



Social Business Design

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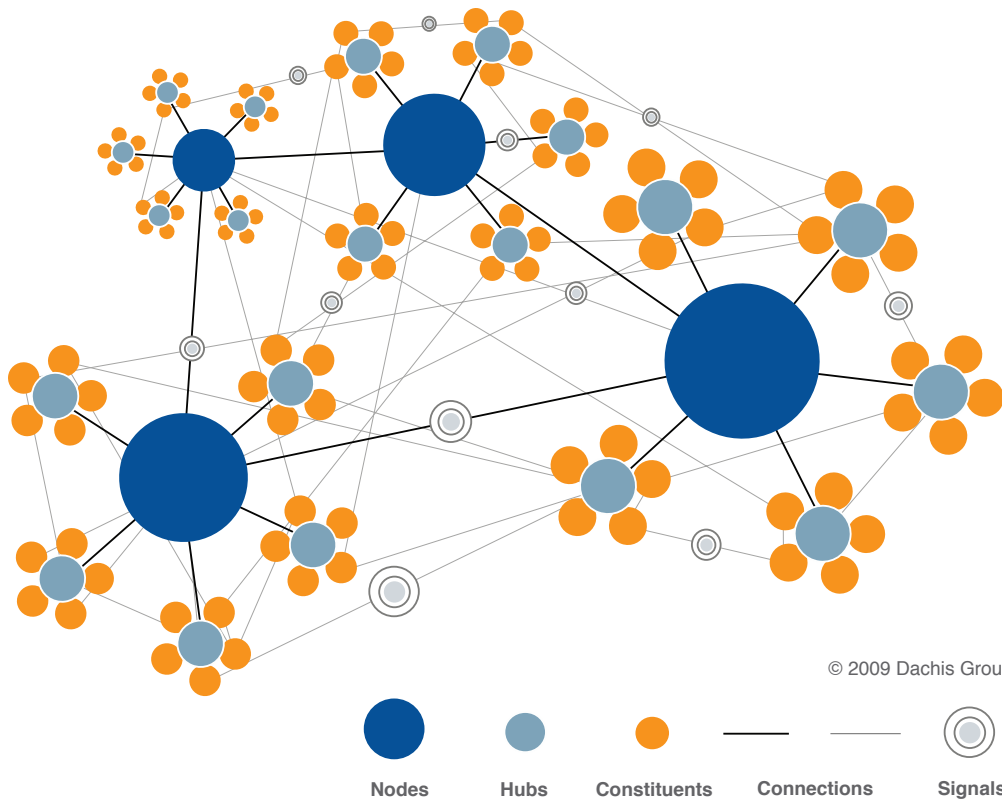
Executive Summary

Technology, society, and work are all changing at breakneck speeds, creating new opportunities for value creation and capture across industries and geographies. However, businesses are having trouble keeping pace, stymied by filter failure, isolated approaches, and legacy structures.

Social Business Design provides a solution, in the intentional creation of dynamic and socially calibrated systems, process, and culture. The goal: improving value exchange among constituents, through a framework consisting of four key archetypes: ecosystem, hivemind, dynamic signal, and metafilter.

Social Business Design can be applied to three key practice areas: customer participation, workforce collaboration, and business partner optimization. When applied, both improved and emergent outcomes will be produced.

We foresee that organizations adapting to the Social Business Design framework – designing for their nodes, hubs, constituents, connections, and signals – will be more highly distributed, collaborative, agile and better positioned to succeed.



Introduction

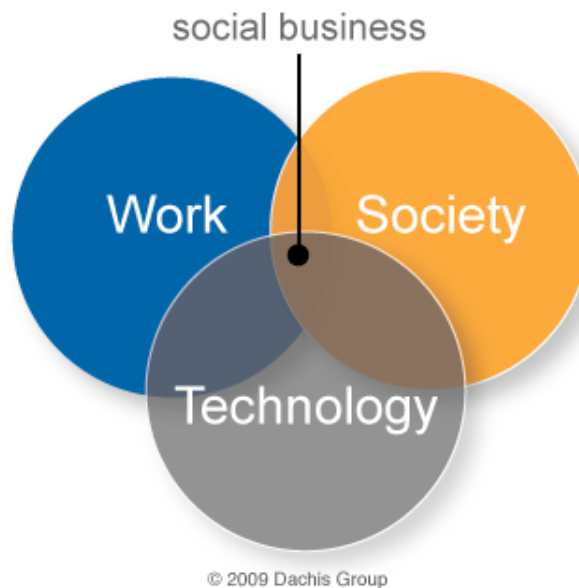
Social Business Design is the intentional creation of dynamic and socially calibrated systems, process, and culture. The goal is improving value exchange among constituents.

The Way We Do Business Is Evolving

Dachis Group has a keen awareness of the enormous opportunity presented by emerging business trends, and a deep understanding of the challenges they represent. Through Social Business Design, Dachis Group helps businesses re-envision their inherent architecture – preparing them to meet the challenges and take advantage of the opportunities that these trends present.

Emerging Opportunities

Technology, society, and work are all changing at breakneck speeds. Businesses that seek to create and capture value from these changes must harness opportunities at their intersection, the hub of social business.



Technology

It goes without saying that technological evolution has fueled every major business revolution, from agrarian to industrial. But every major business shift was spurred on by innovations that were seemingly unpredictable, yet visible to those with keen foresight.

Currently, the ever-increasing overlap between consumer and enterprise technology is opening up a number of opportunities for businesses to evolve – and this continued overlap will only increase the pace of change.

- » **Cloud Computing.** Cloud computing means faster, more relevant deployments of IT solutions with less financial burden and in a more adaptable tactical environment. Web-based services are also becoming more common elements of business communication and while security and data integrity issues persist, they are being addressed as solutions mature. Bridging cloud computing solutions, web based services, and on-premise IT deployments can provide organizations with new levels of infrastructure flexibility, user satisfaction, and significant cost savings opportunities.
- » **IT Consumerization.** Consumer adoption of technology has exploded, and people expect that their tools at work will provide the same robust level of communication as their personal computing options. The sophistication of affordable consumer devices is only going to increase and user expectations are set to spike as well.
- » **Data Ubiquity.** Content and data are everywhere. People are creating and curating content like never before. As data storage becomes cheaper, businesses are storing, archiving, and mining more data than previously possible. The increasing openness of APIs and data portability make more enterprise data available for both consumers and employees to consume. Free flow of data also allows business partner relationships to be readily analyzed and optimized.

Exploiting these trends requires more than simply adopting new technologies. It requires forward-looking organizations to embrace change, mapping these trends to the strategic goals of the business.

Society

Social networks are fundamental to how people communicate with each other and with companies. Organizations that can embrace new technology, processes, and attitudes stand to benefit greatly: from better-engaged customers to better-connected employee networks, businesses have a chance to leverage connectedness to achieve strategic goals.

- » **Constant Connection.** People are increasingly wired and connected. Many countries see internet penetration rates over 70 percent with high percentages of users on broadband connections. Social networking sites have grown at dizzying rates; for example, Twitter's user base has been growing by percentages of hundreds, if not thousands, and Facebook now connects hundreds of millions of active users worldwide.
- » **Crowdsourcing.** Institutions recognize the need for community support to achieve objectives. During U.S. President Barack Obama's transition into office, his campaign collected opinions from the public at change.gov. Radiohead challenged the music industry's pricing model by allowing fans to name their own price for an album. Mainstream media outlets like CNN incorporate citizen journalism via Twitter into live broadcasts and field reports.
- » **Brand Engagement.** Consumers desire to engage brands via social media channels for many reasons, including customer support and feedback. Brands now have an opportunity to engage with consumers directly,

without the perceived spin of a traditional marketing message. For example, companies like Intuit and KFC have corporate representatives participating in online conversations with customers. Through active engagement, consumers seek opportunities to participate in the businesses of their favorite brands.

Social tools are making relationships engaged and collaborative – among users, among employees, and between users and brands in every industry. How companies adopt these tools to evolve will set them apart.

Work

The way people work has changed dramatically as new tools and technology challenge the traditional rules of how and when people can do their jobs. This new definition of work as a constant and collaborative function means that organizations have an opportunity to adapt in order to leverage a new ethos of the hyper-connected, “always-on” workforce.

- » **Shifting Shifts.** Globalization means that work no longer requires three sequential shifts in one location each day; work gets done by the first shift in a different location around the globe, around the clock. The nature of collaboration has expanded from inter-department to inter-office to international.
- » **Always On.** As born-digital workers enter the workforce, they bring new concepts of work/life balance to the table. The shift to information-based industries also makes the traditional delineation of “working time” difficult to pin down – people don’t turn their brains off when they walk out of the office, nor do they stay 100% task-focused during the day.
- » **Accountability Is Key.** Organizations have always attempted to optimize their operations with new forms of measurement, like Six Sigma or Activity Based Costing. However, the impact of social functionality has yet to be accounted for using traditional approaches. To further complicate matters, corporate scandals and the global economic downturn have increased focus on corporate accountability and transparency, making measurement an absolute must.

As the idea of work is changing for employees and other stakeholders in a business, a crucial opportunity has emerged for businesses to become more flexible and open – increasing efficiency and reducing inertia.

New Challenges

Trends in technology, society, and work converge to create enormous opportunity for businesses to become more effective, efficient, transparent, and agile. But navigating the challenges that these emerging trends present demands a willingness to embrace change and a fundamentally different approach to how business gets done.

Filter Failure

Technological advances have given us countless new tools to produce content, but they come with specific challenges in the form of information overload. Filter failure is the inability to intelligently manage and reuse this volume of content in a meaningful way, on both a human and a systems level. Individuals are unable to synthesize and understand the vast amounts of information being generated by an organization.

- » **Tidal Wave Of Data.** The problem used to be getting enough information; now it's being able to make sense of it all. Data comes from shipping pickups and deliveries, factory floor machines, employee logins and logouts, and business travel patterns, not to mention the millions of conversations that happen daily across voice and text channels both real time and asynchronously. As businesses realize that almost all activity and interaction can yield meaningful data, the flow of information overwhelms analysts who try to glean business insight.
- » **More Noise Than Signal.** User-generated content alone already presents too much data for traditional communication approaches to handle – and social media tools are still far from mainstream adoption. At first glance, this level of chatter seems like a good thing, but parsing signal from noise is proving a daunting challenge. For example, spend any time scouring Twitter posts regarding notable brands and it becomes immediately apparent how difficult it can be to find the needle in the haystack of noise.
- » **Deriving Meaning From Social Activity.** Any number of quantitative and qualitative measurements can be applied to social activity in an attempt to intuit meaning and value. But unless these measurements are tied to specific business goals, business will be unable to articulate the success derived from social initiatives. As a result, connections remain fragmented and unoptimized for the current operating environment.

Isolation Vs. Integration

Modern organizations have always struggled to manage internal silos. When pools of knowledge and business processes develop in isolation, the entire organization suffers. As these organizations become more complex and adapt to emerging trends from within and without, sharing and managing knowledge across the business becomes increasingly difficult. Isolation presents concrete challenges to growing, dynamic businesses:

- » **Disparate Solutions.** As organizations apply band-aid technology solutions to address symptoms rather than root causes, they move away from developing a scalable overarching platform that can support the business as it grows. These fragmented solutions grow apart and are expensive to maintain in aggregate. Customer Relationship Management tools have helped companies collect information to better target promotional messaging. Knowledge Management tools have helped organizations better share and aggregate institutional knowledge. But as these systems evolve in isolation, not only do they miss the chance to solve existing problems, they create new ones as well.

- » **Interactions Aren't Interconnected.** Brands broadcast one-way messaging at consumers through marketing campaigns, while feedback from customers is then handled by customer service, where it often fails to cycle back to relevant departments to create change. Siloed organizations mean that these channels of dialog never become a meaningful discussion in an interconnected ecosystem, just disconnected streams.
- » **Work Happens Through Handoffs.** Despite the revolutionary changes happening to the nature of how we work, an outdated assembly-line approach to production still persists. Modern technologies like workflow systems merely attempt to optimize repeatable processes, rather than applying fresh insight or changing the nature of production itself. People and knowledge are connected in segments instead of as a cohesive, collaborative workforce.

Silos isolate work and information within organizations, creating lots of new, varied and often repetitive processes and pieces of data. Most businesses operate as fragmented ecosystems, where data is captured but held from those who need it, limiting what goals can be accomplished.

Legacy Structures

New trends, no matter how revolutionary, must still overcome the limitations of the past before becoming fully adopted. In organizations, legacy systems and platforms, cultural elements, and governance requirements all work to limit the willingness to experiment and innovate.

- » **Information Should Empower.** Increased openness and better communication can empower employees of an organization and directly improve results, but managers still fight to retain control. When replicated across a business, this develops into an organizational inertia that can stymie growth.
- » **The IT / Marketing Disconnect.** IT controls the technology infrastructure used to deploy and manage organizational information. Marketing manages the external communications that rely on said infrastructure. Yet these two organizations are often forced to compete for headcount and resources, reducing the ability and willingness to collaborate and improve processes.
- » **“Us” Vs. “Them.”** Competitive strategy drives businesses to hunker down behind the physical walls of an office and the virtual walls of a brand. Customers are seen as “targets” whose participation is limited to handing over money. Competitors are seen as “enemies.” Suppliers are viewed as “necessary evils.” This approach to business may produce short-term results, but at the expense of true collaboration and long-term results – everyone benefits when these relationships are viewed as an ecosystem of related collaborators rather than competing interests.

In order to meet these looming challenges, businesses need to fully understand the legacy structures in place within an organization and determine how to leverage these structures while implementing new processes to improve results.

The Social Business Design Framework

Trends in technology, society, and the workplace are changing the way we do business and we need to rethink how we structure our organizations to take advantage of these emerging trends while overcoming associated challenges.

Traditional approaches will not work. Enter Social Business Design:

The intentional creation of dynamic and socially calibrated systems, process, and culture.

Social Business Design is a holistic, comprehensive business architecture that helps an organization improve value exchange among constituents. The Social Business Design framework consists of four mutually exclusive, collectively exhaustive archetypes:

- » Ecosystem
- » Hivemind
- » Dynamic Signal
- » Metafilter

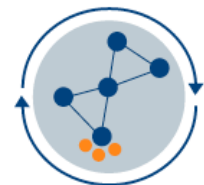
Every business contains these archetypes; however, the extent to which they are dynamic and socially calibrated can typically be improved. Social business design provides insight to help measure and manage these areas to produce improved and emergent outcomes.

Ecosystem

A robust, integrated network of nodes and connections

When thinking of a business as a social ecosystem, it consists of a network of independent nodes and their interconnections. Internal departments, customer segments, and local area networks can all be thought of as independent nodes at the micro level.

At a higher level, businesses function as part of a system comprised of dozens, hundreds, or even thousands of smaller ecosystems. Addressing the business as a series of interconnected, yet independent nodes is key to an effective business design.



ecosystem
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A holistic technology architecture

The technology within a social business ecosystem comprises devices, services, and applications that mix proprietary and open offerings. For example, this includes the hardware and software owned and managed by the firm's IT department, in addition to personal devices and applications used by employees (which may not be standard-issue, e.g. iPhones, Firefox, Facebook, Twitter, individual blogs).

A successful social business design takes a comprehensive and inclusive approach to all of these tools.

An expanded constituent base

It's time for a new view of organizations. The people in a company's ecosystem include employees as well as suppliers, distributors, customers, consumers, shareholders, local community, competitors, and others. These people comprise the various nodes that make up the new social business ecosystem.

The traditional pyramid-shaped organizational chart shouldn't be flattened – it should be deconstructed to resemble an interconnected network instead.

Continual monitoring and measurement

Once properly mapped, an ecosystem's breadth and depth can be monitored, as well as the strength of ties therein. By staying vigilant about ecosystem health, a social business can take action based on strategic goals.

There are several factors that can be measured here to make an ecosystem more effective. Visually mapping an ecosystem gives us insight into its size, shape, density, types, and numbers of connections, types of roles, and patterns of reciprocal communication. Other analytics can pertain to email and intranet volume, social media activity, and manufacturing connectivity. Precision is critical; it's not about getting everyone connected, it's about getting the right groups connected in the right way.

Hivemind

A primary social calibration

As social tools and functionality are adopted more widely, it becomes less important for businesses to use traditional methods to force collaboration in the workplace, e.g. panoptic cubicle arrangements. Employees are entering the workforce socially engaged and used to collaborating.

The social business hivemind is a new kind of corporate culture whereby all participants move together towards common goals. Physicists refer to this as "synchronous lateral excitation."



Distributed governance

The social business hivemind makes decisions and receives continuous reinforcement through business interactions: a social inclination resides within a company's culture and tempers planning, decision-making, and work output.

Employees approach work with a social and collaborative mindset; customers expect participation and engagement; suppliers anticipate optimized and efficient process towards common goals.

Measurement and cultivation

Hivemindedness can be measured by assessing levels of collective awareness, engagement, and participation. Measurement here focuses on subjective perceptions – analytics can include surveys, interviews, text analysis, and so on.

The goal is always to gain insight into constituents' attitudes towards the value they get from participating versus the potential for trust issues and conflicts that they perceive. Once perceptions are measured, they can be constantly cultivated and remeasured to move the dial.

Dynamic Signal

A new mode of authorship and ownership

In a socially-designed business, signals produced from all points are considered potentially relevant. Technology gives consumers the ability to author, own, and transmit signals, validated by search engines for relevance. In response, businesses can benefit from this dynamic information flow produced by constituents.



dynamic signal

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Communication as work, not for work

With Social Business Design, communication becomes an integral part of how workstreams relate to one another allowing decisions to be made with fresher information. Businesses progress towards strategic goals, under the assumption that all activities are on a "need to know" basis – and anyone and everyone needs to know, all the time.

Signal strength

The strength of a dynamic signal can be measured at transmission points and subsequently analyzed to drive business activity in response. For example, signaling within an ecosystem can be broken down into types and measured for frequency: status updates, email transmissions, or calendar updates can be assessed for signal strength or flow over time. When viewed in tandem with server traffic or signals derived from points in a

manufacturing process, a business may be able to recognize obstacles in their current process or optimize this signal flow to achieve a particular business goal.

Metafilter

Collecting diverse data sets

As social businesses filter the tidal wave of information produced, they distill meaning from the qualitative and quantitative data emitted from their various nodes.

Existing business intelligence tools help to create fairly orderly operating data sets, working in tandem with applications focused on parsing user-generated content that help make sense of unstructured data sets. APIs make two-way integration with public data sources increasingly seamless.



Compartmentalizing data

Social businesses require parallel processing of information so insight can be made actionable, faster. Information needs to be segmented into meaningful and manageable sets: what's important to one person may be meaningless to another, but they must be able to process parts smaller than the whole.

Analyzing for meaning

Making sense of collective action, effective filtering, tagging, and sorting of data and measuring its impact can produce opportunities for social businesses to capture valuable insight buried deep in data sets.

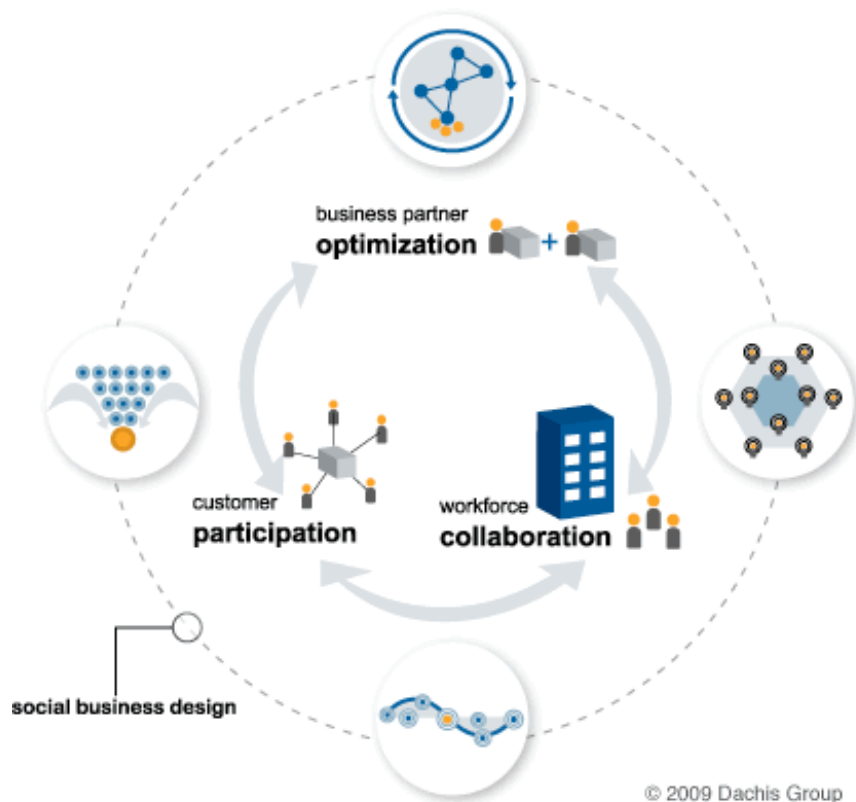
Here, almost all content types can provide meaningful data: shared documents, knowledge management activity, and user-generated content can provide valuable insight into business processes and topical importance when metadata is deployed, collected, and measured in the right way.

Applying Social Business Design

Social Business Design is a framework for rethinking how business gets done. This framework can be applied to help businesses solve the problems they face today. We focus on companies at the level of their component parts when applying Social Business Design, as each major operating function has its own inherent challenges and opportunities.

To that end, we focus Social Business Design on three key practice areas:

- » Customer Participation
- » Workforce Collaboration
- » Business Partner Optimization



Customer Participation

Social business affords companies an opportunity to engage with customers in ways that traditional one-way communication cannot support.

Opportunities

With the ever-increasing adoption of consumerized technology, people now carry powerful, networked devices everywhere. This constant connectivity drives the expectation of an always-on, always-available interaction with companies. With countless brands now participating on networks like Twitter and Facebook, consumers have come to expect, if not demand, that companies make themselves available for multi-directional communications.



Challenges

These changes present enormous opportunity for brands to harness customer participation to drive value in numerous ways. Before this can happen, companies must overcome substantial new challenges. When internal company interactions aren't interconnected, this increased customer communication results in disparate threads of dialog, instead of a holistic, meaningful conversation with measurable and actionable results. Further, the sheer amount of information this customer engagement can create makes it difficult for existing organizations to discern signal from noise. And finally, measuring the impact of social endeavors can be difficult with traditional methods, but businesses demand objective ways to prove results.

Social Business Design For Customer Participation

Social Business Design provides a framework to help companies create value from customer participation. Applying the archetypes to core issues exposes clear opportunities for value capture:

- » **Ecosystem:** Instead of being targeted by advertising messages, customers are recast as part of a network of participants in addition to corporate marketing, public relations, and customer service staff. Their connections facilitate open, multi-directional communications. The strength of ties between network nodes can be measured to determine ecosystem health.
- » **Hivemind:** The propensity of customers to engage with the company and each other can be assessed and cultivated. This leads to success in outreach and advocacy efforts.
- » **Dynamic Signal:** Customers are recognized for the content they create and new modes of authorship and ownership come into play. Brands encourage signaling and respond with their own, in addition to initiating contact and anticipating response.
- » **Metafilter:** Content generated via participation is harvested and analyzed for relevance, providing feedback to the organization which can be used to improve the nature and quality of participation going forward.

Workforce Collaboration

Social business renews focus on improving an organization from the inside out. At its core, a workforce needs to collaborate and coordinate efforts to effectively meet business goals.



Opportunities

Employees benefit from evolved technology in the form of robust personal applications, networks, and devices, allowing for constant connection and more synchronous communication. Increased connectivity allows better management and coordination of distributed teams, whether around the country or around the globe. At the enterprise level, cloud computing allows companies to create collaboration platforms that support business activities with more flexibility than standalone legacy applications.

Challenges

Even the most participation-minded workforce must overcome legacy structures to take advantage of enabling innovations. Organizationally, managers reinforce functional and operational silos to retain control of fiefdoms that align with rapidly dying business models. Technology supports disparate objectives within these silos, resulting in a landscape of point solutions – instead of a unified platform – when viewed at a company-wide level. However, these issues are only exacerbated by incentive structures that motivate individuals to maximize near-sighted goals, only loosely connected to greater business objectives.

Social Business Design For Workforce Collaboration

Social Business Design provides a framework to help companies create value from workforce collaboration. Applying the archetypes to core issues exposes clear opportunities for value capture:

- » **Ecosystem:** The definition of a company's workforce requires an expanded perspective of its constituent base beyond employees in a business unit or division. Besides breaking down internal silos, corporate networks must incorporate previously external nodes as contributing participants as well. The technology required to support this network must operate as a platform delivering what is necessary and relevant for nodes to perform and progress towards business goals.
- » **Hivemind:** The social calibration of the company's workforce needs to be measured and cultivated. Moreover, the business operates with distributed governance which allows the best ideas to evolve from all corners of the network.
- » **Dynamic Signal:** Communication takes on a new role and happens in social business as work, not just for work. Information like status messages and location updates allow workers to relate to each other and make better decisions more rapidly, with fresh data.
- » **Metafilter:** Content generated via collaboration is harvested and analyzed for relevance, providing feedback to the organization which can be used to improve the nature and quality of collaboration going forward.

Business Partner Optimization

Social business requires rethinking value chain relationships, including connections like suppliers, distribution networks, and vendors/delivery partners.



business partner
optimization

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Opportunities

Terabytes of data are available for companies to exchange, analyze, and act upon, driving new possibilities in business intelligence. New data sources allow greater depth of understanding, whether via mining internal and external communities with specific business intent or combining sociological and psychological principles with technology. Operations have always been managed for efficiency and social business requires no less, albeit accountability at a system level.

Challenges

For most companies, the business partner landscape unfolds as a tension-filled competitive environment. Different departments often interact with the same customer, prospect, or partner, pursuing disconnected corporate goals. Most strategies boil partnerships down into simple us-versus-them relationships which prevent genuine collaboration and dampen long-term system-improving results. Moreover, in the case of data more doesn't always mean better and the existing people and processes in many businesses struggle to filter and stay on top of information overload.

Social Business Design For Business Partner Optimization

Social Business Design provides a framework to help companies create value from business partner optimization. Applying the archetypes to core issues exposes clear opportunities for value capture:

- » **Ecosystem:** Evolving the competitive nature of value chain relationships into a jointly-held system perspective will help optimize outcomes for all involved. Alliances move from defined supplier relationships to a dynamic network of business partners. Value creators are encouraged to innovate within the network to create value.
- » **Hivemind:** A social calibration of company and partners leads to higher overall returns. Business partners operate in a state of ready collaboration to respond more quickly to new opportunities and challenges, and with greater resources.
- » **Dynamic Signal:** Data can be exchanged with intent that signals direction (albeit legally), allowing partner ecosystems to react rapidly to capitalize on opportunity. Signals prepare systems and resources to align and respond quickly to changing market conditions.
- » **Metafilter:** Content generated via partnership is harvested and analyzed for relevance, providing feedback to the organization which can be used to optimize the nature and quality of relationships going forward.

Results

So what does this all add up to? When an enterprise chooses to recast itself with Social Business Design, two types of outcomes will be produced.

Improved Outcomes

By redesigning customer participation, workforce collaboration, and business partner optimization from the perspective of the four core archetypes of Ecosystem, Hivemind, Dynamic Signal, and Metafilter, a company will increase value from its business activities. What this means is that application of Social Business Design concretely impacts how people work, the efficiency of process, and effectiveness of technology infrastructure. Business goals and objectives will be achieved with better outcomes than expected.

Emergent Outcomes

The most compelling outcomes are the ones that cannot be immediately predicted, but will appear over time as a result of the altered system working in dynamic, social calibration. We call these Emergent Outcomes and their potential inherently lies beyond the current scope and focus of the business. Being emergent, these outcomes become apparent only with a shift in business operations. Their existence lies on the border between the knowable and the unknown, requiring companies to forge ahead to reveal emergent opportunity.

As organizations become more adaptive to constituent needs, they create symbiotic relationships as social business becomes business as usual. Doing away with traditional internal obstacles to growth and becoming more responsive to its ecosystem, a company organized around Social Business Design stands to gain new value previously unseen or anticipated.

About Dachis Group

We believe the future of business lies in intentional creation of dynamic and socially calibrated systems, process, and culture. We help businesses capture value through Social Business Design.

Practice Areas

- » **Customer Participation**
Engagement with end users beyond traditional one-way communication
- » **Workforce Collaboration**
Breaking down the silos that limit organizational potential
- » **Business Partner Optimization**
Working with key partners to create mutual win-win solutions

Services

- » **Research**
Unbiased insight into marketplace trends and best practices
- » **Strategy**
Formulating plans to create business value through participation, collaboration, and optimization
- » **Implementation**
Solution construction in technology architecture, performance improvement, and human capital
- » **Managed Services**
Support through measurement & analysis, technology operations & maintenance, and community management

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