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Return on Impact

Leadership Strategies for the Age of Connected Relationships

THE SUMMARY IN BRIEF

LinkedIn. Twitter. Facebook. You're there, but is your social networking presence driving growth, cost performance or other quantifiable outcomes? How are your members and customers better off because of your social media platforms?

Beyond doing social, organizations must transform their strategic vision, structure and governance, capabilities, talent development and operational execution to become more social enabled. That's where social market leadership can create a unique and highly sustainable differentiation. *Return on Impact* defines a valuable roadmap in that transformation.

Author David Nour provides a fundamentally different approach to evolving an organization's strategic vision, governance model and "iTunifying" its capabilities. Based on interviews with association and corporate senior executives, case studies, examples, illustrations and pragmatic advice, *Return on Impact* reveals that success from social media comes from more than picking the right tools. Placing members and customers at the center of the organization's purpose, capabilities and evolution as a transformative source for those who choose to belong isn't simply a luxury; it's a fundamental necessity.

With the IMPACT model — Immerse, Member, Participate, Accredited, Community and, finally, Transform — *Return on Impact* provides an iterative, predictable process for leveraging social as the organization's growth engine.

IN THIS SUMMARY, YOU WILL LEARN:

- How to quantify the outcomes of social media and social collaboration.
- How social impacts every employer, customer, organization and leader.
- How your involvement online impacts your financial results.
- How to navigate the social space and drive quantifiable impact.
- How to think and lead differently because of social.



by David Nour

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THE COMPLETE SUMMARY: RETURN ON IMPACT

by David Nour

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Welcome to the Age of Empowered Customers!

Digital technology continues to get smaller and less expensive while becoming more powerful and prevalent. Technology and transparency are enabling decision-making processes for consumers, members, employees, partners and shareholders who expect and often demand to connect with organizations whenever they want and on the device of their choosing. They are wireless, mobile, sensor-equipped, plugged-in and far more intelligent and *empowered* than ever before. As customers, they want a consistent experience in all channels — physical, digital and mobile. They read and believe others' comments about organizations, products, services and experiences more than they believe marketing or advertising. They compare notes and instantly share personal experiences. They champion a brand or sully a reputation with one click. The intelligence and connections available to customers are forever changing the business of designing, creating, selling and delivering information, products and services. Whether as members or customers, consumers have soaring expectations.

The disruptive forces of social-media-savvy consumers are rippling through to organizations and across entire industries, affecting the fundamental need for credible content and interaction within a community of like-minded individuals working toward a common mission and vision, or against an enemy, such as legislation. At the individual member or customer level, it's not just about the connected consumers' driving the

"iTunification" of business; the networked work force is collaborating in new ways both inside and outside organizations. Empowered citizens are digitally engaged and networked, making their voices and votes count on Wall Street, in ballots, with proxies and on Twitter.

'There Are No Shortcuts!'

Responding to the evolutionary digital landscape isn't a switch; it's a dial. You have to *lead differently!* Leadership strategy for the age of connected relationships isn't about putting up a Facebook fan page or the CEO tweeting three times a day! It's about the unequivocal need to *think and act differently* as a leading organization because of social: to harness its power and promise while avoiding its inevitable pitfalls, to embrace it as an enabler of your value-add, not block access to it out of fear of malice.

Social is more than a communication channel. Social is a wake-up call to engage members and customers alike, differently. It requires commitment from the entire organization and a redefined value proposition. Social customer relationship management is about truly understanding the impact you're having in the market, one engagement at a time. Social analytics will force you to examine more intently what your members or customers are saying about your industry or brand, and what matters most to them. What does your industry or brand do to improve their condition? Are they better off because of your value-add? Do you delight or annoy them? Is your value-add simply talk or does it act to become value-perceived by those most critical to your future prosperity? ●



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A New Definition for ‘Social’

In English, the use of *social* refers to an informal gathering, as in a “neighborhood social.” I’m taking liberty of using the same reference to informal gatherings via digital interactions, within and external to an organization. My reference to social is more than social networking, such as LinkedIn, Twitter or YouTube. As such, we need a new definition for social as a fundamental shift in mindset, toolset and roadmap for an individual, team and organization to:

- Put its customers/members at the center of its structure, suite of offerings, job descriptions and value creation efforts.
- Creatively collaborate in real time, while becoming more agile, responsive, streamlined and direct.
- Be more open in its communication and transparent in its governance, encouraging, authentic and trusted.
- Be more caring, accessible, agile and innovative.
- Be proactive, engaged, connected and self-directed.

Do You Still Matter?

OK, so they’re talking about you on Twitter, chatting with you on Facebook and searching for you on Google. In a world that is increasingly empowered by social media and connected screens, out of your control and enthralled by innovation, how can you be sure you are still relevant? I respectfully suggest that all that matters is the story your members or customers tell about your brand or your brand’s value, in 140 characters or less. Is it a compelling story, a disappointing story or no story at all?

Associations and member-based organizations have an enormously untapped resource of amazing stories, as do companies. The stories are not about themselves, but of members and customers, employees and suppliers, all of whom dramatically altered their paths because of the impact of the organization. Our lives revolve around stories. We think narratively and record our history through narrative. Our culture is, in essence, a story; stories teach us values, and we create and share bonds through them. Stories are especially effective in communicating ideas, and very often there are people who “get it” through stories.

The Rest of the Story ...

Unfortunately, many organizations confuse stories with situations — first this happened, then that hap-

pened and here is how it turned out — almost as a matter of fact. A great story takes the middle part and creates tension and conflict, which draws all of us in to learn what happens next.

Stories are so much more memorable than statistics or simple anecdotes and are the fuel that allows social communities to grow. Strong stories become infectious and, when told well, become interwoven into the fabric of an organization. *With stories, the culture becomes the vision delivered.*

According to Jennifer Aaker and Andy Smith, the authors of *The Dragonfly Effect* (Jossey-Bass, 2010), there are four important stories that all organizations should have readily available in their portfolio:

1. “Who Are We?” — How we got started;
2. “Vision” — Where we’re going in the future;
3. “Apology and Recovery” — What a transgression is for an organization and how they might respond to it; and
4. “Personal” — What personal stories are being incubated and cultivated within the organization.

What makes stories interesting are unexpected events, provocative ideas, counter-intuitive findings, suspense and mystery, and thematic complexity — the degree to which multiple interpretations lie below the surface. If an organization can make its stories relevant to the listeners’ issues and give sufficient information so as to be understandable and coherent, listeners will be able to vividly identify with the characters.

Authenticity and Transparency

Authenticity is also critical in compelling storytelling. People have to believe you and that’s very difficult to achieve if you don’t believe the story yourself. Authenticity and transparency become important in social because of the essential underlying trust required to engage others in a low-trust environment. ●

Develop a Robust Social Strategy, an Imperative First Step

The silver lining in an economy of contrasts is that visionary leaders and entrepreneurs have the opportunity to question the status quo and explore new frontiers. That’s what many member-based organization executives and corporate leaders are doing with the question of social. With the slowing of the economy, the pace and change is accelerating at so many levels in organizations that many people believe how a member or a customer-centric organization will operate in the next decade cannot be imagined today.

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Unfortunately, many of my interviews reveal that social is not an integrated topic in an organization's overarching strategic plan. In one such survey conducted via the ASAE [*a Foundation devoted to management research*] we asked, "Do you currently have a social media strategy?" The most frequent response was a resounding "Yes." But upon further examination, most associations actually had a social media plan, and a tactically focused one at that. For example, many simply send out a monthly electronic newsletter and create a social media corner, perhaps by using a Facebook fan page to drive traffic and awareness of an upcoming event. Some plans were poorly developed, ignoring the power of choice and focus, trying instead to accommodate a multitude of conflicting demands and interests.

It's time to put leadership back into strategy.

The IMPACT Model

The IMPACT model is derived from a careful examination of the membership life cycle and an organization's biggest influence on each critical touch point along the way:

- **Immerse.** Educate the broader market, share value openly, engage and influence.
- **Member.** Allow them to opt-in to your value-add and pay to join.
- **Participate.** Give them the opportunity to experience the value of the community, where, when and how they need it.
- **Accredit.** Create definitive value and sustainable differentiation for the members through your affiliation, credibility, exclusivity, brand/legacy value.
- **Community.** Empower them to share the good, the bad and the ugly.
- **Transform.** Deliver measurable and influential personal and professional growth to every individual your organization touches.

A robust social strategy must cut across the entire organization to be effective, yet focus the right people and sufficient resources of the organization behind it to execute it. ●

Embrace World-Class Engagement

Have you ever been engaged with an organization to the extent you were enthusiastic enough to recommend it to your friends and family? *Really* engaged? How did it make you feel? Did you go back for another experience or to purchase additional products or services? Did you or would you pay a premium for the enhanced

engagement? For those who stay at the Ritz-Carlton, shop at Nordstrom or spend time at Apple's in-store Genius bar, the answers are emphatic: "Oh yes, I went back multiple times, absolutely, amazing, told everyone, the premium was worth every penny!"

World-class organizations unleash their potential for growth by optimizing their most valuable relationships on- and offline. According to Gallup, organizations that optimize engagement outperform competitors by 26 percent in gross margin and 85 percent in sales growth. Customers who are fully engaged represent an average 23 percent premium in terms of share of wallet, profitability, revenue and relationship growth over the average customer. Actively disengaged customers represent a 13 percent discount for those same measures. In essence, members and customers who are engaged buy more, spend more, return more often and stay longer.

Trust: A Benefit That Is Bestowed

With the decline of discretionary time and attention, and the accelerated increase of product choices and media clutter, *trust drives transactions*. When we feel authentically engaged and have a vested interest in the improvement of our condition, we develop a comfort, dependence, reliance and trust in a brand. "I know I can trust this source for credible, reliable, timely information."

Trust is no longer a commodity that is acquired, but rather *a benefit that is bestowed*, earned through action and reinforced by transparency and engagement. Organizations have the opportunity to build an enduring foundation of trust if their leaders commit to a strategy that brings value to both investors and society by addressing the *what* and the *why*. However, given today's low-trust environment, the organization must further explain *how* it makes money, demonstrating a new level

Evolve to a Social Organization

Social organizations shift their lens to really understand what members and customers do: Participate in a set of highly related and relevant interactions that, when combined, make up their unique engagements. This perspective should stimulate much needed dialogue among senior leadership and the board in five distinct areas:

1. **Make Social the Entire Organization's Priority.**
2. **Evolve Your Capabilities.**
3. **Expand Your Definition of Resources and Staff.**
4. **Make Social Engagements About Consistent Execution.**
5. **Move with Purpose and Empirical Evidence.**

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of transparency in business practices; for example, revealing ingredients in products or, after a sale, listing a “service and maintenance process.” Finally, it must build relationships across the entire stakeholder universe (the *where*) by engaging audiences across a multitude of media sources — mainstream, new, social and owned — and joining the conversation by adding value and learning from the critics. ●

Build a Different Kind of Organization

“If social [media] can take down the government of Egypt, it can take down your organization,” says Doug Chia, assistant general counsel and corporate secretary of Johnson & Johnson, in a recent interview with *Corporate Secretary*. So, who should own social? Social isn’t a function to abdicate to a 20-something staffer to increase Twitter followers or Facebook “likes.” If senior leaders of visionary organizations truly seek not only to develop a strategic direction with social, but also to dramatically affect their organizations and industries, they must examine their structure and governance models, because the immediacy and ungoverned nature of social is in direct conflict with the hierarchical and controlled business structure of many institutions. Culture and community, the cornerstones of social, thrive and perform when trusted and tracked more so than when commanded and controlled.

Organizational Structures

Some social media experts have described organizational structures as “distributed, centralized or coordinated.” Frankly, labels such as these depersonalize and create categorical responses that are inevitably inaccurate. You can’t lump an entire generation’s unique preferences, buying patterns or specific nuances into a bucket and refer to them as specific to only that generation, such as “Gen-Xer attributes.” A distributed structure where social strategy is grown organically from within a department without guidance or institutional support will be challenged to sustain growth and evolve in viability. Its lack of coordination with the rest of the organization, members, strategic partners or external knowledge assets will cause it to miss strategic insights that fuel the organization into what it could become. A centralized structure, guided by a marketing department where a single group controls the message, allows for very little flexibility across functions. It forces the controlling department to try to understand and keep up with a broad base of constituents. Furthermore, the develop-

ment of new strategies for other functions screeches to a halt in the bureaucratic approval processes. A coordinated model that hands down rules to the department or functional level for a specific message to a finite audience is often glaringly absent of collaborative culture and may require years to establish.

Effective Reinventions

The most effective reinventions don’t just reshuffle the boxes and lines on committee assignments. Instead, they focus on improving the organization’s ability to handle its most important decisions. They enable people at all levels to make better, faster decisions while increasing the return on the impact of some or portions of effectively executed decisions. *An organization’s performance is the sum of the decisions it makes and executes.* As such, a reinvention won’t make much of a difference unless it prioritizes the critical decisions for the organization, specifies who is responsible for crafting the strategic roadmap and demonstrates how the new structure will help people make and execute decisions better. Reinvention will shift the focus of the board and the senior leadership from documents and project plans to the source of energy, creativity and decision making that moves the organization forward: people. ●

‘iTunify’ Your Capabilities

The most profitable, sustainable way to build and scale an organization is to find a group of individuals (never forgetting that relationships are between individuals) who have problems that drive them crazy and who are willing and able to pay for solutions to solve them. If the organization becomes a student of those problems — studying where they come from, how they manifest themselves, what the alternatives and risk associated with addressing them are — and is obsessed with solving them, it can create a clearly differentiated value proposition, one that many individuals are often willing to pay a premium for versus the alternative. Member-based organizations have been somewhat insulated from the competitive forces of most businesses, but social networking is dramatically and increasingly challenging the perceived value of member-based organizations to those “customers” with problems. Many leaders forget this simple proposition; businesses have fallen in love with their own products and services, and many associations are drinking way too much of their own Kool-Aid, completely losing touch with the problem-solving or quantifiable value-adding side of the formula.

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An issue of *Time* magazine illustrated a particularly interesting and relevant concept around how the late Steve Jobs extended Apple's influence beyond Macs. Jobs had the vision that Apple would be more than gadgets. He understood that devices drive consumption. Consumers of entertainment, products and content have made Apple a player in music and video distribution, retail and publishing. Industry giants in various sectors have bet their digital presence on apps in the iTunes store, with its estimated 250 million plus users and their buying patterns.

Strip Away Obstacles

The price of an offering often includes features or functionality consumers have little interest in, which begs the question: When was the last time you and your team went through the portion of your business that is meaningless to your members and customers?

Doing so often has far greater positive impact on most organizations than any single strategic planning item from some off-site meeting. By stripping away obstacles that surround an organization's products and services, including the unwanted junk mail, the unnecessary and wasteful repetitions, the unwelcomed attitude of overworked and stressed staff, and the senseless bureaucracy that we tend to bucket as "policy," you can create value for your target members or customers. *By focusing on providing less of what they dislike, you create greater value and impact in what they're really looking for!* ●

Attract and Develop Unparalleled Social Talent

The transformation process of any organization in becoming more socially enabled has to start with the manner in which it identifies and attracts world-class, social talent. Attracting and retaining world-class social talent is a painstaking challenge for many small- to medium-sized organizations. This is especially true for those with limited financial resources, such as early-stage ventures, nonprofits and associations that are trying to add social as yet another "must-do" on their existing overflowing plate of action items. Many such organizations recruit less experienced talent and ask them to learn social on the job, attend conferences or get self-educated through trial and error. That may work in many other functional areas, but for an organization to evolve in its strategy, embrace engagement as a core competency and modularize its capabilities, it will need a different type of talent. It will require intelligent employees with the drive to take the initiative and com-

bine personal characteristics with natural creativity and curiosity, an accelerated learning curve, no fear of failure and the ability to learn from every interaction to execute the organization's social strategy.

Tapping Into a Global Work Force

Associations must find creative ways to tap into a global work force, passionate about both the organization's cause and the will to create an exceptional social presence for that cause. How? By focusing greater attention on engines that can dramatically alter the talent pipeline flow into nonprofit, civic and public service sectors.

Companies can also do more to mentor nonprofit leaders and offer internships in nonprofits for current and future employees. Businesses can also provide incentives for retirees and alums to go to work for nonprofits. Bridgestar has emerged as exemplary in enhancing the flow and effectiveness of passionate and highly skilled leaders into and within the nonprofit sector. ●

Socially Enable Your Execution

Without particular attention to the following 10 strategy execution best practices, your efforts to engage, enable and empower connected relationships within the organization or external to it, will falter:

1. **Challenge status quo, certainty and critical assumptions.** When you, as an individual, a team or an organization, think that you're undeniably right, that is exactly the right time to ask: What might we be missing?
2. **It's not about perfection; it's about progress.** The relentless pursuit of diverse opinions promotes the evolution of novel ideas. Building focused communities that help improve the quality and speed of gathering business insights will accelerate your ability to generate new ideas and to constantly improve upon them.
3. **We evaluate logically but decide emotionally.** The combination of high-quality ideas and frequent real-time feedback from those eager to share their experiences give you a much stronger sense of the member's, customer's or industry's pulse than an annual satisfaction survey.
4. **When in doubt, take the high road.** Combine your great products or services with *obsessive service* — inside and outside the organization — and you build unparalleled barriers to entry for your competitive landscape.
5. **Infuse love for the organization and its purpose.** We don't often hear about love for an orga-

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nization, but social communities are about deeply passionate people who genuinely love what they do, who they do it for, who they do it with and the results they create as a community of like-minded individuals.

6. **As individuals and organizations, we're richer than we think.** From our educational foundation to our professional pedigree, transformation evolves our positions, possessions and perspectives. Compared to much of the rest of the world, we're richer in all three.
7. **Humility + Learning = Exponential Growth.** Only when members or customers feel their own transformations will they come full circle to further immersion in your value-add.
8. **Purpose is created and reinforced by your discoveries.** Members or customers return, expand their involvement and refer others to an organization's breakthrough products and services, thus fueling the organization's growth.
9. **If you don't respond, you'll signal that you're incompetent or just don't care.** If the organization is engaged by others who choose to participate and it doesn't respond, particularly to requests for clarification of information, dissemination of misinformation and inaccurate or blatant mistruths, the brand and all of its constituents risk alienating those most crucial to the organization's ecosystem.
10. **Be the starfish and not the spider.** My friend Rod Beckstrom, co-author of the best-selling book *The Starfish and the Spider*, believes that at the extreme, all organizations behave either like centralized, top-down spiders, or like decentralized, collaborative starfish. Understanding the difference can be the key to success. ●

Deploy Social Analytics to Listen Louder and Tell a Compelling Story

Metrics should measure against agreed-upon objectives and values, and help to create course correction along the way — more like a *dial* you turn up or down than a *switch* you turn on or off. Here is the problem: The overemphasis on social media tools, propagated by a cottage industry of vendors and platforms, once-a-week conferences, and fly-by-night consultants and their glorified blogs, is the tail wagging the dog. Too often, organizations allow the tools to dictate rather than define what to measure. Social analytics should be about aligning objectives with the strategy, the implementation

process, the effectiveness of each smart touch point, success metrics that move the member or customer to their next logical decision point, rich data sets and, finally, the tools. Social analytics should help to measure these stages and modify the original objectives or the strategy.

Organizational objectives, as defined by business outcomes, must be a driving force in implementing a social campaign for desired change in an organization. Understanding organizational objectives will facilitate the design of broad social parameters for analyzing and selecting the right tools.

The *implementation process* should be focused entirely on the business function that the social campaign will address.

If member or customer acquisition is the organizational objective, a funnel process (creating awareness, supporting consideration, developing organizational or brand preference, getting people engaged to join and sustaining loyalty) may be the most appropriate measure. Other implementation processes often encompass member or customer support, customer relationship management, organizational reputation and advocacy generation.

Success Metrics

Success metrics depend on the preceding implementation process, as each social process requires unique metrics. Member or customer acquisition objectives drive metrics such as percentage of unaided awareness, percentage of the total target market audience who would consider the organization/its products and services, incremental revenue, percentage of member renewals or repeat purchases from key customers.

Rich social data sets that are actionable are derived from ratios — a numerator and a denominator — that when independently modified will create both “what if” scenarios to explore alternative paths as well as the necessary course correction in the implementation process, engagement through the touch points or recalibration of the success metrics.

Only when the organization understands what data is needed to calculate meaningful social metrics can it assess the right class of tools to best deliver the insights it seeks. ●

Fail Intentionally and Learn From It

If an organization and its prominent change leaders candidly internalize why and how they've failed in any past endeavor, they'll soon realize that:

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- Failure is not always bad, wrong, detrimental, debilitating or catastrophic.
- Learning from organizational failures are hidden gems, with insights about how to uncover, analyze and institutionalize them.

Just think about how many times, on average, employees of a global organization — or a local association, for that matter — fail daily. One of the best ideas I've ever heard was to designate a "failure wall" for staff to record scenarios where they failed, lessons they learned from failure and sign their name. Granted, it's not a Facebook wall or a Twitter hashtag — neither were in existence 10 years ago when the idea was shared with me — but because it was a prominent location and visible to all employees, partners, customers, guests, family and friends who visited, it communicated a sincere and honest need for the culture to share growing pains and recognize how the organization was better off because of them. Another client has launched Yammer internally and is asking employees every day, "What problem are you trying to solve?" This one simple idea has spun off a socially enabled knowledge management system, highlighting pockets of amazing discoveries across the organization.

Social adds an additional layer of complexity to organizational failures. It provides context-specific scenarios where multiple dependencies affect the less-than-stellar results. Beyond the obvious excuses, such as "the right process wasn't followed" or "we were ahead of our market," it's time to think differently about the organization's belief system. The first step is for the organization to get beyond what Harvard Business School Professor of Leadership and Management Amy Edmondson refers to as "the blame game." The dilemma becomes that beyond learning from failures, people withhold sharing those incredibly valuable insights for fear of lowering the performance standards or expectations across the organization. ●

Reinvent ROI

Let's take one of the most obvious applications of social media and marketing that creates awareness and gravity. According to the *MarketingSherpa 2011 Social Marketing Benchmark Report*, chief marketing officers' (CMOs) priorities have changed dramatically. Not long ago, few marketers believed that social media was a channel that could be quantified in terms of a financial return on investment (ROI). The value of social media was qualitative and defined in terms of "awareness," "engagement" and other soft metrics difficult to attribute

to ROI. This is no longer the case. Senior marketing executives are adamant about quantifiable ROI or enablers of logical conversion steps that lead directly to ROI.

The financial value of improving the cost efficiency of customer support programs is often overlooked when calculating ROI. Using social channels to enable customer "self-service" after the initial transaction can significantly reduce associated post-acquisition costs as well as enhance retention and renewal metrics. Yet only about one in 10 organizations considers implementing social customer service a priority.

Monetization drives an organization's growing investment and confidence in social marketing. Beyond the "hype" surrounding the business value of social media in the last several years, with few proven practices or success stories, marketers are turning the promise of social media into the ROI of social marketing. In the same *MarketingSherpa 2011* report, 20 percent of CMOs said that social marketing is producing a measurable ROI for their organization, and that they would continue to invest in it as a viable channel, nearly tripling the 7 percent who said that a year ago.

What's Your Focus?

One of the most direct ways to capture and articulate ROI from social efforts is to conceptually agree on business objectives, measures and value in advance of crafting the social strategy or an implementation plan. Succinctly understanding the business outcomes the organization seeks makes it easier to not only focus the efforts on that desired outcome but also craft the most relevant strategies and use the most effective tools in the market.

Alan Weiss, Ph.D., has trademarked what he refers to as "the 1 percent rule": improve by 1 percent a day and in 70 days, you're twice as good. Many people won't be able to transform their organizations to a social one overnight. You don't have to. It's about making intentional progress toward a vision in the future, using a robust strategy and uncovering the resources to execute consistently along a development path. ●

RECOMMENDED READING LIST

If you liked *Return on Impact*, you'll also like:

1. ***Open Leadership* by Charlene Li.** Li offers the next-step resource that shows leaders how to tap into the power of the social technology revolution and use social media to be "open" while maintaining control.
2. ***Real-Time Marketing & PR* by David Meerman Scott.** Learn the proven, practical steps to act and react flexibly as events occur, position your brand in the always-on world of the Web, and avoid embarrassing mistakes.
3. ***The Third Screen* by Chuck Martin.** Martin defines the strategies and tactics businesses will need in a world gone mobile. Marketers who don't understand the untethered consumer risk becoming obsolete.