How Corporations Should Prioritize Social Business Budgets

Corporations must budget spending based on their maturity level.

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Based on data from 140 global corporate buyers of social business

Executive Summary

With limited budgets, the corporate Social Strategist faces a spending dilemma. In 2010, the average annual social business budget at enterprise-class corporations was a mere $833,000 — a sliver of overall corporate spending. Yet, Social Strategists are confronted with compounding demands, both from vocal customers and internal stakeholders. Social Strategists, or buyers of social business, need a roadmap to help guide their spending decisions.

Buyers should seek spending benchmarks to guide their own social business investments. To help with this, Altimeter Group surveyed 140 corporate Social Strategists, primary business decision makers at large corporations, and found that social business maturity drives social business spending. In 2011, our data shows that investment in 12 discrete social business categories will vary greatly between three maturity levels: Novice, Intermediate, and Advanced.

To make the most of their limited investments, corporations must spend based on their social business maturity. Faced with difficult spending decisions, corporations should heed the benchmarks from our survey — spending on social business should be prioritized on key areas for each maturity level. In 2011, Novice programs must focus on getting their internal teams in order; Intermediate programs must scale customer-facing initiatives; and Advanced programs must integrate social business throughout the enterprise.
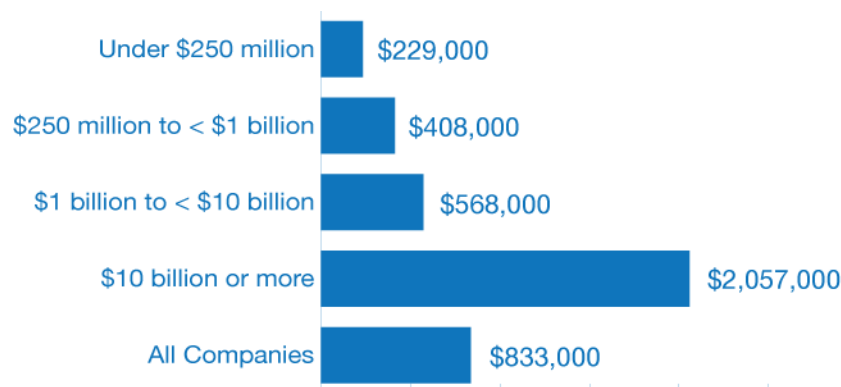
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2010: The Year of Social Business Formation

With the growth of social business, Social Strategists have advanced beyond mere experimentation and evangelism.[1] Many corporations have formalized full-fledged social business programs with dedicated budgets and staff. Our survey of 140 corporate Social Strategists reveals that 2010 was the Year of Social Business Formation, with corporations investing in social business to varying degrees, depending on company revenue and program maturity levels.

Corporate spending on social business averaged just $833,000 in 2010.

We asked Social Strategists how much they spent overall to support their social business programs in 2010 — which includes 12 areas ranging from staff to technologies.[2] Across all companies, the average annual budget for social business was $833,000 (Figure 1). However, company revenue was a primary driver for how much corporations invested in social business. At the high end, corporations with $10 billion or more in revenue had average budgets over $2 million. Still, this amount represents a tiny fraction of overall company revenue — just .02% on social business programs — evidence that social business was far from mature in 2010.

Figure 1: Average Annual Social Business Budget Per Corporation in 2010 by Company Revenue

Under $250 million — $229,000
$250 million to < $1 billion — $408,000
$1 billion to < $10 billion — $568,000
$10 billion or more — $2,057,000
All Companies — $833,000

Base: 140 Global Corporate Social Strategists   Source: Altimeter Group

Social business investments often correlate to program maturity — the more mature, the greater the spend.

While company revenue is a key driver for overall social business budgets, we found that social business maturity determined overall budget, team size, and how corporations organize for social business.

We asked Social Strategists to identify their social business program by maturity level: Novice, Intermediate, or Advanced.[3] More than half of Social Strategists defined their programs as Intermediate, while the remainder was split between Novice and Advanced (Figure 2). (To gauge your social business maturity level, go to page 7 of this report and complete the self-assessment).

Figure 2: Maturity Level of Corporate Social Business Programs in 2010
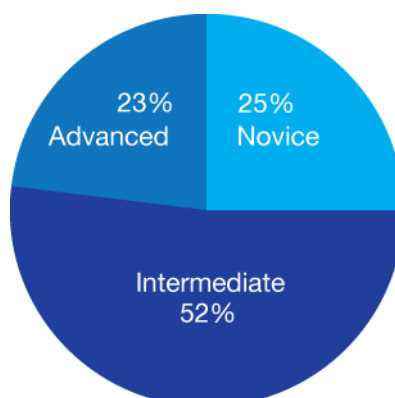
There were significant differences between corporate social business programs based on maturity level — revealing how corporations have formed and evolved social business.

- **Overall budgets increase as social business matures.** Annual social business budgets at Novice programs averaged only $66,000, while Intermediate and Advanced averaged nearly the same at $1 million and $1.3 million, respectively (Figure 3). As more corporations undertake social business efforts, and social business becomes embedded into the company infrastructure, a majority of corporations will graduate to Intermediate or Advanced levels. As a result, expect to see average social business budgets increase significantly in the coming years.

- **As social business matures, team sizes grow but spread cross-functionally across the enterprise.** While the average team size for Novice programs was just 3.1, teams for Advanced programs numbered over 20 (Figure 3). Larger corporations that can support this level of staffing often have staff in the form of a cross-functional team, not just as direct reports. This explains why team size increases from 8.2 to 20 while average budgets increase by only $300,000 between Intermediate and Advanced levels. In the near future, teams will continue to grow and be dispersed across the enterprise. For example, expect growth in Customer Support, Product Management, and Supply Chain Management.[4]

- **To scale, corporations organize differently as they mature.** In our previous report on *The Career Path of the Corporate Social Strategist*, we found that corporations organize for social business in five formations.[5] A Centralized model is most prevalent (37%) among Novice programs, where social business is least likely to have permeated the enterprise (Figure 3). Another quarter percentage (23%) are Decentralized, with no

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central coordination. Low barriers to entry mean that employees adopt social channels before the company formally organizes for social business.

However, as demands in social business compound from both customers and internal stakeholders, corporations reorganize their programs to scale.[6] We found that 67% of Intermediate and 63% of Advanced programs organize into Hub and Spoke or Multiple Hub and Spoke — models that involve multiple departments and business units outside the corporate function. The shift toward these two models will continue as social business programs mature and corporations realize that they cannot manage increasing requests with either a Centralized or Decentralized model.

Figure 3: Maturity Drives Average Budget, Team Size, and How Corporations Organize for Social Business in 2010

	Novice	Intermediate	Advanced
Average Budget	$66,000	$1,002,000	$1,364,000
Average Team Size	3.1	8.2	20.8
Most Common Organizational Models	Centralized (37%)	Hub and Spoke (49%)	Hub and Spoke (44%)
	Decentralized (23%)	Centralized (25%)	Centralized (28%)
	Hub and Spoke (23%)	Multiple Hub and Spoke (18%)	Multiple Hub and Spoke (19%)

Assess Your Social Business Maturity Level

For each section, choose the statement that best describes your social business program. Give yourself 1 point if you choose "1," 2 points if you choose "2," and 3 points if you choose "3." Add up your total score below to determine your social business maturity level.

A. Program
- ___ 1. We are mostly experimenting with social media.
- ___ 2. We've launched long-term initiatives that are part of an overall social strategy.
- ___ 3. Social business permeates the enterprise — it's transcended the Marketing department, and impacts Product, Support, R&D, etc.

B. Leadership and Organizational Model
- ___ 1. We do not have a formalized Social Strategist role or organizational model.
- ___ 2. We've organized into a Hub and Spoke model with a formal Social Strategist role at the helm.
- ___ 3. We've evolved to a Multiple Hub and Spoke or Holistic model, and business units can deploy on their own with little guidance from the Hub.

C. Processes and Policies
- ___ 1. We have not conducted internal audits or established processes or policies for governance.
- ___ 2. We've conducted internal audits and established processes and policies across the enterprise.
- ___ 3. We've created clear processes and workflow across cross-functional teams.

D. Education
- ___ 1. There is no formal education program to train internal associates.
- ___ 2. We've launched an education program but it's not rolled out to the entire company.
- ___ 3. We've formalized an ongoing education program that serves as a resource for all employees.

E. Measurement
- ___ 1. We've tied our social media efforts back to engagement metrics, like number of clicks, fans, followers, RTs, check-ins, etc.
- ___ 2. We've tied our social media efforts back to social media analytics, like share of voice, resonation, word of mouth, etc.
- ___ 3. We've tied our social media efforts back to business metrics, like revenue, reputation, CSAT, etc.

F. Technology
- ___ 1. We've invested in brand monitoring to listen to and develop understanding of our customers.
- ___ 2. We've invested in scalable technologies such as community platforms or social media management systems (SMMS).
- ___ 3. We've invested in social integration with other digital touchpoints like the corporate website, kiosks, mobile devices, etc., across the entire customer lifecycle.

Total score ____

If you scored between **0 and 6** points, your program is at the **Novice** level.
If you scored between **7 and 12** points, your program is at the **Intermediate** level.
If you scored between **13-18** points, your program is at the **Advanced** level.

Your Social Business Maturity Level _____

Adoption and Spending Forecast Reveals Seven Key Trends for 2011

In 2011, corporations will mostly increase adoption and spending on social business. Our findings reveal increases across the 12 social business categories we surveyed (Figures 4 and 5). These categories fall under three major social business spending areas:

- **Internal Soft Costs:** This includes Staff to Manage the program, Education and Training, and Research and Development.

- **Customer-Facing Initiatives:** This includes Ad/Marketing Spend on social networks, Traditional Agencies (deploying social media), Boutique Agencies (specializing in social media), and Influencer/Blogger Programs.

- **Technology Investments:** This includes Brand Monitoring, Community Platform, Custom Technology Development, Social CRM (SCRM), and Social Media Management Systems (SMMS).

Like overall budgets, team size, and organizational models, there is a natural progression of adoption and spending by maturity level (Figure 6). As organizations mature in social business, they tend to adopt a broader range of programming, spend more, and also adjust their spending mix.

Based on the above data collected from 140 corporate Social Strategists, we found seven social business adoption and spending trends for 2011:

1: All corporations will gear up on Staff to Manage social business, yet investment in Training and Education will be low.

In 2011, corporations will increase spending on Staff to Manage social business though team sizes will remain small. By far, the largest investment for social business will continue to be Staff to Manage the program, at an average budget of $278,000 — a 46% increase in spending from 2010 (Figure 5). As programs mature and team sizes grow, corporations will increase investments in dedicated staff to manage mounting demands on their social business programs. By program maturity, spending on Staff to Manage programs more than doubles from an average of $133,000 for Novice programs to $303,000 for Intermediate programs (Figure 6).

To foster cultural change management, spending on Training & Education will be a priority — yet still underfunded. Although 78% of Social Strategists will invest in Training and Education this year, spending is miserly at an average of $23,000 (Figures 4 and 5). Novice programs will invest the least, at just $9,000, while Advanced programs will invest an average of $66,000 (Figure 6). Corporations will not yet offer enterprise-wide training initiatives that empower all employees. Likely, corporations will continue to sponsor memberships in professional communities to develop core teams. Organizations like MarketingProfs, Ragan Communications, SocialMedia.org (formerly Social Media Business Council), and WOMMA offer conferences, workshops, and research reports on social business best practices.

Figure 4: Average Adoption of 12 Social Business Categories by Corporations in 2010-2011

■ 2010 ■ 2011

	2010	2011	% Change
Internal Soft Costs			
Training and Education	71%	78%	10%
Staff to Manage	75%	77%	2%
Research and Development	67%	70%	4%
Customer-Facing Initiatives			
Ad/Marketing Spend	65%	75%	15%
Influencer/Blogger Programs	55%	64%	18%
Boutique Agencies (specializing in SM)	47%	50%	6%
Traditional Agencies (deploying SM)	46%	47%	2%
Technology Investments			
Brand Monitoring	76%	82%	8%
Social Media Management Systems	52%	58%	11%
Community Platforms	54%	59%	8%
Custom Technology Development	47%	55%	17%
Social CRM	26%	34%	31%

Base: 140 Global Corporate Social Strategists

Source: Altimeter Group

Figure 5: Average Spending of 12 Social Business Categories by Corporations in 2010-2011

■ 2010 ■ 2011

	2010	2011	% Change
Internal Soft Costs			
Staff to Manage	$190,000	$278,000	46%
Research and Development	$40,000	$47,000	18%
Training and Education	$18,000	$23,000	28%
Customer-Facing Initiatives			
Ad/Marketing Spend	$104,000	$160,000	54%
Traditional Agencies (deploying SM	$104,000	$120,000	15%
Boutique Agencies (specializing in SM)	$78,000	$108,000	38%
Influencer/Blogger Programs	$31,000	$47,000	52%
Technology Investments			
Community Platforms	$92,000	$129,000	40%
Brand Monitoring	$63,000	$98,000	56%
Custom Technology Development	$53,000	$90,000	70%
Social CRM	$19,000	$37,000	95%
Social Media Management Systems	$14,000	$22,000	57%

Base: 140 Global Corporate Social Strategists who have adopted each social business category

Source: Altimeter Group

Figure 6: Average Adoption and Spending on 12 Social Business Categories by Corporations in 2011, by Program Maturity Level (Sorted by Advanced Spending)

	Novice		Intermediate		Advanced	
	Adoption	Spending	Adoption	Spending	Adoption	Spending
Internal Soft Costs						
Staff to Manage	68%	$133,000	76%	$303,000	88%	$406,000
Training and Education	85%	$9,000	76%	$15,000	76%	$66,000
Research and Development	55%	$8,000	75%	$59,000	74%	$56,000
Customer-Facing Initiatives						
Boutique Agencies (specializing in SM)	32%	$31,000	55%	$96,000	59%	$238,000
Ad/Marketing Spend	63%	$36,000	78%	$204,000	78%	$195,000
Traditional Agencies (deploying SM)	52%	$51,000	49%	$162,000	35%	$87,000
Influencer/Blogger Programs	37%	$12,000	66%	$60,000	85%	$50,000
Technology Investments						
Custom Technology Development	28%	$11,000	58%	$55,000	68%	$272,000
Community Platforms	42%	$78,000	58%	$126,000	78%	$198,000
Brand Monitoring	60%	$42,000	87%	$108,000	89%	$150,000
Social CRM	6%	$1,000	42%	$27,000	44%	$116,000
Social Media Management Systems	39%	$4,000	60%	$28,000	72%	$23,000

Base: 140 Global Corporate Social Strategists; for spending, those who have adopted each social business category.

Source: Altimeter Group

2: Corporations will invest heavily in Ad and Marketing on social networks, though fail to truly engage or leverage the social graph.

With Facebook approaching 600 million users, corporations are eager to increase Ad and Marketing investments on social networks. Americans now spend on average nearly a quarter of their time online on social networking sites.[7] As a result, brands look to sites like Facebook, Twitter, or LinkedIn to reach customers. In 2011, 75% of corporations will spend on Ad and Marketing on social networks, increasing their investments from $104,000 in 2010 to $160,000 in 2011 — making it the second-largest investment in social business across all

companies (Figures 4 and 5). Spending in Ad and Marketing on social networks peaks at Intermediate organizations, at an average of $204,000. As programs reach Advanced levels, investment tapers off to an average of $195,000 (Figure 6). Advanced programs will start to focus on how to engage their community, rather than just increasing ad referrals or their number of fans/followers. Secondly, Advanced programs will integrate these social technologies with other existing digital touch points, such as the corporate website, e-mail marketing, and mobile devices.

Yet corporations will fail to leverage the social graph and continue to rely on traditional advertising and marketing tactics. While spending in Ad and Marketing on social networks is high, many of these resources will be wasted. That's because many brands will continue to broadcast one-way messages as they have done in the past, while struggling to develop a two-way dialogue with their customers. In our recent report on Facebook page marketing, we found that brands missed opportunities to engage in customer conversations or foster word of mouth through the social graph.[8] A few brands will find the right formula — for example, P&G's Pampers activates its Facebook fans through support discussions, Q&A, and direct engagement from community moderators.

3: Advanced buyers will spend nearly 3X more on Boutique Agencies than Traditional Agencies.

As programs evolve toward Advanced levels, spending shifts heavily toward Boutique Agencies over Traditional Agencies. Across all companies, average spending on Traditional Agencies (deploying social media) and Boutique Agencies (specializing in social media), will be nearly equal, at $120,000 and $108,000, respectively (Figure 5). However, adoption and spending on agencies will vary greatly by company maturity. Advanced programs will spend three times more on Boutique Agencies than Traditional Agencies, or $238,000 to $87,000, making it their third-largest social business investment (Figure 6). Moreover, while adoption of Traditional and Boutique Agencies is nearly equal at the Intermediate level (49% and 55%), there is a significant drop off in Traditional Agencies compared to Boutique Agencies at the Advanced level (35% to 59%) (Figure 6).

Advanced buyers will seek specialized expertise from Boutique Agencies. Initially, programs will rely on existing agencies of record, which tend to be Traditional Agencies that deployed previous digital marketing campaigns. As sophistication levels increase, companies will shift toward Boutique Agencies. Boutique Agencies offer specialized expertise in new media and change management, as well as a long-term approach to customer engagement. In the not-too-distant future, expect incumbent agencies to seek acquisition of boutiques in efforts to shore up their social business services.

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Figure 7: Average Annual Spending on Traditional Agencies versus Boutique Agencies in 2011, by Program Maturity Level
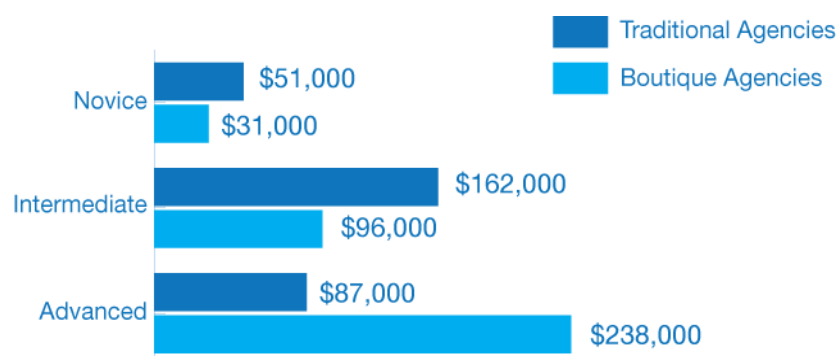
Base: 140 Global Corporate Social Strategists who have adopted these social business categories.

Source: Altimeter Group

4: Nearly all buyers will invest in Brand Monitoring, but don't expect the ROI problem to be solved.

More corporations will adopt Brand Monitoring, increasing their investment by 56% over last year. Brands would be remiss to ignore customer voices on the social web. In 2011, 82% of corporations will have a Brand Monitoring solution in place. It will be the most heavily adopted social business category across all companies. Spending will average $98,000, or 56% more than last year (Figures 4 and 5). Advanced programs will invest $150,000 on Brand Monitoring (Figure 6).

Despite a treasure trove of data, companies will continue to struggle with measuring ROI. While Brand Monitoring serves up mentions, sentiment, and engagement metrics, 48% of Social Strategists said that their primary internal focus is to develop ROI measurements.[9] Yet even the best Brand Monitoring tools are useless unless Social Strategists take the time to understand how social business drives value in the corporation. Monitoring reports, which focus on engagement data, are woefully immature — and must evolve to actionable analytics that have a meaningful impact on ROI. Savvy companies will build in the appropriate workflows and processes, tying analytics to business metrics, such as revenue or reduced costs.

5: Community Platforms become a mainstay of Marketing and Support.

Corporations will increase spending on Community Platforms, leveraging their most active contributors to support the entire customer base. Many corporations have already seen the benefits of online customer communities — for example, in reducing call center costs and increasing customer satisfaction. In 2011, 59% of social business programs will invest in Community Platforms (Figure 4), increasing their spending from an average of $92,000 in 2010 to $129,000 in 2011 (Figure 5). Across all maturity levels, Community Platforms will be one of the top four social business spending categories (Figure 6).

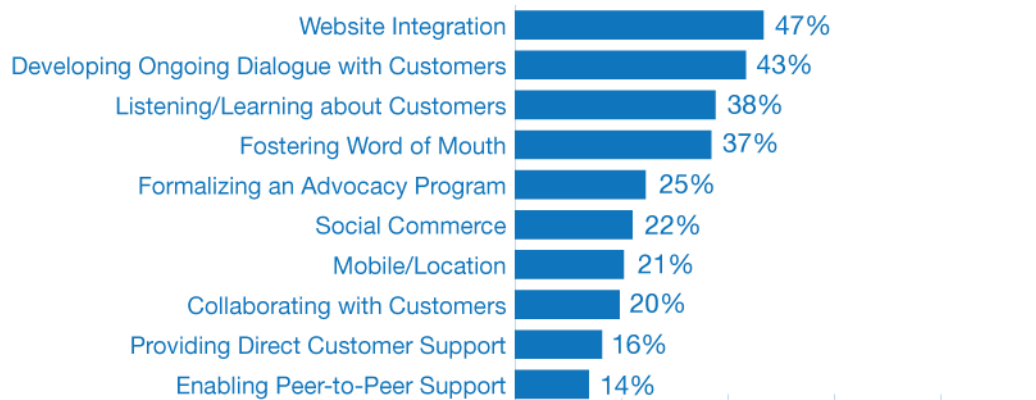**Yet, Community Platforms will be most heavily adopted by Advanced programs.**
Community Platforms require significant upfront costs and continuing management and
resource investment to sustain efforts. As a result, only 42% of Novice programs and 58% of
Intermediate programs will invest in Community Platforms, while 78% of Advanced programs
will do so (Figure 6).

6: Advanced corporations will invest in Custom Technology Development, including integration of social networks on the corporate website.

**To manage the increasing volume of social data, Advanced programs will focus on
Custom Technology Development.** The social web is disparate both in location and types of
data. To battle this growing challenge, Custom Technology Development will enable
corporations to glue together a variety of APIs and social systems like CRM. In 2011, spending
on Custom Technology Development will average $90,000 for all companies, or 70% more
than last year (Figure 5). Yet, Advanced programs will invest heavily, at $272,000 — shifting
resources from Ad/Marketing Spend and Traditional Agencies, which are higher investment
priorities for Novice and Intermediate programs (Figure 6).

**Savvy corporations will seek custom technologies that keep the "conversation" on their
corporate website.** Social website integration is the top external priority in 2011 for 47% of
corporate Social Strategists (Figure 8). Many companies have simply added links to social
networks on their corporate websites, sending away hard-earned traffic to Facebook or
Twitter. However, forward-looking companies will find ways to integrate socially and
contextually relevant discussions back onto the corporate website. See how *The Huffington
Post* delivers curated, breaking tweets and friend/follower streams through their Social News.[10]

**Figure 8: Top External (or Customer-Facing) Social Strategy Objectives in 2011
(Respondents allowed to choose three priorities.)**

Objective	Percentage
Website Integration	47%
Developing Ongoing Dialogue with Customers	43%
Listening/Learning about Customers	38%
Fostering Word of Mouth	37%
Formalizing an Advocacy Program	25%
Social Commerce	22%
Mobile/Location	21%
Collaborating with Customers	20%
Providing Direct Customer Support	16%
Enabling Peer-to-Peer Support	14%

Base: 140 Global Corporate Social Strategists   Source: Altimeter Group

7: To scale, more mature programs will invest in nascent systems, such as Social Media Management Systems (SMMS) and Social CRM (SCRM).

1:1 conversations between employees and customers do not scale, yet few corporations are prepared to invest in scalable systems like SMMS and SCRM. As corporations expand their presence on the social web to keep up with customers, they will struggle to manage increasingly complex content, workflow, and customer data. To combat this, SMMS systems, like Awareness, CoTweet, Expion, HootSuite, Spredfast, and Sprinklr, enable social media teams to manage multiple accounts and workflow across cross-functional teams. SCRM allows teams to organize customer data into one repository across the enterprise. In 2011, SMMS adoption will be moderate at 58%, but spending will average only $22,000 (Figures 4 and 5). Fewer corporations will invest in SCRM — only 34% overall — and the few Advanced programs that do will spend an average of $116,000 (Figure 6).

Only Intermediate and Advanced programs will have the infrastructure in place required to deploy SMMS and SCRM. SMMS requires clear processes and workflow between departments. While some Intermediate companies will have this in place, most Novice programs won't have the scale or discipline to deploy, or the processes and people to support SMMS. Meanwhile, SCRM requires a completely different approach to customer relationships — it's more than just adding fields to an existing database. SCRM requires corporations to connect APIs from brand monitoring and customer databases, like e-mail marketing and CRM systems. Most Advanced programs don't even have this in place. In addition, SCRM programs are still under development.[11]

Match Your Spending Priorities to Your Social Business Maturity

In 2011, corporations should gauge their own social business maturity and prioritize spending decisions based on the benchmarks gathered in this report. Novice programs must focus on getting their internal teams in order; Intermediate programs must scale customer-facing initiatives; and Advanced programs must integrate social business throughout the enterprise.

Figure 9: Match Your Spending Priorities to Your Social Business Maturity

	Novice	Intermediate	Advanced
Internal Priorities	Anoint an "Open Leader," the Social Strategist, to forge the program	Organize into a Hub and Spoke model to scale	Empower stakeholders (or Spokes) to deploy on their own
	Initiate an education program to train stakeholders	Launch a formalized "Center of Excellence"	Weave social business into standard employee education
	Create processes to hold internal stakeholders accountable	Leverage social graph in Ad and Marketing spend	Seek guidance from Boutique Agencies with specialized expertise
Customer-Facing Priorities	Develop a rapid response team	Identify and empower influencers and customer advocates	Launch formalized Advocacy programs
	Work with existing agencies to deploy initial programs	Leverage the crowd by launching a Community Platform	Integrate social networks onto the corporate website
Technology Priorities	Invest in brand monitoring and appropriate workflows and processes	Invest in SMMS to manage increasing customer demands	Look ahead to Social CRM: Begin to aggregate disparate customer data

Source: Altimeter Group

Novice programs must first prepare internally, by focusing on organizational model, staff, and education.

If you are just getting started and mostly experimenting with social media, you are in the Novice stage. You have the highest opportunity to succeed by focusing on internal readiness, and building a foundation for deeper engagement and greater scale. In particular, you should:

- **Get coordinated — empower dedicated staff to initiate an education program and hold internal stakeholders accountable.** At the minimum, Novice programs should organize into a Centralized model in order to provide internal stakeholders with leadership and accountability. Under this model, a core team conducts inventory and audits, establishes processes, develops policies for governance, and educates stakeholders and associates.[12] For example, this core team should recruit internal evangelists to help spearhead internal training programs — which may include "brown bag sessions," day-long conferences, and boot camps. See Dell's internal social media "unconference" as an example.[13] The core team also holds business units accountable — requiring proper training, a clear business plan, and a long-term commitment to social business. To facilitate rapid learning and sharing of best practices, use internal collaboration tools, like Clearvale, Jive, Lotus, Salesforce, or SharePoint for enterprise deployments, or Socialcast, SocialText, tibbr, and Yammer for lightweight usage.

- **Develop a rapid response team first, then launch customer-facing initiatives with guidance from existing agency partners.** Before launching social media initiatives like communities, Facebook pages, and corporate blogs, get ready to respond. Novice programs are typically not prepared for long-term conversation, getting business units on board, and changes in business processes. Without baseline internal response capabilities, launching social media initiatives puts your company at risk. Thus, first establish a small team to respond to existing customer requests surfaced by your monitoring efforts. Develop an internal triage process that details who will respond to customers, under which circumstances, and in what manner.[14] Also, conduct regular "fire drills" that simulate potential crises. Once a response team is in place, look to Traditional Agencies to help guide customer-facing initiatives that drive dialogue and engagement. Public relations agencies, like Edelman and Ogilvy, have developed specialized social business services and helped clients anticipate and prepare responses to social media crises.

- **For Technology Deployments, invest in Brand Monitoring to glean intelligence.** Social business requires corporations to first listen to customers. At the very least, invest in Brand Monitoring solutions to learn about your customers and more effectively and authentically engage them.[15] Ensure that insights are distributed to appropriate teams on an at-least-weekly basis and teams are accountable to making decisions based on these reports. Leading Brand Monitoring vendors include Alterian, Nielsen BuzzMetrics, Cymfony, Radian6, Scout Labs, and Visible Technologies. For a deeper understanding of customer insights, look to vendors like Crimson Hexagon, NetBase, SAS Social Media Analytics, and Sysomos.

Intermediate programs should scale and deepen customer-facing programs.

After investing in internal social readiness, rallying stakeholders, and receiving organizational buy-in, you are ready to shift to an Intermediate level. If your customers frequently use social technologies, your company must quickly move into this phase. To do this, make sure you:

- **Formalize organization and education with a Hub and Spoke model.** With multiple internal business units involved, Intermediate programs must organize into a Hub and Spoke model in order to scale deployments. In this formation, the Hub provides direction and guidance so that Spokes can deploy programs on their own within defined parameters. A dedicated team helps launch what is commonly called a "Center of Excellence," which provides formalized and ongoing learning and sharing programs. For example, Intel produces a regular newsletter, called *The Buzz*, which includes a focus on the practitioner of the month, suggests conferences to attend, and points to their internal training program called *Digital IQ*. In such a model, the Hub acts as an internal resource for Spokes to deploy and scale social media on their own.

- **Invest in word of mouth programs that encourage customers to share for you.** Because customer voices in social channels will outnumber your social media team, tap into customers to do the work for you. Intermediate programs should focus on social media marketing strategies that rely on advocacy and peer-to-peer communication.

Seek guidance from Traditional Agencies who can help you activate customers on social networks through your Ad and Marketing spend. Also, monitor your most enthusiastic customers through Brand Monitoring tools, and begin identifying influencers who will be good candidates for a formalized Advocacy Program. Advocates can help amplify brand messaging and defend the brand in times of crises.

- **Increase efficiency by investing in Social Media Management Systems (SMMS) and Community Platforms.** As corporations ramp up their customer-facing initiatives, relationships with customers should naturally evolve from short-term and transactional to long-term and ongoing. To manage the ever-increasing amount of content and conversations, corporations need workflow tools and processes. Intermediate programs should invest in SMMS in order to increase the efficiency of two-way dialogue with customers. Similarly, to strengthen and sustain these relationships, Intermediate programs should focus on building healthy customer communities, which can be efficient platforms to facilitate peer-to-peer dialogue and support.

Advanced programs must focus on integration of social media throughout the business.

- **Prepare for social business to permeate the entire enterprise, and expect even rank-and-file employees to participate in social media.** In Advanced programs, social business will spread to most or all business units. As this occurs, Advanced programs are best equipped to manage growth through a Multiple Hub and Spoke or Holistic model. A Multiple Hub and Spoke model allows for additional Hubs at the business-unit level, while a Holistic model empowers all employees to participate within defined parameters. Best Buy's Twelpforce and Zappos are examples of the latter. To prepare, Advanced programs must weave social business education into standard employee education and training.

- **Shift resources to Boutique Agencies that specialize in social business.** In Novice or Intermediate programs, corporations rely on existing relationships with Traditional Agencies for social media guidance and deployment. As social business matures, Advanced programs should also look to Boutique Agencies, like LiveWorld, Shift Communications, Converseon, Thread Marketing, and We Are Social, for specialization and deeper customer engagement. For internal change management, firms like Ant's Eye View and the fast-growing Dachis Group offer long-term and even embedded engagements to help guide your corporation through the cultural shift.

- **At the Advanced level, technology deployments should focus on social integration at every digital touchpoint, and scalable social software like SCRM.** At the Advanced level, corporations should shift their focus to scalable technology deployments. First, refocus efforts on the corporate website. Aggregate and curate social content, and allow your customers to log on to your site with a social sign-on. (See vendors like Gigya and Janrain, and refer to Altimeter's framework on the Evolution of the Corporate Website for a roadmap[16]). This leads to increased engagement on your site, which you can then monetize. Second, Advanced programs must look ahead to scalable social software. While SCRM is still in its infancy, Advanced programs have an

opportunity to gather and analyze the increasing amount of data from social profiles and interactions, then connect this information to core customer data. For example, Dell's SCRM efforts tie brand monitoring software like Radian6 to their Salesforce database, collecting customer insights as it provides customer support. Eventually, customer insights from SCRM will enable Advanced programs to deepen relationships and anticipate customer needs.

Methodology

Altimeter Group conducted a survey of 140 global corporate Social Strategists from September to October 2010. These Social Strategists are buyers of social business services and technology at corporations with more than 1,000 employees, which we define as enterprise-class.

This online survey was fielded through a variety of sources, including professional organizations such as WOMMA and MarketingProfs, and Social Strategists identified in *Web Strategy's* "List of Corporate Social Strategists for 2011 (Buyer/Brand Side)." See: http://www.web-strategist.com/blog/2011/01/07/list-of-corporate-social-strategists-for-2011.

Endnotes

[1] In our report on *The Career Path of the Corporate Social Strategist*, we found that social business programs have been in place for an average of 1.9 years; 82% of social business programs are less than three years old. See:
http://www.slideshare.net/jeremiah_owyang/career-social-strategist.

[2] In an online survey conducted from September to October 2010, we asked 140 corporate Social Strategists about their spending in the following 12 social business categories:

- Training and education: workshops, conferences, webinars
- Research and development: surveys, analysts, reports
- Influencer or blogger relations programs
- Staff to manage social media program
- Traditional agencies deploying social media
- Boutique agencies specializing in social media
- Ad/marketing spending on social media
- Custom technology development or data integration services
- Brand monitoring, such as Radian6, Cymfony, etc.
- Community platforms
- Social media management systems (SMMS), such as CoTweet, HootSuite, Sprinklr, or SpredFast
- Social CRM

[3] We asked Social Strategists to classify themselves into five categories: Beginner, Experimental, Formalized, Mature, and Advanced. Because few respondents answered Beginner and Advanced, we combined their responses with Experimental and Mature, respectively. The maturity levels in this report are represented as: Novice, Intermediate, and Advanced.

[4] In our report, *The Career Path of the Corporate Social Strategist*, we found that 41% of social business programs report to Marketing. We anticipate that these programs will spread throughout the organization and into other departments where it's vital to have a constant dialogue with customers.

[5] In our research, we found that corporations organize for social business in five ways: Decentralized, Centralized, Hub and Spoke, Multiple Hub and Spoke, and Holistic. This was first reported in Jeremiah Oywang's blog *Web Strategy*. See: http://www.web-strategist.com/blog/2010/04/15/framework-and-matrix-the-five-ways-companies-organize-for-social-business. Later, we published related data from our survey of 140 corporate Social Strategists in the *The Career Path of the Corporate Social Strategist*.

[6] In our report, *The Career Path of the Corporate Social Strategist*, we found that 41% of social business programs are "mostly *reactive* and respond to requests from stakeholders."

[7] "What Americans Do Online: Social Media and Games Dominate Activity." *Nielsen Wire* blog. August 2, 2010. (http://blog.nielsen.com/nielsenwire/online_mobile/what-americans-do-online-social-media-and-games-dominate-activity).

[8] In our report, *8 Success Criteria of Facebook Page Marketing*, we found that brands failed to reach maturity across eight criteria. We rated 30 brands and none scored 4.0 out of 5 possible points. Brands scored an average of 3.10 for Dialogue, 2.03 for Peer-to-Peer Interactions, and 2.27 for Advocacy. The total average for all brands was 2.96. See: http://www.slideshare.net/jeremiah_owyang/the-8-success-criteria-for-facebook-page-marketing.

[9] In our report, *The Career Path of the Corporate Social Strategist*, we found that the top internal objective for Social Strategists was "developing or implementing ROI reports."

[10] Huffington, Arianna. "Your HuffPost Experience Is About to Get a Lot More Social!" *The Huffington Post.* August 17, 2009 (http://www.huffingtonpost.com/arianna-huffington/your-huffpost-experience_b_260666.html).

[11] To learn more about Social CRM, read our report, *Social CRM: The New Rules of Relationship Management*. See: http://www.slideshare.net/jeremiah_owyang/social-crm-the-new-rules-of-relationship-management.

[12] Altimeter has identified more than 40 items needed for social business readiness. Watch our webinar, *Social Strategy: Getting Your Company Ready*, for more information: http://vimeo.com/10933263.

[13] Dell's Internal Social Media conference was a one-day "unconference" which brought together 200 employees to share best practices. Read this post for more information: http://www.managementexchange.com/hack/dells-grassroots-internal-conference-social-media.

[14] Refer to our Social Media Triage chart, adapted from the United States Air Force. See slide 20 in this presentation, *Social Strategy: Getting Your Company Ready:* http://www.slideshare.net/jeremiah_owyang/social-strategy-gettingcompanyreadyapr14final.

[15] In our report, *8 Success Criteria of Facebook Page Marketing*, 30 brands scored an average of 3.10 out of 5 possible points for creating and sustaining Dialogue with customers.

[16] Jeremiah Owyang's blog post, "Roadmap: Integrating Social Technologies with your Corporate Website," has an eight-level framework for social website integration. See: http://www.web-strategist.com/blog/2010/05/19/slides-roadmap-for-integration-of-social-into-your-corporate-website. Altimeter will publish a report in 2011 with an updated framework, including best practices and a vendor short list.

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Altimeter Group is a research-based advisory firm that helps companies and industries leverage disruption to their advantage.

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