



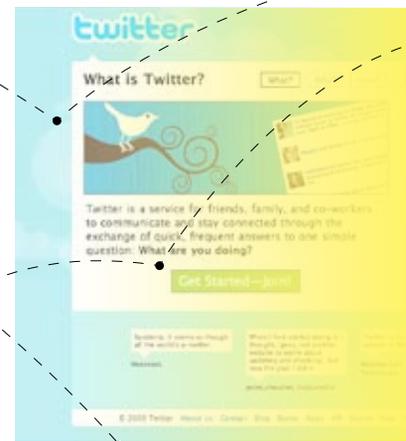
# BEYOND NETWORK

 STORY JOANNA MAXWELL

*“SOCIAL MEDIA MAKES LARGE COMPANIES UNCOMFORTABLE – THERE’S NO SENSE OF CONTROL. IT’S VERY DISRUPTIVE, AND WE’RE ONLY JUST STARTING TO SEE WHAT THE DISRUPTION WILL BE.”*

Strong words from Mark Pesce, futurist and honorary associate in the University of Sydney digital cultures program. He’s convinced (and he’s not alone) that social media heralds the start of a truly fundamental change: one most large companies have yet to grasp. “Power flows in large organisations will change; all their processes and marketing and advertising will change,” Pesce says. “Business as we’ve thought of it over the 20th century made it to about 2007 and then started to shudder. The wheels came off, and the thing that comes out the end in 2010 or 2012 looks quite different. The power flows in that business and how they’re talking to customers is all changed.”

Pesce sees three waves: sharing of media, knowledge, and



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# D I T T E R



power. The sharing of media and of knowledge is well under way, he says. “The third thing, the chasm that we’ve started to cross right now, is the sharing of power. I think those powerful forces are not going to go down without a fight, and it’s not going to be a fair fight – on either side.”

So, how are the players (large and small) lining up for this fight, what social media weapons are they using and what are the rules of engagement? On one side are small enterprises and micro-businesses, using social media to find and connect directly with customers – boutique wine sellers conducting global auctions through Twitter; recruiters using LinkedIn; entrepreneurs doing business in niche communities. Freelance project sites are now mainstream, with many jobs advertised as “Location: anywhere”. You can have a new logo or website, find a marketer or get your book typed, without ever meeting face-to-face.

Copywriter Paul Hassing has blogged for three years, but it was Twitter that really launched him. “In under six months, I’ve clocked 3000 followers and picked up fair dinkum paying

clients. At first, I was flogging everything: ‘Read this story, read this column, buy this T-shirt, go to Squidoo, and, oh, by the way, I’m a copywriter.’ But soon after I pinpointed the copywriting message, a guy approached me saying, ‘I’m re-doing my website – what are your rates?’” Hassing has now done four jobs for him, though they haven’t met.

Also growing fast is peer-to-peer (P2P) banking – put up your loan request and people bid to lend all or part. There are Australian regulatory hurdles, but both interest rates and defaults on loans are lower than for banks, as the community creates trust and transparency.

While many small businesses are yet to jump, it’s not a hard sell once they discover the possibilities. Prominent social network commentator and strategist Laurel Papworth sees the middleman disappearing in this new P2P economy. “If you can add value you’ll get money, but if you can’t, you will be disintermediated [cut out of the supply chain].”

Pesce loves the long-tail niche marketing potential of social media, citing micro-business examples like the DVD

*One Six Left.* “It’s footage of aeroplanes flying and landing. Beautifully shot, but that’s all. But [the director] knew his market, and he sold 30,000 DVDs into that market before selling the distribution rights. It’s easy to reach people – you go where they hang out on bulletin boards and link exchanges, and maybe seed a few copies to opinion makers.”

Medium-sized businesses are also using social networks by sourcing collaborators, sounding out ideas and raising their profile. Michael Field specialises in high-level e-commerce strategies and runs the Next Director group on LinkedIn. “The smartest way business can use social media is as a focus group,” he says, “If you listen respectfully, non-judgementally and with an open mind, you’ll learn a tremendous amount. The real asset is access to information, collaboration, networking. My customers are mid-size B2B organisations [so] it’s unlikely I’ll get a customer from Twitter, but it’s a terrific way to access resources and test ideas.”

It’s the large organisations that are finding it hardest to come to grips with social media. So far, their responses to the opportunities and challenges are mixed. Some have seized the new technologies. Deloitte, for instance, has embraced Yammer (internal microblogging), as well as blogs and wikis, tapping into their power for fostering communication and collaboration.



## SHARE THE RESOURCES

We all know Facebook, LinkedIn, Twitter, MySpace and YouTube, but what about these?

- [www.delicious.com](http://www.delicious.com) Social bookmarking
- [www.digg.com](http://www.digg.com) Share web content
- [www.bebo.com](http://www.bebo.com) Sync social networking streams on one platform
- [www.yammer.com](http://www.yammer.com) In-house microblogging
- [www.blogger.com](http://www.blogger.com), [www.squidoo.com](http://www.squidoo.com) and [www.ning.com](http://www.ning.com) Create a blog, a webpage or your own network
- [www.kiva.org](http://www.kiva.org) and [www.igrin.com.au](http://www.igrin.com.au) P2P lending
- [www.guru.com](http://www.guru.com) and <http://www2.freelanceswitch.com> Freelance marketplaces.
- <http://www.diiigo.com> Research and knowledge-sharing community

Anne Bartlett-Bragg, managing director of Headshift Australia, creates bespoke corporate collaboration platforms. “Knowledge-intensive firms get huge benefit from social bookmarking, aggregating what others are bookmarking and articles of interest into a central area, seeing what people are reading and sharing information. Large legal firms, particularly in the UK [clients include Allen & Overy and Dewey & LeBoeuf] love it, because it creates efficiency and more billable hours.”

It’s not all upside, though. Bad – even ugly – stories abound about clumsy forays into social media, where companies failed to tailor their strategy and found they got the kind of attention they can do without. Local examples include NAB’s MyFutureBank blog, which disappeared after being outed for using staff masquerading as supportive customers on the blog.

Last year, Johnson & Johnson’s Motrin brand aired a controversial ad on US television, pushing painkillers to mothers. It became an online PR disaster, as outraged mothers vented their feelings online. Bartlett-Bragg

describes the ruckus: “Within days, it was huge. By the time they realised that the mums of America had gone up in arms, they had Facebook groups (which are still active) and Twitter was going berserk, they had blogs set up. Motrin came back with this corporate PR, crisis-management response: a senior VP said, ‘I’m a mum, I feel your pain’. Oh, wrong. The response actually flared it up even further, and it’s still not fixed. It’s a sure bet for a Harvard case study on how not to do things.”

Big brands can only use social media effectively by understanding the new rules, and it can be a hard lesson. Bartlett-Bragg tells the story of L’Oreal’s Vichy brand setting up a blog in 2005, using a 40-year-old woman who was “working hard, getting wrinkles, what was she going to do? She reviewed all these brands but the L’Oreal one was always the best. The French media outed it as a fake and Vichy was blasted for days. Then they said, ‘I’m sorry, what can we do? How can we fix it?’ They got some of the top French women bloggers to take on writing the blog. They reviewed the product, and were authentic and real. That’s a classic ‘fix’ case: it’s about hearing what people are saying authentically, and responding in that manner as well.”

Australian companies are two or three years behind Europe in learning that you can’t control online brand messages, says Bartlett-Bragg. “They know they should do something about social media, but they don’t know what. They need an enormous shift in thinking to go into this really open space. Legal is terrified of it, PR is terrified of it, advertising and marketing is concerned, because they no longer control the message. And there’s the threat of public shame for getting it wrong. Motrin took that ad off TV, but you can still pick it up anywhere; whole stacks of people have copied it onto YouTube. If you make a mistake and don’t fix it, it will haunt you.”

Telstra has also learned the hard way. When it first launched its NowWeAreTalking blog and started using Twitter, it was all about the brand. The company failed to understand that social media is about the customer, and that corporate blogging only works if employees are genuinely free to blog about whatever they like. As recently as March this year, Telstra copped brickbats all round for disciplining employee Leslie Nassar (aka a fake Stephen Conroy, federal communications minister) for his negative Twitter comments about them.

Telstra later introduced employee guidelines on the use of Facebook, Twitter and similar websites, backed by the threat of disciplinary action. The rules apply to employees using sites on official Telstra business and stipulate they should disclose who they are, and ensure they do not give away confidential information. Employees are further required to complete an accreditation process to update their “knowledge on emerging social trends and evolving best practice in social media”.

But Telstra is starting to collect some online bouquets as well. Laurel Papworth says the company has realised the potential of forums such as Twitter. “No matter how we feel about Telstra, they’re actually really good at social media. Communities love companies to foul, then say, ‘we fouled’, and acknowledge that they learned from the community. Then they become part of that community. That’s the key.” **B**