

EXECUTIVE BRIEFING:

social networking

for businesses & associations

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What is social networking?

Why does this matter? Isn't "social networking" just for high school kids?

How can my organization get closer to customers/members using social networking?

Examples of how financial services firms, associations, and other organizations, large-and-small, are using social networking today.

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What is social networking?

In both professional and personal life, human beings naturally form groups based on affinities and expertise. We gravitate to others with whom we share interests. Most of us belong to real world networks that formed organically. Not surprisingly, these networks rapidly migrated to the online world.

Online social networking has been around in various forms for nearly a decade, and has begun to achieve wide notice in the past few years. Online social networks take many forms, and are created for many reasons. Despite their differences, online social networks do, however, commonly exhibit a number of the following concepts.

Profiles – Each member in a network has an online profile that serves as the individual's identity in the network. In the professional context, profiles often contain information regarding the individual's experience, education, interests and affiliations, as well information about the individual's skills and resources.

Connections – Online social networks typically enable individuals to make connections with others in the network. In some cases, these connections are implicit, and derived from past actions (such as sending an email to another member of the network). In other cases, the connections are explicit, and are set up and created by the members themselves.

Deceptively simple, online social networks contain great power. They change the online space from one of static web pages and stale marketing messages to a live, vibrant network of connected individuals who share their abilities, expertise and interests.





Why should our organization care about social networking?

Customers have lost trust in traditional sales, marketing and service (the three areas commonly referred to as “CRM,” or Customer Relationship Management). According to the Edelman Trust Barometer, “the most credible source of information about a company is now ‘a person like me,’ which has risen dramatically to surpass doctors and academic experts for the first time.” The survey relates that in the U.S., trust in “a person like me” increased from 20% in 2003 to 68% today.

The connections enabled by social networks are the glue that put the humanity back into business to solve the trust problem. In other words, the organizations that will win are the ones that most easily enable individuals to build relationships and communities with people they trust.

Isn't “social networking” just for high school and college kids?

Don't be thrown by the word “social.” Although social networks such as MySpace (known for being an online hangout for the high schoolers) and FaceBook (which targets the college crowd) have garnered much press in the social networking space, other professionally-focused online networks are being used in many ways in the business and association realm.

The initial use of online social networking for businesses and organizations has been primarily along one dimension, recruiting. That is, a recruiter for an organization navigates a network of known individuals (e.g. current members of the organization) in order to find potential applicants (either contacts of those individuals, or contacts-of-contacts) who have the skills and experience needed to fill a job opening within the organization.

While this application of social networking is beneficial (especially to professional recruiters), there are many other areas where social networking can be used that are more broadly applicable.

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The Top 10 ways businesses, associations and organizations can use social networking

Customer and Member Relationship Development

Customer satisfaction is at an all-time low, perhaps as a result of reduced business focus on actual relationships, and an increased focus on “customer relationship management” systems emphasizing management of data rather than personal connections. Online social networks allow a prospective customer or prospective member to easily facilitate a real, human level connection with individuals within an organization. This enables genuine business relationships to form and puts an authentic human face on the interaction, changing the external perception of an organization from a sterile, faceless behemoth into a collection of individuals who are ready to help.



Customer support (connecting the customer with the right resource)

Successful customer support achieves a number of goals. Basic customer service includes, of course, assisting customers when they have problems or questions about an organization's products. However, online networks enable exceptional customer support that goes beyond the basics, allowing customers to connect with experts in an organization who have deep knowledge in a particular area. Similarly, a strong online network enables experts within an organization to be alerted when a problem that requires their knowledge comes into the customer support queue, and facilitates the creation of strong communities in the form of valuable user groups and member networks.

Use the network to find an expert or locate implicit knowledge

Only a fraction of an organization's "knowledge" exists in databases. Another fraction exists in the form of explicit documents and reports that may be found on an organizational intranet. The vast majority of organizational knowledge, however, exists only in the heads of its members. Inside an organization, online networks with even basic profiles of its individuals' experience, location and interests can greatly reduce the time required for organizational problem-solving, through enabling faster connection between a questioner and the person who has solved similar problems in the past.

Real-life example:

The Consortium for Service Innovation uses social networking to better understand the composition of world-class customer service organizations.

Real-life example:

Before one private organization meets for its annual retreat, its members use a social networking system to allow both first-timers and veterans to connect up around "what they need" and "what they can offer" to the group, to jump start the conversations that will be held at the retreat itself.

Ease post-acquisition integration

Even though acquisitions are on the upswing, a majority of mergers and acquisitions fail within three years of inception. The most common cause of failure is lack of alignment and understanding between individuals in the acquiring and acquired organizations. Online social networks, giving a view to the “real” individuals within the organizations, aid in the creation of understanding between both parties by allowing members of both organizations to view each other as a collection of individuals, rather than an amorphous “them.”

Real-life example:

PaidContent.org created a 500-person social network for their “ContentNext” mixer in New York City, enabling attendees to virtually “meet” each other prior to the event itself.

Provide the “whole product”

It is rare that a single organization can provide all the pieces needed to meet a customer’s entire need. For example, even though a real estate agent aids in the process of buying a home, an entire network of other service providers (including title companies, banks, insurance agents, contractors, and others) is required in order to fully meet the customer’s need. By creating a strong network of complementary providers with similar philosophies and business practices, a single service provider can provide a much greater value proposition to a prospective customer than an individual working without the benefit of the network.

Real-life example:

UNICOM uses social networking to provide an ongoing connection between the delegates who attend its conferences.

Understand and visualize the actual communication paths within the organization

While an organizational chart may show the reporting or budgeting hierarchy of an organization, the connections in an online social network create the actual flow of information for an organization. Explicitly creating a social network within the organization can help all members better understand how information gets shared and highlights the areas within the organization that are truly responsible for effecting change, turning the “company directory” into a living, breathing knowledge network.

Supercharge meeting facilitation and preparation

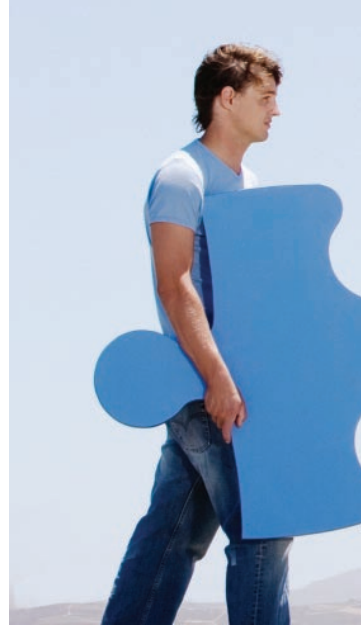
The unfortunate part of meetings and conferences is that it always seems that you don't connect with the people you really want to meet until the final day of the event, when you meet them randomly in the buffet line. A dedicated online social network created before the event enables attendees to use their time at the event more efficiently, by determining with whom they want to connect before leaving home.

Increasing the value and extend the “shelf life” of conferences

Similar to the above point, creating an online social network of event attendees extends the “shelf life” of a conference, enabling the attendees to remain connected and take action on the items discussed at the event. This can evolve a meeting, event or conference from a “one time” occurrence into the catalyst of a community that more effectively achieves its goals.

Share knowledge

By connecting an social network with basic subscription technologies (such as RSS, or “Really Simple Syndication”), an individual can easily “subscribe” to updates from customers and colleagues. This enables a straightforward way to stay abreast of the goings-on in projects of interest, as well as a way to share knowledge within an organization without additional effort. It also addresses the issue of email overload, as knowledge is pulled by those who have a need or interest for updates, rather the updates being pushed to those who may have only tangential interest in an issue.





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Pull together the “All-Star Team” that’s right for *this* customer

Having the right skills and culture are both key to creating a connection with a prospective customer, especially in service organizations. An internal social networking system enables

the individuals responsible to creating relationships with prospects to pull together the “right” team to meet both the prospective customer’s needs and, at the same time, pull together the unique group of individuals who will resonate with the prospect at a personal level as well.

Differentiate your service with brand you

In a number of industries, the fit between customer and service provider is the differentiator. If a customer can easily identify his or her areas of commonality with a prospective service provider such as a financial planner, real estate agent or insurance provider, that customer can have some assurance that the service provider will understand the customer’s point-of-view, and provide the type of service that the customer expects and supports.

Prepare for coming demographic changes in business

Although online social networks are relatively new to business, the MySpace and Facebook generation has grown up with them. For these individuals entering the workforce, online social networking is simply be a part of the fabric of business. Accordingly, the organizations that have determined how to best integrate social networking into their operations will be the ones that are most successful.

Great...now what?

If this executive briefing document is the first exposure you've had to business social networking, you probably still have a number of questions. Visiting <http://haystack.cerado.com> will enable you to help better determine how social networking is applicable to your business, association, or organization. Things you can do at <http://haystack.cerado.com> include:

- Create a social network for your business, association, or organization (there's even a free 30-day trial)
- Explore Case Studies of other professionally focused social networks
- Learn from other industry experts on how social networking is changing business
- Jump in! Join a network yourself, and connect with others who are asking similar questions



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About Haystack™ networking

Hundreds of organizations and thousands of individuals use Haystack networking, an online social networking system that allows businesses and organizations to easily set up professionally-oriented social networks and customize them for their needs. These networks can be set up in minutes, and enable an organization to immediately begin to connect customers, members and employees together into mutually beneficial business relationships. Networks can be set up to connect prospective customers and members to others in an organization, or can be set up with an eye toward connecting existing members in improved ways. Haystack networking is a service from Cerado. The homepage for Haystack networking can be found at <http://haystack.cerado.com>.

The technology behind the business (for the tech-inquisitive)

Cerado's Haystack networking is built on a LAMP (Linux – Apache – MySQL – PHP) architecture for scalability, and runs in a hosted, software-as-a-service (SaaS) environment. This means that a basic Haystack network can be set up for your business, association or organization, configured with your organization's look and branding, and linked to your website in a matter of minutes. In addition, Haystack networking also provides an Application Programming Interface (API). This means that the functions of Haystack networking can be easily integrated with your organization's existing systems (for example, customer contact or HR systems) or even built right into your organization's existing applications.

EXECUTIVE BRIEFING

About Us



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Who am I?

I'm the chairman and CEO of Cerado, Inc. and editor of the Social Customer Manifesto weblog (named "Best CRM Blog" by SearchCRM.com). Over the course of my career, I have developed advanced underwriting systems to help financial institutions better manage their financial risk, have created information management and data visualization systems to enable Indy car teams to better manage race performance, and have helped many organizations improve their business relationships with their customers and members. Currently, I spend my time working with businesses, associations and organizations to better understand how social technologies such as blogs, wikis and social networks can enable organizations to build communities and better connect with their customers and members.

Although I've been in the Bay Area since 1998 or so, I still hold my Chicago roots dear. I grew up in Chicago proper, went to school there (Evanston, actually), and took a detour to gather another degree in Pittsburgh before making my way west.

Education: Northwestern; Carnegie Mellon

Favorite Books: Snowcrash, Lamb, One Hundred Years of Solitude, Out Of Control, Cryptonomicon

Favorite Cities: Chicago, New Orleans, Oaxaca, San Francisco

Employers: Peregrine Systems, Extricity, Cerado, Accenture

Cities Worked: Taipei, Palo Alto, San Francisco, Chicago

Hometown: Chicago

Favorite Movies: Any Robert Rodriguez, Office Space, So I Married An Axe Murderer, The Princess Bride, Dogma, Clerks, Real Genius

Interests: Poi, Sailing, Hiking, LOHAS, Rafting, Kids, Grungy Chicago blues, Travel, Snowboarding, SCCA autocross (Solo2)

Favorite Music: RHCP, Wilco, Indie, Folk, Blues

About Us



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Who am I?

Prior to co-founding Cerado, Leif was a Sr. Manager of Product Management and Marketing at Inovis Inc., a business integration software company. Prior to his role at Inovis, Leif served as a Marketing Manager at Peregrine Systems and Industry Marketing Manager at Extricity, where he lead Extricity's successful growth into high technology (including RosettaNet) and chemicals markets. Prior to joining Extricity, Leif was an Operations Planning Specialist at Heinz Frozen Foods. His work at Heinz included redesigning the Heinz Frozen distribution network (annual savings in excess of \$2.4 million), implementation of Advanced Planning Systems for distribution optimization, plant capacity planning and finite scheduling, and design and implementation of business-to-business processes to support major outsourcing relationships. Leif received a BBA in Production and Operations Management from Boise State University, and served for 7 years in the United States Marine Corps, as a flight navigator on C-130 (Hercules) aircraft during Operation Desert Shield.

Education: Boise State

Favorite Books: Cryptonomicon, Almost anything nonfiction, Radicals in Robes

Favorite Cities: New Orleans, Chicago, San Francisco

Employers: InSync, USMC, HJ Heinz, Extricity, Peregrine Systems, Cerado

Cities Worked: San Francisco, Cherry Point, El Toro, Boise

Hometown: Boise

Interests: Fly fishing, Aviation, A hankering to build a kit car

Industries Worked: Retail Manufacturing, Retail, High-tech

Favorite Music: My daughter playing violin

Cerado, Inc. was formed in 2002 by Christopher Carfi and Leif Chastaine. You can meet the rest of the extended Cerado organization at <http://haystack.cerado.com/cerado>.

Learn more about Haystack™ networking from Cerado at:

<http://haystack.cerado.com>

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