

Is Social Networking Right for your SMB?



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Exploring the pros and cons of social networking with the small-mid size business in mind.

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Introduction:

I started writing this paper in the last days of 2009, and I remember that in the eve of the New Year my wife asked me if I had made any wishes for the New Year.

I just smiled and nodded as I knew she would find it very unromantic to tell her that I wished I could get a penny for every time that someone asks me “How do I make Twitter work for my business?”

The new millennium ushered in the dawn of social media to the world, (aided by an exponential expansion of internet access) and by osmosis, it was inevitable that some of that social networking would eventually leak in to the work force.

Facebook, Twitter, MySpace, LinkedIn, and those types of social media have been around a few years, and you have been hearing those buzzwords long enough that you may even start to wonder if one of those services may be akin to your firms philosophers stone, the silver bullet that will finally bring your business up to the big boys game, and you still don't know a thing about it!

This guide will explain a little about the functionality of those services and more importantly it will provide you some ideas on how you may evaluate if they are right for your small or mid-size business (SMB).

What is Social Networking, and how does it relate to your Business.

In the last few years we have been bombarded with new emerging technologies under the umbrella of “Social Networking”.

From a broad definition stand point, e-mail is considered a type of “social networking”, in the sense that it performs the social function of keeping us connected. In the context of this paper, social networking refers to those new tools available in the past 5 years, such as Facebook, Twitter, LinkedIn, and Myspace, whose main function is to enhance and promote social activities such as keeping in touch with acquaintances, sharing ideas and/or media (pictures, sounds, videos).

Those four may be the most recognized names, but there are a slew of others available, such as [Bebo](#), [Friendster](#), [Mixi](#), [Multiply](#), [Orkut](#), [Wretch](#), [Xiaonei](#), [Cyworld](#), [Decayenne](#), [Tagged](#), [XING](#), [Badoo](#) and [Skyrock](#), (In the printed version of this document you will see those names underlined, but in the electronic version you will be provided hyperlinks that you can click and follow)

Now, you may hear a lot of stories about how one business obtained lots of clients on Facebook, or how someone grew their business by 50% by using Twitter. Lots of dollar signs may have flashed before your eyes, and you said to yourself “If that guy can do it, I’ll be darned if I don’t also!”

Remember, the devil is in the details. What remained unstated is that “that guy” has a home-based business, and his 50% growth consisted in growing from 2 clients to 3.

The advent of social networking reminds me of the years when personal PC were becoming more commonly available to business (I’m talking about the 1980’s, without internet, and with complicated dot matrix printers, monochrome monitors, and almost no programs), and business owners would ask me questions like:

“I just bought a PC from RadioShack. Now, how do I double my business?”

“But your business is handcrafting party ornaments. How will a PC help you with this?”

“Well, that’s why I hired you! I made an investment and I want to reap the benefits!”

“Mhhh... if you have it in the box, maybe we can return it for a full refund, and buy a paper crimping machine, for your confetti”

This was an actual conversation I had with an actual small business owner in those days. The silver lining to the story is that after much pouting and moaning, he did take my advice, and now he has 3 branches, one in Manhattan, one in Brooklyn and another one in New Jersey, with more than 100 employees (back in the 80’s it was only 5 employees in their Brooklyn branch) and now they only have 1 server and 10 workstations. Ah, and they do Tweet and they have a MySpace presence.

It may be unusual to hear a technology consultant turn down technology, but I have always prided myself in being able to align my technical expertise with a business’s needs, and never implement technology for technology’s sake.

Currently these social networking technologies server one main purpose: **Connect people.**

Now the time has come to realize that being connected with people **does not guarantee** you will get their business, and it **does take a considerable amount of your time.**

Thus, the golden rule that I employ when measuring the return on investment in social networking is: **“Put in as much time as it makes sense for the return you are going to get out of it”**

In order to implement that golden rule you should ask yourself:

Question 1: What type of business is mine?

Is it a business that relies on marketing and social interaction to a high degree (*and we all rely on marketing to some degree, but the keywords here are **HIGH Degree***), and are your employees mostly public relations personnel, or sales people?

Then you need to get onto social networking ASAP.

Examples of these types of businesses would be: Marketing companies, Party Planners, Event Planners, entertainment-related businesses and community-oriented non profits.

If your business already has a marketing department, then you should make sure they are already using social networking effectively, or they have a rationale as to why they are not using it.

If your business does a marketing campaign once a year, and outsources your marketing needs, and is only moderately interested in growing your clientele base, then you have to allocate some time to a few social networking tools and follow up with them periodically.

These businesses will use social networking to complement their existing marketing resources, and much like a web site is mandatory, you will want to have the option to allow them to sign up to Twitter or FaceBook if your potential client wants to.

Question 2: Does your target audience use Social Networking?

In the list of types of businesses I wrote above, I listed community-oriented non-profits, but for you should realize that a YMCA in midtown Manhattan will likely have a higher need of reaching out via social networks than a Senior Center in a small town upstate. Not to dwell on stereotypes, but GENERALLY SPEAKING the YMCA in midtown will have a clientele

base that is already connected and already using some of these services, while the senior center upstate likely have less quantity of users ALREADY connected and using them.

You may be a midsize firm with lots of profits, but 90% of you revenue comes from government contracts. Well, you have very little need for Social Networking, besides trying to acquire more clients.

On the other hand, if you are a fledgling ticket agent with tickets for concerts and shows, and want to increase your clientele base, then you have to invest heavily in Facebook, MySpace and Twitter, and likely need to have dedicated personnel monitoring those services and reporting the growth of revenue correctly so you can expand your business accordingly.

Question 3: How much are you willing/able to invest in Social Networking?

Unless your company is in the business of socializing, you have to remember that keeping up with Social Networking is a substantial time investment, and you should plan and budget for it accordingly.

If you are in the business of socializing, then Social Networking is just a redirection of your existing resources, and it shouldn't cost you much in terms of time, and you will reap the greatest reward from it.

I recommend every SMB that wants to get into Social Networking to install timers on their machine, so they can keep track of how much time they have invested in it, and evaluate on a quarterly basis or semi-annual basis whether Social Networking is working for them, and re-adjust their expectations and their investment in it.

For users of Intuit QuickBooks, the software already has some timers built in that you can use for time tracking purposes. Accounting and Law firms may have timer software that they can use, built into their time and billing system. Otherwise, you can use your favorite search engine and search for free timers and install them.

Finally, learn to release the time you entered in those timers on a usable format that you can utilize for analysis and for assessing whether the time invested is paying off or not.

Part of your evaluation process should be figuring out the value of your time, and then multiplying it by the hours invested. This is something that law firms and accounting firms are familiar with, since they use sophisticated billing systems that track the work by the minute, but for the rest of the SMB's that are not used to accounting for their time, it may signify an abrupt shift on their office culture.

I'm ready to dive in, but which one is right for me?

It is understandable that a lay person will get lost among the myriad of choices among different tools, so how do you navigate through the flotsam?

Well, first you have to do a bit of research; there is no getting around that.

Please note that in order to evaluate the usability of a Social Networking Service for your business you can't get around having to create and ID, learning the interface and using it. Remember to add that to the minutes invested...

You buy a new car, you research your options; you buy a new server for your office, you research your specs; you adopt a new e-mail system, you research the capabilities. Same thing here.

To help you with that task I started a chart to help you break down how some of those services work, and started filling it out for you. Feel free to add columns and rows to customize it to your business needs, and to expand it to any other services you may want to test.

| Evaluation form of Social Networks for Acme LLP | | | | | |
|--|--|---|--------------------------|---------------------------------|---------------------------------------|
| NAME | Main Purpose | Age Group | Business Friendly | Fees? And subscriptions? | Possible interest for you? Y/N |
| Twitter | Texts limited to 140 chars | All ages, mostly adults | Yes | Free, with pay options | Y |
| Facebook | Status, posts, and sharing info | Mainly Youngsters, but some businesses | Yes | Free with pay options | Y |
| MySpace | Status, posts, and sharing info | Mainly youngsters and teen. But some businesses | Yes | Free with pay options | Y |
| Linkedin | Establishing links with other pros | Professionals | Yes | Free with pay options | y |
| Mixi | Social Entertainment in JAPAN | Mainly youngsters and teen. But some businesses | NO | Free with pay options | N |
| Bebo | Personal site for blogging and sharing | All ages | No | Free | N |
| Friendster | Personal site for blogging and sharing | All ages | No | Free | N |
| (Continue down) | | | | | |

With great power comes great responsibility: If you use Social Networking, you have to safeguard your data.

The truth is that before moving forth with social networking you have to ensure that social networking is not a risk for your firm.

Firms that deal with private or sensitive data have to make special provisions, and take extra precautions to make sure that social networking doesn't bring more risks to your computing environment. I always recommend financial firms, law firms and other types of businesses that deal with clients' personal information to be extra cautious in adopting Social Networking.

These types of firms have to make sure that their firewalls have firmware and rules that are up to date, and keep track of digital transactions (files leaving and entering the firewall) and have in place a system of accountability.

The majority of the time I discourage mid size companies from giving unfettered access to social networking to staff, places such as Friendster, or FaceBook, or MySpace, since they are not business based apps, and you (as a company) have no business providing your employees with the tools for them to enhance their social/personal life.

Now, some firms view this attitude as very anti-employee and detrimental for the moral of the staff. I inform them of the need for accountability pertaining to their data, and if or when those firms implement file-auditing and tracking, then I advise them to open the firewall to Social Networking sites only for a few hours a day, like ½ hour in the morning and ½ hour in the evening.

Some departments benefit more than others from having unfettered access to Social Networking sites. One such department is the Hiring department in Human Resources. It is becoming a common practice running searches on the potential new hires through the gamut of social networking sites. Sometimes this returns some very interesting tidbits of personal information that sometimes a resume alone can't convey. That's how you discover that associate attorney you wanted to hire lists among his hobbies collecting desiccated squirrels and building armies with them, or that the new book-keeper enjoys spending the Mardi-Grass holiday trip sans-top for most of the trip, and posting videos on YouTube bragging about how many bids she collected. Some information may result in your firm to reconsider extending them an employment offer, or maybe giving them a starting date ASAP.

Regulatory compliance: Does it trump your desire to use social networking?

If your SMB happens to work on contract for the Department Of Defense, or you are dealing with financial institutions or health care providers, you will also have to review whether your business needs to adhere to the regulatory bodies of laws that have come about in the last few years to deal with malfeasance and accountability, and customer privacy.

A sample of these regulatory requirements:

- Health Insurance Portability and Accountability Act (HIPAA)
- Sarbanes-Oxley Act of 2002
- New Basel Capital Accord (Basel II)
- Gramm-Leach-Bliley Financial Services Modernization Act of 1999—
- Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001

Examples on how to implement some degree of social networking:

Let's recap: You have decided that you have the resources and the desire to pursue more clients via Social Networking...

and

you see the potential for acquiring some new clients

or

you see the value in showing to your existing clientele that you are keeping up with the times and have a presence in social networking

and you have decided on which Social Networks to use

and your timers are ready

One important piece of the machine is missing: You have to select an internal method for disbursing information from your firm to the social network. This is easy for one man departments, it starts with you and ends with you, but in smaller firms of 20 or 40 employees there may be egos to keep in mind, and political maneuvering to deal with.

For that you should set up a team of staff members that will be in charge of Social Networking. In most SMB's these teams will be constituted of Owners, Managers or Partners that have the authority to represent the interests of the firm in front of the world. You may want to encourage your staff to contribute, since different members have different

areas of expertise, but all the information should be channeled and supervised by the team in charge of Social Networking.

If you have a 3 person firm, then the owner or the managing director will likely be the Social Networking Team.

If you have a 50 person firm, then you may appoint 3 individuals, one Director as the decision-maker regarding what gets dispersed onto the internet and what does not, and the other two managers as the content gatherers.

OK, so now you start Facebooking and Tweeting and mass e-mailing... but all of the sudden a deadline approaches and suddenly you will see that no one in your team has time to Tweet, or update the Facebook and six months later, your efforts will look like static web pages that someone set up back in 1998 and never updated ever since.

To avoid this you set a schedule with reminders, to check on your Social Networking Outlets at least twice a day, and respond to inquiries and updates on a timely fashion.

The only thing worse than not having a Social Network presence is having an overtly outdated or neglected Social Networking presence.

Using Social Networking for Marketing.

Lots of SMB's would like to use social networking to enhance their marketing options, gain exposure to new sources of revenue and acquire new business.

The problem is that most companies would like to use social networking as a substitute to a Marketing plan, instead of using Social Networking as a complement to their existing marketing plan.

Unless your business is centered on social networking and your revenue comes directly from it (event planners, journalists, etc) social networking should be an add-on to your existing marketing plan, and it should complement the tools and the strategies you have already in place.

I recommend logging onto **YouTube** and search for a few videos called

“Did you know”, which at the time of this writing should be up to version 4.0.

Those videos are full of interesting marketing data that taken at face value and without context can be used to hype even the most stoic CEO into buying in to your marketing plan.

But the truth remains that in any successful ventures, you have to go into it informed and with realistic expectations. The more developed and concrete your plan is the better prepared you will be to deal with contingencies and unexpected turn of events.

I have known of businesses that have been sent into turmoil because they were unprepared for unexpected growth thanks to Electronic Social Media.

A professional acquaintance related the following story: At a mid-size modeling agency in New York City the web designer suggested including a forum and a little application for the people who sign up to the forum so they can chat via instant messaging.

That part of the web site took off very quickly and in a matter of two months the ISP hosting the website complained about the high levels of traffic and wanted to charge the agency more for bandwidth usage. The agency's management couldn't see the benefit and decided to take down the service, and settle for Twitter and a MySpace presence.

The web developer waited a couple of months for her contract with the agency to expire and then she left to open her own forum for models, including the Instant Messaging technology she used before, and in a few months she penned a deal with Scribe to use their blogging system for her clients. It seems that the management of the other agency didn't take into consideration how comfortable the users were getting (Both models and agents) using the chatting technology and the File Transfer Protocol technology built into the chat system to exchange pictures and headshots while chatting about future engagements.

Well, the web developers is living quite comfortably off the revenue generated now by her new forum and the original agency of this story now mandates all their clients and models to open accounts on that forum, the one created by the web developer who left them.

Conclusion

I hope this paper has provided you with useful information to contemplate the use of Electronic Social Media to assist you in growing your business.

The main lessons you should take away is that:

- 1) You should plan your marketing plan to incorporate social media, not make social media your marketing plan.
- 2) You should budget time, money and resources to follow up with whatever social media you subscribe to.
- 3) You should put in as much as it makes sense for you to spare, and not more.