

Enterprise 2.0 and HR: Realizing the Potential

By Evan Metter, Vlad Gyster and Rob Lamson, Towers Perrin

A great deal of enthusiasm has surrounded “Enterprise 2.0” since Andrew McAfee coined the term in his 2006 article “Emerging Collaboration.” Countless blogs and conferences have sprung up in just a few short years to discuss the possibilities and realities of this new technology. To be sure, Enterprise 2.0 represents enormous opportunity. But today, opportunity is not enough. The current economic climate demands that companies examine any potential investment with a critical eye. Budgets are tight and a measurable value must be wrung from every dollar spent.

At the same time, most successful companies do not let a downturn derail their pursuit of long-term goals. Instead, they use these moments as a chance to position themselves for a leap forward when things turn around. Steve Jobs famously proclaimed during the 2001 recession that Apple would eschew layoffs and instead innovate its way through it. Companies everywhere are now being faced with the same kind of decision, and those intent on building a dynamic and agile work force during this period are taking another look at Enterprise 2.0 tools.

Yet, the reality today is that the pure “2.0 networked” company is still a mythical animal. While it is not difficult to find case studies of successful social networks within a group or function, they only tell part of the story. Lockheed Martin is an outstanding case of thoughtful tool design, serious investment in technology, customized programming, process integration and a deliberate adoption program. However, after nearly two and a half years of work, they have only a third of their 150,000 employees set up and working with the tools. What’s more, this group of active users is confined to one out of the four groups within the company. Lockheed is clearly on route to Enterprise 2.0 success, but why is this success still so compartmentalized?

This is just one example of a forward-thinking company that is committed to changing the way it works with the help of Enterprise 2.0 tools. The list of organizations moving the needle on Enterprise 2.0 spans across industry and geography. Some of the most powerful case studies include Dow Chemical, Pfizer, McDonalds and Nissan. However, all of these cases seem to struggle with the same challenge – replicating successful adoption in one group throughout the rest of the organization. This will undoubtedly be the next challenge for currently enabled companies and future adopters. In a word, scale will be the key to maximizing their investment.

Most insiders agree; organization-wide success with Enterprise 2.0 requires a unifying thread, a cohesive force, tying diverse parts of the business together. It is our guiding belief that this force is already sitting untapped within all of these organizations. What’s more, this force is often unaware of its own potential. Of course, we are talking about HR.

Without the active support of HR, the potential of Enterprise 2.0 cannot be fully realized. In this article we will demonstrate the central role HR has to play in communications and change management of this new technology, i.e., the what. We will show how Enterprise 2.0 can be used by HR to meet a number of strategic goals such as employee engagement and human capital planning, thereby creating value to the organization as a whole, i.e., the why. Additionally, we will address how HR can mitigate a number of concerns that are often voiced regarding the implementation and use of this technology, i.e., the how.

The What: HR as an Enterprise 2.0 Enabler

If there is one strategic challenge that HR should tackle to help Enterprise 2.0 implementations become sustainable and successful, it is *change management*. Nearly everyone who has been involved in setting up a wiki, blog, or social network within a company will tell you the same thing – getting the technology to work is the easy part, getting people to change is much harder. This maxim is true for all technology implementations; there is a direct relationship between the degree of people change required and the risk of failure – as the former increases, so does the latter (see Figure 1). In fact, studies by META Group, GartnerGroup, Standish Group and *DM Review* highlight several stark statistics regarding the difficulty of implementing strategic initiatives and projects:

- Ninety percent of initiatives often underestimate size and complexity;
- Forty-four percent have cost overruns of 10 to 40 percent;
- Only 16 percent consistently meet scheduled due dates; and,
- More than 70 percent of all projects, including strategic initiatives, are canceled or have major problems before completion.

The biggest mistake that the architects of an Enterprise 2.0 implementation can make is to underestimate the size of the cultural change required to make these tools truly “stick.”

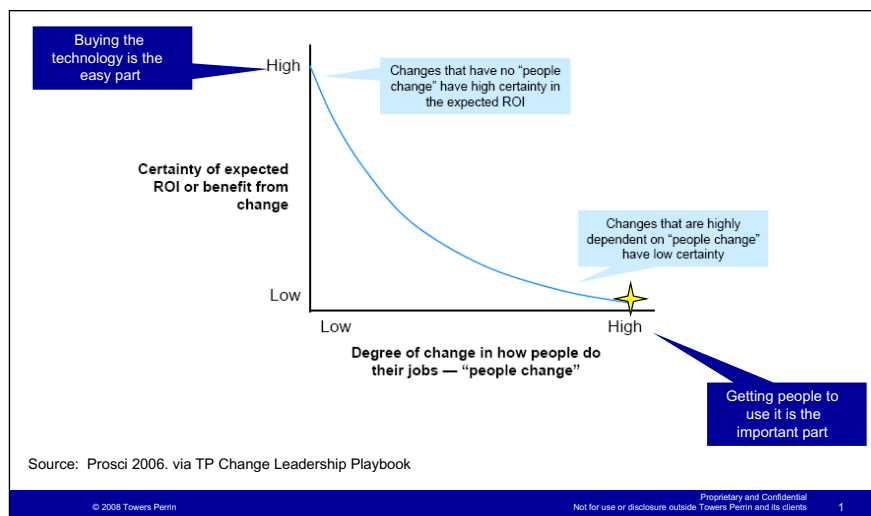


Figure 1. Enterprise 2.0 Deployment Means People Change.

The biggest mistake that the architects of an Enterprise 2.0 implementation can make is to underestimate the size of the cultural change required to make these tools truly “stick.” That is because a significant cultural change is at the heart of the tool: the change from information hoarding to information sharing and a shift from a culture where pursuing narrow interests is rewarded to a culture that recognizes the value of broader collaboration.

You must pull all the behavior levers available to affect this kind of change. This includes changing the way contribution is measured, changing incentive schemes and changing performance management. It also means changing the way communications are made and how feedback is harnessed. In short, it is a cultural change, fitting squarely on the shoulders of the HR function.

In the best of circumstances, HR is the engine behind company culture. During the hiring process, HR is responsible for selecting candidates with the right set of skills and knowledge and the personal characteristics that will help them operate and thrive within the culture. Human Resources also helps set the standards for behavior once a candidate becomes an employee, and it is central to the termination process when an employee acts outside the rules and cultural norms.

In addition, because it often plays the key organizational communications role, HR defines and reinforces the language used within an organization. Its central responsibility for recurring organization-wide tasks such as performance management, merit review, and benefits enrollment means that it is one of the few functions that crosses geography, business unit, division and employee rank. As such, HR is in the perfect position to help drive the cultural change required to embrace the opportunities offered by social media. Here we have re-discovered our built-in, natural change management function.

When Starbucks Corporation launched its internal network, it was accompanied by the biggest employee outreach that HR had ever orchestrated. Human Resources teams preparing for these launches must think beyond churning out the traditional announcements and look to new modes of communication, including collaboration playbooks, working with interactive media to deliver training, and creating targeted messaging and dynamic communication strategies. Furthermore, HR must be savvy about nurturing pilot user groups, capitalizing on “teachable” moments as opportunities to spur the network’s growth and engaging managers at every level of the organization with meaningful metrics and analysis. These are the key competencies that will spell the difference between a good deployment and a great one.

The Why: Enterprise 2.0 as an HR Enabler

Though an Enterprise 2.0 implementation has benefits for the company as a whole, its specific impact on HR should not be overlooked. This collection of highly flexible tools can drastically improve the efficiency and effectiveness of HR strategy and service delivery while making the most of scarce budget dollars.

Though an Enterprise 2.0 implementation has benefits for the company as a whole, its specific impact on HR should not be overlooked.

To demonstrate this point, we highlight several common HR priorities from real client experiences and explain how these tools can be a much needed “game changer” in pursuit of these goals.

Employee Engagement

Several studies, notably Towers Perrin’s 2008 Global Workforce Study, have linked higher employee engagement with improved bottom line results. Time and again, we’ve seen strong evidence that Enterprise 2.0 tools directly impact employee engagement. A few years ago, Best Buy Corporation launched a social network called blueshirtnation.com. Today, the network has 20,000 users connecting and interacting through social networking and discussion boards. The hard metrics prove the point about engagement – while the overall turnover rate at the company is 60 percent, the turnover rate for individuals using the site is just eight to 12 percent.¹

Expert Identification

Social network profiles are a well-established means of identifying skill-sets that might have otherwise gone unnoticed and underused. User profiles that combine project experience, skills, competencies, colleague recommendations (as seen on LinkedIn), interests, and availability can be used by project managers, internal recruiting or simply by an employee looking for a helping hand. In addition, posted materials, blogs, and wiki contributors are all linked to the individual who created them, so searches for a skill-set or expertise can be conducted by following the trail of useful information back to the originator. For example, Starbucks used its social network to find native Czech speakers to help open new stores in the Czech Republic.

Employee Communications

Enterprise 2.0 also represents an opportunity to engage in real, large scale, two-way dialogue with employees that has not been previously possible. One consumer electronics chain planned to eliminate an employee discount on the purchase of high-cost electronics. While the benefit was not expensive, it was not being used by many employees. In response, employees vigorously voiced their displeasure on the network, which prompted management to revisit the decision. In the end, the company retained the benefit – a decision that was met with an outpouring of positive feedback and support. This is a sterling example of how an equipped management team can use these tools to avoid costly mistakes.

Engaging Your Future Contingency Work Force

Today, when employees leave an organization, they are cut off from intranets and other corporate communication vehicles. Companies can explore using a social network to open a channel of communication and engagement with their retirees or their seasonal work force. The benefits of such a channel are numerous, including acting as a source of mentors, contingency workers, ongoing expertise, and even idea validation/generation. Dow Chemical experienced a great deal of early success with a social network deployed for the purpose of recruiting and communicating with its retirees. Dow reported high engagement among its users with the rate of returning users running as high as 95 percent.

The Next Frontier

Examining what is working for HR today provides a good indication of where things are headed. Through our experience with the evolution of HR technologies, we can anticipate that the next likely areas for HR will be further up the value chain in disciplines such as Human Capital Planning and Measurement. Human resources organizations that have already started down the Enterprise 2.0 path will soon be branching out to these emerging areas.

Human Capital Planning

Human capital planning is about knowing who you need, who you have and where they want to go. When combined with 360-degree performance management data and learning and development data, an employee’s social networking

**Human capital
planning is about
knowing who you need,
who you have and
where they want to go.**

profile – including self-nominated data such as professional interests – can add valuable input for HR departments looking to accurately chart career pathing and even succession planning. Human resources departments can more accurately understand their current work force while also forecasting skill gaps, and adjust recruiting and training and development efforts to address the present and future needs of the company.

Measurement

Enterprise 2.0 tools provide new opportunities to measure the work force. Equipped companies can analyze density, cohesion and connectedness of their employee networks through the use of Enterprise 2.0 tools. With real-time rating and feedback mechanisms, work products can be posted on the network and rated by colleagues. Furthermore, data can be gathered regarding personal and division ratings. Organizations can measure the "chatter" on the network to gain insight into volume and popular content as a way to understand their work force as they never have before.

What's more, these new tools provide an opportunity to not only create new metrics, but to enhance current metrics. For instance, HR service centers typically have data around the most frequent callers. When these data are analyzed in concert with the strength and composition of the callers' internal social networks, correlations may emerge. For instance, HR might discover that certain groups with weak cross-division social networks use the HR service center more frequently. These kinds of discoveries can lead the HR department to segment these groups and use different strategies with the aim of reducing call volume and HR service delivery cost.

The How: Avoiding Distractions

It would not be accurate to assert that HR hasn't been involved at all in Enterprise 2.0 deployments to date. Usually HR is seen as a necessary evil – a hurdle that must be overcome before the real work of deploying and harnessing Enterprise 2.0 tools can begin. Generally, if HR is consulted at all, its role in these projects is limited to risk management and governance concerning questions such as:

- How do we ensure our employees behave correctly while using these networks?
- What do we do if employees start discussing things we don't want them talking about?
- How do we make sure decisions are still going through the proper channels?
- How do we prevent these tools from becoming a distraction or a sanctioned time-waster?

Are these important questions? Yes, but to limit HR's involvement to these issues is to cast HR in far too narrow a role.

We realize that since Enterprise 2.0 technology is relatively new, there is skepticism to overcome. However, if we look at communication technologies introduced in the past few decades, we see the same concerns raised. Think back to the introduction of instant messaging, e-mail, FAX machines, copy machines and telephones. (Yes, there was once a time that HR feared putting a telephone on everyone's desk.) Now re-read the concerns in the paragraph above and substitute "e-mail" or "telephones" for "networks." Sound familiar? We imagine that if we tried to take away your e-mail now, we'd have a very difficult time doing so.

In order to allow HR to focus on its change management role in Enterprise 2.0, we must address the old distractions head on.

Concern #1: Data Security

This is often voiced as: "How do we prevent employees from sharing data with those who are not authorized to see it?"

How to address: Some software platforms can program active keyword alerts to prevent sensitive data from being shared with a wider audience. For example, if a team was working on a confidential project called "Blue Bridge" the system

Some software platforms can program active keyword alerts to prevent sensitive data from being shared with a wider audience.

could be programmed to identify any posting (blog, wiki, discussion forum, etc.) that contained those words. Depending on the application, this post could be delayed until a work flow administrator approved it. Alternatively, the author could be notified in real-time when the post did not conform to the site guidelines. The same types of keyword lists can be created to identify patient names (a key concern for health care companies), or identification/account numbers (for financial services firms). Additionally, site administrators can run regular reports to sweep the network for these types of keywords at any time.

Any reputable Enterprise 2.0 provider will be able to set privileges by employee role at the page level. This means that based on any number of pre-determined factors, e.g., job title, location, department, etc., employees can be restricted from viewing, editing or posting content by page. Again, Lockheed Martin, which takes its export control responsibilities very seriously, has programmed its system to flag any posts that need to be reviewed by its export control group before being posted. It even restricts the pages its U.S. employees can access if they are logging in from abroad.

However, while systematic protections exist, they will never completely solve the problem of employees sharing sensitive information outside a controlled circle. The issue is not new or unique to social media. Companies face the same challenges in the lunchroom and over e-mail. We believe that the issue of employee conduct and compliance is still, and will remain, a middle-management issue. We cannot absolve our management ranks from communicating appropriate data security measures and enforcing the rules consistently when they are broken.

Concern #2: Inappropriate Behavior

This is often voiced as: "Don't we risk employees posting offensive comments or inappropriate material? Is this another source for harassment claims?"

How to address: While any communication vehicle or public forum can be abused, there are several factors unique to Enterprise 2.0 tools that limit this risk. Firstly, in corporate social networks, all posts are attributable; there is no anonymity. Everything an employee says on the network is tied directly back to their name and face. Thus, employees will maintain the same type of caution and reputation management that takes place in offices now.

Again, there is little difference here than with e-mail. In fact, in some cases, these networks are safer than e-mail in the sense that they are community-monitored. If a community member encounters inappropriate content, they can report it and remove it until it is reviewed by an administrator. Therefore, the impact and longevity of inappropriate content can be greatly reduced.

However, the greatest testament to employee behavior on internal networking sites is the experience of first-adopter companies. Starbucks Corporation (see "Interview with Cara Beck" in this issue) reports that in the more than two years after launching their site, "My Partner Career," they have experienced only three instances of inappropriate use within a 160,000 person community – and these were the result of poor employee judgment, not nefarious motives. When you look at the demographic of a typical Starbucks barista and the fact that they are participating on the network outside of work, it is an impressive case study.

Concern #3: Time-waster

This is often voiced as: "Won't this just become another way for employees to waste time?"

How to address: Controlling employee productivity at work is still the job of the manager. Today there are no shortages of diversions for distractible employees. Unlike CNN or YouTube though, Enterprise 2.0 systems are filled with work-related content and conversations. Where would you rather have your employees spending their time? If managers suspect that an employee is spending an inordinate amount of unproductive time on the network, they should handle it the same way they deal with those who take excessive coffee or Web surfing breaks now.

Concern #4: Dealing with Dissent

This is often voiced as: "How do we prevent our employees from voicing dissent in the discussion forums?"

Controlling employee productivity at work is still the job of the manager. Today there are no shortages of diversions for distractible employees.

How to address: At the root of this question is the belief that allowing for dissent somehow weakens a company rather than strengthens it. Companies are complicated systems; decisions are not unanimous and different points of view are inevitable. Forward-thinking companies have found ways to handle these differences respectfully and thoughtfully rather than sweep them under the rug. The advantage of listening to employee dissent is well understood by the best leaders: often you learn something. The truth is that when there is no forum within a company to deal with disagreement, employees will find a forum outside in public spaces such as Glassdoor.com or Vault.com. The best thing a company can do is to become part of the conversation, and most importantly, listen and respond.

Get It Right the First Time.

Over the course of this article, we've sought to address challenges that companies face today with robust enterprise-wide adoption of social media. All indicators show that these tools are on their way in and are here to stay. The entrance of the New Millennial generation into the work force in the coming years will only drive this trend at an increased pace.

The Enterprise 2.0 questions facing CIOs and IT directors at the most progressive companies will soon shift from "if we should deploy" to "how broadly should we deploy" and "how do we ensure adoption." We'd propose an additional consideration during the cost/benefit analysis: "what is the cost of a lackluster employee response?" Or phrased differently, "what do you need to do in this economic climate to really ensure your investment and productivity assumptions pay off?"

Clearly, we believe that a well-thought-out change management program must be wrapped around the technology deployment, because at its heart, this is an employee behavior change. We have helped companies develop the right approach from the inception, and we've come in to trouble-shoot for firms wrestling with the results of neglecting this piece upfront. Getting it right the first time is certainly the universal preference.

We also believe that HR is the best (and perhaps only) natural agent to develop and deploy such a program. Human Resources has access to all employees at every stage of their employment life cycle. Human Resources can help the organization's Enterprise 2.0 strategy succeed, while also leveraging the tools to further enhance its own agenda and processes. But HR has to step up and insert itself into the initial strategy planning. Those HR leaders who feel that this may be beyond their team's capabilities should consider finding someone who has been through it before to jump-start the process and build expertise within.

In a survey of more than 400 senior HR executives conducted earlier this year, we found that in an uncertain economic climate, most companies were committed to pursuing a dual agenda of cost management and growth. Now that uncertainty has deteriorated into doubt and fear, we hope that HR and IT will sit down and think this through together to temper their near-term response to external forces with a clear vision and thoughtful decisions about the use of Enterprise 2.0 technologies. And, why not? It's in both of their long-term interests.

Endnotes

1 <http://www.computerworld.com/action/article.do?command=viewArticleBasic&articleId=9100658>

Evan Metter, Vlad Gyster and Rob Lamson are consultants with Towers Perrin and are based in Boston. They focus on helping clients meet their strategic HR challenges through managing technology, process and structural changes. They can be reached at evan.metter@towersperrin.com, vlad.gyster@towersperrin.com and rob.lamson@towersperrin.com.