



Yes, CEOs Should Facebook And Twitter

Matthew Fraser and Soumitra Dutta 03.11.09, 4:35 PM ET

Social networking has clearly reached a tipping point. Sites like MySpace and Facebook boast hundreds of millions of members. Barack Obama's presidential victory demonstrated that platforms like YouTube and Twitter could transform electoral politics. Yet in corporations where such tools have been expected to bring profound transformations, there has been strong resistance to change.

Many corporate executives either dismiss social networking as a time-wasting distraction or regard it as a risk management problem. Much of their fear has focused on potential risks like security breaches and data privacy.

Web 2.0 evangelists, on the other hand, argue that social software can be used to boost productivity. They say it can facilitate an open-ended corporate culture that values transparency, collaboration and innovation. Most important, it can be an effective way to build a customer-centric organization that not only communicates authentically but also listens to customers and learns from that interaction.

In the current stormy economy, as companies look for new ways to market their products and engage their customers, chief executive officers are finally looking more and more at how social networking tools can extend their brands, create corporate cultures based on listening and learning, and establish their own leadership profiles.

Nonetheless, big brands, generally speaking, haven't successfully tapped the potential of social media; they tend to regard Web 2.0 platforms as just another way to push out short-term marketing campaigns. They fail to grasp that the new media require new ways of doing business. Old ways need to be tossed out.

One highly successful example of Web 2.0 branding is Blendtec's YouTube video campaign "Will It Blend?" The video series features Blendtec's CEO, Tom Dickson, comically attempting to blend all manner of objects in one of his company's appliances. Thanks to the series' viral effects, the company's blender sales have quintupled.

The Blendtec videos cost virtually nothing to produce and distribute, but it is doubtful that TV commercials costing many times more would have produced the same results. That may explain why publicity-conscious CEOs are finally breaking away from the old mass-media approach of a Donald Trump or a Richard Branson to increasingly use videos and podcasts to extend their personal brands.

Most CEOs, let's face it, are cut off from their most important constituencies, including employees and customers. Their press conferences are carefully stage managed, their annual meetings over-rehearsed, and in both cases the goal is usually to reveal as little as possible. Web tools like blogs can help corporate leaders enhance their credibility by communicating directly and having authentic conversations with key stakeholders.

Companies can use blogs to engage directly with customers too. IBM has a blog network that allows employees to write about their work experiences and so puts a human face on the company, associating real people with its products.

Meanwhile, online retailer Zappos uses the microblogging platform Twitter to connect employees and customers in a friendly, personal way that has proved highly effective. At twitter.zappos.com, the company aggregates employee "tweets" on a single stream under the heading "Powered by [twitter](#), [Zappos.com](#), [clothing](#) and you."

Even Zappos' CEO, Tony Hsieh, sends "tweets," and he has thousands of followers on both Twitter and his blog. Zappos counts more than 10,000 fans on its Facebook page too. The company has made social media platforms and the values they foster part of its corporate culture. In early 2009, *Fortune* ranked Zappos 23rd in its annual list of the 100 best companies to work for.

Corporate leaders can use Web 2.0 tools not only to communicate but also to learn from employees, suppliers, customers and the public. Many corporations spend large sums trying to find out what people think of them. Plugging into the blogosphere or listening to feedback on Twitter offers a more effective and cost-efficient way of learning how to approach customer relations.

Starbucks is a consumer-focused company that learns directly from customers on feedback sites like My Starbucks Idea and its @Starbucks address on Twitter. These platforms let the company learn directly what customers are saying about its service and products. The key is that Starbucks integrates the feedback into how it operates. Popular suggestions are featured and reviewed, and an Ideas in Action blog tracks the company's follow-up.

Even cable TV companies, long detested as insensitive monopolies, have discovered Web 2.0. Comcast has a @comcastcares Twitter address that gives customers a spontaneous platform for communicating with the company.

A CEO can use Web 2.0 tools not only to communicate and learn, but also to instigate action and become a more effective leader. Tools like blogs and podcasts put a top executive in more direct contact with employees, cutting through multiple layers of middle managers, who can be motivated by their own agendas to frustrate direct communication. A persuasive CEO can use Web 2.0 tools to boost morale, foster creativity and enhance the values of open collaboration.

CEOs can use Web 2.0 tools to make themselves known as intellectual leaders not only among their employees and customers but also with the media and the public. Public relations people often get nervous when CEOs want to connect directly, but a CEO who blogs intelligently can enhance his personal brand as an intangible corporate asset.

Jonathan Schwartz, the CEO of Sun Microsystems, has led by example, integrating blogging into his leadership life. He spelled out this vision in a 2005 opinion piece in the *Harvard Business Review* titled "If You Want to Lead, Blog." He wrote: "For executives, having a blog is not going to be a matter of choice, any more than using e-mail is today. If you're not part of the conversation, others will speak on your behalf--and I'm not talking about your employees."

Schwartz encourages his employees to blog as well. Some 3,000 of them--10% of the company's payroll--do.

Is there any peril in Web 2.0 for CEOs? Yes, there are dangers that corporate leaders must work to avoid, such as confidentiality breaches if financial matters are disclosed, harm to a company's reputation caused by blogging employees and negative blowback from the blogosphere.

The budget airline Ryanair learned this the hard way in February when one of its employees referred an outside blogger who thought he had found a bug in the airline's Web site as an "idiot," a "lunatic" and "pathetic." Not a smart move. The blogosphere mob swarmed swiftly and mercilessly, and the Ryanair brand suffered.

Another textbook case of what not to do was supplied by Whole Foods President John Mackey. He paid a heavy price in reputation--both his and his company's--when he blogged with a phony identity to trash a competing food retailer, Wild Oats.

It turned out that Whole Foods was in fact attempting a takeover of Wild Oats. Mackey put up an unequivocally self-interested blog post on a Yahoo! stock forum: "Would Whole Foods buy Wild Oats? Almost surely not at current prices." The Securities and Exchange Commission launched an investigation into his conduct. The *Wall Street Journal* published an editorial castigating him. The controversy stained Whole Foods' brand image.

The key message for corporate leaders seeking to harness the benefits of Web 2.0 is that simply deploying the software is not enough. The challenge is to ensure that the company's corporate culture is infused with values of openness and transparency. Of course, at many corporations that's easier said than done.

As the management guru Gary Hamel observes, "While the Web was founded on the principle of openness, the most honored virtue among senior executives seems to be control. Most companies have elaborate programs for top-down communication, including newsletters, CEO blogs, Webcasts and broadcast e-mails. Yet few, if any, companies have opened the floodgates to grassroots opinion on critical issues."

These are tough challenges. But Web 2.0 is finally gaining momentum in corporations, with an urgency increased by the current economic climate. It's now reasonable to predict that following the Web 2.0 revolutions in personal interactions and politics, a corporate Web 2.0 tipping point is on the horizon.

Matthew Fraser is senior research fellow and Soumitra Dutta is Roland Berger chaired professor of business and technology at the INSEAD business school in France. Their book, Throwing Sheep in the Boardroom: How Online Social Networking Will Change Your Life, Work and World, is published by Wiley. The book's Web site is at www.throwingsheep.com.