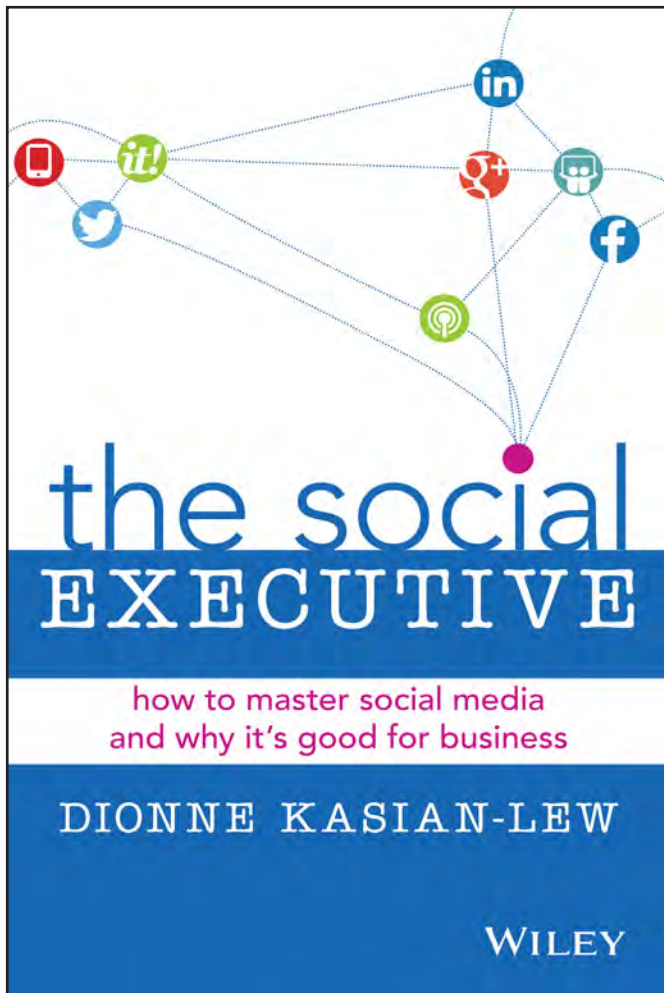


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# Introduction

Around the world, time and again research into social media and leadership reveals the same insights:

- 1 Executives know that social media is vital.
- 2 They know they need to do something about it.
- 3 They want to know why and how.

This book delivers on those needs. Starting with powerful evidence from the best global consultancies on the magnitude of the multi-trillion-dollar connected economy, it separates the myths from the facts and provides a practical guide for professionals to move forward and capitalise on its opportunities.

Reading *The Social Executive* will arm you for social engagement and the digital economy by showing you how to:

- *Bust the myths.* Separate the facts from the fiction. You will learn that social media is not a fad but is growing rapidly and becoming deeply entrenched in business. For example, the LinkedIn business network is 12 years old and used by 250 million professionals around the world.
- *Speak C-suite social.* Build evidence-driven arguments based on incisive analysis for socialising business. You will be able to articulate its value by referring to real case studies that show its impact in your industry.

- *Walk your social talk.* Understand the key social media platforms, what they are used for and why. You'll be able to distinguish Twitter from Facebook and SlideShare from LinkedIn without resorting to jargon, and to speak sensibly about emerging issues like privacy and security and how they can be effectively managed through good governance.
- *Take a seat at the social table.* Launch a personal professional platform. Learn how to use the five networks that deliver tangible results for executives. Avoid pitfalls and use powerful tips from master practitioners to move you swiftly from newbie to proficiency.

While technology has in some ways turned business on its head, at heart it's based on the age-old business principles of mutually beneficial relationships and great communication.

Time and again you'll hear me preface a comment by saying 'as in real life' and showing you how these innovations compare to established professional practices. There's no mystique to social media. But there is magic. As in real life, so too in the digital world.

This book directly addresses two core questions that professionals have about social media: Why is social media important, and how do I use it?

In Part I you'll learn why, given the magnitude and growth of the digital economy, becoming a social executive is an essential professional investment. You'll also learn how to remove blocks that may have stopped you from capitalising on this. Each chapter identifies a part of the puzzle and points readers towards particular solutions.

In Part II I'll show you how to snap up valuable digital assets and grow online influence by creating a curated and automated professional platform.

*The Social Executive* is not:

- a catalogue of social media networks
- a technical operating manual.

If it's here, then it's information that helps professionals or raises questions that count.

I've selected proven tools for growing online influence that fit with a busy schedule. At the end of the practical how-to chapters (9–13) are Bootcamp tools to help take you to the next level, once your Professional Platform is established. Going through every setting and what lies behind it would be tedious, time-consuming and unnecessary. I show you how to get up and running.

By the end of the book you will have a Professional Platform and a replicable strategy that will guarantee you a constant global social media presence, increased online visibility and influence, and a range of valuable online colleagues with whom to share ideas and information.

## **A note on terminology**

Stuffing sentences with caveats to try to cover every base causes lag. Here's a (sadly not unusual) example:

Board directors, senior executives and professionals need to understand that social media networks and other social and digital technologies like apps are deeply impacting the way we do business and that, going forward, companies will need to socialise processes and systems in order to develop an integrated social business model.

Yawn! Who can bear it? In this book I have taken the liberty of using terms loosely and exchanging them freely. Here are some longwinded descriptions of what I mean when I use these key terms—you'll have no problem with context:

- *Social media.* When using this term I am talking about social media networks like Twitter and LinkedIn, but more

broadly about the connections that social technologies generate and that impact business, economies and societies. Social media is a tool *and* a mindset. *Going social* means sending a tweet but also becoming a social professional or business, end to end.

- *Digital*. This refers to that whole layer of stuff that's not analogue, including online software, information, content, websites and apps, but also connected networks such as social media, forums and blogs. I am not talking about hardware or technology infrastructure, which is IT—critically important, but not for this book. Executives need to stop confusing IT with social media, though. Social media does not sit on your web, although it can be embedded in it. Platforms belong to third parties, and you can access them under their terms and conditions. Digital is not about IT, nor is it the realm of the traditional chief information officer (CIO), although there are lots of discussions about the changing nature of that role.
- *Technology*. Here I am talking about all of the above, including the internet and devices that we use to connect with it.
- *Business*. This relates to for-profit and not-for-profit, listed and unlisted companies, startups and small to medium-sized enterprises (SMEs), but also to organisations, associations, government departments, statutory authorities and charities. And I use them interchangeably. When I talk about the bottom line, simply substitute your organisation's vision. The customer is the reason you exist, whether they buy your bread or read your report or need to engage with you to do their tax. You are a customer too.
- *Executive*. This may be anyone who makes or wants to make decisions at work. Leaders are included, although

executives are not to be confused with leaders because leadership is not about position. Really I am talking about people who work, because here the personal and professional merge. A social executive is one who connects online, but executives are also social offline. As the world becomes increasingly connected the distinction will become less relevant. But that's not quite yet.

- *C-suites*. These may include the chief executive officer (CEO), chief customer officer (CCO), chief marketing officer (CMO), chief financial officer (CFO), chief operating officer (COO), chief information officer (CIO) and chief legal officer (CLO).

## Let's fix this problem

Right now there's a problem we can fix. More than two billion people use social media—but not the leaders who need to. They don't have the right information or don't understand that just because they're doing well without it, that situation won't last. That's because the billions of new consumers coming onto the market will have never lived in a world without it.

Let's look at this a bit more closely.

The number of people using social media increased by 18 per cent in 2013, with predictions it will soon reach 2.55 billion. While global social media platforms profoundly change the way we connect, communicate and do business, decision-makers aren't there. They know they should be but they are not—yet.

In 2012 only 16 per cent of *Fortune* 500 CEOs used social media. Mostly they signed up but did not actively use it, which is like standing in the corner at a business lunch. The reluctance? Wild confusion around what social media is and does.

Who can blame them? There's endless misinformation about social media: it's a fad or only for kids, or there's no way to measure return on investment. None of this is true. But there are barriers to getting the real story to the executive table.

Professionals hear about social media when something goes wrong and makes the traditional news channels. Perhaps there's an online troll, which reinforces fear that going social is dangerous; or you hear about a cute cat video with a billion hits, entrenching the idea of its irrelevance to the bottom line.

It's difficult to distinguish fact from fiction and genuine experts from interlopers moving in to capitalise on the chaos. Also, many leaders look around and think they and their peers are doing fine without using social media. But they're not looking in the right direction—it's about what is coming over the hill.

Millennials with votes to cast and money to spend have never lived in a world without social media. They expect you to be social not because you're cutting edge or socially savvy but by default, much as shops once required inventory and a front door.

We talk about digital natives, those who have grown up with technology, as if they come from a different world. But this is nothing compared with the generations now coming online who will be symbiotic with it.

It's urgent that executives see beyond the myths and capitalise on the personal and professional opportunities that connection provides. Social media is part of a bigger picture of socialising business, which in turn is a part of a much bigger picture of interconnectivity across economies, politics, business, knowledge, health ... and pretty much every other aspect of life.

The impact of social media on political outcomes or sharemarkets is so dramatic that countries are legislating to make it a board and C-suite responsibility.

For example, in the US in 2012 billions of dollars changed hands after a hoax tweet about a bomb at the White House. A false accusation that a British politician was a pedophile spread far and fast, the head of the British Broadcasting Corporation (BBC) was forced to resign and tens of thousands of Twitter users were under threat of being sued. In Australia, AUS\$350 million was wiped off the share price of Whitehaven Coal after an activist issued a hoax tweet.

Yet many directors and executives don't understand that the ball for monitoring and managing these risks is in their court.

Managing risk is one half of the equation. There's solid evidence that organisations that see digital as a way of being, rather than a handball-to-marketing, outperform their peers by 26 per cent in every industry. These firms are distinguished from competitors by their digitally driven board and executives prepared to propel change through every layer of the business.

In the past a succession plan would have identified the need for digital capability in emerging leaders. Today the accelerated speed of change and the rapid adoption of new technologies mean delay is dangerous. Many executives know something major is happening but have not yet translated this into action. The fear of technology is unwarranted. Professionals constantly adapt, and digital and social literacies are skills that can be learned.

Leaders must act to create business models with a competitive advantage by understanding that social media is not about a 'like' on Facebook or a 140-character 'tweet', but about the future of how we do business.

By engaging in social media you come to understand its power. It will change your mindset. But best of all, if you're like many I know who've made a transition from reluctant observer to engaged participant, you'll love it.

And one problem will be fixed.

# CHAPTER I

## Gargantuan and growing: the digital economy

The current focus on social media has many leaders wondering about its impact on their careers and businesses. They are asking:

- Is this a structural change or just a fad?
- Does it impact the whole economy or just particular industries?
- Does it apply across a business or just to sales?
- Is it the right time to invest in social platforms?
- What's it worth?
- How, if at all, does social media contribute to productivity and the bottom line?

Let me paint the picture.

### **How connected are we?**

The number of people online has doubled since 2007 to 2.55 billion, and 91 per cent of them use social or mobile networks. That's an awe-inspiring number, but it's just the start of a steep trajectory.

More than half of the world has yet to come on board, but they are doing so now, to the tune of eight new users a second (that means around 40 new people came online while you were reading that sentence). In developing countries in particular, new users are skipping the path we took through analogue and hardwired technologies and going straight to digital, mobile, social.

Just as you've never lived in a world without cars and think of the horse-and-cart as historically quaint, so billions have never lived without hyper-connection. Would you tether a horse to a cart? Take it to a meeting across town? Could you even do so if you wanted to? I imagine not. So why do we expect others will want to connect with us on antiquated systems?

There are more devices connected to the web than there are people on Earth, using more kinds of devices than ever before. We are using smartphones, tablets, laptops, wearable technologies—and that's before we get started on the emerging 'Internet of Things' that connects everything to everything else and everyone to it. According to industry analyst firm IDC, the installed base for the Internet of Things will grow to approximately 212 billion devices by 2020; a number that includes 30 billion connected devices. IDC sees this growth driven largely by intelligent systems that will be installed and collect data—across both consumer and enterprise applications.

And we're doing all of this connecting on the run. Mobile has freed us from desktops and landlines, and we read, think, react, reach out, share and shop when we want to and wherever we are. Like it or not, this has created a new paradigm—immediacy. The impact is already dramatic, but like the number of users and the degree of interconnection it will grow. Here's why.

In 1998 there were 38 million households with broadband internet. Now 1.2 billion people can access it through their

mobile phones. The World Bank says three-quarters of the world is on mobile. That's startling when you consider that it is most often used for social activities and accounts for one in every ten e-dollars spent in the US.

The combination of interconnectivity and mobility changes everything.

We no longer simply go to a company's website to read about their product. In most cases we don't know they exist, and we don't care. Some suggest there are 1.75 billion pages on the internet. If we know the name of a company and its URL (web address), and can be bothered to go straight there, then they'd already be a pretty important brand for us. But we'd still head online to compare their prices and read recent reviews or, more to the point, find out more through social networking via Twitter, LinkedIn or Facebook, which have now overtaken search.

## **How do we connect?**

So how do we find what we want, and what has being in social media got to do with finding it? Mostly we do one of two things:

- 1 We Google it (or use another search engine).
- 2 We ask friends.

Our digital footprint dramatically impacts the results of both.

### **We Google it**

When we want something we don't just Google a business name. This is one of the first mistakes many businesses make. They believe we're going to sit down at a desk and type their name into a computer, read what they tell us, believe it, and cough up or turn up.

It simply does not work that way. Now we Google as we think. We're having a coffee, something pops into our mind and we type that into Google: 'Is there really more sugar in yoghurt than ice-cream?'

And because you are different from me and Google knows from previous searches what you like or from your IP address what country you are in, even if we put in the same question we will get different results. Google contextualises our search. This is called personalisation. On the upside, the results are tailored, which is helpful in a noisy world with overwhelming choice. On the downside, this can narrow your view.

Say an elderly parent lands up in hospital one weekend when their health takes an abrupt turn for the worse. We are advised that they will require constant professional medical care. Suddenly we need to find somewhere for them to stay. Do we know if they have a will? Insurance? Who manages their affairs?

An initial search may look something like this:

Mum sick 82 years needs home 24/7 professional medical care within 25 km Camberwell.

That's if we're thinking straight. We don't plug 'The Wonderful Hospice Company' into Google. We don't know it exists.

And the first company that comes up from this kind of search (called a longtail search because of the length of the question) and is served up on the front page of Google (the only page that counts) is the one we're going to check out.

To get on the front page, that company:

- has a web presence
- has a website optimised for the keywords that people use to search for the services it offers (this is called SEO or search engine optimisation), which is likely to place

‘24/7 medical care’ (their need) above ‘wonderful, caring staff and lovely grounds’ (our idea of who we are)

- generates positive recommendations, feedback and conversations in social media networks and the online forums that lead to ratings; social media properties often land on the first page of search results
- puts out good content about their products and services (called content marketing), because this contributes to visibility.

The algorithms that connect you to the information you’re looking for take all those elements into account.

You can have the flashiest website in the world but Google is looking for something more: it’s trying to pull in real responses from real people because this is what makes your search worthwhile.

And 89 per cent of consumers conduct research using search engines. That makes being a part of those conversations, including managing any complaints that might emerge, very, very important.

Not being there is a problem. Being there if people don’t like you is still a problem. So even on the most basic, technical level, being online and engaged has a great impact. But that’s just the start.

## **We ask friends**

Here’s another reason why participating in social media networks is important. People talk about brands and purchases all the time. And we trust those recommendations.

Personal recommendations have always been important—that’s not new. We’re far more likely to trust the opinion of someone we know than an anonymous head of marketing.

But what makes those recommendations important is that in other areas trust is on the decline. According to the Edelman Trust Barometer, which has measured trust on a number of dimensions over many years, there's a clear trend. We don't much trust journalists, politicians or CEOs, and over time we have come to trust them less and less.

Although the findings vary, the essence is that we don't trust companies to tell us the truth either. Was this always the case? Possibly, but couple that with the fact that accessibility has taken away the need for gatekeepers and it's clear that the days are gone when you could declare from a position of authority that something was so *because you said it was*.

So who do we trust?

The answer is friends. I am far more likely to go to a café because someone whose opinion I value went there and thought the coffee was good than because of the café's own claims. The interesting thing about trust is that it makes no difference whether the relationship is in a physical or a virtual network. We treat them the same.

The billions of conversations that go on every day in social media networks matter hugely. They influence choices. And the emergence of comparison pricing and rating sites only further entrenches their value. According to econsultancy, 79 per cent of consumers trust online reviews as much as personal recommendations and 73 per cent of consumers say positive customer reviews make them trust a business more. Sixty eight per cent of consumers place greater trust in business with good and bad reviews, and only 12 per cent of consumers say they take no notice of online reviews.

To influence those conversations you have to be in them. You can use social media to acknowledge a mistake or correct misinformation, or to thank someone for a recommendation,

further deepening the connection you have with them. While a globally connected world offers choice, it's also overwhelming. If you're where your customers are, listening and responding to their needs, you've created the basis for relationship.

## **So what is the digital economy?**

In a nutshell, the digital economy refers to that part of the economy that is built on the use of digital technologies. But because digital is such an integral part of who we are and the way we do business it's becoming increasingly difficult to disintermediate it from other parts of the economy. Analysts try to do so to show the particular contribution of digital to GDP. This is important because it often provides the evidence business needs to invest.

When you take into account the powerful impact of the internet on behaviour, the significance of the digital economy is much greater than the figures suggest. For example, many people research products online but purchase offline (this is called the ROPO effect). Roughly two-thirds of people use the internet for price discovery. The purchasing decision is a digital experience, but the act of buying takes place in a bricks-and-mortar store because, among other things, people enjoy the social experience of shopping. It is predicted that this effect will continue to grow—a good sign for retailers who are able to strike the right balance in their integrated virtual/real shopping model. According to a new study from the Google Shopper Council in the US, 84 per cent of mobile shoppers use their phones to assist them in their shopping while in physical stores. Shoppers who use mobile services more, spend more in-store. Frequent mobile shoppers spend 25 per cent more in-store than people who only occasionally use a mobile phone to help with shopping.

## And what's it worth?

Measuring the value of the digital economy is proof positive that there's more than one way to skin a cat.

I don't want to bombard you with statistics, even though for many executives numbers speak louder than words. I think the late adoption of social technologies is in part due to the fact that information has not been communicated upwards in the right language. A marketer runs excitedly to tell the CEO about a YouTube ad that went viral, and all the CEO can think is, so what? Some of the following facts may help to close that communication gap.

### The baseline

According to the International Data Corporation (IDC), the global online economy, including business-to-business (B2B) and business-to-consumer (B2C) ecommerce transactions, was worth US\$16 trillion in 2013. (Note that since US dollars are used in almost all the data on social media drawn on in this book, unless otherwise indicated the currency figures refer to US dollars.) Of this, the global market for digital products and services was around \$4.4 trillion.

In 2012 the Boston Consulting Group (BCG) published a report predicting that by 2016 online business would contribute \$4.2 trillion to the GDP of G20 nations alone, making it the fifth biggest economy worldwide.

### Growth

The underlying message in these and other reports is that whatever the current baseline, digital will grow, and grow. Within the economy there will be some interior decorating. For example, in the retail sector online shopping may grow then shrink back as ROPO climbs and retailers stop just

broking brands and instead provide shoppers with a high-quality blended service.

Mature markets are expected to grow annually at 8 per cent, but the runaway story is in developing markets where growth is conservatively projected to be twice as fast as in the developed world.

In the UK the digital economy already contributes 8 per cent to GDP, and BCG expects it will contribute an average 5.5 per cent to the GDP of G20 countries by 2016. That provides some countries with a significant advantage over others. For example, Australian digital growth has been only 3.7 per cent compared with the average of 5.5 per cent. This clearly affects productivity.

The BCG report shows that small and medium-sized enterprises that actively engage consumers online have had three-year sales growth rates up to 22 per cent higher than those that don't.

A 2013 three-year joint study by French multinational Capgemini and MIT that surveyed almost 400 firms confirmed this large differential. It showed that businesses that are more digitally mature, the Digirati as the report calls them, have a clear digital advantage over their less mature peers. This trend applies across every industry.

The report found that Digirati:

- were 26 per cent more profitable than their less mature peers
- generated 9 per cent more revenue through their employees and physical assets
- generated 12 per cent higher market valuation ratios.

What distinguishes the Digirati is that they make strategic decisions on where to excel in digital. Their technology-enabled

initiatives change their internal operations and engagement with customers, and even transform their business models.

The World Bank believes the adoption of digital technologies can be directly correlated with economic growth. They claim that for every 10 additional mobile phones per 100 people in developing nations GDP grows by 0.8 per cent. Similarly, management consultancy Arthur D. Little found that GDP increases by 1 per cent for every 10 per cent increase in broadband penetration.

## Productivity

Social media has frequently been cited as contributing to a time-wasting culture that costs countries billions. This has reinforced a style of leadership in which managers create more processes or systems to grab back 15 minutes a day in productive time from each employee.

In the wrong hands such measures create a focus on inputs rather than outputs, appropriate in a manufacturing environment, for example, but not those based on intellectual capital. They can reflect a mindset based on compliance and control rather than appropriate risk management.

The bigger risk is that they prolong a widget-based leadership mindset that will not equip managers to deal with the complexity required to thrive in the digital and social age.

Many employers continue to ban social media at work, viewing it as a waste of time even though there is a significant body of research to suggest it drives engagement.

It's well recognised, for example, that young professionals value internet-connected mobility over money, and it's the skill set (and mindset) of these digital natives that employers need.

A recent Cisco study found companies that embrace social media during business hours are more attractive to job

applicants in the highly competitive talent pool. But it's wrong to think of adopting social networking as a concession to Millennials.

Employees currently spend as much as 20 per cent of their time at work looking for information. McKinsey & Co believe productivity could be increased by as much as 25 per cent by social technologies that increase collaboration. It's a sentiment echoed by professional services multinational Ernst & Young. For one thing, social networking creates searchable content and connections that allow employees to access the right information and people within and across enterprises — fast.

McKinsey Global Institute (MGI) estimates social technology could increase professional productivity by up to 25 per cent. But MGI says that while 72 per cent of companies use social technologies in some way, very few are anywhere near to achieving the full potential benefit, and the most powerful applications of social technologies in the global economy are largely untapped.

Professional services powerhouse Deloitte also believes social technologies will be integral to recruitment and HR. Deloitte itself integrates gamification features such as badges on its top-scoring leader boards at its Deloitte Leadership Academy. Deloitte believes that letting employees share accomplishments on Twitter and LinkedIn is hugely motivating, particularly in a world where it's critical to maintain a personal brand. A caveat here is that a trusted personal brand does not mean just pushing personal strengths. As author and co-chairman of Deloitte's Center for the Edge John Hagel says, sharing a more complete picture of who we are, including vulnerabilities and weaknesses, is critical for creating trust. Likewise CMO of Extreme Networks and Huffington Post columnist Vala Afshar says that authentic leadership is an important characteristic of building social influence.

Interestingly, employee wellbeing is typically high on the list of factors believed to increase individual productivity, but the role of social media in driving engagement has not, to my knowledge, been directly investigated.

Going forward, productivity measures will need to take into account the impacts of the connected 'digital and social ecosystem' on motivation, which are not easy to quantify.

The value of digital to productivity means measuring direct contributions from pure online businesses but also the indirect activity of mixed businesses, including the use of social media for engagement, sales and customer service. This is a paradigm shift that demands a change in the mindset of business leaders that starts with recognising that in a hyper-connected world, connectivity itself is an enabler and a multiplier.

## Shopping

Here's another reason having a social media presence matters: *people online are shopping*. And there's hard data that the research they do in social networks influences what they buy.

Although social networks influence decision-making on- and offline (who people vote for, say, or what accountant they use), consider that this year ecommerce is growing at a staggering 20 per cent.

Ecommerce over Thanksgiving in the US in 2012 rose 26 per cent from the year before to \$1.042 billion, the highest revenue generator being the online store Amazon. This was modest compared with the \$3 billion Chinese consumers spent in 24 hours on China's equivalent online marketplace, Taobao.

According to Nielsen, 70 per cent of active online adult social networkers shop online and 53 per cent follow a brand. The internet marketing news organ *Marketing Land* tells us that 91 per cent of people have gone into a store because of an online experience; and 62 per cent of consumers end

up making a purchase in-store after researching it online. This is the ROPO phenomenon mentioned earlier. But it's only going to be a business benefit if your website and social media ecosystem create that opportunity.

*Forbes* writer Steve Olenski notes that 78 per cent of consumers claim the posts made by companies on social media influence their purchases, or as high as 81 per cent if the comments are from friends in social networks.

Small to medium-sized enterprises (SMEs) lag behind better-resourced organisations such as the *Fortune* 100s, which have taken these trends to heart:

- 87 per cent of *Fortune* 100 companies use social media
- 75 per cent of *Fortune* 100 companies are on Facebook
- 73 per cent of *Fortune* 500 companies have a Twitter account
- 66 per cent of *Fortune* 500 companies have a Facebook page
- their corporate YouTube channels average two million views
- *Fortune* 100 companies have multiple accounts per region (one size does not fit all, and culture counts)
- 50 per cent of *Fortune* 100 companies have a Google Plus account
- 25 per cent are on Pinterest.

Depending on where you look, SMEs come in around the 30 per cent level. SMEs face a number of barriers, ranging from lack of time and resourcing to a lack of understanding of social media.

Of those that are in social media, many whack up a Facebook page or start a Twitter feed because they believe they 'should', instead of asking the deeper, age-old questions about who they are as a business, why they are there and what their customers want—in other words, having a strategy.

A disconnect is that many leaders continue to think about social media as a channel specifically for communications or sales. But its reach is far greater. What social media, like technology, delivers is an expectation that cannot necessarily be delivered under legacy business structures: *immediacy*.

This can in part be addressed at a channel level, for example by adapting websites for mobile to generate sales by suggesting additional options at the point of sale. (Not surprisingly, those customers want issues resolved just as fast and in an online space that suits them.) But there's increasing evidence that this is not enough and that it's the companies that 'get' digital as a 'way of being' rather than farming it out to the marketing department that outperform their peers.

In his excellent article 'The Operating Model That Is Eating the World', the CEO of Undercurrent, Aaron Dignan, suggests those businesses that are structured to respond quickly to changing needs are the ones that will thrive. He cites numerous examples of businesses built on little capital but big ideas that grow into multi-million-dollar markets (software companies Medium, Hipchat, Circa, Outbox and Quirky through to giants like Amazon, Google, Twitter, Facebook and PayPal) that dominate the online sphere.

They have in common the same intensely customer-focused model with its bias to action is increasingly (and successfully) being adopted by businesses that sell physical products and services 'in real life'. What differentiates them is that like their forbears in the software industry they are nimble and are able to tap into (or create) customer demand and collaborate with future users, giving the product wings.

Amazon is a global marketplace. Facebook and Google are effective online advertising companies. They understand the power of digital in its entirety and in particular how cloud,

mobile and social computing and predictive analysis together can produce massive competitive advantage.

Categories like real estate or car services (compare Uber with conventional taxi services) look increasingly like technology platforms where product is the equivalent of inventory and the core business value is ‘in the data, the tools and the optimisation of markets’.

Companies with lower capital and operating costs and more flexible and intelligent systems and platforms can be a huge threat.

## **Future growth**

And there is still plenty of space for newcomers. According to Professor Panko Ghemawat at IESE Business School and author of *World 3.0*, the extent to which we are globalised has been overstated. Ghemawat argues that the world is only semi-globalised, leaving plenty of room for growth and improvement in global welfare.

For example in education, while international students are found on campuses across the world, only 2 per cent of university students are studying in countries where they are not citizens. On the investment front, in 2010 less than 10 per cent were a result of direct foreign investments. Even on Facebook, which is a truly global platform, Ghemawat says that only 10 to 15 per cent of Facebook friends are from another country.

This suggests one thing—opportunity.

## **Digital literacy is the new financial literacy**

Finally, executives have to get social because they need to be able to speak the language of the connected world. While corporate disasters have led to increased demand for governance

and financial literacy at the uppermost leadership levels, we are not yet demanding the same of arguably the biggest game changer of all, technology.

Although a lack of understanding of digital may not lead to fraud, it can expose the organisation to brand damage or loss of competitiveness with equally harsh results.

Putting aside its life-changing impacts on everything from the way we meet to the way we connect and collaborate, the figures alone tell a tale. In 2013 IT research firm Gartner showed that worldwide ICT spend surpassed \$3.7 trillion. That includes IT (hardware and software), digital (the content layer) and social (the way technology allows people to connect).

Clearly, leaders need to understand what outcomes they can expect from this level of investment. Specifically:

- 1 How will data translate into useful knowledge and be used for business outcomes?
- 2 How will cloud impact traditional models of procurement?
- 3 Can social media be used strategically and what is the ROI?

While social platforms do not carry the same costs as infrastructure, concerns about their value remain. But it's not just about the money.

The power of social media to organise and influence played out in 2012 through the London riots, the Arab Spring and recently in the US elections, where online campaign spending rose 616 per cent compared with 2008 and played a tangible role in the outcome.

Despite this, there is a glaring lack of digital literacy at the top. But leaders are not alone, with many IT professionals unable to fully understand social in the strategic sense. In a recent Capgemini study, over 90 per cent of companies stated that they did not have the necessary social media skills.

How can boards sign off on the company's strategy and marketing plan without understanding the social media component, or in some cases the lack of one? And what should CEOs, in turn, be demanding of their teams?

C-suites seem yet to fully grasp the direct business implications of digital change. One reason for this is the perception of digital as a support function rather than as central to leadership. Many leaders acquired their power in a pre-internet world and are finding it difficult to deal with digital issues and unsure how to bridge the gap.

Digital literacy is a skill, and like any skill it can be learned. In a connected world leaders must know how to assess the opportunities and risks of digital on their business without being technocrats.

Forrester Research predicts that by 2016 half of all dollars spent online will be influenced by the web, which creates a great opportunity for leaders who know how to leverage it and a risk for those who don't. Digital and social literacy are must-have future skills.

### **The social media statistical zoo**

It's a zoo out there when it comes to social media metrics. I could have drawn on any thousands of those available, but here are just a few to give you a sense of the lay of the land:

- Twitter has over 100 million daily active users, of which 75 per cent are on mobile. (*Social Media Today*)
- 63 per cent of brands have multiple Twitter accounts. (Mashable)
- 55 per cent of recruiters use Twitter to find and vet potential candidates. (All Twitter)
- LinkedIn has 259 million users. (CNET)
- There are 3 million LinkedIn company pages connecting 225 million professionals on the network. (LinkedIn)

(continued)

## The social media statistical zoo (cont'd)

- LinkedIn is used as a talent solution by 91 of the *Fortune* 100 companies. (LinkedIn)
- SlideShare has 50 million active users and gets 159 million page views a month; 1.4 million other websites have embedded SlideShare presentations and 1 billion slides are viewed monthly on other properties. (SlideShare)
- There are now over 343 million active users on Google Plus. (<http://www.zdnet.com/>)
- 67 per cent of US internet users and 82 per cent of UK internet users are on Facebook. (Business Insider)
- 78 per cent of US Facebook users are mobile. (TechCrunch)
- 16 million small businesses actively used Facebook pages in 2013. (Small Biz Trends)
- 52 per cent of all marketers generated a lead from Facebook this year. (HubSpot)
- Of the *Fortune* 500 companies in the United States, 22.4 per cent have active Instagram accounts. (Buffer)
- The most photographed brand on Instagram is Nike with over 19 million posts mentioning the Nike hashtag and adding over one million more mentions monthly. (Nitrogram)

## Chapter summary

The data clearly shows that the digital economy is gargantuan and growing. The shift:

- represents a structural change
- impacts the whole economy
- applies across every area of business, not just marketing or sales
- impacts productivity and the bottom line.

You've got to be in it to win it. And the first step is to get your mind in the game.

# About the author



Dionne Kasian-Lew is CEO of The Social Executive, a thought leader, author and professional speaker on connected leadership and communication.

A graduate of the Australian Institute of Company Directors, she is an adviser and coach to board and C-suite executives on leadership and digital and social media strategy.

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She is the author of *A manifesto—why social media is vital for leaders* and the ebook *Relevance—how to thrive in the social era*.

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# So, what's next?

As I said at the start of this book, 'By the time you finish reading this book, the data will have changed ...' And so it has!

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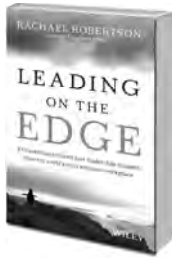
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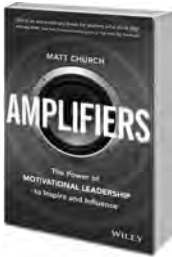
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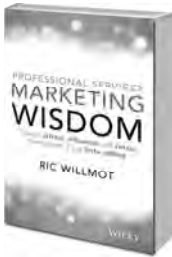
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Building and maintaining networks has always been an important part of business. While networking for managers may still involve face-to-face relationships, today's strategy includes social media because of its global reach, focus and efficiency. *The Social Executive* explains why social media is an essential professional investment, and how to get moving on building your own professional platform online.

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**DIONNE KASIAN-LEW** is the CEO of The Social Executive, a specialist social media consultancy that trains boards of directors and executives on how to make the most of their online presence. A frequent author and speaker, she is rated in the top 1 per cent for global community influence by Kred.

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