%

OF ORGANISATIONS CITE SECURITY RISK AS A SERIOUS BARRIER TO ADOPTION OF SOCIAL BUSINESS



10%

OF ORGANISATIONS MAKE EXTENSIVE USE OF SOCIAL BUSINESS FOR RISK MANAGEMENT

“There could be myriad problems, and you always need a monitoring and action plan”, says Peter Williams. “You need to ask two important questions: have we got someone looking after this, and can you give us an example of exactly how this can go wrong?”

Social media, in particular, presents many opportunities for organisations to damage their reputations and alienate customers, risks that exist for any organisation that encourages its usage by employees.

>

< But O<sub>2</sub>'s Nicola Green says that a clear governance strategy, involving training for everyone with access to social tools, has helped keep problematic episodes to a minimum: "We've occasionally had to enforce rules about what people say in public, but we have a tiny handful of problems a year – a very small percentage of the total number of people using social channels".

Whatever risks exist, all of the executives interviewed for this report recognise that there is greater potential risk to the business from not engaging with social business. Indeed, many say that social tools are helping them to actually reduce risk within the organisation as well as outside it. "Social isn't just a great damage limitation tool – it's a great early-warning system when problems arise internally", notes O<sub>2</sub>'s Green. "So you can't let other concerns get in the way. You've just got to do it – you've got to be brave".

Many respondents agree. 44% say that social business is an important tool for managing brand and reputation risk, although just 10% use it extensively for risk management. But only 11% cite the security risks of social business as a serious barrier to its adoption – an indication of comfort and familiarity on one hand, but a potentially worrying suggestion of complacency at the same time. Finding the right balance between the two is a major key to success in the widespread adoption of social business in the UK. ●

< Few businesses are inherently more socially integrated than recruitment businesses. They help define the social landscape in important ways, by enabling the work that people do, the business and social relationships that people forge and the experience that they derive from the broader business community. But Felix Wetzel, Strategy Development Director at Evenbase, a global digital recruitment group with operations in 55 countries, thinks that social business is already a fact of life for every company, not just recruitment brands. “Businesses have always been inherently social”, he says. “Trees can’t exist without the environment and community that surrounds them, and neither can businesses” – a fact that he says many organisations seem to have forgotten.

Like many organisations, Evenbase uses social media tools such as Twitter to handle complaints and queries from end-users of their branded job sites; something he says makes a huge difference to the efficiency of their customer service. But it also integrates broader social thinking into its strategy, particularly around the community aspects of business. Wetzel cites business strategist Kenichi Ohmae’s so-called 3 Cs model, built on a strategic triangle integrating customers, competition and corporation: “The core components of the model are well-known, but I’d add a 4th C, for community.

Today that’s the component we now call social, but it’s really about much more than just being sociable.”

That community, he says, consists of everyone – business partners, customers, end users and in particular staff – the heart of every organisation. “All the people I work with are really our brand. They’re having the conversations and building the relationships that drive our business. So we need to look after those people, and make sure that we communicate with them properly”.

So what form does communication take in a business that has only ever been digital? Evenbase still places great value on face-to-face communications, including what he calls ‘town hall meetings’ – physical gatherings of staff – as well as digital communications tools. “You can’t just rely on social media tools to build your brand or do your business for you. As a member of the management team people may have heard of you through tools like Yammer, but the real impact it has is in the face-to-face world – people know who you are, pay more attention and take you more seriously”.

# The question for businesses is – how do you build the capacity and leadership structure that allows for the same kind of social behaviour, and which will lead to the same kinds of shifts in brand perception?

That dynamic extends beyond the organisation into the rest of Evenbase's business community too. Wetzel thinks that technology acts as a kind of social lubricant for more productive business conducted in a wide variety of environments, from traditional face-to-face meetings to conferences and seminars. "It's a bit like online dating – when you go to conferences people already know who you are and what you're interested in from your social persona and activity. There's no awkwardness – you can just have a relaxed, relevant conversation. It gives business relationships a whole new dimension".

That's fine for people who have the luxury of time to get out and about into the broader community on a regular basis – time that many senior executives regularly say that they can ill afford. But Wetzel says that all of this social behaviour needs to be built into leadership roles too. "The question for businesses is – how do you build the capacity and leadership structure that allows for the same kind of social behaviour, and which will lead to the same kinds of shifts in brand perception?"

# Case study: Evenbase

“You can’t just rely on social media tools to build your brand or do your business for you.”





# Conclusion

This study reveals a UK business landscape in the process of a vital but difficult transition.

>

< Both the survey results and our interviews show that appetite for doing social business is high and that many of its benefits are generally well understood; but it is equally clear that many organisations are still wrestling with implementation and execution of long-term social business strategies. Competing priorities, absence of overall strategies and the lack of management understanding of the true risks are all significant barriers to the adoption of social business at the heart of the organisation; yet despite these barriers, more than a third of our respondents understand that social initiatives represent an opportunity for them to fundamentally change the way they do business.

How can UK PLC start to bridge this gap? Unusually, the technology itself is the least of its problems. Today, it is almost trivially easy for any organisation or department to make a start with the public aspects of social business, simply by starting a Twitter account, building a Facebook page or creating a Youtube channel. But as many companies have already found, the ease with which they can build such digital assets quickly creates problems of its own. Employees tweet with few guidelines in place about what they can say and when they can say it; customers comment on Facebook pages with little regard for social niceties or the law. Both situations have already created crises for high-profile brands around the world. And as the scale and scope of social business expands, so too will the opportunity for similar problems to emerge.

Exercising control and governance over social business and its underlying assets is thus critically important for UK organisations. By implementing the same levels of control over both digital and fixed assets, they can remove some of the biggest barriers to successful social business. Only then can they start to build business models and strategies around it, confident that they are protected from the dangers that unmanaged social initiatives present.

Today, that confidence is comparatively rare within UK organisations. But as the interviews in this report show, the companies that have built the right frameworks and controls are successfully integrating social ideas into the heart of their businesses, secure in the knowledge that both management and staff understand exactly how and where they can be used safely. As their confidence and experience grows, so too does their insight – the more they use social business techniques, the clearer its value to the whole business becomes, not just to the marketing departments that drive the majority of social business initiatives in the UK today.

Deloitte is already helping many organisations realise the true value of social business, and make a safe transition to the new social ideas and initiatives that transform the way they interact across their business communities. Its strong focus on customer benefits, coupled with its ability to design and integrate social

ideas at enterprise scale, have already made it the partner of choice for many clients seeking to derive real value from social business.

Using an approach that integrates strategy, operations and execution, Deloitte fine-tunes the balance between control and risk in the social environment, allowing clients to embrace social business with confidence. In the process, it is enabling new models and ideas that are helping to keep those clients agile and competitive in a world changing at a faster pace than ever before – helping accelerate adoption of key social ideas and principles across the British business landscape.

For more information on how Deloitte can help your business adopt the frameworks, governance and risk management strategies that enable creative social business, please visit [www.deloitte.co.uk/digital-risk](http://www.deloitte.co.uk/digital-risk)



# Acknowledgements

We would like to extend our thanks to all the participants in our Social Business Survey. With special thanks to Neil McCrae (AstraZeneca), Peter Williams (ASOS), Nicola Green (O<sub>2</sub>) and Felix Wetzel (Evenbase) for their contributions.







# Contacts

## Ronan Langford

+44 20 7303 4702  
rolangford@deloitte.co.uk

## Royston Seaward

+44 20 7007 8290  
rseaward@deloitte.co.uk

[www.deloitte.co.uk/socialbusiness](http://www.deloitte.co.uk/socialbusiness)



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms.

Deloitte LLP is the United Kingdom member firm of DTTL.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte LLP would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte LLP accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2013 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000  
Fax: +44 (0) 20 7583 1198.

Designed and produced by The Creative Studio at Deloitte, London. 28418A