

**Social Web, Interactive Communication and
Open Innovation:
Joining Forces to Contribute to the Bottom Line**

Prof. Dr. Ansgar Zerfass, University of Leipzig, Germany

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Agenda

- _ Social web applications in Europe: Diffusion and obstacles
- _ The twofold challenge for business
- _ Enhancing value creation:
Social Web and Open Innovation
- _ Enabling dialogue:
Social Web and Corporate Communication
- _ Using scorecards to demonstrate the contribution to the bottom line

Social web applications in Europe: Diffusion and obstacles



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Web 2.0 is changing individual media use, but applications in companies are way behind

Social Software Applications	Usage in German companies (Berlecon, 2007)			Usage international (McKinsey, 2007)
	Individual employees	Individual departments	Company-wide	Using or planning to use
RSS	21%	5%	6%	35%
Social Networks	20%	3%	4%	37%
Recommendation and Rating Applications	8%	7%	4%	48%
Wikis	7%	6%	5%	33%
Blogs & Podcasts (in Marketing/PR)	7%	5%	5%	32%

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Zerfaß & Sandhu, 2008

Missing link to the bottom line is a main obstacle

"Benefits are not clear" – 62%

German companies
(Berlecon Research, 2007)

"We cannot demonstrate return on investment (ROI) from weblogs" – 42%

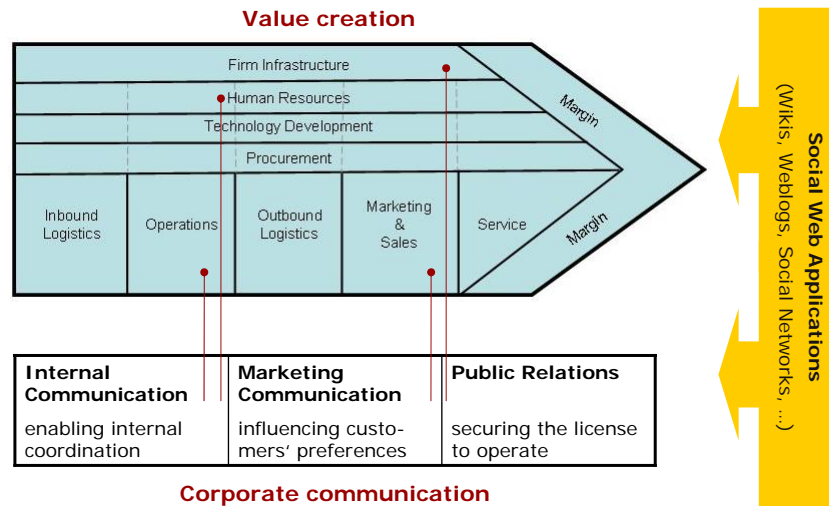
"It isn't possible to measure the impact of our social media activity" – 34%

Communication professionals in Europe
(Zerfass et al., 2007)

The twofold challenge for business



Levers of enhancing effectiveness



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Challenge from a management point of view

- Corporate communication is an enabling function;
it contributes to the bottom line indirectly by enhancing value creation
- Social web applications may influence
 - corporate communication by converting opinion building
 - value creation by reconfiguring the value chain
- Investments into social software must be judged
by taking into account both aspects

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Enhancing value creation: Social Web and Open Innovation



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Why bother?

BCG 2006 Senior Executive Innovation Survey

72%

CEOs rank innovation among their companies' top three priorities

EUPRERA 2007 European Communication Monitor

18%

PR Professionals think innovation communication is one of the most important strategic issues for them within the next three years

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Boston Consulting Group, 2006; Zerfass et al., 2007

A new understanding of innovation

Innovation yesterday

- _ was a linear process controlled by companies, their R&D departments and marketing knowledge

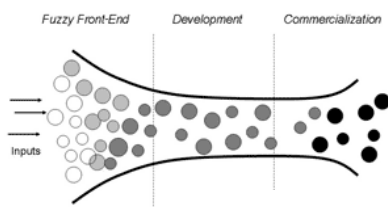
Innovation today and tomorrow

- _ tries to involve internal and external stakeholders in all stages of the innovation process (open innovation)
- _ profits from innovation systems, where economy, research, administration and intermediaries enact competition and cooperation
- _ knows that „innovation is more about creating meaning than it is about creating artifacts“ (Ilkka Tuomi)

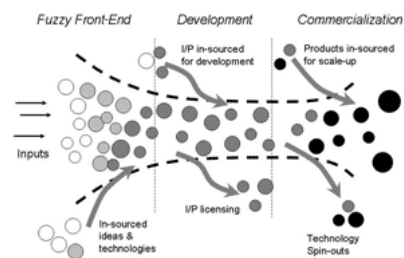
→ Stakeholder interaction is important to stimulate ideas and to shape public discourse

From closed to open innovation

Closed Innovation



Open Innovation

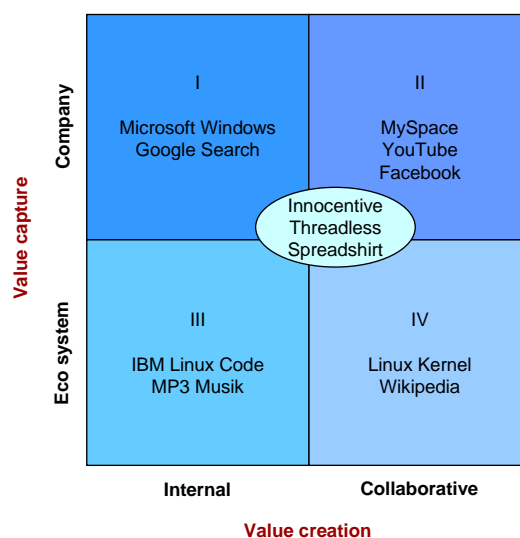


Social software stimulates open innovation

Closed Innovation	Open Innovation	Enterprise 2.0
The smart people in the field work for us.	Not all the smart people work for us. We need to work with smart people inside and outside.	Social Software bridges the inside and outside of the organization, collaboration has become easy.
To profit from R&D, we must discover it, develop it, and ship it ourselves.	External R&D can create significant value; internal R&D is needed to claim portion of it.	Using crowdsourcing to develop innovation outside with the right incentives enhances the innovation capabilities of the corporation.
The company that gets an innovation to the market first will win.	Building the better business model is better than getting to the market first.	Social Software can create new business models and create new markets.
If we create the most and best ideas in the industry, we will win.	If we make the best use of internal and external ideas, we will win.	If we use social software to enhance collaboration, we will win.
We should control our intellectual property, so that our competitors do not profit from our ideas.	We should profit from others use of our intellectual property, and we should buy others.	We should discover intellectual property in networks and use it.
<i>Chesbrough, 2003</i>		<i>Tapscott & Williams, 2006; McAfee, 2006; Benkler, 2006</i>

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Facilitating a variety of new business models



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Chesbrough & Appleyard, 2007: 63 (modified)

Enabling dialogue: Social Web and Corporate Communication

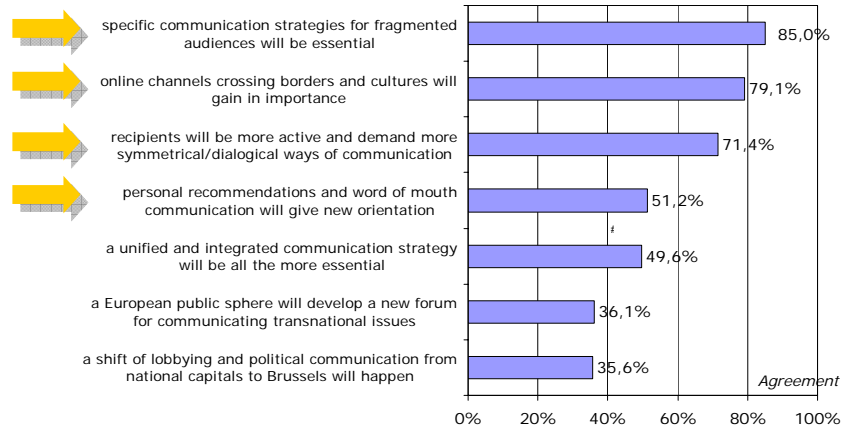


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Communication professionals realize the challenges

In the Europe of tomorrow...

Digital Evolution + New Transparency



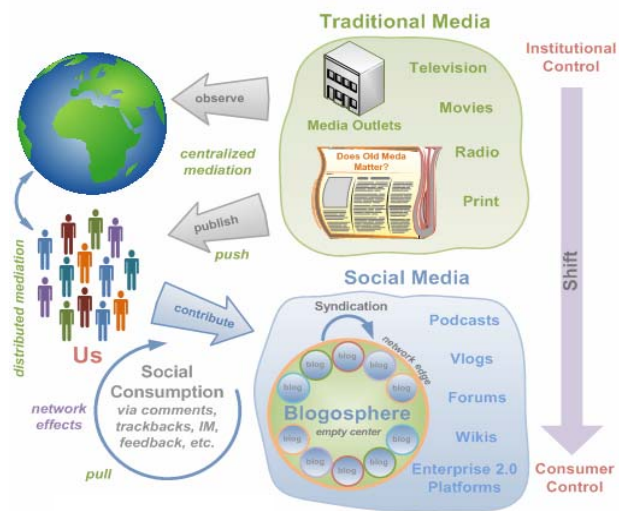
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Zerfass et al., 2007 (European Communication Monitor 2007), n = 1.087 PR professionals in 22 countries

... and try to combine openness and control

Strategic issues within the next three years		
1	Coping with the digital evolution and the social web	48,9%
2	Linking business strategy and communication	45,6%
3	Building and maintaining trust by authentic communication	43,4%
4	Dealing with the demand of new transparency and active audiences	36,3%
5	Establishing new methods to evaluate and demonstrate the value of communication	31,4%

However: today's world needs facilitators of dialogue, not only distributors of messages



Developing a social web strategy

1) Restructuring the process of communication management (Input)

- using monitoring technologies to track ways of opinion building and identify new gatekeepers
- implementing social web applications for project management and knowledge management

2) Communicating with social media (Output/Outcome)

- participating in popular platforms and channels
- establishing corporate media and networks

3) Linking social web communication to corporate strategies (Outflow)

- implementing scorecards and strategy maps

Using scorecards to demonstrate the contribution to the bottom line



Measuring the impact of social software

Corporate communication level

- _ **Q:** How can we map symbolic interactions in the social web, including those initiated by stakeholders and within stakeholder networks?
- _ **M:** Online metrics, network analysis, qualitative surveys
- _ **A:** Design of successful communication measures (input, output, outcome)

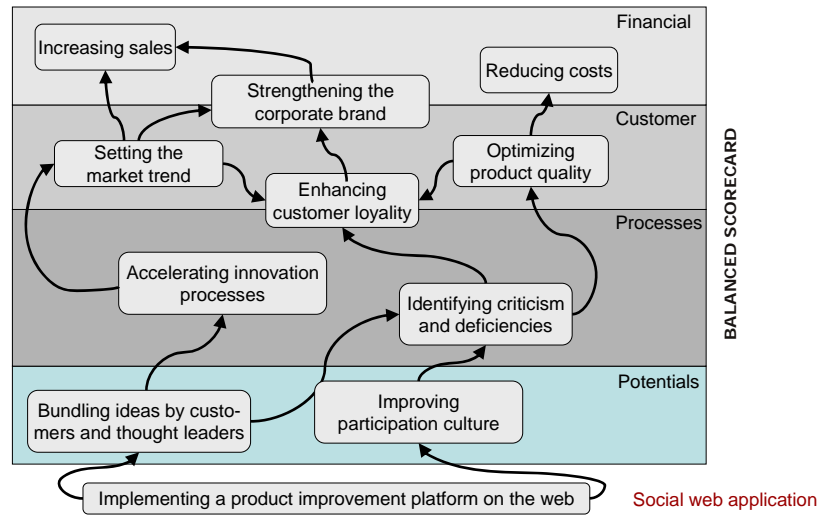
Value creation level

- _ **Q:** How does (successful) social web communication contribute to corporate strategies?
- _ **M:** Strategy maps and balanced scorecards
- _ **A:** Demonstrating the value of social software (outflow)

Example: Dell's interactive platform to share product improvement ideas on the web

The screenshot shows the Dell IdeaStorm website interface. At the top, there's a navigation bar with 'Dell IdeaStorm' and 'Where Your Ideas Reign'. A banner reads 'Help Us Become the Greenest Technology Company on the Planet' with a 'Click here to share your ideas!' link. Below the banner, there are four icons representing different actions: 'Post your idea for Dell product or service', 'Promote interesting ideas you want', 'Discuss with Dell or other users', and 'See what we're planning to do'. A statistics bar shows 'The Dell Community has contributed: 5903 ideas | promoted 421049 times | 27267 comments'. The main content area features a post titled 'Color code wires' by 'Shurvan' from 'Yesterday none'. The post text reads: 'For those of us who are seriously techno-challenged, please color-code wires and ports (or whatever you call the holes that things plug into.) Calling something a "USB port" means nothing to me. Also, it would be a great help to have the plug-in ports on a pad with an extension cord that could be brought to the front of the drive tower or box (whatever that thing is called) and seen in good light rather than having to crank the thing around and looking with a flashlight for some obscure little hole that's hidden by myriads of tangled wires. And that brings up another point - leave enough space around each hole so not-so- nimble fingers can push in the plug without dislodging 2 or 3 others. Once they're plugged in, the pad could be moved to the back or left on top, whatever works. (You realize many of us do not have nicely outfitted computer desks. My tower is on the floor under my desk!) And check out instructions and definitions with people like me, who don't know a PC from an RV... and there are lots of us!' The right sidebar contains a search bar, a 'Post an idea' button, a login/register form, and a list of categories including 'Accessories (keyboards, etc.)', 'Advertising and Marketing', 'Broadband, Mobility', 'Dell', 'Dell Web Site', and 'Desktops'.

Demonstrating the contribution of communication for innovation and corporate success



Discussion



More information and contact



Prof. Dr. Ansgar Zerfass

Dipl.-Kfm., Dr. rer. pol. habil.

University of Leipzig

Institute of Communication and Media Studies

Department Communication Management and Public Relations

Burgstr. 21

D-04109 Leipzig

www.communicationmanagement.de

zerfass@uni-leipzig.de

