



## Enhance Your Contract Value with Social Media

**Frenetic social media engagement can increase your value, compensate for performance weak spots and even serve as a great retirement plan.**

It became known as the billion dollar tweet. Elon Musk, the serial entrepreneur and founder of Tesla fired off a post to Twitter on March 31<sup>st</sup> last year that was responsible for a \$900 million boost to Tesla’s market capitalisation just 10 minutes after its appearance. In the Tweet, in which he only used 115 characters out of a possible 140, he announced that the company would unveil a new product line in April. That product line was eventually revealed to be the Powerwall battery and he even teased ahead to the announcement with a tweet and photo of one the day before he appeared on stage to show it off.

Musk’s legendary social media presence is a big reason he’s so good at raising money. Twitter has become his defacto stage for revealing audacious plans and advocating for changes in the way human beings live their lives. His 3.22 million followers frantically retweet his photos of space rockets and the famed Hyperloop, which aims to shoot commuters across California through pressurised tubes.

He has no qualms about revealing his thoughts or plans ahead of completion, which actually builds momentum for funding and interest, enhancing the value of his enterprise. Musk’s value doesn’t come from tenacious social media engagement alone, it’s also built on a strong track record, but it certainly helps to generate attention and drive investor

interest in his next big venture. Together, his performance and his social media activity make him more valuable.

### **The right mix**

Musk’s approach is similar to that of sports stars. In a recent paper, **Score a tweet and post a goal: Social media recipes for sports stars**, we found that field performance is not the only ingredient to a star’s market value. In fact, players who actively engage on social media platforms and attract millions of fans can benefit from exorbitant contracts. We argue that these findings can also apply to business executives.

Our analysis shows that influencers can cook up a good contract using different recipes depending on their circumstances. The highest contract value requires a full package. In our sports study, this means that the star is young, has a high number of goals and assists (helping other players score) and is highly active on Facebook and Twitter. If a young player is not such a high scorer, he can make up for it with frenetic Twitter activity.

Older players (considered over 25 in sports), however, have to play a tougher game. They must excel in all conditions in order to get a high contract value, playing hard on the field and scoring goals as well as interacting heavily on Facebook and Twitter.

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Young players are able to get away with fewer goals. A good example is Eden Hazard, a 23-year old Belgian professional footballer who plays for Chelsea. His value is higher than older players such as Edinson Cavani, a 27-year old who plays for Paris Saint-Germain. We also found that retired players can use social media to stretch their sports careers even after they've left the field. With the help of millions of followers, their exposure becomes an asset for negotiating advertisement and sponsorship contracts.

### The three powers

Throughout our study, we also came across ways that stars can maximise their social media engagement. We offer a framework of the three powers of social media that might prove useful for leaders, influencers and global athletes. The first is the power of informing. Fans expect information about their stars' personal lives and this desire presents an opportunity to generate interest around engagements and counter negative press. While paparazzi and gossip columnists can easily spread unsolicited information about players that harms their reputation, social media enables them to respond quickly, especially important for executives and corporate reputation management.

Secondly, the more interaction, the better. Engaging in conversations with followers has a positive influence on the number of followers and "likes", which helps to build relationships with followers and attract potential sponsors. Using more platforms also helps as different social media sites serve different functions. Twitter provides a mechanism for real-time interaction, while Facebook provides a channel to enrich followers' experiences. Stars who get the most out of social media use both. Stars, should, however, be careful about expressing political views. While they generate a strong reaction, they can also generate a lot of criticism from fans who may hold opposing opinions.

Third, social media augments a star's ability to inspire. In the offline world, stars can inspire fans to attend live games and events. But on social media platforms, stars aren't limited by their location or activity and can provide a variety of appealing content. Cristiano Ronaldo is a master in this regard, posting photos from soccer matches, training, meetings, events and even videos. He even posts apologies for bad plays and personal photos of friends and family. In the business arena, Richard Branson does well here too, posting updates on his business engagements, but also causes and even complaint letters, which he personally responds to.

The strength of a star's inspiration, however, also depends on informing and interacting. One can only inspire if they commit to regular updates and

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interactions.

Business executives can learn from these findings but they must work even harder than sports stars. Note that football stars are already conferred celebrity status upon good performance given the proliferation of sports media and their arrival on social media is widely covered and sought after. Take the example of David Beckham, the retired English football captain, whose Instagram account was the fastest to reach five million followers, in just three days. Prominent business leaders can expect a good following if they're already well-known in the business press, but their value will be driven by their ability to influence potential partners and clients outside the company and how well they can influence employees inside the company. Social media can **complement a leader's effectiveness** and enhance their value if done well.

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