Executive Summary

The word ‘social’ is likely the most over used word of both 2009 and 2010, and we are not even half way done with 2010. A simple Google search for “social” returns almost one billion results. This is reminiscent of a simpler time when we put an ‘e’ in front of everything, way back in 1999. How then do we move beyond the hype and help companies to understand what “social” is, and what it means to a modern company. At the highest level, social means that each company needs to understand that they lead and participate within an ecosystem - this is the new normal. If they do not already, companies and organizations need to understand why this is a reality, and understanding is a necessity in order to grow and prosper.

The social customer, knowledge worker, collaborative partner and informed supplier are all changing in the era of the social web. Companies are struggling to better understand how and what it means to become social themselves. No, not sit around the campfire social; that is not what we are trying to address in this context. Social is not about becoming friends, linked or following one another. Becoming a social business is about being a viable member of, and a leader within your own ecosystem. Businesses have a responsibility to, well, stay in business. A social business is one that understands their ecosystem, leverages people as the platform, and gives as much as it receives.

Any company who is able to harness this new normal will be able to build and deliver better products and services and have better, more engaging and longer lasting relationships with each member of their ecosystem. Executing against this objective requires an internal focus, an external focus and a rock solid method to align the two. Enterprise 2.0 looks inwards and at the employee, partner and supplier part of the ecosystem via collaborative enablement strategies, tools, and technology. Social CRM (SCRM) is externally focused, via people, process and technology, in response to the social customer. One without the other is not all that useful and both blend into each other as opposed to being mutually exclusive components of social business.

This paper presents the foundational components of Social CRM and lays the groundwork required for your company to build and maintain long and valuable customer relationships. We build a strong case as to why Social CRM is relevant to companies today and why it is one of the most pivotal concepts to understand in business today. It is intended to meet the needs of both someone new to the concepts, as well those requiring a comprehensive guide. Our hope is that you will find this paper serves as a starting point for your company to begin engaging deeply with your customers.

So what does this all look like?
The Experience Continuum diagram depicts how social CRM and Enterprise 2.0 work together. How does customer feedback make its way into the enterprise, get managed along other data, get analyzed, integrated into business processes, acted upon, and then disseminated again externally for your customers? This process then repeats and we see a continuous relationship between the customer and the enterprise. It's also important to note that there is no distinct point at which SCRM becomes E2.0 and vice versa; there is some overlap but you can see here that the two need to continually work together.

What is Social CRM?

Before a discussion of Social CRM takes place, the basics of CRM (Customer Relationship Management) should briefly be addressed. CRM is a technology-based framework used by companies of all sizes and by several departments: sales, marketing and support departments. When used by sales, CRM is also referred to as SFA (Sales Force Automation). The first generation of CRM focuses heavily on data, task and transaction management. CRM was, and is, internally focused, with an emphasis on specific processes, and optimization of those processes. Among the issues CRM faces is that the value to the end user, within the company, is limited. User adoption is also limited, in part because of this inward focus of the solution.

Social CRM is an extension of CRM, not a replacement, and among the important benefits is that it adds value back to the users (increased adoption) and your customers. It is the one part of the social business strategy that addresses how companies need to adapt to the social customer and the expectations these customers have with respect to companies they do business with. With a focus on strategy, customer engagement and relationships, Social CRM moves beyond management of customers, transactions, and money.

Social CRM is based on the simple premise that you are able to interact with your customers based on their needs, not your rules.

Social CRM is a customer engagement strategy in support of your defined goals and objectives towards optimizing the customer experience. Success requires focus on people, process and technology associated with customer touch points and interactions. Customers are choosing how they interact with companies and companies' brands, and this poses a challenge; a challenge of data volume, dynamic channels and elevated expectations. The social customer is vested and participatory, and has active involvement within the business ecosystem, not just as purchasers, but as advocates and influencers as well. Individuals are influenced by friends, friends' friends, and friends' friends' friends. For Social CRM to be successful, and by extension the businesses who employ the strategy, we must recognize the power of social networks and the impact to your business.
A social network is a group of people tied together by overlapping and intersecting interests. The ecosystem created and led by your business will therefore be a form of social network. Within this network, one of the most efficient ways for people to interact is to use social media designed to be disseminated through social interaction, aka social media. Therefore, the careful selection and use of social media channels and technologies must be a part of any Social CRM strategy. It's important to remember that social media is not the only communication channel used. It's an important part of SCRM but not the only part. There are plenty of offline or traditional interaction channels that should be utilized to build customer advocacy and relationships between customers and companies. Examples are, but not limited to, in person, letters, phone calls, feedback forms, and comment cards. We have to remember that there is still a lot of interaction that occurs between the customer and the company offline or in real life.

There are recent statistics that help explain the shift that we are currently seeing in customer-centric companies. The critical point is to remember to be where your customers exist – or ‘hang out where your customers hang out’. The following stats speak strongly to the customer’s desire to participate and communicate with like-minded individuals:

- The fastest growing sector for internet use is communities (+5.4% in a year) (Nielsen, “Global Faces on Networked Places”)
- Member communities reach more internet users (66.8%) than email (65.1%) (Nielsen, “Global Faces on Networked Places”)
- By 2010, over 60% of Fortune 1000 companies will have some form of online community deployed for CRM purposes (Gartner Group, “Business Impact of Social Computing on CRM)
- 60% of Americans use social media and a third of them report having a stronger connection with companies they interact with that way. (Omnicom Group, “2008 Cone Business in Social Media Study”)
- “By 2010, more than half of companies that have established an online community will fail to manage it as an agent of change, ultimately eroding customer value. Rushing into social computing initiatives without clearly defined benefits for both the company and the customer will be the biggest cause of failure.” (Gartner Group)
- Trust and transparency are as important to company reputation as the quality of products and services. (Edelman Trust Barometer 2010)

Companies today are becoming overwhelmed with the vast amounts of data that customers are sharing about them and feel as though they need to respond to every complaint and every customer contact or request. However, the real value comes from being able to change how your company does business and improving the user experience while building advocacy. Simply responding to as many comments or tweets as possible is senseless and not scalable. A much better solution is to actually fix the problems the customers are identifying and collaborating with your customers to help give them what they want. This is part of what being a social business is about.
Why Your Company Needs Social CRM

How, when and where your business needs to engage with your customers has changed significantly and rapidly due to the broad adoption of the social web. This has been called a communications revolution. Customers are now sharing their experiences and feedback on any company and any brand. This means that whether or not your company chooses to be involved, these experiences will still be shared. Today's reality is that customers exist on many social networks and that is where they like to communicate and share information. This type of communication and interaction is mainly happening from their computers and we are also seeing a rapid rise in mobile device use.

Social customers are more knowledgeable, empowered and connected than ever before. Prior to making any kind of purchasing decisions, customers now turn to peers and non-traditional industry influencers for answers through very public social networking platforms - more so than any other source for information gathering.

In order to succeed in this hyper-connected environment, companies will need to adapt their business strategy, apply new technology, expand their marketing and PR efforts, and alter and adapt their internal culture. Formalizing a Social CRM strategy will allow a business to locate, educate and engage their current and potential customers where they prefer to communicate. Empowering the Social Customer is a critical objective within any social business strategy.

Social CRM strategies and technology offerings should complement, but not replace traditional Customer Relationship Management (CRM) software — the platform businesses have traditionally used to hold and analyze customer data. While many traditional CRM solutions are highly regarded and excellent at automating processes, managing the customer data and provide management reports to track sales, Social CRM focuses on the relevant conversations taking place online and offline. Social CRM not only addresses how you will respond to this new kind of customer and the demands that he or she puts on your company, but also how you can engage non-traditional industry influencers like bloggers, independent analysts and customers who are passionate about brands. The key difference between Social CRM and traditional CRM is that Social CRM is based on a strategy for customer engagement, not managing customer data.

Too often a company's approach to solving problems is primarily technology focused, because the business becomes enamored with the latest and greatest software offerings. Prior to choosing technology, businesses must first assess their organizational readiness, skills/expertise and culture, and then recommend specific steps to address gaps within teams and/or business processes. In the early stages, the gaps might be filled with a cross-functional team formed specifically to look at social business and customer engagement efforts. As the business matures, more permanent solutions might include formalizing a job function within the company that has the responsibility and authority to promote and maintain social business across the company.
When considering a Social CRM strategy, companies are experiencing both business and technology challenges.

Business challenges that we are seeing:

• Being led by senior management teams that do not have the time to adapt to the new ways that customer are communicating online.

• Putting technology ahead of strategy and thus not seeing the results they want or expect.

• Uncertainty about how to transform their existing culture to one that embraces openness, transparency and engagement. Businesses are confronted with the fact that an effective change management process takes years but are wanting to see more immediate results.

• Struggling to develop and adapt existing legacy processes and frameworks that keep up with the social customer.

• Trying to respond to as many interactions as they can without actually solving or making changes at the source.

• Wrestling with developing effective advocacy programs for their loyal customer.

Technology challenges that we are seeing:

• Lack of knowledge about the newly available technology tools that are most appropriate for their company to drive sales, marketing and customer service.

• Need for better understanding of which technologies will help them optimize their relationships with their customers.

• Technology and software purchasing decisions are being made without proper knowledge of the changes in how and where customers want to communicate.

• Companies are not technologically coordinated internally with respect to focusing on the connected customer.

• Since cloud-based solutions are sometimes too easy to implement, departments are 'doing their own thing' creating data silos across the company and impacting how companies leverage their data.
Understanding Traditional CRM

Traditional CRM has always been a set of linear, internally focused processes based around three key areas: marketing, sales, and service and support. These three pillars or key areas then target the customer. The end goal of CRM is to allow the company to effectively manage the customer in order to keep them purchasing a product or service. CRM has always been about the customer, however a collaborative relationship with the customer never existed and the customer was never actually a part of CRM. Although CRM has always been about the customer, it has been so in a transactional approach with an emphasis on “how can the customer benefit my company.” CRM is very data and information driven as opposed to relationship driven. Companies collect as much information as they can about a customer so that they can better market and sell to him/her. The thinking behind traditional CRM is inside-out, meaning the company creates products and services and then markets them to customers based on the data that the company has about the customer; it’s a one-way push process whose goal is to get to a transaction. The challenge is that now the customer talks back.

Understanding Social CRM

Structurally, Social CRM is built on a strong foundation of CRM, with a few key additions. Historically, the reputation of CRM projects has not been stellar; Social CRM seeks to build upon the successes and overcome the weaknesses. From an internal perspective, the addition of public relations is an important augmentation, a recognition of the social customer and the social web. Customer issues are no longer just support issues but they are now also marketing and PR issues, thanks to the web. That said, the most important change is the addition and inclusion of the customer as a key component and foundation of SCRM. If you like thinking in organizational terms, the customer has a seat at the table, and is part of your Monday morning staff meeting in all departments. Social CRM actually involves companies collaborating with their customers to create advocacy, by improving customer experiences.
The addition of the customer provides an effective and necessary amplification of all the work you do. An example of this is sales. While certain elements of sales will not change, improved advocacy and the customer experience shift sales from push to pull rather than relying on the one-sided sales process to create value for the company.

**The Evolution of CRM to Social CRM**

In order to better understand how CRM has evolved into SCRM, we focused on the key areas mentioned above. Looking at the diagram below, we can see how this evolution is taking place and what it means to both the company and to the customer.

**Evolution of CRM to SCRM**

<table>
<thead>
<tr>
<th>CRM</th>
<th>SOCIAL CRM</th>
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<tbody>
<tr>
<td>assigned departments</td>
<td>assigned departments</td>
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<tr>
<td>company defined process</td>
<td>company defined process</td>
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<td>inside out</td>
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<td>WHO</td>
<td>everyone</td>
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<td>WHAT</td>
<td>customer defined process</td>
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<td>WHEN</td>
<td>customer sets the hours</td>
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<tr>
<td>WHERE</td>
<td>customer-driven dynamic channels</td>
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<tr>
<td>WHY</td>
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<td>HOW</td>
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**Action / Reaction / Management (ARM) Process**

It is often possible to take a very complex set of processes and boil them down to something so simple and straightforward that it may seem like the complexity has been ignored. This is not the case here, we absolutely respect the complexity. To use clothing as an analogy, if you have three blouses, one skirt, two nice pairs of pants, two scarves and three pairs of shoes, how many outfits do you have? A lot, trust us. The point is that most people do not think that what is listed is a large amount of clothing. In the Action / Reaction / Management Process diagram, every company should be able to logically process all interactions through this model. The complexity of this assessment is hidden behind the intent. The combination of static data along with interpreted information, like intent, with your business culture is what makes this process unique to you and your business.
The Action / Reaction / Management (ARM) process is a straightforward protocol by which all inbound interactions can be judged, analyzed, responses evaluated, chosen, and implemented. This is not about automation, yet, as each business will need to decide which segments require a human evaluation. It breaks down the essential elements into discrete components, and allows a business to evaluate each component first in isolation, then together as part of the whole (first decentralized, then centralized). The ARM process is more a thought process guide, than it is about automation. Once an individual interaction has been cataloged and responded to, the business can and should learn from it. Over time, business intelligence will be built, and a business might then be able to codify parts of the process.

**Action/Reaction/Management (ARM) Process**

**What was said or done** - This is straightforward, as it is simply a matter of cataloging and identifying an event and who initiated it. It is likely to be a customer, but it might not be. It could be an influencer, recommender or partner. Most often these are words, but they may be more than words such as a purchase, renewal or cancellation.

**Where it was said** - This speaks specifically to the channel where the event or communication occurred. This includes, but is not limited to, face-to-face, mail, email, fax, phone, text, Twitter, Facebook, a blog or review site. The location, where, will likely influence the business on how to respond. For example, a response on Facebook might be different than a response on LinkedIn.

**Intent** - This is the most complex part of Social CRM. It will be the hardest to codify, why "best practices" will not work and why it will require training. Part of the intent evaluation process will determine the sociability (discussed further, below) of the action. Intent needs to definitively weigh and specify what the customer wants to be done based on the action she took. There are a number of human elements within intent, and the channel itself may speak to intent. You should be able, but not necessarily assume, that you can gauge the emotional state of the customer.
**What I know** - This is core CRM data plus social data. This is verified data, and verified information, but not all data will be owned by the organization. Elements of "what I know" are not open to interpretation; the person did send an email on this date, they did make a purchase, they did submit a complaint and/or they did change their address. The social data will increasingly be a part of a standard profile data set. However, since this data exists on other networks there potential issues, ownership and validity. The ability to pull data from disparate systems in real-time is a requirement.

**Business rules** - While we noted that intent is the most complex, business rules are a close second, and will remain dynamic, open to interpretation and based on the needs of the customer. The business rules associated with Social CRM are an extension to the business rules created for CRM. Each business will need to decide what the rules are, based upon the input to the system. A more sophisticated business may choose to call this ‘business intelligence.’

**Action** - Each event will require a decision and an action. Yes, each and every event. This is not to say that each event requires an external action. A business will need to actively decide what to do, or what not to do. Each input into the system will have at least one internal action (even if it is simply storage of data), but not necessarily an external action (response).

**Diving deeper on intent**

Not everything that happens, from transactions to interactions, should be considered "social". But everything that happens is important, and each business needs a methodical approach to determining intent. The intent of an interaction speaks much more to the sociability than the channel used. I can broadcast a message on YouTube and do nothing but send spam links on Twitter just as easily as I can pick up the phone or send an email to a group of people. Which is social, which is not? The importance of having well-defined processes will enable a business to determine how each interaction should be treated, and should not be underestimated. Some of the processes can easily be codified and repeatable, while some will require human thought and input.

**Social Interactions**

The focus of this document has, and should be from the customer perspective. The sociability of any interactions needs to be considered. When a company initiates a conversation, event or action, this is often proactive. When a customer initiates, by action, conversation or event, the company needs to respond or react, based on the sociability. As we stated earlier, Social CRM has a strong focus on these response mechanisms, as they need to be dynamic and adapt to the needs of the customer. As a business you need to understand how and when to respond, therefore an interpretation of the sociability of the initial event is critical. Interpreting a simple event as "social" can be as bad as interpreting a social interaction as trivial - the keys are the intent, and the perception of the intent (interpretation).
A customer progression from non-sociability to sociability might look something like this:

1. **Transactional / Monologue**
   I said what I said, or did what I did. I'm really not hoping for a response, just action. Example - self-checkout at the grocery store, check-in for a airplane flight, a white paper download. There is only one person.

2. **Request / Call to Action**
   I said what I said, or did what I did looking for a specific response. This could be a purchase, a support case, but it is one on one. It is social only in that there are two people involved.

3. **Passive / Venting**
   I am talking or doing, and I might need a response, but even I am not sure. I'm hoping for acknowledgment, not necessarily a response, but it might be nice. Examples - I cannot find what I need, in a store or online. Body language/tone suggests frustration. Poor experience by an airline on Twitter.

4. **One-Sided Dialogue**
   Two parties are talking, but the conversation is a bit one sided. To get results, multiple departments, partners might need to get involved. For the most part, the interactions are 'contained' and both parties are working to keep it this way. The words, "I am sorry" and "there is nothing we can do" find their way into these interactions.

5. **Information Seeker / Social Pressure**
   I am actively asking for information. I will not be happy until I get it. I may begin with a simple email, but will progress to blogs, Twitter and other very public channels. This might be an escalation to number 4.

6. **Active / Engaged**
   We are engaged in a conversation. Others may join in to push things forward.

7. **Community Driven**
   We are all conversing. It is many-to-many, I am helping others, giving advice. I may want recognition, free things, and special support.

8. **Specific Intent / Cross Channel**

*(The above is a guide; within your company some may not exist, or you may have more stages)*
As Paul Greenberg states in his book CRM at the Speed of Light:

“Transaction is not the paramount artifact of the interaction. Instead, a transaction becomes the side effect of rich relationships that are built on conversation. This notion is fundamental, and is a radical switch in priorities for the interaction between customer and vendor.”

The time of the passive customer is history. Empowered, vocal, and knowledgeable, these customers are more engaged than ever before, and are setting the tone, pace and direction that companies must go. Companies must begin to collaborate with and engage the customer, but need to be respectful, and therefore must also deliberately decide on the proper response to each interaction with her. This will require greater internal collaboration (E2.0) with finance, operations, innovation, and other departments within the company.

There is no blanketed or one-sided approach to developing an Social CRM strategy. To capture the value to be derived from a customer network, companies must create their own process map of what SCRM looks like within your organization. This is a long-term approach that requires careful planning and companies need to start now.

Would you like to learn more? Contact Us Today.
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About Chess Media Group

Chess Media Group is a social business consultancy that focuses on developing Social CRM, Enterprise 2.0, and social media strategies. We implement collaborative and participatory solutions that strengthen business performance. By combining deep industry knowledge, experience, expertise, and innovation, we design and implement solutions that help our clients release their potential. Chess works with medium and enterprise size companies who benefit from our team with more than 50 years of combined experience in collaboration, CRM, knowledge and content management, information architecture, and strategic marketing communications fields. As with chess, we understand that in order to succeed, you cannot focus only on one particular part of the board while ignoring the rest of the pieces that are in play. To become a social business, you must have a clear strategy from the start, one that can be adapted, scaled and modified to better manage the relationships with your internal and external communities.

About Jacob Morgan, Principal and co-Founder, Chess Media Group

Jacob is widely regarded as a thought leader in social business. He co-founded Chess to help companies understand the business value of employee, partner, and customer collaboration (Enterprise 2.0 and Social CRM). Jacob helps companies can boost productivity, cut costs and foster business agility from their social business initiatives. Jacob’s book, Twittfaced – Your Toolkit for Understanding and Maximizing Social Media was entirely co-authored through online collaboration and demonstrates the power of social media and online collaboration. Jacob’s blog is ranked among the top 100 most influential marketing blogs by AdAge; he contributes to publications like Marketing Profs and the WSJ, among others. Prior to Chess, Jacob consulted on SEO and worked with Adobe, Conde Nast, New Horizons Computer Learning Centers, Salesforce, and Sandisk.

About Connie Chan, Principal and co-Founder, Chess Media Group

Connie is a senior marketer with 15 years of marketing, management and consulting experience. She co-founded Chess to help companies unlock the full potential of combining people, process and social technologies to achieve high business performance. She has developed and implemented effective strategies, and delivered integrated demand-generation campaigns that produced measurable value to clients. She uses her extensive experience in traditional marketing to help clients to integrate Web 2.0 strategies and traditional marketing. Prior to co-founding Chess Media Group, Connie has been optimizing online and offline marketing communication and customer service strategies for companies like Ivanhoe Cambridge and Rogers Communications and for clients like McDonald’s, Insurance Corporation of BC and Greyhound at DDB Worldwide.

About Mitch Lieberman, President, Comity Technology Advisors

Mitch is recognized by his peers as one of the world’s thought leaders in Social CRM and is on the forefront of ideas, strategies, and technologies. He has a passion for solving complex business problems by creating the optimal alignment of people, process, and technology. Mitch works with companies of all sizes, helping them leverage social technology to better manage their relationships with individual consumers and/or their business customers. He shares his thoughts on his syndicated blog A title would limit my thoughts. He has continuously shown his leadership in developing and delivering strategies for creative solutions that integrate the right technology at the right time to meet the business objective. Mitch has 15+ years designing and implementing CRM solutions for a wide variety of industries including telecom, banking, insurance, healthcare and retail.
About Enterprise 2.0 Conference

The Enterprise 2.0 Conference explores the integration of collaboration technologies in the enterprise, from both strategic and tactical perspectives. This bi-annual conference and sponsor pavilion focuses on the tools and techniques that best leverage the technical, productive and social aspects of IT and workgroup environments to build a cohesive collaboration strategy and empower a connected workforce. For more information visit www.e2conf.com.

About UBM TechWeb

UBM TechWeb, the global leader in technology media and professional information, enables people and organizations to harness the transformative power of technology. Through its three core businesses—media solutions, marketing services and paid content—UBM TechWeb produces the most respected and consumed brands and media applications in the technology market. More than 14 million business and technology professionals (CIOs and IT managers, Web & Digital professionals, Software Developers, Government decision makers, and Telecom providers) actively engage in UBM TechWeb’s communities and information resources monthly. UBM TechWeb brands include: global face-to-face events such as Interop, Web 2.0, Black Hat and VoiceCon; award-winning online resources such as InformationWeek, Light Reading, and Network Computing; and market-leading InformationWeek, Wall Street & Technology, and Advanced Trading magazines. UBM TechWeb is a UBM company, a global provider of news distribution and specialist information services with a market capitalization of more than $2.5 billion.