



New Strategy for Enterprise Competitiveness

Christopher S. Rollyson and Associates

Strategy | Knowledge | Innovation | Marketing | Technology

Social Networks & Web 2.0: Transforming Relationships

Rare Innovation Opportunity for Business and Government

Agenda

- Background and perspective
- The context for social networks and Web 2.0
 - The ascendance of the Knowledge Economy
 - How consumer-generated content is changing relationships
- Opportunities and threats for marketers
 - The voice of the customer will disrupt marketing functions
 - The new meaning of “creating demand”: more success
- Marketing roadmap
 - Evolving marketing and communications
 - 2007 action steps
 - Career enhancement tips

Background: Chris Rollyson, 20 Years of Experience with Enterprise Transformation

- Human capital transformation
 - Coached executives and specialists on thriving on economic changes
 - Built pioneering office for one of the largest human capital firms in the U.S.
- Technology transformation: the Internet and enterprise software
 - Leading role in launching Java as an enterprise solution
 - Launched one of the Midwest's first corporate Internet businesses
 - Standards-based technology, distributed computing
- Business process transformation: e-business and knowledge
 - Corporate change agent at Big Four consultancy
 - Built websites, intranets and extranets to change business processes
 - Principal and subject matter expert at Big Four consultancy
 - Led strategy engagements to advise automakers, oil, consumer products, financial services and others on creating the “real-time enterprise”
 - Business strategy for start-ups: transform industries with innovation
- Marketing & relationship transformation: consumer empowerment
 - Customer-led communications revolution: what creates value and how
 - Globalization of colleagues and customers: P2P technology, relationships
 - What will stay the same, what will change

The Context for Social Networks and Web 2.0: The Ascendance of the Knowledge Economy



- Distributed computing
- “The Network is the computer”
- From self-contained mainframes to networked servers

- Standards-based graphical face to Web
- Browser becomes de facto interface for enterprise applications
- E-Business and e-commerce
- “Real-time” information on demand
- Online reviews new

- Accelerated adoption of tools for consumers
- Blogs (text), Vlogs (video), podcasts (audio), mashups
- Intermediaries: LinkedIn, Technorati, MySpace, YouTube
- Online reviews popular

Focus: Engineering

Focus: B2C, B2B

Focus: P2P

The Context for Social Networks and Web 2.0: How Consumer Content is Changing Relationships

- Individuals produce and distribute written, audio and video content globally, using free Web 2.0 technologies
 - Blogs, wikis, podcasts, vlogs and social software
- Intermediaries like Technorati, LinkedIn, Wikipedia, YouTube, MySpace and iTunes provide globally accessible spaces
 - People create, edit, rate and package knowledge on any subject
- Individuals are creating collective voices
 - They can rival the reach of enterprises and government
 - Large organizations are losing control over information about their reputations, offerings and performances
- Organizations must develop new sensibilities and processes
 - Interact with people about a far wider range of topics than ever
- Individuals have a growing impact on buying decisions
 - This will also mean voting decisions

Opportunities and Threats for Marketers: Marketing Redux

- The Industrial Economy has created unprecedented wealth
 - Greatly diminished material scarcity; unlimited demand
 - The company—the means of supply—was the focus of power
- In the latter 20th Century, production outgrew demand
 - The marketing profession developed to increase demand
- The Industrial Economy marketing approach
 - Promote features of products/services
 - Develop message and distribute to consumers (push)
- Customer communications limited
 - Focus groups, statistical models, models of demand
 - “Public” relations
- Legendary, consistent product launch failures
 - Innovation largely driven by internal experts
 - Economically not feasible to engage customers

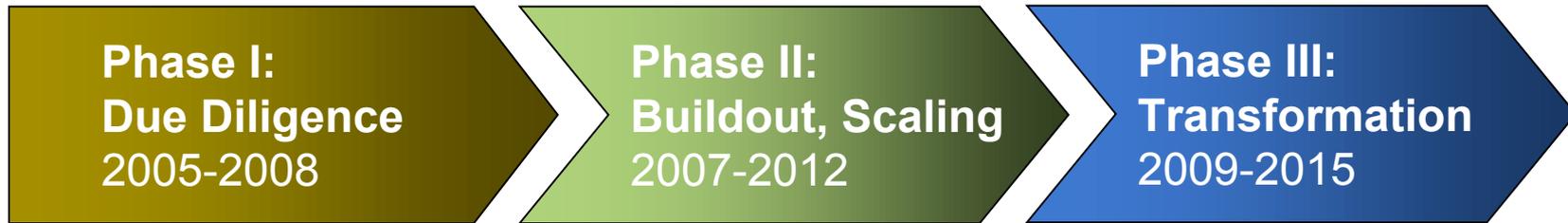
Opportunities and Threats for Marketers: The New Meaning of “Creating Demand”

- The customer—demand—is becoming the focus of power
- “We’ve all been customer-focused: what’s the big deal?”
 - Then: communications were between companies and customers
 - Now: communications are among customers
 - Focused on customer experience, not products/services
- The P2P culture
 - Trust and individual reputation supercede affiliation
 - Recognize the backlash against company-focus and excuses
 - Customers educate and create demand for each other
- P2P unlocks the voice of the customer
 - No more secrets about customer experience: it’s all out there!
 - Customers mirror each other and gain confidence
 - Customers economically addressable; digital communications

Opportunities and Threats for Marketers: Engaging Customers for Innovation

- Emergent tribes can be viable partners for organizations
 - Groups of customers self-organize around every subject
 - Online collaboration tools quickly produce digital knowledge
 - Companies have an unprecedented ability to understand experience
- Innovation is the core competency of the Knowledge Economy
 - In the Knowledge Economy, companies produce value by
 - Creating relationships with customers
 - Focusing on experience itself, not products/services
 - 360 degrees of the customer=passive (CRM) + active (customer-provided)
- Empowered customers make companies more competitive
 - Every offering has fans who like to help and be recognized
 - Customers are often better able to help each other enhance experience
 - Individuals often trust each other more than company employees
 - Run with it! Help customers to help each other
 - Deliver superior experience at a lower cost
 - Companies that crack the code will dominate the economy

Marketing Roadmap: Evolving Customer Communications for the Knowledge Economy



- Study customer experience
- Survey communication processes
- Address legal ramifications
- Learn from employees and external thought leaders
- Engage customers
- Manage expectations

- Launch customer-centric ventures
 - Threadless
- Highly visible partnerships with external customer-led businesses
- Customers involved in innovation
 - Develop new offerings
 - Service offerings

- Sponsor customer-led business ventures
- Customers lead innovation
 - Develop new businesses, offerings

Customer-informed

Customer-involved

Customer-led

2007 Action Steps: Overview

Phase I:
Due Diligence

- **Observe**
 - Study customer behavior and experience for select offerings
 - Locate emerging forums where customers share experiences
 - Survey your existing customer communications processes
 - Regularly monitor blogs and social websites
- **Plan**
 - Proactively address key legal ramifications
 - Create plans to engage customers in direct, open group interaction
 - Managing expectations is as important as ever; think through what actions your company is ready to take to address issues
- **Act**
 - Create programs that leverage employees who are active bloggers, vloggers and video contributors
 - Beta forums, blogs and community spaces for customers

2007 Action Steps: Study Customer Experience

Phase I:
Due Diligence

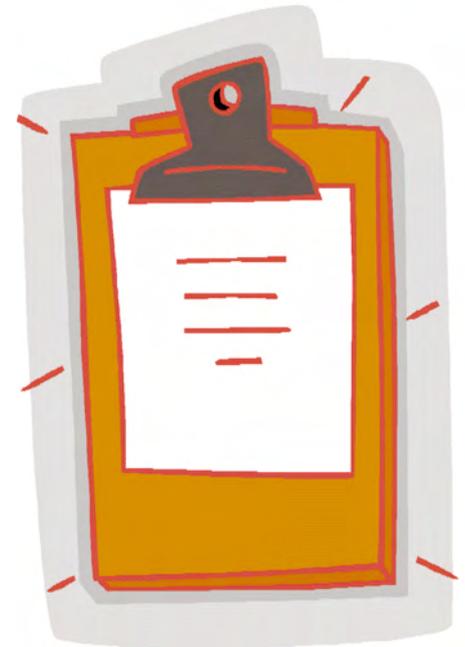
- Observe
 - Study customer behavior for select offerings in terms of experience
 - Locate emerging forums in which customers share their experiences
 - Product management may understand "customer experience" as usage contexts around products, but..
 - Customers use products and services as means to having experiences, especially when other customers mirror them
 - Having experience reflected by other customers boosts awareness.
 - It can change expectations of the group quickly and profoundly



2007 Action Steps: Survey Communications Processes

Phase I:
Due Diligence

- Observe
 - Examine existing processes by which your company communicates with customers
 - What communities does your company host?
 - In which communities do you participate?
 - Regularly monitor blogs and social websites
 - Study their demographics
 - Rating sites are exploding
 - Prepare to have select employees contribute to social networking sites and blogs



2007 Action Steps: Address Legal Ramifications

Phase I:
Due Diligence

- Plan
 - Proactively explore key legal ramifications of communicating more often and openly
 - Study relevant legislation
 - Create policies
 - Open customer communication and collaboration will be a core competency that business will need to remain competitive
 - Your company must strike a balance between opening up enough to develop the competency while mitigating risk.
 - This is new ground for attorneys as well
 - You will not get it right the first time
 - For many businesses, the price of waiting too long will be very high



2007 Action Steps: Engaging Customers

Phase I:
Due Diligence

- Plan
 - Create plans for engaging customers
 - Communicate with customers in direct, open group conversations
 - Pilot customer communities
 - For many companies, beginning in a third party environment is beneficial
 - Associations
 - Partners
 - Often, the best way to increase your "customer quotient" is direct contact and joint problem solving
 - Participate in blogs and forums

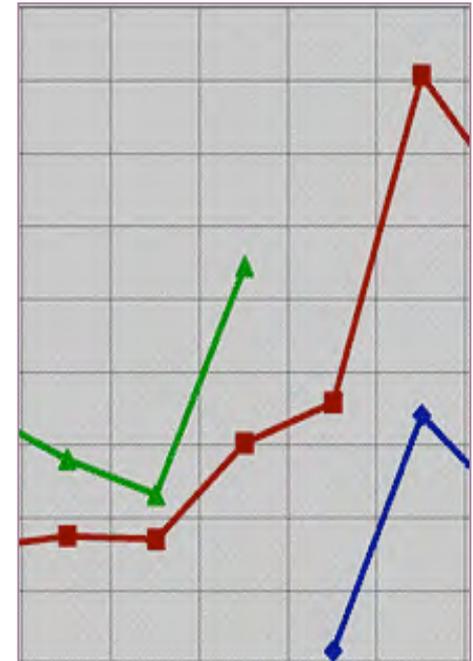


Focus on enabling customer to customer discussion

2007 Action Steps: Manage Expectations

Phase I:
Due Diligence

- Plan
 - Managing expectations is critical
 - Think through what actions your company is ready to take
 - Plan how you will address issues
 - Prepare before getting involved in group customer conversations
 - Make clear what you are able to do
 - Customers will usually understand when you communicate openly
 - Customers often have little patience for excuses
 - They have heard them for years

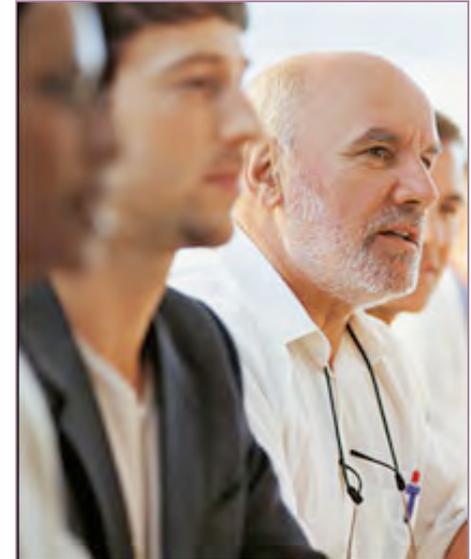


Focus on enabling customer to customer discussion

2007 Action Steps: Learn from Employees and Thought Leaders

Phase I:
Due Diligence

- Act
 - Depending on your industry and culture, you will have a portion of your employees who are
 - Active bloggers
 - Musicians and bandleaders
 - Photographers
 - Vloggers and video contributors
 - Leaders in social networks
 - Create a mentoring program to share and extend knowledge
 - Create measurable competencies
 - Beta forums, blogs and community spaces



Focus on enabling customer to customer discussion

2007 Action Steps: Career Enhancement Tips

Phase I:
Due Diligence

- Act
 - Consider P2P in your career planning
 - How will these trends change what you do?
 - Create a career plan independent of any firm
 - Mobility is far higher during disruptive change
 - Pursue customer-focused initiatives and projects to build your skills
 - Inside work
 - Outside of work
 - Invest serious effort in LinkedIn
 - Build your own professional network
 - Reach out to people and actively help them
 - Project your knowledge with LinkedIn Answers
 - Build your individual online presence
 - Participate in online forums
 - Engage with bloggers with similar interests, and start a blog



Additional Information

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Additional thought leadership

- The Global Human Capital Journal
 - Focus on global P2P relationships, strategy and transformation
 - How to thrive in “The World Is Flat” environment
 - Innovation and Web 2.0 channel
 - <http://globalhumancapital.org>