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SharePoint® 2010



People working together drive business results



Executive Summary

In the information workplace of today, a convergence of trends is changing the way we work together.

Younger people familiar with a whole new generation of social computing software are entering the workforce. People are more mobile, and businesses are more global than ever before. The speed with which business gets done and decisions are made is becoming faster and faster. Businesses find themselves working with partners, customers and other external organizations more and more often.

As well as these trends, an increasing body of business data supports the belief that better collaboration drives better business results.

This paper examines the value organizations can gain from enhancing their collaborative environment with corporate social computing capabilities. Not only does better collaboration in the form of business communities enable people to work more efficiently, it engages them more fully in the work they do. Studies show that highly engaged employees get more done, have more ideas, and stay with the company longer. Engaged employees also build stronger customer and colleague relationships. More engaged employees are more valuable employees in many ways.

This paper also offers a few key considerations and strategies for planning and implementing a corporate social network or community in a way that supports your business objectives. The ultimate goal is to build a work environment that is more valuable to your organization.

WHO SHOULD READ THIS PAPER?

Anyone in a large organization that is considering the value of corporate social networks or business communities in its work environment should read this paper.

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Can you afford to ignore a better way of working together?

Why Corporate Social Networks Matter

For most organizations, collaboration is not just important, it is essential. Working in teams or with others is simply the way work gets done today.

But the way we collaborate is rapidly changing. Work force demographics are shifting, workgroups are becoming more global, people are becoming more mobile, and new tools are transforming the work place.

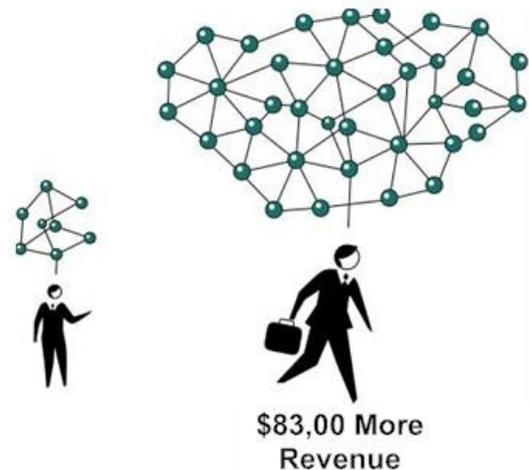
As business leaders wrestle with their collaboration strategies and decide how to manage all the communication and content-management tools they have now, their people are already building corporate communities and social networks. What is driving this move to corporate social networks? Are they in your company's long-term best interests? And how should you respond to this new wave of collaboration technology?

The best way to answer these questions is first to understand what's different about collaboration in a social network and determine the benefits to your business and to your workforce.



Research Shows.....

According to a joint study conducted by MIT's Sloan School of Management & Center for E-business and NYU's Stern School of Business, employees who are connected to a wide range of colleagues generate \$83,000 more in revenue per year than employees with an average number of colleague connections. (1)



The Changing Face of Collaboration: Business at the Speed of Thought

In today's corporate environment, information is fragmented among many people. Companies build document repositories to share information. E-mail and instant messaging speeds the transfer of information. But in a typical corporate environment today, solving a problem still means finding the person who knows the answer.

Simply identifying the right person can be a challenge. Searching requires contacting people who know people who know the person you need to talk to.

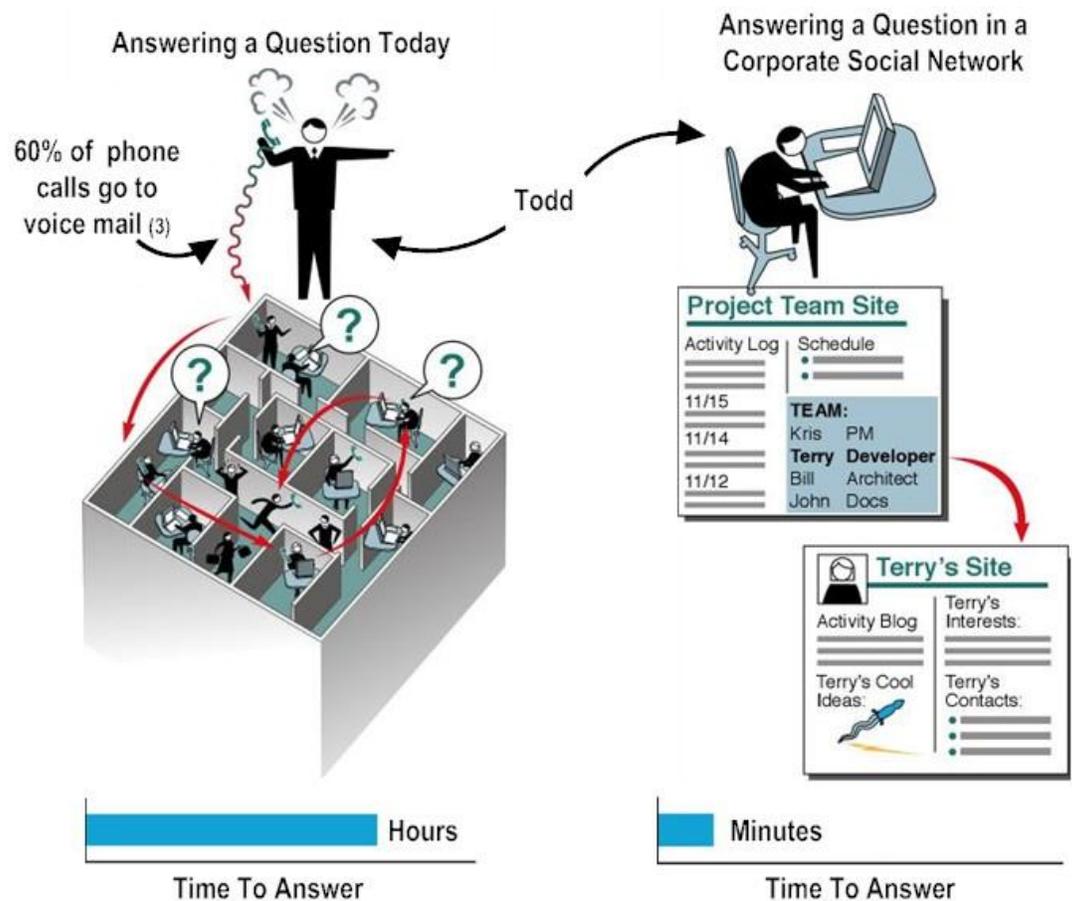
But suppose finding the right person was as easy as an Internet search?

For example, say Todd has a question about Project XYZ. Instead of roaming the hallways or calling multiple people, he uses the corporate network to find Terry, who has the answer.

The ability to search and find Terry's information is one way corporate social networks accelerate work and make people more productive. But that is only part of the story. Something much more powerful and valuable is happening in this virtual corporate community.

Ten Percent of Salary Costs Spent on Useless Searches

Based on surveys of corporate middle managers, research by IDC and Forester indicates that for every 1,000 employees, companies spend \$5 million in salary expense each year on time wasted looking for information that is never found.(2)



Where Do You Store Your Knowledge Assets?

Suppose that in the previous scenario Terry had left the team two days before Todd identified her as the person with the answer. Todd would have been in a serious fix. Why? Because Terry would have taken a lot of knowledge with her when she left.

Most of the information needed to operate a business from day to day is in the heads of that organization's employees. This tacit knowledge is critical to ongoing operations. When people move to another team or leave the organization, they take their knowledge with them. When someone new joins a team, the team slows down as it helps the new person get up to speed and compensates for that new person's low initial productivity.

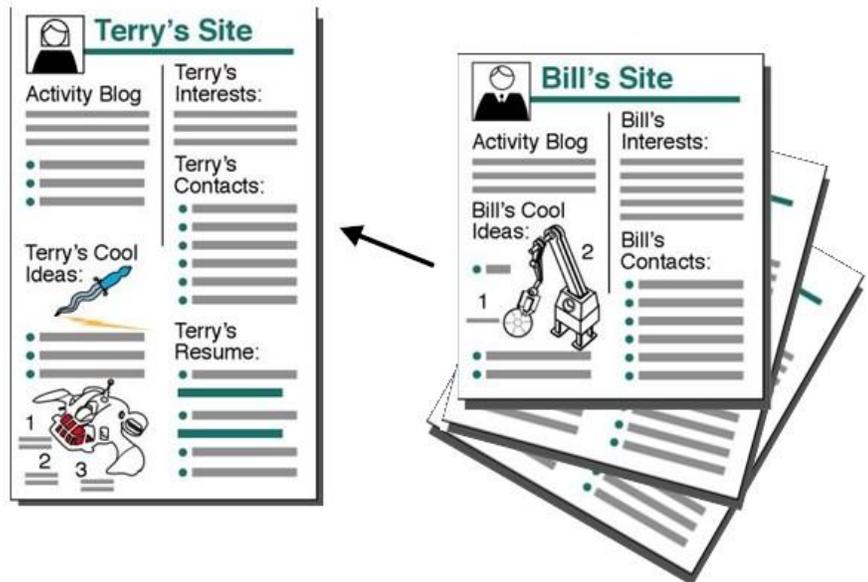
In our scenario, however (and fortunately for Todd), Terry did not leave the team before Todd found her. In fact, Terry had joined the team just two days before Todd made contact. So, how was Terry able to answer Todd's question, given that she was new on the job?

Terry filled a position opened when Bill moved to another team. By studying the project team site and Bill's personal profile, Terry quickly learned about her new job roles, and she learned many details about ongoing project work. She learned who was responsible for different aspects of the team's work and details about their contributions. Terry was up to speed in hours rather than days or weeks.

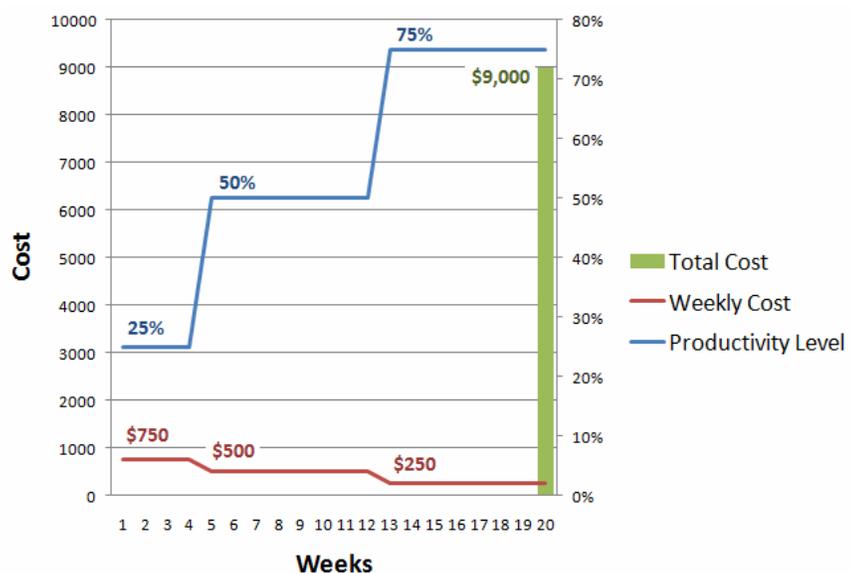
Meanwhile, Todd took it for granted that Terry was the expert who knew the answer to his question, and he added her to his own colleague contact list.

As he reviewed Terry's site and the project site, he learned more about the project. For instance, Todd discovered that Terry is based in Australia—quite a distance from his own Chicago office. He also learned that he and Terry both know Kris in the UK. Why is that important?

Terry, who filled the position left open when Bill moved to another team, learned a lot about her new job by studying Bill's site.



The cost of lost productivity when a new employee joins the team. Costs assume a weekly wage of \$1000. (4)



Working Across Boundaries

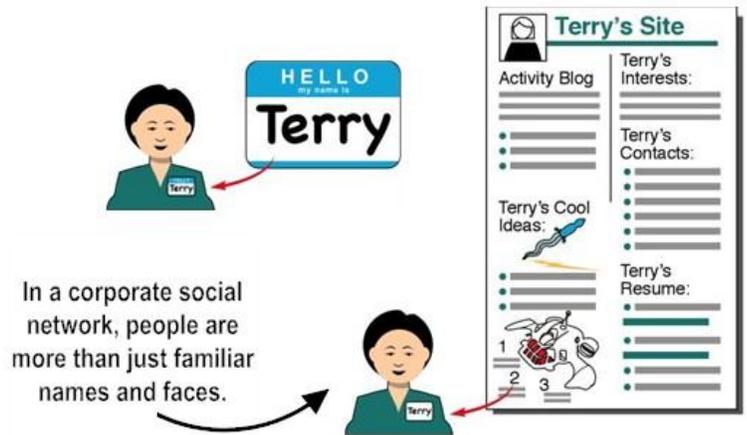
Todd sees people every day in the building where he works. He may know them by name, but other than his closest colleagues, what does he really know about their work or what special skills they have? And what about all the people Todd never sees because they are in other buildings or in distant offices?

A corporate social network builds business communities that cut across departments and geographies. Within these communities, people with common interests can find and learn about each other more quickly. People can also see where others are located, whether they are available, and how best to reach them.

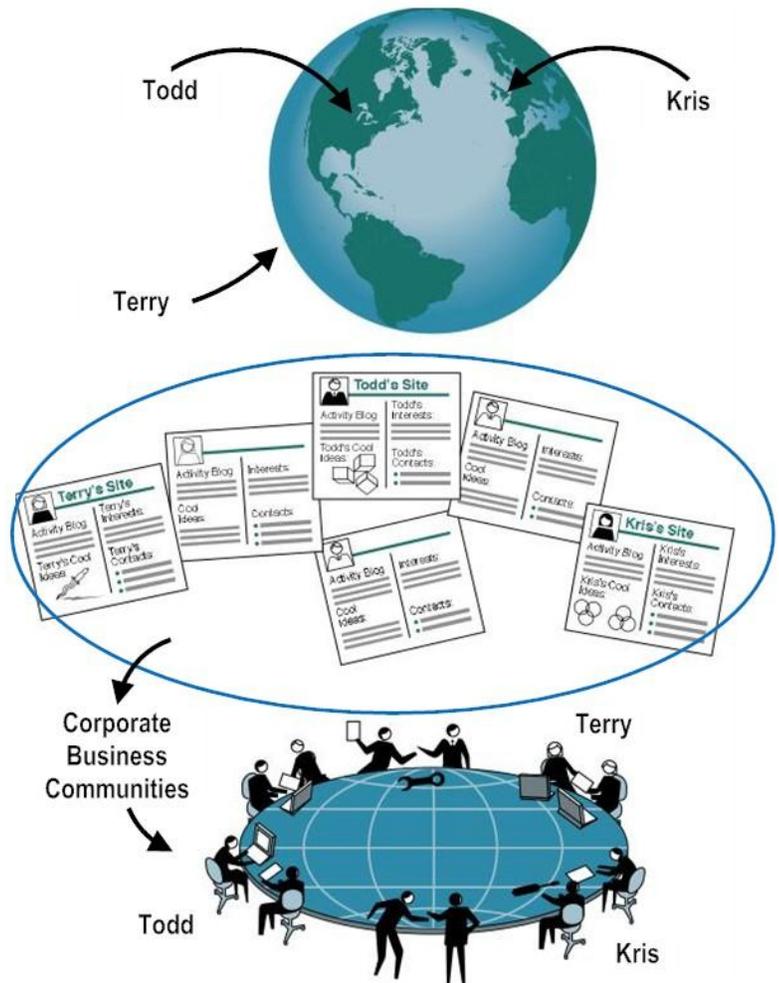
Such a network of communities enables Todd and others to work closely together in the following ways:

- Quickly find and tap into the right skill sets, talent, and knowledge regardless of where in the world it is located.
- By always having access to the latest project and individual information, co-workers use real-time meetings more effectively.
- Team and project sites serve as standing virtual meetings in which asynchronous work is ongoing.
- People share ideas more readily and organizations capture more knowledge through community interactions.
- People widely separated by geographical boundaries—or even organizational boundaries in the case of customer or partner virtual teams—feel engaged in an endeavor where their efforts make a difference.

And engagement matters. Let's see why.



The corporate business community brings people together from across departments and geographies to collaborate as if they are in the same room.



Attracting and Retaining Top Talent

Many companies today use public social networking tools to recruit top talent from all over the globe through referrals, talent searches, and informal interactions. These tools allow companies to more easily find and attract quality candidates.

But what about internal corporate social networks? One of the most valued aspects of the corporate environment for most employees (beyond competitive salary and benefits) is the opportunity to learn and develop professionally.

Business communities and corporate social networks that allow effective collaboration across the enterprise provide a stimulating environment in which people can learn from others and share ideas in a natural, informal way. In a social networking environment, communities are fluid and self-governing—that is, communities form around the relevant interests and objectives of employees, who can choose to what degree they want to participate.

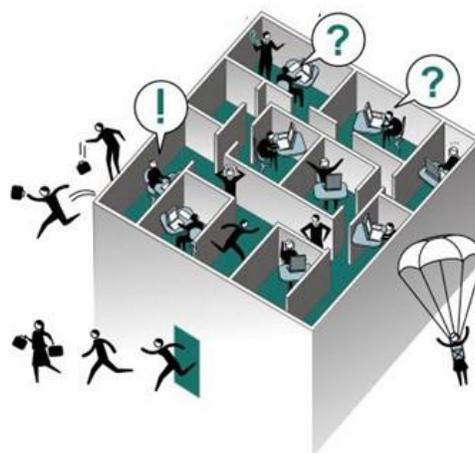
These kinds of learning opportunities and dynamic channels of engagement attract top talent. And by providing a means for enhanced participation and stronger engagement within the organization, employees are more likely to stay at the company longer.

A Gallup study of U.S. employees found that organizations with highly engaged employees have lower employee turnover and higher employee retention rates.⁽⁵⁾

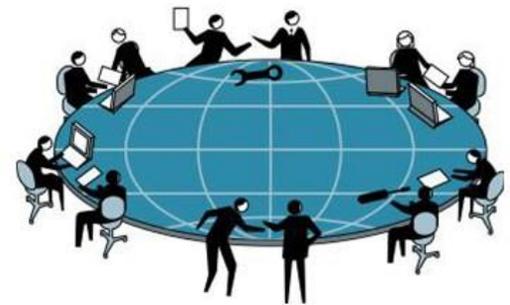
Why is this important? Because high turnover is expensive.

To fill positions, organizations must find and recruit the right people, and then orient and train them so they understand how the organization works. There is a period of lost productivity while the position is unfilled and a new employee is ramping up. Improving retention rates can save enormously on lost productivity and help keep your most valuable brain trust. However, Gallup's research shows that highly engaged employees are valuable in other ways as well.

Where would you rather work?



Collaboration Without Social Networking Tools



Collaboration With Social Networking Tools

What Does It Cost to Replace an Employee?

Industry experts agree that it can cost anywhere from 25% to 200% of the annual compensation to fill a position. This figure includes recruiting costs, training, and lost productivity.

Costs increase with the level of the position being filled, and they can run very high for top sales positions.

Studies show that replacing a supermarket cashier costs approximately \$4000. Filling a \$70,000-per-year position typically costs over \$100,000.⁽⁶⁾

Calculating the Real Value of Effective Collaboration

Gallup surveys have found that fully engaged employees get more done, have more ideas, have fewer accidents, and stay with the company longer. Engaged employees also build stronger customer and colleague relationships.

These same Gallup studies show that engaged employees are more likely to react positively to their teammates' ideas. Over 60 percent of engaged employees strongly agreed that they "feed off the creativity of my peers," compared to only 9 percent of actively disengaged employees. This means that employees highly engaged in a team setting have more ideas.⁽⁷⁾

Factors that strengthen employee engagement not only reduce costly turnover but increase the value of employees an organization retains. So, on the revenue-enhancement and cost-savings side of the equation, effective collaboration tools:

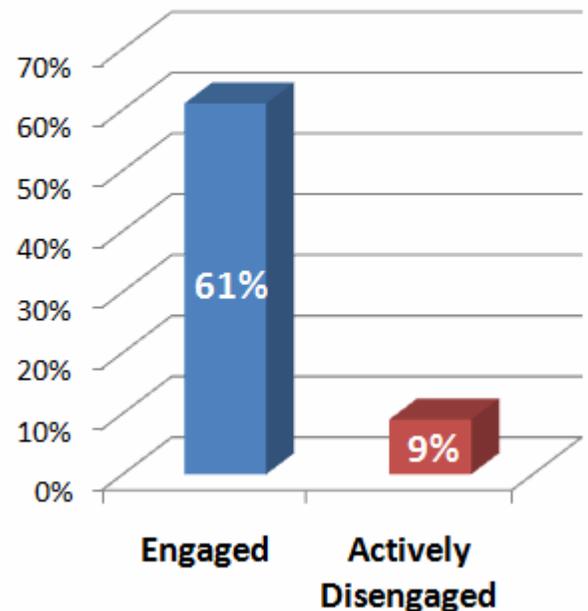
- Increase revenue per employee by keeping employees more engaged and productive, building stronger customer relationships, and delivering better service.
- Lower costs related to lost productivity during employee transition and learning, lower costs related to filling vacant positions by improving employee retention rates, and lower costs associated with wasted searches.
- Strengthen and sustain the long-term viability and success of a company by fostering an environment that supports ongoing innovation, teamwork, and continuing employee growth.

But what about the cost of implementing a corporate social computing solution?

In most cases, the actual software licensing costs are less than other implementation costs related to planning, customization, training, and rolling out the solution. And once the solution is deployed, day-to-day management is largely in the hands of users—the business community.

Of course, the most important question of all is, if you make the investment in time and resources to set up a corporate social network, how do you know people in your organization will use and benefit from it?

**Percentage of Employees who strongly agree with the following statement:
"I feed off the creativity of my peers"**



The Value of Employee Engagement

- JC Penny has found that stores scoring highest in employee engagement have 10% more sales and 36% more operating income than low scoring stores.
- Studies by Gallup and Towers Perrin found that public companies scoring high in employee engagement have significantly higher growth in earnings per share than low scoring companies.
- Increasingly managers believe that higher employee engagement drives improved business results.⁽⁸⁾

EA People: An Employee Driven Community

The fact is, people are already actively taking the initiative to build business-related collaboration and professional social networks, regardless of company policy. A great example is the story of Electronic Arts (EA), one of the largest creators of gaming software. EA employs more than 9,000 people around the world; for the kind of work the company does, creative idea sharing is integral to its business.

After investing in a document-management system to promote corporate information sharing, EA management was surprised to find a public Facebook EA community whose membership included many EA employees actively sharing their ideas and knowledge with each other in a more informal setting.

This presented EA with a dilemma: It wanted to encourage this dynamic information and idea sharing among its employees, but doing so on a public platform designed for consumers posed serious security and corporate intellectual property concerns.

EA decided to use the social computing capabilities of Microsoft® SharePoint® 2010 to create an internal EA social network it calls *EA People*. It quietly launched EA People without any corporate-wide announcement and no requirement that people use it. Within months, thousands of EA employees joined EA People, and the network has become EA's de-facto corporate collaboration space.

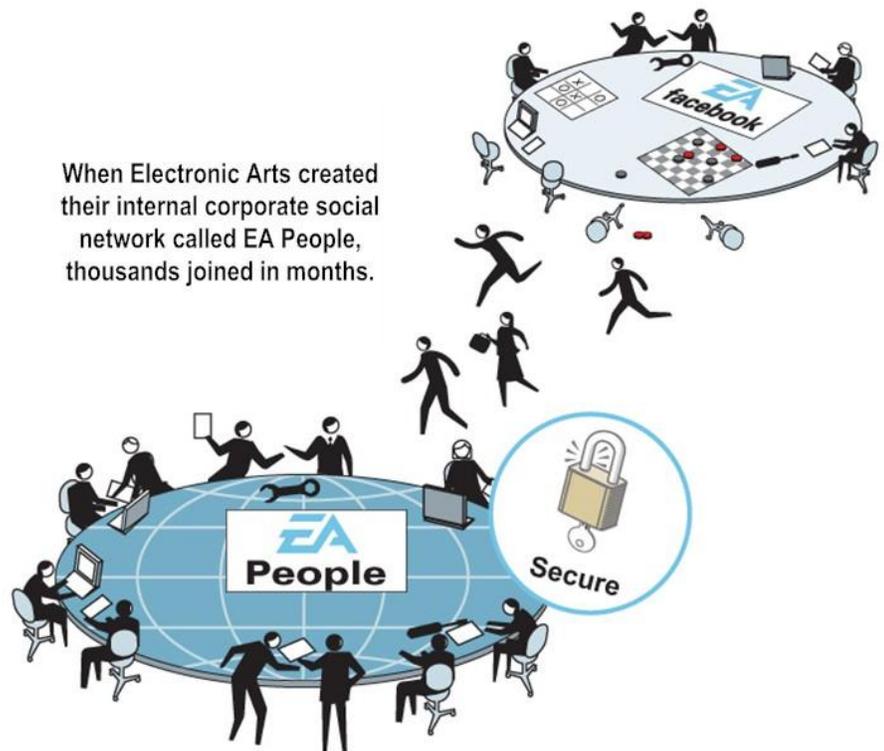
This grass-roots social network would not have been successful if people at EA did not derive value from collaborating in the EA People network.

However, one big question about corporate social networks concerns the risks associated with introducing a self-governed collaboration space into the enterprise environment. Who's in control?

Electronic Arts learned about a public Facebook site devoted to their company and visited by many EA employees.



When Electronic Arts created their internal corporate social network called EA People, thousands joined in months.



Building Communities for Maximum Business Value

Hospitals are designed to deliver health care, manufacturing facilities are optimized for building products, and office spaces enable people to work together. Workflow planners and architects design physical workspaces to support business objectives.

This is just as true of virtual work spaces. To get the most out of a SharePoint community or corporate social network, you need to plan and manage the workspace like any physical facility by addressing security and access, proper use of the facilities, and capacity issues.

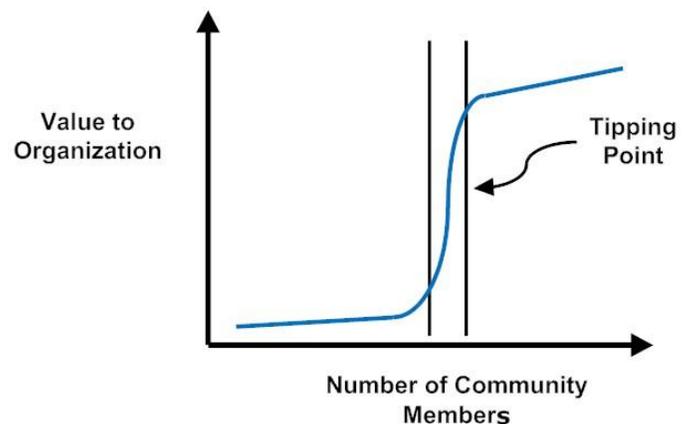
SharePoint has a robust set of configuration and management tools that enable you to design an environment that supports your business objectives. Once the framework is established, community activity within the social network is largely self-governed, in much the same way that people working in a physical office respect the work space. This means less work for your already overworked information technology (IT) staff in terms of maintaining and supporting users.

So, how can you ensure that a corporate social network successfully furthers your business objectives? There are four key ingredients to successfully implementing a collaboration solution:

1) Start with a business objective, and make the business case. This begins with stating the purpose of the business community and what you expect to get out of it. Explain the scope, including the community’s key characteristics and how they relate to its purpose. This business case may include a roadmap laying out the initial scope and broadly outlining the expansion of scope over time. You will also need to define resource requirements and risk factors.

2) When it comes to the scope of your business community, think big, but start small. Although you may have big plans for your collaboration platform, start small and focus on a strategy that scales the user base as quickly as possible. An overly broad scope can result in a network that seems too complex and inhibits audience participation. Make your network simple to use. Remember—Facebook didn’t need to offer training to encourage wide user acceptance.

3) Reaching a critical mass of users. The goal is to create a vibrant collaboration space in which people can share ideas and information in a valuable way. Social networks depend on people: If there are few people in the network who share your interests, you won’t come back.



The tipping point illustration shows what happens in a social network as the user base grows. When a critical mass of users is present, collaboration activities jump exponentially.

The best way to reach critical mass quickly is to choose an initial scope that provides immediate value. In the EA example, simply starting with employee-maintained pages containing information about their strengths and skills along with good search tools produced immediate value that caused rapid growth in audience participation.

4) Expand scope based on user demand. As more people become active in the community, the community becomes self-organizing. Users add functionality and grow the network to meet their needs. Membership grows virally, and all those members add their own content to the network. They also govern themselves and manage the community culture so that it serves their interests.

The corporate role in overseeing a social network is to define the broader objectives of the community members, employees, partners, and even customers so that their activities within the social network space remain aligned with your organization's goals.

Taking the Right Next Steps

For many companies, the new generation of social computing tools is becoming as indispensable to daily business operations as e-mail. New collaboration tools enable you to build a corporate community and social network that focuses the knowledge and creative power of employees, partners, and customers on your organization's objectives.

Better collaboration accelerates business, produces more valuable employees, and strengthens customer relationships.

That is where SharePoint Communities —if designed, implemented, and managed successfully—will take your organization. The business value of this kind of collaboration platform is clear.

Contact a Microsoft Business Productivity Specialist or visit the SharePoint website at <http://sharepoint.microsoft.com> to learn more. Microsoft has a great deal of experience in showing organizations how they can build more effective collaboration solutions that propel their business into the 21st century.

End Notes

- 1) [“Information, Technology and Information Worker Productivity”](#);
Sinan Aral , Erik Brynjolfsson and Marshall W. Van Alstyne;
NYU - Stern School of Business , Massachusetts Institute of Technology (MIT) - Sloan School of Management and Boston University - Department of Management Information Systems
- 2) [“You are wasting time. Find out why : The Cost of Ineffective Search”](#); Brodtkin, John; *Network World*, January 23, 2007
- 3) [“Justifying Instant Messaging Investments?”](#); Cain, Matthew; *Gartner Research*
- 4) [“Costs of Employee Turnover”](#); Bliss, William; *Bliss & Associates*
- 5) [“Engaged Employees Inspire Company Innovation”](#); *Gallup Management Journal*
[“Understanding the True Cost of Disengagement”](#); *Hewitt Associates*
- 6) [“Compilation of Turnover Cost Studies”](#); *SASHA Corporation*
 - [“Costs of Employee Turnover”](#); Bliss, William; *Bliss & Associates*
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- 7) [“Engaged Employees Inspire Company Innovation”](#); *Gallup Management Journal*
- 8) [“The State of Employee Engagement 2008, North American Overview”](#);
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