How Social Media Can Boost Profits

Social Media can work wonders in internal corporate communications and boost the bottom line, as long as the message comes from the heart.

Stein Ove Fenne’s Facebook page is accessible to both personal and professional “friends” on the social network site. Without even sending him a friend request, one can see his latest photos, and that he’s married to Trude. One can also see that he lives in Windermere, Florida, close to where he got his MBA at Rollins College in Orlando. And just below his profile picture, one can see his current employment status: President, U.S. & Canada at Tupperware Brands Corporation.

“Social media is the extension of who I am,” says Fenne, “On Facebook, which is the main platform for communicating with consultants, I am Stein Ove – the private person, I am not Tupperware. I have my private inspirations, thoughts and pictures. This builds authenticity and helps consultants feel that the person they see on Facebook is real.”

As a senior executive, Fenne’s openness and
personally. Facebook. Fenne responded to the comments region to participate and to post live comments on the soccer-mom sales consultants from the Nordic his staff playing the role of talk show hosts, inviting webcasts originating from his office, with Fenne and Tupperware Radio Show”. These were essentially Nordic, used social media to create “The his stint as managing director of Tupperware internal social media infrastructure, Fenne, during his time sales consultants to sell their products; “soccer moms” - the stereotypical technophobic housewife. Instead of ploughing bundles of cash to build internal social media infrastructure, Fenne, during his stint as managing director of Tupperware Nordic, used social media to create “The Tupperware Radio Show”. These were essentially webcasts originating from his office, with Fenne and his staff playing the role of talk show hosts, inviting the soccer-mom sales consultants from the Nordic region to participate and to post live comments on Facebook. Fenne responded to the comments personally.

The results were impressive: over a three-day weekend in January 2010, one such Tupperware Radio Show generated €500,000 of new sales. The cost of the necessary bandwidth to connect consultants across the Nordic region was just €6,000.

An authentic leader

Tupperware’s success was a resounding endorsement for the use of social media within the company, but two criteria have to be met if one is to replicate the Tupperware story: enough social capital must be built up, and an authentic leader who galvanises the community must be evident.

“For the short term, executives can really sound out and gauge and perceive the emotional climate of the organisation,” says Huy. “Based on the kinds of perceptions of the current emotional climate, they can put in measures such as social media in order to develop social capital. And only in the long-term, when emotional capital has been developed to an exceptionally high level that they can think of deploying fancy social network procedures and make them successful.”

For Tupperware, Fenne was that authentic leader who built enormous emotional capital in his four-year stint at Tupperware Nordic. Fenne inherited a system where distributors and sales consultants were almost never invited to the headquarters. He not only established personal relationships with them by inviting them over, but also gave them the VIP treatment that stood out against the egalitarian Scandinavian business culture. Business partners were impressed with Fenne’s efforts, and Fenne built on that by regularly communicating his – and Tupperware’s – appreciation for them through podcasts, emails, and blogs.

“If the community is led by a person or a group of persons who are believed to be authentic,” says Shipilov, “that is, whose actions or beliefs, whose statements in the physical world and the virtual world are aligned, then people will follow. And people will give the benefit of the doubt, and people will work within that community, with the leaders of those communities to build [the three pillars of emotional capital] pride, attachment, and fun.”

As for the all-important bottom line, Shipilov has this to say: “You need to build communities first, and then money will follow. If you use social media to get the money without building the communities with emotional capital inside, money will not follow.”

Quy Huy is Associate Professor of Strategy at INSEAD and Director of the Strategy Execution Programme, part of INSEAD’s portfolio of executive education programmes

Soccer moms v IT engineers

In their research for Communities First, Money Second: Using Social Media to Build Emotional Capital in Your Organisation, Huy and Shipilov surveyed over 1,000 executives, and conducted studies in 34 companies. Two companies were shortlisted for comparison: Tupperware and TEKCO (company name disguised to preserve confidentiality).

TEKCO is a high-tech IT company which made substantial investments in social media for internal usage. Given the nature of company’s business and the abundance of IT engineers, the company had a wealth of technical knowledge on how best to leverage social media to “flatten” their organisation and facilitate cross-unit communications. However, TEKCO executives made several key mistakes, the worst one being their decision to let their assistants work on their blog posts. Assistants were also in charge of managing comments on the blogs, responding as they deemed fit. It soon became obvious that executives were not the ones posting their own blogs, leading to cynicism from the rank and file. Needless to say, the whole initiative fell apart.

Tupperware, on the other hand, hire mostly part-time sales consultants to sell their products; “soccer moms” - the stereotypical technophobic housewife. Instead of ploughing bundles of cash to build internal social media infrastructure, Fenne, during his stint as managing director of Tupperware Nordic, used social media to create “The Tupperware Radio Show”. These were essentially webcasts originating from his office, with Fenne and his staff playing the role of talk show hosts, inviting the soccer-mom sales consultants from the Nordic region to participate and to post live comments on Facebook. Fenne responded to the comments personally.

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Authenticity is not the same as the commitment to authenticity as a leader is crucial when deploying social media within an organisation. And in today’s “virtual” world, “authenticity” is what counts. In their research paper on deploying social media within organisations, INSEAD Associate Professors of Strategy Quy Huy and Andrew Shipilov identified “authenticity” as the most important of four pillars – Authenticity, Pride, Attachment, Fun – that make up Emotional Capital (EC).

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