



# **Socializing Beyond the Enterprise:** *Using Social CRM to Create Customers for Life*

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BroadVision

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## Introduction

In *Socializing Across The Enterprise* we saw how Enterprise Social Networking (ESN) technologies and techniques can enhance the collaboration and communication of the workforce of an organization. In this paper, we will consider how similar benefits can be extended beyond the enterprise, allowing an organization to interact with its customers and partners using social networking. Where *Socializing Across The Enterprise* considered the use of ESN as an intranet, this paper considers the use of ESN as an extranet, or as it is becoming known, a "social CRM."

We will consider the benefits and uses of a social CRM, and the differences from a social intranet. Finally, we will consider the key functional capabilities required by such a system, and the best practices for driving its adoption.

## What is Enterprise Social Networking?

First, we must separate two related but distinct areas. **Enterprise Social Media** can be considered the way in which businesses use established consumer-oriented social networks as marketing channels. For example, Facebook fan pages, announcements and offers via Twitter, and promotional videos on YouTube.



Fig 1. Cola Cola's Facebook page and Dell Outlet's Twitter feed



In contrast, **Enterprise Social Networking** concerns how these social networking techniques and technologies can be applied in a business context. An Enterprise Social Network typically consists of the following components, many of which were pioneered in a consumer environment.

- Blogging: personal commentary and opinion articles
- Micro-blogging: Twitter-style short updates describing what people are currently doing
- Discussion forums
- Wikis: community-edited repositories of knowledge
- Document & media sharing
- Relationship maps: details of relationships between members of the network

### **What is Social CRM?**

Social CRM is an emerging class of application, which currently lacks a consistent definition. Indeed, it is interesting to note that Wikipedia does not yet, as of January 2010, contain a definition of Social CRM. Perhaps the most widely accepted definition is that of CRM expert Paul Greenberg, who summarizes social CRM as:

A philosophy and a business strategy, supported by a technology platform, business rules, workflow, processes & social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment. It's the company's response to the customer's ownership of the conversation.

### **Benefits of a Social CRM**

It is an Internet cliché that “your competitors are only a click away,” but it is true; customers who are unhappy with the service provided can usually switch to another supplier very easily, whether it is a retailer, insurance company, energy supplier or telco. Often, the source of customer unhappiness comes as a surprise to the provider because they failed to keep in touch with the customer to understand how satisfied they are. Again, it is a cliché, but many companies work on the principle of



“if you don’t tell me what’s wrong, we can’t fix it”; they assume customers are happy until told otherwise. Whereas the customers often think “if you don’t ask me, I won’t tell you.”

The key benefit of a social CRM is to bridge this lack of communication, to enable organizations to get more direct feedback from their customers, to address concerns raised, and to articulate their strategy as part of an ongoing conversation with their customers. Used well, this can lead to lower customer churn and more repeat purchases.

But a social extranet can go further than this, turning happy customers into advocates. It is well documented that the most compelling recommendations for products or services come from real people who are existing customers. A social CRM gives a platform for a company’s happy customers to tell other customers and prospects about their experiences, lowering the cost of sale for the company.

Put simply, the objective of a social CRM is to turn a customer into a “customer for life,” with whom the company has an ongoing, mutually beneficial relationship. This is equally applicable for both business to consumer (B2C) and business to business (B2B) customers.

### **Applications of a Social CRM**

Typical applications of a social CRM include:

- **Community Building:** establishing a vibrant community of users around a company’s products
- **Customer Support:** assisting both through the customer services team and community-powered support, where customers help each other resolve problems.
- **Account Management:** improving communication between major customers (particularly B2B) and the account team servicing them
- **Driving Sales:** engaging customers so that their next purchase or renewal becomes as easy and as logical as possible, and using the community to influence potential new buyers

Each of these is described in more detail below.



## Community Building

The growth in consumer social networks has made it very easy for people to create communities to discuss products or services from a particular company. But these unofficial initiatives often lack a “center of gravity,” with separate communities set up on different platforms. If a company establishes their own community, this usually becomes the central hub of discussion around the company’s products. It may not entirely replace unofficial forums elsewhere on the Internet, and it may not seek to, but inevitably it will become the first place a customer visits to make connections with other customers.

This critical mass of participants is an important basis for a social CRM. Before moving on to more sophisticated interaction models for customer support and account management, it is of course first necessary to get customers to join the community.

Even without the more advanced elements of social CRM, this community building can be beneficial to both the company and its customers. It gives customers a means of interacting with other customers and it gives the company direct access to communicate with its customers. This is particularly true of certain industries, such as manufacturers, where the customer relationship has typically been through a retailer or reseller, with little direct contact between the manufacturer and end user.

## Customer Support

In the past, customer support has typically taken two forms:

- Customer-to-company: where a customer reports a problem and discusses it directly and privately with the company
- Customer-to-customer: where a customer uses an official or unofficial community forum to discuss the problem with other customers.

These have often been kept entirely separate, so valuable information provided by the company’s customer service team to one customer isn’t made available to the whole community. A social CRM provides the opportunity to allow both models to be supported in a single network.

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BroadVision uses this model for Clearvale Connect, pictured below, a social CRM for users of the Clearvale product, providing access to product documentation, tutorials and support.

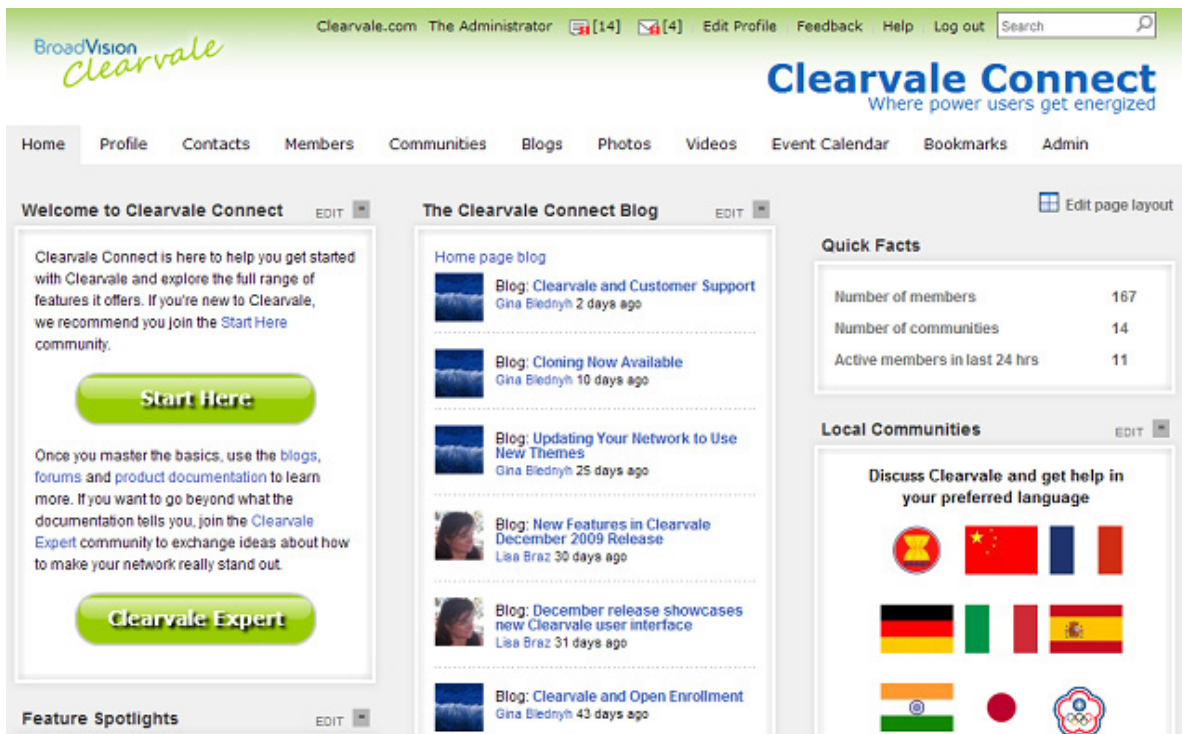


Fig 2. BroadVision's Clearvale Connect Network



Similarly, The QuickSilver Connection, pictured below, provides a forum for the worldwide community of users of BroadVision's QuickSilver document authoring product.

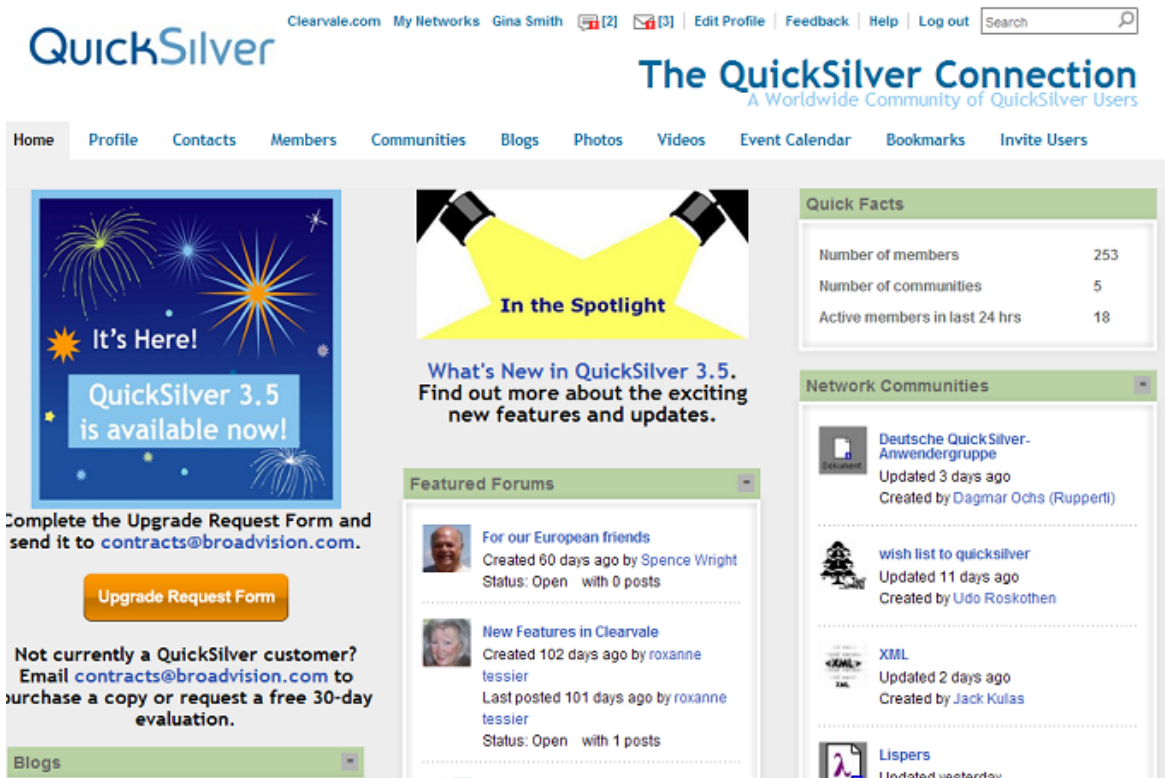


Fig 3. BroadVision's QuickSilver Connection Network

When providing customer support in a social environment, there is a balance to strike between public and private discussion of issues. It is most beneficial to the community if as many issues as possible are discussed in an open forum. However, some customers may be uncomfortable with this, and in some cases, the description of the problem may reveal sensitive or confidential information about the customer, making it inappropriate to discuss in a public forum. So social customer service cannot and should not replace the traditional "trouble ticketing" system. Instead, it should coexist and integrate to it.



It is also important to provide the right level of participation in the community from the company's customer service staff. In an ideal world, customers would solve a large percentage of each other's problems, thereby reducing the customer service workload. However, insufficient input from customer service devalues the community and reflects badly upon the company. It is very common in discussion forums to see people ask "does anyone from the company ever read these forums?" In a company-hosted social CRM, it is essential that a regular and highly visible customer service presence be maintained.

### **Account Management**

The logical extension of using a social platform for customer service is to also use it for account management. Whereas customer service is often (but not always) reactive, responding to some issue raised by the customer, account management should be more proactive, working with the customer to resolve issues before they arise. This is particularly true in business to business (B2B) relationships, where many people from the selling organization may interact with many people from the customer organization.

Here, the objective is to move the customer's perception of the account manager from being purely a salesperson who only talks to them to ask for money, to a "trusted advisor" who is genuinely interested in ensuring customer satisfaction.

**"The objective is to move the customer's perception of the account manager from being purely a salesperson . . . to a 'trusted advisor' who is genuinely interested in ensuring customer satisfaction."**

Of course, it is not appropriate for all of this interaction to take place in public, so a social CRM needs the ability to create closed communities of users where private communication can take place away from public view. Indeed, in some cases, where the relationship between the selling company and its customer is so deep, encompassing so many different people and departments, it may justify creation of a dedicated network solely for that company.



In this case, the social CRM becomes a hub-spoke ecosystem of social networks with a central, public hub, and a series of private spokes.



Fig 4. Social Network Ecosystem

As it is likely that the pattern for each of the private spokes will be repeated for each customer company, it is important that the platform has the ability to clone network structures to reduce the time required to set up new customers.

## Driving Sales

While the primary purpose of a social CRM is to communicate more effectively with customers, it also provides an excellent opportunity to drive additional sales. Social sites are typically far “stickier” than transactional sites, with users spending much longer on them.

However, making the site too blatantly commercial will drive users away, so any product placement needs to be handled with care. Suggested products and services should be relevant to the user, and to the context of the content alongside which they were presented. For example, in a support forum for mobile phones, it would be perfectly reasonable to display relevant accessories for a phone that the customer has previously purchased.

The existence of an active community around a company’s products is also a very reassuring message for prospective customers. It demonstrates that if they were to become a customer, they would have a forum to which they could address any questions, and they are not going to be left struggling with a product or service they do not know how to use to its full potential.

It is, of course, very unlikely (and undesirable) that the social CRM will duplicate all the transactional functionality of an eCommerce site. Therefore the integration between the social CRM and the eCommerce site needs to be as seamless as possible, providing a single login for both sites, and deep linking between the two



sites so that the user can move between them without losing context of where they were.

## **Cultural Change**

If the cultural shift from need-to-know to need-to-share described in *Socializing Across The Enterprise* is difficult to achieve internally, it is perhaps even harder to achieve externally. Need-to-share-with-colleagues, once established, is fairly easy to understand. But need-to-share-with-customers is harder; some information needs to remain company confidential, so need-to-share cannot include everything. But equally, if too little is shared, it is really no different than need-to-know. Getting the balance right is not something all employees can be expected to achieve immediately, so controls, checks, and guidelines need to be in place from the start.

Therefore it is inevitable that the idea of more informal communication and greater transparency with people outside the organization often raises several concerns. Some of the most common are considered below.

### **What if staff members make inappropriate comments to customers?**

Over the last year there have been countless stories about people making inappropriate comments about their company, or their company's customers, on consumer social networks such as Facebook. It is essential that all companies have appropriate social media policies in place to prevent this.

But it should also be recognized that the code of conduct for employees on a company-hosted site might be different to that on consumer social networks. For example, BroadVision's social media policy states that employees should not refer to colleagues by name on social networks. Clearly, when collaborating with employees on a company-hosted social CRM, this is neither practical nor desirable.

### **My customers don't want to collaborate with each other, as they are competitors.**

This is a particular concern for B2B companies, whose customers may very well compete with each other. Some customers may be very reluctant to offer their advice to other customers, because their experience may give competitive



advantage to competitors. This does detract from the ability to build vibrant customer-to-customer collaboration, but it does not remove all the benefits of a social CRM. Instead, the primary communication channel may be between staff of the organization, and staff of the customer organization, but in a private forum, accessible by invitation only.

### **I don't want negative comments about my company on a site I run.**

This is perhaps the most difficult cultural change for any company. Being prepared to listen to criticism and respond well is not something every organization is currently equipped to do. But it is something that all companies need to learn how to do in the era of social networking. If customers are not given a forum to express their views, they will simply go elsewhere and express those views, but probably less constructively; the Internet provides a wide range of such forums.

**“If customers are not given a forum to express their views, they will simply go elsewhere and express those views . . . .”**

It is therefore far better to provide a platform for customers to express their opinions, and retain some level of control over it. To paraphrase Lyndon Johnson, it is better to have your critics “inside the tent,” rather than outside where you have less control over what they do.

### **Relationship With Other Web Sites**

It is important that the social CRM be clearly positioned with respect to other related web sites, and integrated to these where appropriate. This gives rise to two obvious questions:

#### **Can't I just add social features to my existing eCommerce site?**

Many eCommerce sites have added product reviews, post to Twitter, and e-mail to friend functionality, and then claimed that they have “gone social.” These additions are valuable, but they really don't compare directly with a social network. Product reviews on most sites are much like walking into a real store and shouting, “who thinks I should buy this?” to the people in the store who you've never met. It



results in purchasing decisions based on the opinions of strangers. As a social CRM is predicated on the relationships between members of the network, purchasing decisions can be based on the opinions of friends, colleagues, or respected members of the community.

**“Purchasing decisions can be based on the opinions of friends, colleagues, or respected members of the community.”**

It is, of course, not impossible to add full social networking capabilities to an eCommerce application, but few, if any, eCommerce applications are architected to allow this, so such an exercise will almost always prove impractical. Therefore, a strategy of integration between the eCommerce site and the social CRM is preferable.

### **Can't I just use a Facebook page for this?**

Many companies have set up Facebook pages where they can communicate with their customers. While this is useful (arguably, essential) for keeping customers informed, it is less useful for interaction and collaboration, as the discussion functionality is very limited. It is also very B2C-focused - most people are registered on Facebook as themselves, rather than as employees of the company they represent.

However, consumer social networks remain a powerful way of reaching customers, so it is highly beneficial to combine the wide customer reach of large networks like Facebook with the greater control that a company-hosted social CRM can provide. This is possible through services such as Facebook Connect, Google Friend Connect and Sign In With Twitter, and technologies such as OpenID and OAuth.

### **Best Practices**

Let us now consider the requirements for creating a successful social CRM. These are both functional (the "5Cs") and behavioral (the "7 habits"), reflecting the fact that a well-built social CRM used wrongly will fail, and that good habits can be undermined by a deficient software platform.



## **The 5Cs of the social CRM**

The key capabilities of a social CRM can be characterized by the 5Cs:

### **Connect, Communicate, Collaborate, Cultivate, Create**

In order to succeed, a social CRM needs to provide users with the ability to perform each of these.

#### **Connect**

Enable customers to join the network and establish relationships with people they know and respect. The social CRM needs to provide users with a straightforward method of joining the network, finding people, and making connections to them.

#### **Communicate**

Enable two-way discussions between the company and customers, and between customers groups. This is typically achieved through blogging, commenting, and discussion forums.

#### **Collaborate**

Enable groups of users to come together in a shared space to work together. On a social CRM, this may be a group of employees, a group of customers, or a combination of the two.

#### **Cultivate**

Educate customers and employees on how to make best use of the capabilities the social CRM provides.

#### **Create**

Once brought together and fully conversant with the potential of the social CRM, a group of users can go beyond individual contributions and create something better than the sum of the parts. For example, a list of requested product enhancements, ranked based on a vote from the customer community.

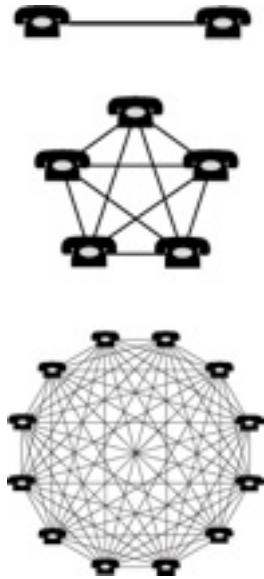
## Seven Habits for Successful ESN Adoption

The benefits of any social network increase as participation grows. Indeed, this is recognized as Metcalfe's Law, which states that:

The value of a network is proportional to the square of the number of connected users of the system

While originally formulated for telecommunications networks, it is equally true of social networking. So for any social CRM to succeed, it needs to reach as much of its target audience as possible.

*Socializing Across The Enterprise* identifies seven habits necessary to drive participation in a social intranet, and these are also applicable to a social CRM. These are described in detail in *Socializing Across The Enterprise* but are summarized below, with reference to their relevance to a social CRM.



### Mandate

In order to succeed, any ESN needs to have a mandate from the senior management of the company. This is especially true on a customer-facing network, as it needs to be seen as an integral part of an organization's web presence, not an unofficial outpost.

### Strategy

ROI of social networking projects remains notoriously difficult to measure accurately, but this does not obviate the need for a clear understanding of the objectives for the project.

### Expectations

Social CRMs are still in their infancy, so it is important to maintain realistic expectations of the speed and scale of success.



## **Participation**

As noted above, the benefits of a social CRM increase exponentially as the number of participants increases, so encouraging as many people as possible to join, both inside and outside the company, is essential to establishing a successful network.

## **Contribution**

For a social CRM to be truly social, it needs contributions from as many participants as possible. If all the contributions are coming from members of the company hosting the network, it is little more than a "1.0"-style portal.

## **Reward**

One way of driving participation and contribution is to reward the most active and valued members of the community. This reward may take a variety of different forms: simple recognition of valuable contributions, monthly competitions and/or prizes, or financial incentives such as discounts off future purchases.

## **Perseverance**

As social CRMs are still a new concept, there are no definitive rights and wrongs. Initial failure to establish a vibrant customer community should not discourage companies from trying again. To paraphrase the old adage, if at first you don't succeed, learn from these failures and try again.



## Conclusion

The social networking technologies and techniques pioneered on sites like Facebook and MySpace also have the potential to deliver benefits in the business world, improving communication and collaboration between employees and customers.

Social CRM is an emerging class of applications designed to enable a company to use these social networking capabilities to engage customers in a mutually beneficial, ongoing conversation. A social CRM can help a company reduce customer churn, turn unhappy customers into happy customers, and happy customers into advocates.

The cultural change required for an organization to interact successfully with its customers in this social model should not be underestimated. But when implemented well, it can turn transient customers into customers for life.



## About Clearvale

Clearvale is the next-generation e-business platform aimed at revolutionizing *knowledge flows and performance* gains across and beyond the entire enterprise ecosystem. Delivered globally through cloud computing, Clearvale empowers the enterprise and all its constituents — employees, partners, customers, and other stakeholders — *to publicize, personalize, and socialize* their communication and collaboration directly with anyone, from anywhere, at anytime, yielding unprecedented business *agility, immediacy, and productivity*. Clearvale is created and offered in SaaS (software as a service) by BroadVision, which has been an e-business solutions pioneer since 1993. Visit [www.clearvale.com](http://www.clearvale.com) to set up your e-business ecosystem instantly and let your Enterprise 2.0 transformation begin.



where knowledge flows, business accelerates.

### About Richard Hughes



Richard Hughes is Technical Director at BroadVision, a global provider of personalized self-service web applications. As one of BroadVision's most senior technical staff, Mr. Hughes is integral to guiding product development as well as the strategic success of BroadVision's customers. During his 11 years at BroadVision, he has advised major international companies such as British Telecom, O2, Vodafone, DSG, ABN AMRO, and Ericsson on deployment of their eCommerce and enterprise portal systems. BroadVision's latest solution is Clearvale, an Enterprise Social Networking suite.

Prior to joining BroadVision, Mr. Hughes managed the eCommerce web site at Blackwell's Online Bookshop. He has a BSc in Computer Software Technology from the University of Bath.