
The Decision-Making Edge of Social Business



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Social media is helping consumers make better purchasing decisions, but it can give companies greater insights to help them make better business decisions.

Social media's explosion in recent years has been due in large part to its ability to help consumers make better purchasing decisions (BPD) faster. Through social media, consumers can browse product reviews, consult blogs or even watch live demonstrations on YouTube. And, if no information is available about a particular product, they can directly ask their network, or people at large, for advice and recommendations.

Over time, a consumer-induced body of collective knowledge and intelligence about products and services has organically grown which is easy to access and highly advantageous to consumers' purchasing decisions.

Social business: Making better business decisions (BBD) faster

In the same way that collective intelligence helps people make better and faster decisions in choosing the right product for their needs, businesses are

starting to realise they can create significant competitive advantage if they can access and leverage the right business know-how from their ecosystem at the right time. Organisations and businesses have a lot in common with people. They live and thrive in their ecosystems comprising myriad interconnected networks: clients, suppliers, employees, customers, partners, and so on. Businesses, like people, also engage in their own daily interactions: buying, designing, manufacturing, marketing, and selling the next product.

Yet, current social media channels offer limited capability for creating business knowledge, intelligence, and the know-how that could give businesses a better business decisions (BBD) advantage. Not only do businesses' ecosystems comprise many actors of varying size, scope and nature, they also have many types of relationships, such as supplier, partner or endorser. In addition, decisions made in business contexts are also very complex. They result from multi-party negotiations and require synthesising information and "connecting the dots" across many domains (for example legal, competition, social, etc). As a result, co-creation is much more iterative and interactive in business settings than in consumer ones.

Altogether, these disparities call for a much more profound integration of platforms specifically tailored to business ecosystems to facilitate crowdsourcing, knowledge creation and sharing as well as connecting and learning. As IBM, one of the initiators of the social business revolution, puts it, businesses should embrace new social and technological tools to fully become social businesses.

Social business and the creation of a BBD advantage

Social business refers to the integration of social tools, technologies, and culture into both internal and external processes, practices, operations and management of a business. Transforming a business into a social business simply means creating choice-driven, open or closed online communities to bring together and seamlessly connect people (workforce, customers, and the public), businesses (suppliers, partners, associates, and stakeholders) and expertise (business knowledge, intelligence, and know-how). This enables businesses to create new value by engaging members of different communities to collaborate and innovate new products and services, co-create and build collective knowledge and intelligence, better apply their diverse expertise to solve challenging problems, and learn from each other faster, transcending time and place.

In the end, the social business revolution leads to the emergence of businesses that are more connected, adaptive and intelligent, capable of building greater brand loyalty and recognition through designing and making better products and services, and offering greater value to its customers and the society.

To illustrate, consider Threadless, a company that successfully carved a unique BBD advantage for itself by becoming almost entirely social. The company, a popular T-shirt production service, allows anyone to submit a design for its T-shirts through their own platform. It uses social media external channels to build interest and draws the keen ones into their internal software platform where they submit their designs and interact with other customers and members of the Threadless team in multiple ways through different communities. For instance, communities can co-create a new design or vote on different designs and on which ones get produced. This strategy proved successful as Threadless built a global community of over 2.5 million enthusiasts and designers, who submitted more than 500,000 designs, and approximately 5,000 have been produced to date, raising revenue from US\$6 million to more than US\$30 million between 2005 and 2012. In other words, the Threadless Social Business model created the BBD advantage through crowdsourcing: accessing crowds of very-low cost enthusiasts, getting wider input of new ideas, enabling faster design, selection, and response time to business needs. And, recognising its strength in its unique organisation around social technologies, Threadless recently decided to refocus on its original social DNA and close physical retail stores. Overall, Threadless, has given back over US\$8 million to its designers and expanded its offerings from T-shirts to producing other goods such as pillows, pet stuff, shower curtains and others.

The transformation of a business into social business

While some businesses such as Threadless, rely on their own platforms to integrate their activities online, other social business platforms offer a space to transform a business to social business. Examples of such platforms include Microsoft Yammer, IBM Connections, Salesforce Chatter and Jive, which have developed social business software platforms primarily designed for internal collaboration and knowledge sharing. These platforms are successfully adopted by larger corporations with thousands of employees operating in multiple locations around the world. They allow creation of social-intranets enabling a more open interaction among the employees as well as creation and sharing of knowledge across the organisation

transcending time and place.

CEMEX, for example, a global provider of building materials with 47,000 employees in 50 countries, created an internal collaboration platform called SHIFT based on IBM Connections. In an effort to increase the use of alternative fuels in its plants, the company engaged 500 of their employees around the world in a collaboration community. According to the management, what they accomplished in six weeks would have normally taken them two years. Put differently, CEMEX created their BBD advantage through internal collaboration of their engineers.

Aside from large companies, small and medium-sized enterprises (SMEs) are often key to value creation. In China alone for instance, SMEs contribute 60 percent of the country's industrial output and create 80 percent of China's jobs. Compared with larger corporations, SMEs are embedded in complex networks of often smaller stakeholders, have fewer resources and rely more on external, open knowledge. In the SME ecosystem, small organisations, individual experts or influencers, NGOs and people alike often come together in interconnected communities of interest to engineer and improve products and gain both short-term and long-term competitive advantage. As a result, tapping into the crowds to create their BBD advantage (such as crowdsourcing) might prove an even stronger value creator than for larger companies. To meet these specifications, other social business platforms such as Xincus offer flexible and tailored social technologies to create interconnected private business communities in a marketplace to better meet the SMEs needs.

So what's next? The social business revolution is just beginning. In addition to connecting businesses and people to each other, social business platforms will create BBD advantages through connecting businesses with the right collective intelligence at the right time. In particular, SMEs should be keen on becoming social businesses as they can generate more value from their business ecosystem, relative to larger corporations. Overall, social business, while in its infancy, promises to have greater economic impact on businesses through innovation, new value creation, and increased productivity, and not only open new doors for the creation of new industries but also transform and revitalise the existing ones. Ultimately, all businesses will become social businesses, so why wait?



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