

April 25, 2008

Corporate Social Networks Will Augment Strategic HR Initiatives

by Zach Thomas

for Business Process & Applications Professionals



April 25, 2008

Corporate Social Networks Will Augment Strategic HR Initiatives

by **Zach Thomas**

with Paul D. Hamerman, Claire Schooley, Charlene Li, and Meghan Donnelly

EXECUTIVE SUMMARY

Corporate social networks are emerging as a new packaged application. There are many different business processes that corporate social networks could turbocharge, but savvy human resources (HR) professionals are taking the lead and using them for recruiting, alumni programs, mentoring, learning, collaboration, and connecting people across the entire organization. They understand that corporate social networks are not a replacement for human interactions; this technology should augment — not replace — existing process automation apps, and they will need broad internal support for their initiatives to succeed.

TABLE OF CONTENTS

2 **Professional Networks Are The Backbone Of Business**

Firms Fail To Capitalize On Their Networks

3 **HR Should Lead By Embracing Corporate Social Networks**

6 **Corporate Social Networks For Business Are Evolving**

RECOMMENDATIONS

8 **Approach Corporate Social Networks Narrowly, And Then Expand**

WHAT IT MEANS

8 **Packaged Apps Vendors Will Lag Behind The Innovation Curve**

9 **Supplemental Material**

NOTES & RESOURCES

Forrester interviewed four vendor companies including Jobvite, SelectMinds, SuccessFactors, and Taleo. Forrester also attended an advisory board hosted by SelectMinds and discussed corporate social networking strategies with Deloitte, The Dow Chemical Company, Goodwin Procter, and Rob Cross (an associate professor at University of Virginia's McIntire School of Commerce).

Related Research Documents

["Social Computing Moves Into Recruitment"](#)
October 24, 2007

["Social Computing Reshapes eLearning"](#)
September 26, 2006

PROFESSIONAL NETWORKS ARE THE BACKBONE OF BUSINESS

The direct relationship between successful people and their ability to build and maintain strong networks is nothing new. People with strong networks are able to get things done faster because their relationships allow them to influence and align the appropriate people with their goals; they are promoted more quickly because of their personal relationships; they are generally “in the know,” allowing them to focus on initiatives important to the success of the business; and ideally they collaborate more freely, infusing knowledge into the organization. Firms also benefit from strong internal and external networks because:

- **Collaboration translates into innovation.** Innovation is defined as the result of multiple people collaborating to create something new. Today, firms rely on innovation to fuel top- and bottom-line growth. IBM believed in this concept so much that it created an online InnovationJam where more than 150,000 people — including IBM employees, business partners, and students — from 104 countries convened to collaborate and drive innovation. The result? IBM invested \$100 million over two years for the top 10 ideas.¹
- **Strong personal ties increase employee retention.** Virtually every employee engagement survey will include items such as, “do you have a best friend at work?”, “do you feel like someone has made a personal investment in your success?”, or something similar. Why? The responses to these questions indicate the level of community and company culture, which has been shown to correlate to either increased or decreased employee retention.
- **Sales is a relationship business.** Firms rely on strong internal and external networks to drive sales. After all, good salespeople spend their career building a strong rolodex, or network, of business contacts. The strength of these relationships directly impacts the success of the salesperson and the firm.

Firms Fail To Capitalize On Their Networks

Corporate social networks can help connect people across geographies and business units, and facilitate integration when corporate structures change.² Today, rogue employees are the leading force behind social initiatives within firms, a movement Forrester calls the groundswell.³ Employees like Steve Bendt and Gary Koelling at Best Buy created an internal network using a borrowed server stashed under a desk. This network connected front-line workers with executives and enabled profitable change. Firms that have not yet enabled their business networks via this emerging technology fail to fully capitalize on their benefits because:

- **Knowledge is not infused or retained.** Only the people directly involved in traditional networks have access to the knowledge available. When one person leaves the network, all of their knowledge and links to other parts of the organization are lost and the network erodes. Corporate social networks provide a platform where knowledge is retained and available to everyone and offer visibility into broken organizational links due to an employee departure.

- **Relationships are not transparent.** Employees struggle finding the right people with the right knowledge or relationships because there is no easy venue to find this information. For example, it would be invaluable for a salesperson to find a colleague who is an alumnus of an account they are trying to penetrate, or for a recruiter to find a colleague who is a member of an association analogous to the search they are working. Traditionally, this information was locked in people's minds and inefficient to mine, but with the advent of social corporate networks, this information could become more transparent and become a competitive advantage.
- **Relationships are not built across geographies.** Firms sponsor many activities like periodic town hall meetings, social outings, or ping-pong tables in the cafeteria to create better working environments. But what they are really doing is bringing people together outside of normal work activities to build stronger relationships. This works really well in one location, but does not connect people across the country or world. Corporate social networks will not replace in-person interactions, but will give the employee in India a more informal way to connect with colleagues in Sweden, for example.
- **New workers expect and embrace social technologies to build relationships.** Younger workers, known as Millennials, have different technology expectations and build personal and professional networks differently than older generations.⁴ In fact, 70% of online 18- to 23-year-olds use social networking sites daily, and 40% of online 24- to 34-year-olds comment on blogs.⁵ If firms intend to continue building strong networks and reaping the rewards from them, they must provide these same types of technologies.

HR SHOULD LEAD BY EMBRACING CORPORATE SOCIAL NETWORKS

Corporate social networks could be characterized as an initiative for IT, corporate communications, certain lines of business, HR, or a mix of all, which is probably the truest characterization. However, corporate social networks could augment many critical HR initiatives and position HR executives who undertake these projects as progressive business leaders. Key initiatives to consider using social corporate networks to augment include:

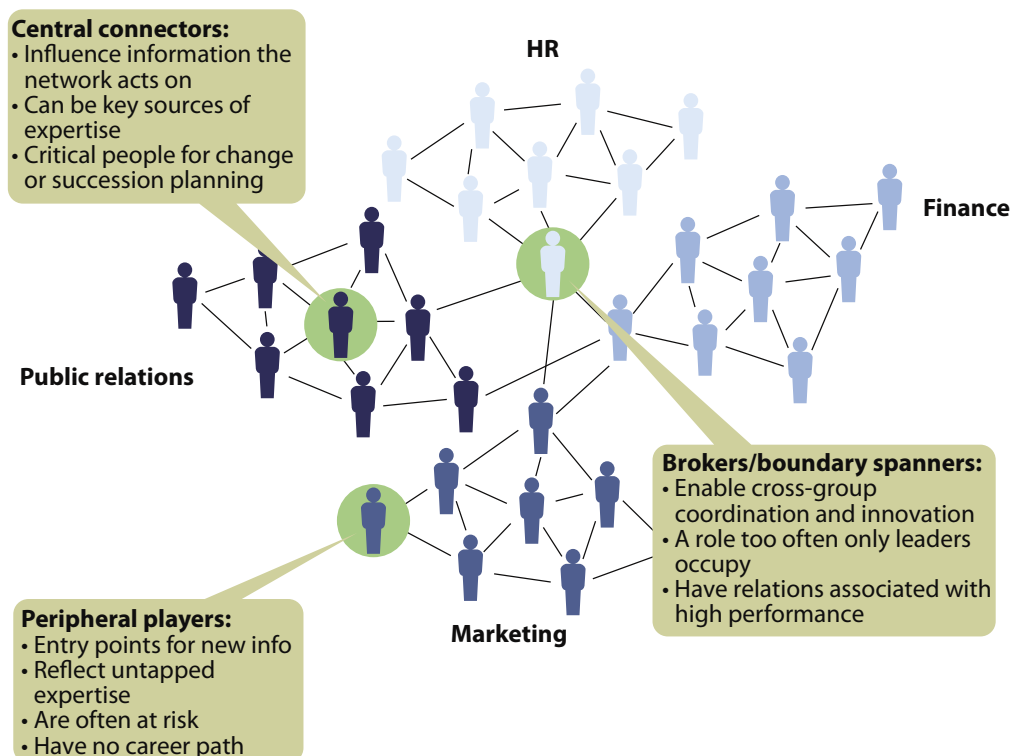
- **Alumni programs: a fertile ground for boomerang hires.** Firms frequently cite past employees who left the organization on good terms as great targets for new hires. Firms do not want to lose touch, for example, with women who left the organization to rear children, top performers who left to launch an individual venture, or people who left simply to pursue new opportunities. Careers are more and more fluid these days, and people rarely spend theirs with just one company. By implementing a corporate alumni network and keeping in touch with these candidates, you are more likely to re-engage with them when they choose to re-enter the workforce or make their next career move. Case in point — The Dow Chemical Company installed a corporate social network to better connect with alumni, retirees, and employees on leave.⁶ The intent of the program is to stay connected with these workers in hopes that they can be recruited into future openings.

- **Internship programs: Maintaining relationships is crucial.** Seventy-eight percent of college students expect to hold one or more internships prior to entering the professional world full time.⁷ These highly competitive programs target candidates from leading pre- and post-graduate programs and are only valuable if the right interns translate into new hires. Since so many younger workers join social networking sites, it is important for the corporate environment to provide tools they are accustomed to using. Not only will candidates perceive the organization as progressive, but they will also maintain relationships with mentors and peers within the organization, continue to learn about the culture and job opportunities, and enter the organization better socialized and with clear expectations.
- **Mentoring programs: Accelerate the trajectory of burgeoning leaders.** Retaining top talent is a corporate initiative because talent development is much more cost-effective than bringing in replacement talent. Mentoring is key to talent retention and succession because it can help define career paths, build real-world skills and competencies, and make the person being mentored, the mentee, feel more engaged with the company. Corporate social networking will not replace the personal touch requisite to mentoring, but it does extend and augment the reach and availability of mentors and mentees across the organization regardless of geographic dispersion. In fact, many progressive firms align sales and marketing folks with their offshore engineers via these networks to informally contextualize development efforts with real customer objectives.
- **Collaboration: Enable just-in-time learning.** Instructional designers and learning executives cite that 80% of learning is accomplished informally through on-the-job training, coworker interaction, mentoring, and by employees searching and discovering relevant information through various corporate systems when needed.⁸ Corporate social networks can enable communities of practice and help foster informal learning interactions by connecting people regardless of geography, providing employees access to the information they want when they need it, and promoting collaboration within the workforce.⁹
- **Onboarding: Reducing the time to productivity socializes new hires.** Today's solutions for onboarding are largely tactical and automate things like forms completion, provisioning, and making sure the new hire has a phone and computer. These solutions do not address the socialization aspects of onboarding that are key to reducing the time to productivity and increasing retention rates. Corporate social networking should be integrated into the onboarding process to help new employees build relationships, learn what others do in the organization, and understand the "tribal" knowledge that is undocumented but available in well-established corporate social networks. A corporate social network should augment, not replace, the personal touch during the onboarding process.
- **Recruiting: Broaden the reach of your referral network.** It's no secret that employee referrals are one of the best sources of new hires. Referred candidates are better fits culturally, produce sooner on the job, and stay with the company longer. Although social corporate networks are

typically limited to the employee population, they can also extend outside of the firm. This means that firms can invite potential hires to segmented areas of the network so that they can interact with the firm. If employees are given the ability to invite others, the referral network's breadth and depth will grow.¹⁰

- Understanding the relationships within your organization.**¹¹ Implementing a social network is only the tip of the iceberg, but by analyzing and visualizing your corporate social network, you can gain key insights into your organization (see Figure 1). For example, corporate social network analysis provides you with new data to understand the productivity or underperformance of teams by identifying the relationship structures. Top performers' networks can be analyzed, modeled, and ultimately emulated by new up-and-comers within the organization to ensure they have the appropriate network for success. These maps also identify key knowledge holders within the organization who should be aggressively retained, and identify key relationships across geographies, divisions, and teams that, if broken due to turnover, would splinter the organization. Further, this type of network analysis allows you to visualize a merger or acquisition to introduce key personnel to one another, which bridges networks and knowledge sharing.

Figure 1 Example Of A Mapped Network



Source: McIntire School of Commerce at the University of Virginia

45397

Source: Forrester Research, Inc.

CORPORATE SOCIAL NETWORKS FOR BUSINESS ARE EVOLVING

Corporate social networks in the context of HR processes are emerging as packaged applications and as extensions to talent management solutions. Today, people are creating private groups on popular social networking sites like Facebook and LinkedIn. In the future, these sites could alter their business model so the technology platforms could be deployed in corporate settings as private-labeled social networks. The emergence of these technologies can be classified into three categories (see Figure 2):

- **Targeted solution providers.** Targeted solution providers market their products to address particular business issues. Within HR, these include mentoring, recruiting, alumni networks, learning, onboarding, and collaboration. A sampling of vendors in this space include Conenza, Connectbeam, IBM (Lotus Connections), Mentor Scout (a division of Nobscot), Mzinga, and SelectMinds.
- **Adjacent solution providers.** Performance management, learning management, and to a lesser degree, recruiting vendors are introducing social networking and Web 2.0 functionality into their products. For example, performance vendors include features like profiles where employees populate work experiences, skills, and more informal information about themselves that can be consumed by others within the organization. Learning vendors include various collaboration tools, and some recruiting vendors allow users to tap into their existing social networks to source new hires. A sampling of vendors in this space include Jobvite, SuccessFactors, and Taleo.
- **Platform players.** Firms are using existing social networks like LinkedIn for recruiting and Facebook for marketing initiatives. The publicly facing social networks have built extensive platforms, and it is not a stretch to imagine them packaging their technologies for private corporate use. In addition, these providers are encouraging the formation of developer communities to build out applications in an open source environment. A sampling of vendors in this space include Facebook, LinkedIn, and XING.

Figure 2 A Sampling Of Corporate Social Network Solution Providers

Targeted solutions providers	
Conenza	Conenza primarily implements social corporate networks to support alumni recruiting efforts.
Connectbeam	Connectbeam offers corporate social networking and a knowledge management network appliance targeted at firms that are resistant to SaaS offerings.
IBM (Lotus Connections)	IBM recently announced its latest service offering called Enterprise Adaptability that is designed to use collaboration and social computing to maximize employee productivity. Although the offering is technology-agnostic and can rely on existing customer technologies, if pushed, IBM would be happy to recommend and install its software.
Mentor Scout (a division of Nobscot)	Mentor Scout is a mentoring solution that uses social networking techniques to connect mentors and mentees within an organization.
Mzinga	Mzinga offers workforce 2.0 for onboarding and recruiting, and learning 2.0 products to support collaboration. The company also offers its social networking capabilities to marketers to create partner and customer communities.
SelectMinds	SelectMinds provides corporate social networks focused on alumni programs, affinity groups like women or minority groups, recruiting, and collaboration.
Adjacent solution providers	
Jobvite	Jobvite offers a recruiting solution based on social networking that endeavors to incorporate all employee networks into the recruiting function.
SuccessFactors	SuccessFactors provides performance management and compensation solutions. Its ULTRA release of performance management includes employee profiles with user-generated content that can be updated and searched by the community, tagging of skills, and interactive seating and organizational charts.
Taleo	Taleo provides recruiting and has recently made its performance management solution generally available. Within its performance management solution are collaboration tools and the ability to build and search user-generated content.
Platform players	
Facebook	Facebook is arguably the leading social network, on which many companies are creating profiles for recruiting and marketing. It could easily “white label” its solution for corporations.
LinkedIn	The leading professional network that just recently monetized its community through paid job postings and more pinpointed searches for payers. Another platform that could easily go private.
XING	XING, a German-based business social network site, could leverage its platform to create a corporate social networking solution.

45397

Source: Forrester Research, Inc.

RECOMMENDATIONS

APPROACH CORPORATE SOCIAL NETWORKS NARROWLY, AND THEN EXPAND

The broad adoption of social corporate networks is still in its infancy, and as with any emerging technology, many organizations are leery of being the guinea pig. To mitigate this risk, business process and applications professionals should:

- **Define specific business issues to drive adoption and acceptance.** Social networking may not be welcomed initially by executives and legal departments because it does introduce risk and may be perceived as an unproductive widget rather than a revenue-generating or cost-savings tool. To mitigate these objections, choose easily measured initiatives, like recruiting, to prove value. In fact, one leader at a large investment bank said if six people were hired via their alumni network, the system would more than pay for itself.
- **Understand the culture and prepare to change it.** Facebook, MySpace.com, and YouTube may be the new rave on consumer-facing Internet sites, but do not expect your employees to impart business knowledge as gratuitously as people do their vacation pictures. Why? Because in business, knowledge is power and equates to status, and ultimately a larger paycheck. You must create a culture of collaboration by recognizing and rewarding those who contribute the most and are sought after as subject matter experts. Executives and managers also need to lead by example because if they aren't using these tools, then other staff won't.
- **Assemble a cross-functional task force.** Corporate social network initiatives involve corporate communications, HR, IT, and marketing to name a few. Ownership of the initiative is a common question, and we recommend a taskforce approach comprised of a small, dedicated team with broad influence and seniority.
- **Select a partner with practical experience.** Your chosen vendor should not be a software shop exclusively. Instead, it should have a strong services and consulting arm to aid in the change management and adoption challenges inherent with any new paradigm of doing business.

WHAT IT MEANS

PACKAGED APPS VENDORS WILL LAG BEHIND THE INNOVATION CURVE

Formalized corporate social networking is undoubtedly in an early evolutionary phase. There are very few organizations formally engaging at this stage, and the technology has not yet been fully embraced by established enterprise application vendors and platform providers.

So how is this going to play out? The packaged apps you already own (or rent) will add these features slowly — very slowly. The best of the new startups in corporate social networks will drive innovation for early adopters. Larger established application vendors, including Oracle and SAP,

will lag well behind innovators in this space, eventually acquiring capabilities if user adoption continues to escalate. Smaller software-as-a-service HR application vendors will incorporate these features into their solutions at a quicker pace than the enterprise resource planning vendors, but for the short term, we expect firms to stick with existing technologies, like Microsoft SharePoint, as these other products mature and prove their return on investment for targeted projects.

Adoption of social technologies within your firm will largely depend on the organizational culture and the pressing business issues you are trying to solve. If you would like to embrace corporate social networks, we recommend that you focus on the problems and how a corporate social network could aid in solving the problem, rather than focusing solely on technology.

SUPPLEMENTAL MATERIAL

Companies Interviewed For This Document

Deloitte	SuccessFactors
Goodwin Procter	Taleo
SelectMinds	The Dow Chemical Company Jobvite

ENDNOTES

- ¹ In November 2006, IBM introduced the idea of an “InnovationJam,” where it virtually connected all of its employees, business partners, academics, and clients to view their ideas and technologies in hopes to find new, practical applications. Source: “IBM Invests \$100 Million in Collaborative Innovation Ideas,” IBM press release, November 14, 2006 (<http://www-03.ibm.com/press/us/en/pressrelease/20605.wss>).
- ² Corporate social networks are packaged applications that are used to create closed social networks within a company. The main differences between a social corporate network and a public social network are the types of information shared and the fact that the company controls who has access to the network. These networks enable traditional relationships and professional relationships by providing a technology platform.
- ³ Source: Charlene Li and Josh Bernoff, *Groundswell: Winning in a World Transformed by Social Technologies*, Harvard Business Press, 2008.
- ⁴ The “Millennials” — those born between 1980 and 2000 — have an innate ability to use technology, are comfortable multitasking while using a diverse range of digital media, and literally demand interactivity as they construct knowledge. See the September 30, 2005, “[Get Ready: The Millennials Are Coming!](#)” report.
- ⁵ Source: Forrester’s North American Technographics® Media And Marketing Online Survey, Q3 2007.
- ⁶ Source: Ed Frauenheim, “Social Revolution: A Wired Workforce Community,” *Workforce Management*, October 22, 2007.

- ⁷ Internships are used by companies to recruit promising college and post-collegiate hires. Source: Lisa Belkin, “Who Will You Be This Summer?,” *The New York Times*, January 6, 2008.
- ⁸ Forrester investigated the impact of informal learning in the corporate training environment. See the August 13, 2007, “Informal Learning Connects With Corporate Training Programs” report.
- ⁹ A community of practice (CoP) is an internal site developed for a specific group within an organization to share knowledge and information. A member is tasked with CoP leadership. See the August 13, 2007, “Informal Learning Connects With Corporate Training Programs” report.
- ¹⁰ Firms are increasingly using social networks to enhance recruiting efforts. See the October 24, 2007, “Social Computing Moves Into Recruitment” report.
- ¹¹ Rob Cross, an associate professor in the management department of the University of Virginia’s McIntire School of Commerce, has studied social network analysis for more than a decade. He has applied his research and findings to many organizations to help them better understand how their networks affect talent management, innovation, revenue growth, and cost containment. Source: Rob Cross (<http://www.robross.org>).

FORRESTER®

Making Leaders Successful Every Day

Headquarters

Forrester Research, Inc.
400 Technology Square
Cambridge, MA 02139 USA
Tel: +1 617.613.6000
Fax: +1 617.613.5000
Email: forrester@forrester.com
Nasdaq symbol: FORR
www.forrester.com

Research and Sales Offices

Australia	Israel
Brazil	Japan
Canada	Korea
Denmark	The Netherlands
France	Switzerland
Germany	United Kingdom
Hong Kong	United States
India	

For a complete list of worldwide locations, visit www.forrester.com/about.

For information on hard-copy or electronic reprints, please contact the Client Resource Center at +1 866.367.7378, +1 617.617.5730, or resourcecenter@forrester.com. We offer quantity discounts and special pricing for academic and nonprofit institutions.

Forrester Research, Inc. (Nasdaq: FORR) is an independent technology and market research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. For more than 24 years, Forrester has been making leaders successful every day through its proprietary research, consulting, events, and peer-to-peer executive programs. For more information, visit www.forrester.com.