Making capital out of chaos: Social media strategy

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Social media is a chaotic, messy, diverse set of digital offerings that few firms can afford to ignore, but the lack of a framework, until now, has been a barrier to positive action for creating value from social media. Starting with the notion of the business as a capital conversion system, we provide a structured approach for developing a social media strategy that can make capital out of the chaos. The framework consists of four elements: listen and brand, mine and decide, converse and share, and co-create and innovate. Each element is detailed as a set of concepts, risks, strategies, and best practices as well key levers to generate various forms of capital.

**Listening and branding** is about persuading, learning, and engaging with current and prospective customers, suppliers, employees, and competitors. When it works well, it can yield an environment in which the firm is completely in touch with its extended community (creating social capital), directs and reinforces its value proposition (symbolic capital), and immediately senses and responds to opportunities and threats by learning how stakeholders react to various initiatives (human capital).

**Mining and deciding** is about turning social media into advantageous human and organizational capital. It involves analyzing text, usage records, and demographics. It is about the relationships and trends among and between current and prospective customers, suppliers, employees, and competitors. Mining and deciding can yield critical and previously unavailable insights (human capital) on what drives the business. If the insights can be codified and incorporated into standard operating procedures, then organizational capital is created.

**Conversing and sharing** relates to contributing and finding ideas and knowledge in a network. It requires participating in discussion forums, creating a blog to share knowledge with peers, looking for an expert in an network, forming a group to share best practices, and creating a site to facilitate knowledge exchange. Conversing and sharing build social capital by creating linkages among community members, and a firm by injecting itself in the conversation, can build both social and symbolic capital.
**Co-creation and innovation** concerns sourcing ideas, evaluations, and solutions from employees, customers, suppliers, as well as from the ‘crowd.’ It deals with crowdsourcing ideas, getting ratings and reviews, and awarding achievements to the best source. Co-create and innovate is about developing organizational capital (e.g., product improvements and new services) that can be converted into financial capital.

Executives developing a social media strategy will need to first **think broadly about the type of capital** to generate and identify which might need to be defended. Second, they need to **assess the complementary aspects** of listening and branding, mining and deciding, conversing and sharing, and co-creation and innovation and how they can be combined to accomplish capital creation goals. In many situations, isolated action is not enough, and complementary projects can create synergy that multiplies the value of an investment. Finally, executives need to **establish the mix of capital** (e.g., human and organizational) will be required to convert the social media opportunity into a larger pool of valuable capital to sustain the business. Capital is required to create more capital, and when appropriately invested capital can have a multiplying effect.

Social media is a reality of massive dimensions. Some executives might see it as an unwanted and unmanageable flood of valueless individual opinions. The provided strategic framework shows how this deluge can be converted into an opportunity to recharge the enterprise with new capital that enhances its ability to compete and profit.

*For the complete report, please contact APC.*

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