



**FGSQUARED**  
interactive marketing

## **SOCIAL CAPITAL**

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## SOCIAL CAPITAL

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### THE POWER OF RELATIONSHIPS.

In the new world of connectivity, it's not what you know, or even who you know. It's who and what your online social network knows. In this ultimate word-of-mouth environment, every person in your extended network holds the potential to change your business model.

Social Capital refers to the connections within and between social networks. An ever-evolving array of communications technologies enables workers to connect through diverse and far-flung social networks.

The result? Connectivity and socialization are no longer segregated between work, family, and friends.

Online social networks, as well as the new communications channels inside and outside of the enterprise, intertwine to form this new world of connections, providing opportunities for sharing, collaboration, and innovation.

Some catalysts reduce the energy required to reach these powerful new outcomes. Those changes must come from within.

By integrating innovative '2.0' social technologies with core business processes, an inside-out approach enables you to build innovative online solutions that seamlessly blend your organization and the rest of the online world.

This power, this Social Capital, can be measured. FG SQUARED can show you how. We can demonstrate how this new world of connectivity can drive your business to new and unexpected heights.

## IT TAKES A COMMUNITY

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There are times when it may no longer make sense to employ a strategy of “us versus them.” In the competitive and globally connected world of business, today's competition may be tomorrow's collaborating partner on a project or a cooperative ally helping develop new business.

With the advent of constant, almost instantaneous communications and networking capabilities, it is possible and logical to maintain relationships in ways that were cumbersome, time consuming, and costly in the past. New opportunities resulting from online connections provide chances to stay connected in a wide array of loosely organized yet measurable formats.

## A BRAND NEW DAY

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A large corporation's brand remains extremely important. Employees impact the corporate brand through their own network communications, the same as people outside the corporate firewall are doing.

The branding opportunities afforded by seemingly unlimited networking possibilities give individuals the ability to achieve global reach. In this age of the virtual handshake, it is possible to extend yourself well beyond the confines of your physical and experiential environments.

## WITH OR WITHOUT YOU

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Because of the connected world in which we live, made possible again through a massive change in how we communicate online and off, each of us is defining ourselves in ways that were not possible only a short time ago.

This is particularly true among the newer members of the workforce and will be almost universally true of the workforce of the future.

**DIGITAL NATIVES**, people who have grown up using online tools to connect with their peers, are already becoming a major force in the process of purchasing decision making.

**DIGITAL IMMIGRANTS**, those who are adopting online means of communication and conducting business, are a rapidly growing group.

In and around these populations, communities are developing spontaneously and with varying degrees of organization, allowing individuals to find others who share their interests, concerns, and preferences on a variety of topics.

These communities are as strong as the relationships within them. Any of these groups may or may not include employees of any particular corporation or organization.

The interaction between an employee and the rest of the group creates the potential for communications that reflect positively or negatively on the company. How the employees for Company X represent themselves online and while off the job can potentially impact the reputation of the company.

A positive interaction between senior management and the company's workforce, through a progressively organized intranet, can provide for an authentic, largely transparent, and organic means of evolving the internal relationships that will then be carried outside of the firewall of the company.

So the question isn't whether senior executives of a company or organization should accept the new connectedness of its employees with the outside, it is about how they will do it. Even if the company computer won't allow access to popular websites such as Facebook and Twitter, the employees' BlackBerries or iPhones will.

Choosing not to participate is certainly a choice, but it is a potentially costly choice from a competitive standpoint. It's also a choice that will be more costly to the company the longer it waits, given the clear evidence of participation in the younger population.

By choosing to participate, corporations and organizations open up a whole world of potential. That potential can be easily identified as 'Social Capital.'

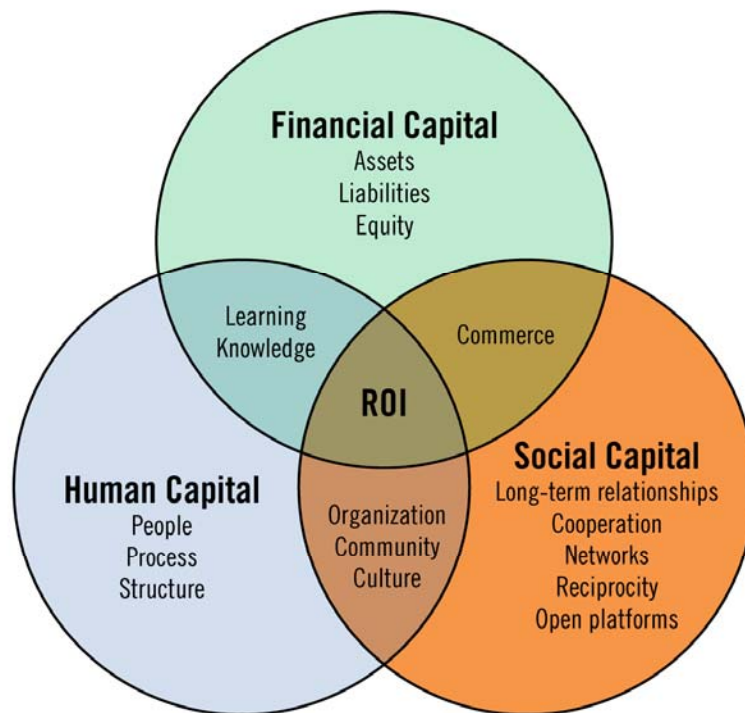
## WHAT IS SOCIAL CAPITAL?

**SOCIAL CAPITAL IS THE COMBINED POTENTIAL OF THE RELATIONSHIPS THAT EXIST WITHIN YOUR ORGANIZATION, AND FOSTERS A BOND BETWEEN YOU AND YOUR CUSTOMERS, SUPPLIERS, AND SHAREHOLDERS.**

Social Capital is as critical to an enterprise, from a Web 2.0 perspective, as is Human Capital (net intellect, your ability to out-maneuver competitors through thought-leadership driven innovation) and Economic or Financial Capital (in the traditional sense, manifesting itself, for example, as the ability to respond to a market opportunity).

“Social contacts affect the productivity of individuals and groups.”

—Robert Putnam, *Bowling Alone: The Collapse and Revival of American Community*



**Social Capital is one of the three major business catalysts**

When properly combined with Financial and Human Capital, Social Capital results in a number of benefits to the organization.

Following are some of the notable benefits of Social Capital:

### **LONG TERM RELATIONSHIPS**

During both economic downturns and prosperous times, dependable relationships are critical for success in business and in life. By nurturing these relationships with an ongoing communications and networking plan that provides mutual respect, you can weather both economic storms and prosperity with your friends in business.

### **COOPERATION**

The ability to maintain authentic and transparent lines of communications allows for the clarification of expectations and ongoing accountability. When everyone involved on a project is clear on common goals and what each party is undertaking and accomplishing toward their achievement, a team creates and maintains a spirit of cooperation throughout the life of a project.

### **NETWORKS**

With the greater need for geographic diversity in search of talent, ideas, and partners coupled with increased travel costs and rising fuel prices, online social networks provide a means for connecting that is key to business survival. No longer can executives be the only contacts for a company; more and more team members should be involved with spreading the message and bringing back information from outside the organization.

### **RECIPROCITY**

As old as the principles contained in the golden rule—do for others what you would want them to do for you—is the common sense notion that by helping someone else they will be more likely, in return, to help you.

When your knowledge and experience is available online and off for people and companies in your network, often their knowledge and experience is available for you in return. This growing resource is worldwide in its capacity, and being connected to that world greatly enhances your capacity to utilize it.

### **OPEN PLATFORMS**

The only barriers to entry to the many social networking platforms proliferating across the world are the ability to access the web and the effort needed to learn your way around. The increased availability of broadband cable, satellites, and mobile devices connected to the web, combined with the expectations of digital natives and immigrants to have that access, is leading to an explosion of options for connection through social networks.

Facebook, with over 100 million users, is only one leading example of many options for connecting online. Every day new networks aimed at specific groups and niches emerge. Interconnectedness between platforms is being demanded and given by their developers. People demand interconnectedness between platforms, which developers by and large provide.

**AT FG SQUARED, WE DON'T JUST ADVOCATE THE DEVELOPMENT OF SOCIAL CAPITAL; WE ARE AGGRESSIVE DISCIPLES OF DEVELOPING IT FOR OURSELVES. WE FEEL SO STRONGLY ABOUT ITS IMPORTANCE AND MEASURABILITY THAT WE ARE PREPARED TO POINT TO OUR OWN EXAMPLE AS A CASE STUDY IN PROGRESS.**

## WHY SOCIAL CAPITAL MATTERS

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A sincere effort to develop Social Capital can greatly enhance the organization by allowing it to accomplish the following:

### **GAIN BUSINESS ADVANTAGE THROUGH NETWORKS**

The web is exactly that. The connections developed are far-reaching and less restricted by class, geography, and position than previous communications formats. It is possible to forge connections in places and with participants not previously envisioned.

### **STAY RELEVANT**

By participating in the many communities that have meaning to us professionally and personally, we stay abreast of what is important to us and our neighbors. Consequently, our fellow community members remain aware of our activities. The metaphorical conversation over the back yard fence now takes place online, whether it is on Twitter, Facebook, or the company intranet.

### **COMPETE AT AN EXTREME LEVEL**

Your online presence can enable you to be extremely mobile, plugged-in, and capable of rapid responses to opportunities. Online referrals through the development of a multitude of online contacts and online reputations can come from people and places that you perhaps did not anticipate.

### **MEET GROWTH AND PROFITABILITY TARGETS**

Keeping pace with rapid changes in the marketplace is becoming difficult if not impossible without at least adding an online networking component to your business model. The relationships made possible by online networking and communications have dramatically altered the way we do business and generate business contacts.

### **EXPAND THE COMMUNITY MANAGER ROLE**

Leading analysts of social media and its role in business advocate for the establishment of community managers within the enterprise. A number of companies have established the role of community manager to interface with the groundswell of activity on the internet as it impacts them.

The community manager is ideally someone with access to the decision makers in the company and who is assigned the role of being in constant communication with the community.

Key functions of a community manager include:

- Community advocacy
- Brand evangelism
- Communication skills/editorial shaping
- Future products/services development

A strategy to develop Social Capital should include the entire organizational structure. One person, or even a small team, would have difficulty interacting with everyone the company touches during the course of its business.

**WE ADVISE OTHERS TO CONSIDER THE COURSE WE’VE TAKEN; LOOK INWARD FIRST WHEN CONTEMPLATING MAJOR CHANGE.**

**THE CEO VANTAGE POINT**

Understandably, if it isn’t broken, you may not want to fix it. If accommodating the new landscape of digital natives, immigrants, and the many, many categories and types of participants in online communities with your current business model is possible, by all means do so. If, however, you need to reach or accommodate customers who increasingly use their computers to engage in the buying process, as well as other businesses who interact online during the course of their daily activities, you may want to consider joining the groundswell.

At FG SQUARED we identified the challenges and share here our approaches to dealing with them.

CHALLENGES	APPROACH
Where to begin	Technology – social computing platform
Resistance to change	Build case for change through strategic pilot effort: <ul style="list-style-type: none"> <li>• Executive-sponsored</li> <li>• Measurable results and share findings – “quick win”</li> <li>• Ensure adequate training and support</li> <li>• Consider motivations and determine next steps</li> </ul>
Security, privacy, and confidentiality	Deployment behind firewall with personal permissions
Investment in current ways	Better usability and unified user experience
Deliberate action is necessary	Master our fears; provide context for taking action <ul style="list-style-type: none"> <li>• Cooperate with each other</li> <li>• Build alignment and credibility through transparency</li> </ul>

As the grid above indicates, executive leadership is critical to making a strategy to develop Social Capital work. Let’s define Social Capital as the combined potential of the relationships that exists within your organization, and fosters the bond between your company and your customers, suppliers and shareholders, which can be harnessed to the good of everyone involved.

- We chose Clearspace, a Jive Software product, to establish our intranet. We also work with Jive Software in a partnership capacity to make the same offering available to our customers.

- Next, by making it clear that the leadership of the organization is making a real commitment, we launched into an aggressive usage of the intranet to enhance the feeling of community within the organization.
- By beginning the process behind the firewall, we could appropriately address the issues of security, privacy, and confidentiality from the beginning.
- This approach also allows us to remain capable of utilizing our current internal processes. We all speak the same language as we connect; don't eliminate systems that are already in place and working well just for the sake of change. Everything must make sense from a business perspective.
- It is important to stress, however, that deliberate action is necessary. Expecting change to occur organically and naturally without leadership is naïve.
- Whether you acknowledge it or not, your employees have likely created vast networks with immense potential for Social Capital that they would gladly utilize on behalf of their company.
- In order to achieve team orientation, that of a close knit community, it is essential that the leadership for implementation come from the executive levels and be transparent. Communicate openly with your organization. Create the opportunity for buy-in from the ranks.

Too often a great deal of fanfare surrounds the rollout of a new and better approach to management and is followed by a return to the same old way of doing business. This can demoralize employees and reinforce the stereotypical image of management being committed only to maintaining the status quo.

Take the opportunity to empower your employees on behalf of your organization. Each of them has the power of their network, their relationships, to do great things for their employers.



## DASHBOARD

### POPULATION

Creators - X%  
Contributors - Y%  
Others - Z%

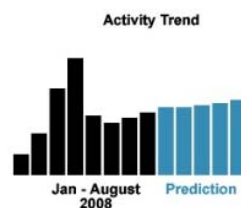
### OUTWARD CONNECTIVITY

Employees - 45%  
Partners - 30%  
Others - 25%



### ACTIVITY

Documents, Wikis, Blogs,  
Discussions, Tags  
Ratio of Comments to Posts  
Wishing Well and Water Cooler



### ROI

#### COSTS

Opportunity Cost  
Cost of deployment "behind firewall"  
Strategy and integration  
User experience and implementation  
Cost of post launch-operations support  
Site content maintenance (mostly user generated)  
Training and education  
Cost of hardware, software licensing, etc.

#### BENEFITS

New revenue source  
Lower cost of service  
Increased level of customer support and self-service



# ROI

## FG SQUARED Social Media Implementation

### COSTS

- Opportunity Cost
- Cost of deployment "behind firewall"
- Strategy and integration
- User experience and implementation
- Cost of post launch operations support
- Site content maintenance (mostly user generated)
- Training and education
- Cost of hardware, software licensing, etc.

### BENEFITS

- New revenue source
- Lower cost of attrition
- Increased level of customer support and self-service



## CONCLUSION

By utilizing the Social Capital inherent in our company, we're breaking new ground while returning to principles as old as humanity. By organizing internally to create the sense of community that can be fostered with an effective internal communications system, we are able to reach out to the world more effectively as a unit.

Social Capital matters to an organization. Especially during difficult economic times or in times of rapid expansion, relationships between human beings can be the difference between failure and success.

Ironically, the more digitized our relationships become, the greater the potential we see for forming lasting bonds that can be maintained over time and space, and measured in ways that are understandable to the business and comfortable for people.

Intranets enable more intelligent decision making, but they are not necessarily a more democratic form of decision making. Leadership functions and key decision making still rests in the hands of the executives.

A well-constructed intranet will allow for an ongoing flow of information exchange and input from all areas of the organization, creating the potential for greater consensus around leadership.

Return on Investment is obvious: employees are the lifeblood of the company. Their empowerment and inclusion is critical.

Increased outward connectivity, the engine of Social Capital creation and development, is enhanced and measurable.

Here's how we measure Social Capital:

1. Measurements of Social Capital
2. Total intranet population
3. Penetration = registration / total
4. Engagement = active /registered
5. External social networks and influence
6. The strength of participant bonds

A contemporary business culture results from allowing employees to be connected to the “outside world.”

With each month and year that passes, more and more of your employees will connect online in greater numbers. Their relationships are important to them. We urge you to consider their importance to you, their employer, as well.