

Moving beyond social media
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Many Malaysian executives frown when social media is discussed. It's easy to understand why.

Any blogger can say anything about companies, without the checks and balances of traditional journalism.

Any employee can use Twitter, presenting confidentiality risks. Employees spend more time on Facebook than on their work.

YouTube seems to be more about piano-playing cats than it does about business.

It's even harder to see where social media fits within the organisation. Yes, social media does present challenges, just as every disruptive communication does.

More than 100 years ago, the introduction of the telephone was criticised because men could call women directly and customers could bother companies during working hours.

Yes, social media offers challenges, but it also offers payoffs: the ROI from Facebook advertisements is three times greater than traditional media.

As a result, companies worldwide are responding to the challenges with such steps as implementing social media policies, integrating social media with traditional media promotion, and leveraging social media for branding.

But social media is just one of several trends today that are changing business as much as the telephone did a century ago.

Another is "Big Data," involving the collection and analysis of a tremendous amount of data involving customers, supply chains and business conditions; then there is the consumerisation of IT, best symbolised by the communications and computing power of smartphones.

Finally, the one with the largest global implication — the emergence of the Social Economy.

Symbolised by the "Facebook Nation" an estimated one billion members by August, the Social Economy represents a near real-time, interconnected worldwide network based on information sharing, consumer empowerment and mutually beneficial relationships. Because of these trends, Malaysian executives need to raise their sights.

Social Business has been defined as an "organisation with the strategies, technologies and processes to systematically engage its ecosystem (employees, customers, partners and suppliers) to maximise cocreated value".

The issue of maximising co-created value must be underscored. Social Business is not

just about value to the company through sales and profits, but also economic, experiential and emotional value to the customer.

This means that Social Business involves every aspect of the company, including human resources, strategic planning, manufacturing, logistics, customer service and sales.

While tools such as Facebook and Twitter are key enablers, it is important to remember that Social Business is not about the technologies involved. The emerging importance of Social Business is recognised by major organisations.

IBM has placed the issue on par with its "Smarter Planet" and other strategic initiatives.

The Massachusetts Institute of Technology and Deloitte Consulting are establishing a Social Business "Innovation Hub". McKinsey & Co has studied Social Business at about 3,000 organisations worldwide. Research consultancy estimates that the Social Business market will grow 61 per cent annually, reaching US\$6.4 billion (RM19.4b) by 2016.

California State University has established the California Institute of Social Business. The concept is also gaining a foothold in Malaysia. University Technology Malaysia (UTM) has established an Institute of Social Business Innovation (ISBI) and several local consultancies are reported to be establishing Social Business practices.

Malaysia are also beginning to benefit from Social Business. A Procter & Gamble plant in Kuantan makes raw materials for Tide, Dawn and other P&G consumables. Such production consumes large amounts of energy.

Thanks to tools that enabled the collaborative brainstorming which is a hallmark of Social Business, the P&G plant was rapidly able to leverage biomass incentives from the Malaysian government to incorporate palm residue in its energy production. But the road to Social Business faces challenges.

The biggest involves change management. How do you ensure greater collaboration and cooperation in organisations that are traditionally hierarchical and frequently silo-based? How do you integrate, for example, structured (eg, name, address, etc. fields) corporate data with the vast amount of unstructured (eg, video) customer data?

But every business transformation begins in a fog of uncertainties. No one, for example, knew what impact the Internet would have on business when it emerged about 20 years ago.

Inevitably, however, Social Business will play a major role in the emerging Social Economy. At a minimum, companies need to start laying the groundwork now.

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