

“Social media has taken the world by storm. . . . At long last, we have a survival guide. This lively, timely book is relevant for all of us.”

— Adam Grant, Wharton professor and bestselling author of *Give and Take*

**A WORLD**

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**SOCIAL**

...

**HOW COMPANIES MUST ADAPT TO SURVIVE**

**TED COINÉ AND MARK BABBITT**

## More Advance Praise for *A World Gone Social*

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“Welcome to the ‘Age of Influence,’ where anyone can build an audience and effect change, advocate brands, build relationships, and make a difference. If your brand is not making the effort, you will be overtaken by those who do. So critical to follow the advice and leadership of Ted Coiné and Mark Babbitt . . . do not risk being left behind!”

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“*A World Gone Social* is an essential roadmap for today’s fast-changing business environment. If you really want to understand how to reach and build relationships with customers in the Social Era, read this book now.”

—**Dorie Clark**, author of *Reinventing You: Define Your Brand, Imagine Your Future* and adjunct professor, Duke University Fuqua School of Business

“Ted Coiné and Mark Babbitt are two of the surprisingly few who truly understand social media’s deeper power to transform leadership and management, not just marketing. Now that the Social Age has become permanent, *A World Gone Social* is a must-read for leaders at all levels who want to thrive.”

—**Jamie Notter**, Partner at Culture That Works and coauthor of *Humanize: How People-Centric Organizations Succeed in a Social World*

“*A World Gone Social* makes the compelling case that the Social Age isn’t a fad that will go away but a revolution in how we do business. The pages are packed with thought-provoking insights and ideas for how to translate this new way of working into your organization. A must-read for any business professional!”

—**Patti Johnson**, CEO and Founder of PeopleResults and author of *Make Waves: Be the One to Start Change at Work and in Life*

“*A World Gone Social* provides an extraordinary vision and script for leaders and organizations alike to not just survive but thrive in the new Social Era. My sincerest gratitude to authors Ted Coiné and Mark Babbitt for their work as true ‘Blue Unicorns’ of our generation.”

—**Mark Fernandes**, Chief Leadership Officer at the Luck Companies

“The connectedness brought by the Social Age has fundamentally shifted the playing field for business. Ted and Mark have provided the essential guidebook to help business leaders understand

navigate, and prosper in ‘A World Gone Social.’”

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—**Lisa Shelley**, Founder of Essentia Limited

“Ted and Mark have the distinct ability to see around the corner of business and accurately describe the future. How do I know this? Because I’m living in the future as a nano entrepreneur and this book depicts my world better than I could.”

—**Bronson Taylor**, GrowthHackerTV

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—**Chris Westfall**, author of *BulletProof Branding* and *The NEW Elevator Pitch*

“To understand how to survive and thrive the social era, where we must move fast and adapt quickly, *A World Gone Social* is a must-read.”

—**David Houle**, author of *Entering the Shift Age*

“*A World Gone Social* makes the point that social is so much more than a medium; social is the catalyst for cultural change in an organization. For leaders keen to transform their organizations, I recommend this insightful book as the place to start.”

—**John Richard Bell**, former CEO of Jacob Suchard

“Today ‘social’ is a buzzword that’s almost meaningless. Mark and Ted cut through the jargon and hype to teach us what social really is—and isn’t. Social is about being human—and how to make your business a truly social business. Read, Learn, Apply, and Share.”

—**Deb Mills-Scofield**, Partner at Glengary LLC, a Venture Capital Firm, and Visiting Scholar at Brown University

“Who better to guide you through this brave new social world than the guys who discovered the world without the human side, businesses lose their edge. Leaders, future leaders, entrepreneurs: This is what you need to know to thrive in the world where connection is everything.”

—**Dr. Janice Presser**, The Gabriel Institute

“In every aspect of our lives, from early education to established corporations, social media has had a tremendous impact. How we think, learn, and create has changed. *A World Gone Social* is our guide through this change . . . and a must-read for every social leader in the 21st Century.”

—**Angela Maiers**, author of *Habitudes*

“Finally! A book that puts ‘social’ in context. This broad yet practical and engaging read adds much needed perspective to the social revolution. Pay attention—this could be the blueprint for your company’s next transformation.”

—**Dr. Todd Dewett, Ph.D.**, author of *The Little Black Book of Leadership*

“Get ready for social disruption! Ted and Mark’s *A World Gone Social* is a powerful learn, do, share model to change how you think about and use social media. If you haven’t put the human piece in social yet, these guys will show you how.”

—**Roy Saunderson**, Chief Learning Officer at Rideau’s Recognition Management Institute

“*A World Gone Social* is a master playbook for what social means to any manager, leader, or strategist—smart, comprehensive, irreverent. I picked up enough action items to know this isn’t a theoretical book; it’s about getting social done and done right.”

—**Ron Ricci**, Vice President, Cisco

“Ted and Mark have captured a critical handbook for change based on practical ideas rather than theory. Don’t be intimidated if it sounds like too much. Read the book and ask yourself (a) where am I already doing this? and (b) what needs to be different? then (c) start taking small steps right away. Remember William James’s line ‘The art of being wise is knowing what to overlook.’ Overlook your doubts and give the ideas a try. The results won’t be what you expected (handing the power over to your customers results in many surprises!), but they will be remarkable.”

—**Alan Kay**, Solution Focused Change Leader and author of *Fry the Monkeys*

“This book is packed full of radical thinking, innovative insight, and real-world experience to give each of us an arsenal of tactics and a powerful compass in this era of unprecedented social change and influence. Will those companies unwilling to change cease to exist in the social age? One cannot help but think a little differently after reading *A World Gone Social*.”

—**Mark Lukens**, Founding Partner at Method3 and Chairman of the Board, Behavioral Health Services North

“*A World Gone Social* is the ultimate wake-up call for companies to embrace the human side of business, or face extinction. Offering a brilliant blend of visionary, thought-provoking, and actionable ideas, Ted and Mark call on the business world to turn serendipity from being social in business-as-usual. Their book offers a wealth of inspiration to transform leadership, people and culture management, marketing, sales, and operations to the rules of the Social Age. A must-read to survive and thrive!”

—**Kristof De Wulf**, CEO at @InSites

“In *A World Gone Social*, Ted and Mark provide an in-depth overview of how social media has begun to transform, and will continue to revolutionize, the way successful businesses operate. As formal structured organizations give way to fluid, dynamic, informal collaborations, the ability to build meaningful relationships with respect, appreciation, and gratitude opens up even more possibilities and becomes critical to success. Ted and Mark offer excellent perspective and insights both for those who have social media savvy and those who are social media novices.”

—**Margie Bressler**, Founder of Moving Messages

“In *A World Gone Social*, Coiné and Babbitt deftly deconstruct the tectonic impact that social media

has had on nearly every aspect of our lives. But this isn't only a book about social media; it's also a handbook for understanding how the principles of social media can ignite profitable transformation in your organization. At its heart, this is a book about the gentle revolution of 'open,' the iron power of the listening leader, and the cultural need for more rebel heretics."

—**Josh Allan Dykstra**, author of *Igniting the Invisible Tribe: Designing an Organization That Doesn't Suck*

"A dynamic and insightful read, *A World Gone Social* manages to emulate the pace and experience of the social world in a book! Bringing the kind of insight typically only available in hindsight in the current view, the authors do a brilliant job of illuminating the implications of the Social Age on the way we do business. And, perhaps most importantly, they guide us in making the mind shift essential to engage and leverage the extraordinary opportunities a social world creates."

—**Susan Mazza**, CEO of Clarus Works

# **A World Gone Social**

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## **How Companies Must Adapt to Survive**

Ted Coiné

Mark Babbitt

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# Foreword

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I would rather engage in a Twitter conversation with a single customer than see our company attempt to attract the attention of millions in a coveted Super Bowl commercial.

Why? Because having people discuss your brand directly with you, actually connecting one-on-one, is far more valuable—not to mention far cheaper!

But if you think this position is about social media, you're wrong. As you'll come to see in this book, this is less about media and more about understanding what it means to lead in the Social Age—less to do with campaigning and more to do with engaging.

It is, in fact, about a better way to do business.

But my point of view is not a popular one. The business world still struggles—with a great deal of resistance—to see the true value of the Social Age. Many are still saddled with old-school best practice perspectives that do not serve today's leadership well.

That is why the Social Age is a vital and relevant topic to cover. The business world *must* prioritize this issue.

As recently as eighteen months ago, executives had so-called control. They defined the rules of the game for consumers: “To do business with us, here's what we offer, and here's how you do it.” Propaganda shaped advertising. Consumers lost trust.

But times have changed and roles have shifted.

Consumers want to discuss what they like, the companies they support, and the organizations and leaders they resent. They want a community. They want to be heard.

Consumers now demand that business becomes a compelling experience, which moves the power from the executive boardroom (where decisions used to be made) to the living rooms of everyday consumers.

This is not entirely different from what employees now demand, too. Both consumers and employees are telling us how, where, and when they want to work with us. They are better informed, they expect more, and they certainly have the voice to make a strong impact.

The Social Age is a revolution, one that affects all parts of the business model. The way a organization creates, delivers, and captures value. The way a business talks with employees, customers, communities, even regulators and government. And certainly the way leaders lead and behave.

So we face a big challenge. But it certainly is not Facebook, Twitter, or the latest social media platform. The biggest challenge the world has seen since the Industrial Age is not social media. It is transparency.

You already know, change is not easy. Many run away from the challenge. But businesses *must* see the Social Age as an opportunity to authentically reconnect with their employees and consumers. Forget price, products, and services. Trust is the new competitive advantage. Adapt, or you may not survive.

The Social Age implies—to a certain degree—that the walls between our offices have been torn down. And we have let the world look inside, read our e-mails, and sit in on our meetings. It suggests that our employees have a real ability to shape their own careers, demand work that matters, change their working conditions, and get direct access to the executive teams, or their CEOs.

*Imagine that!*

I can see how scary that would be for most. But this is the future. And it is certainly the better way. Better for your business, your employees, your customers, and guess what? It is far better for your shareholders as well.

We have a choice to passively listen to what employees and customers—and potential customers—think about us and our businesses. Or we can choose to be a part of the conversation. We can, by choice, help inform, educate, and teach people about what we do, what the business stands for, and how we plan to change their lives in a positive way.

We have the opportunity to reveal who we truly are.

And better yet, if we engage employees, customers, and prospective customers in meaningful dialogue about their lives, challenges, interests, and concerns, we can build a community of trust, loyalty, and—possibly over time—help them become advocates and champions for the brand.

That is the type of brand evangelism shareholders, until recently, could only dream of!

Some companies are already being run differently. Some have figured out how to navigate the Social Age and are in fact thriving. But some haven't—and they will soon find their backs against the wall.

I am thrilled that Ted Coiné and Mark Babbitt have the courage to address this much-needed topic of change in the business world. I imagine it would be interesting for you to know that I first met Ted and Mark on Twitter! Also interesting is that Ted and Mark met on Twitter.

I have followed their valuable insight for years, and I am convinced that there is no one better suited to address this topic.

Their relentless focus to drive a better way to do business is undeniable, and admirable. Two common denominators in all the writings I have been exposed to from both Ted and Mark are simple

*Less jargon, more sincerity . . . Less propaganda, more value . . . Less process, more humanity.*

We live in a hyperconnected world. For those of us who engage in it well, for those of us who choose to see the significance of change, we stand a better chance to establish real value, for our customers, colleagues, the world, and ourselves. In a world gone social, we have chosen the human side of business.

Happy reading!

***Peter Aceto, CEO, Tangerine***

# Introduction

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The Industrial Age is dead.

Welcome to the Social Age.

Social media has proven to be an insurmountable market force, changing how we innovate, collaborate, serve our customers, hire and develop team members, motivate others toward a common mission, communicate with stakeholders, display our character, and demonstrate accountability. This isn't change for the sake of change. Neither is this change to fine-tune the status quo, as we saw in the twentieth century with Six Sigma, Total Quality Management, and the Lean movement, which simply helped bureaucracies function at a more efficient, profitable level. This is real, systemic change.

Human change.

Which isn't easy.

We two authors—ourselves successful veterans of the social revolution—will help you initiate that change. By discussing the next major era in business, *A World Gone Social* will enable you to adapt quickly, so you can thrive in the Social Age:

- ▶ We'll help you, your company, and your industry get out in front of the social revolution.
- ▶ We'll ensure you have the voice, influence, and power to lead engaged, innovative teams.
- ▶ We'll help you learn from the successes and failures of the early adopters and companies that have already taken to social (some in a good way, and others that have made community-killing mistakes).
- ▶ We'll discuss the power of OPEN, where ordinary people intersect to form extraordinary networks.
- ▶ We'll introduce you to some of the fascinating change makers, innovators, and mistake makers in the vanguard of the Social Age.
- ▶ And, along the way, you'll learn our secret to social: *More social. Less media.*

In Section I of *A World Gone Social*, we'll talk about the surface changes currently under way—business issues that have caught much attention. We'll discuss how some old-school leaders seem dimly aware of the new era upon us and so are left grasping in the dark, while others remain unconvinced of the power of social, so they fail to take action. We'll also take on those who resist for another reason: the “if it ain't broke, don't fix it” crowd, oblivious to the imminent change—and the turf protectors who perhaps have a vested personal interest in resisting social's influence.

We'll then delve deeper into those seismic changes that have already occurred in the Social Age—how the balance of power has shifted from message-controlling corporations to customers and

employees who can now voice their opinions—both good and bad—through social. We'll show how one customer, or employee, can disrupt operations and the focus of an entire corporation based on one seemingly simple decision. And we'll discuss how those voices are amplified, and create real impact through social.

Next, we'll demonstrate how social has already disrupted critical aspects of every business: the very way we'll build our teams moving forward, how we'll engage *with* (rather than broadcast at) stakeholders, and how five-star, 100 percent transparent customer service will lead to a community of evangelists organically supporting your brand.

In Section II, we'll take on the "death of large" and show how even the biggest enterprises need to get—or at least think and act—small to survive and that nimble, engaging, focused teams are how business will succeed in the Social Age. We'll ask if "flat" is the new black—a trend that, as social management takes root and grows exponentially, will become our "new" form of collaborative leadership (even though its roots are decades old). Finally, we'll introduce OPEN (Ordinary People Extraordinary Network) not just as a method of building lifelong personal relationships but as the foundation of organizational success and as a catalyst for entire business models. Along the way, we'll introduce you to some people and companies that have already jumped into social, with varying degrees of success.

In Section III, we'll turn to how you can lead your organization to success in a world gone social. You will discover how to objectively assess the fitness of your organization's culture and social presence and how to improve every aspect that might be failing while leveraging what works well. We'll discuss the best possible approach to building socially enabled teams, turning customers into ambassadors, and cultivating passionate advocates and champions for your brand. And, with a world-class collaborative team and customer-centric culture in place, we'll dive into the dynamics at play in digital marketing—and how best to position your company in a world gone social.

In Section IV, we take a look at the future of social business and discuss how we might measure return on investment (ROI) on what is likely to remain more art than science. Finally, we'll look at what might be next steps for social media in general and for you as a leader in our new, socially driven economy.

In fact, that's our primary goal throughout this book: to enable you to lead your organization confidently and successfully through the Social Age.

We're sure you'll enjoy what you are about to read. After all, we have a passion for the subject that goes beyond social—to personal. As admirably as it served the first-world economy, we want the Industrial Age—and the autocratic leadership practices and soul-sucking working conditions that came with that era—to die. We want organizations to become more transparent, more accountable. We want teams to continuously innovate and collaborate, rather than be throttled by hundred-year-old "best practices."

In a world gone social, we want business *to become more human.*

*Let's get started . . .*



# Welcome to the Social Age

*Change happens only as the result of insurmountable market pressure.*

—*Law of Change*

Finally (*finally!*) organizations—probably yours, too—are dabbling in social media. Most are playing catch-up, trying to seize the comet before the once-in-a-lifetime opportunity to lead (rather than follow) quickly passes overhead.

The Facebook fan page is established; the Twitter feed is blasting away. Human Resources is recruiting on LinkedIn, and their memberships at Glassdoor are in good standing. Interns are pinning on Pinterest, and C-level execs are blogging (or at least reading blog posts). Marketing budgets now have line items for digital media and something called “engagement.” CFOs scramble to measure ROI, and, so far, aren’t impressed.

Still . . .

Although we can brag about our “presence” on social media, there’s a deep and swirling undercurrent of discontent. Especially among enterprise leaders, the sentiment seems to be: “Social is all hype” and “Social isn’t working for us.”

## **THEY’RE MISSING SOMETHING. SOMETHING BIG.**

The resistance seems to come from several different camps:

- ▶ Those rooted in the belief that social is a fad and will go the way of the Rolodex, fax machine, and VHS.
- ▶ Those living in a comfortable state of ignorance: “If I don’t know it, it can’t be that big a deal.”
- ▶ Those who view social from a “sales have never been better; our quarterly report was great; why change now?” mentality.
- ▶ Those who are afraid to lose the control they have now as leaders (and our experience shows there are more old-schoolers in this camp than we’d like to admit). They don’t want change, because change effectively means the end of their power.

Regardless of the reason why, with those enterprise leaders who resist the onrushing Social Age, we share this display of stubbornness—dare we say a daring display of arrogance—that allegedly occurred in October 1998 off the coast of Kerry, Ireland:

*Irish: Please divert your course 15 degrees to the south, to avoid a collision.*

~~*British: Recommend you divert your course 15 degrees to the north to avoid a collision.*~~

*Irish: Negative. Divert your course 15 degrees to the south to avoid a collision.*

*British: This is the captain of a British navy ship. I say again, divert YOUR course.*

*Irish: Negative. I say again, you will have to divert YOUR course.*

*British: This is the aircraft carrier HMS Britannia! We are the second largest ship in the British Atlantic fleet. We are accompanied by three destroyers, three cruisers, and numerous support vessels. I demand that you change your course 15 degrees north. I say again, that is 15 degrees north, or countermeasures will be undertaken to ensure the safety of this ship and her crew.*

*Irish: We are a lighthouse. Your call.*

## THE SOCIAL LEADER

*A World Gone Social: How Companies Must Adapt to Survive* is, in part, a book about social media. More precisely, though, the book encourages you to fully embrace the Social Age, to lead your organization, department, or team in this entirely new era of business, with a workforce that fundamentally thinks differently about work.

Especially among the digital natives, the Millennials who now make up the majority of the workforce, the workforce thinks *much* differently.

In today's workforce, many of us trust each other and communicate more, and in turn, we're more authentic and open to input and criticism. Many of us invite collaboration from all sources—even from our competition, when mutually beneficial. More than anything else, we're more cooperative, and more social.

As organizations and leaders, we must adapt to this social, collaborative, open environment—we simply won't survive. For many organizations still entrenched in old-fashioned Industrial Age style management practices, it may be too late.

While these antiquated businesses are busy chasing what appears to be a shiny new comet, they fail to realize that the big ball of light isn't actually a comet but more like that giant asteroid that slammed into Earth 65 million years ago—and killed all the dinosaurs.

In today's business climate, social media represents the asteroid, the change agent. Those who don't embrace social media—and fail to realize the monumental impact social has on their customers, employees, and collaborative partnerships, as well as their bottom line, are the dinosaurs.

Stubbornly, they look up at the sky and say, "That big fiery ball won't hurt us. We're safe behind our brick-and-mortar fortresses."

They are wrong. Dead wrong. And they will learn, perhaps the hard way, that the Industrial Age is behind us already.

## WELCOME TO THE SOCIAL AGE

Already, old-school leaders, companies, and industries—including newspapers, magazines, broadcast television, the U.S. Postal Service, and many legacy retailers—have been walking down a path of self-inflicted ignorance. Burdened by a failure to adapt to this new environment, many have lost the

footholds in the new business climate; some are already nearing extinction. Others are already gone.

Other industries, such as music and movies, have seen a massive shift in how their products are marketed and consumed. While there was a time *Rolling Stone* was considered a trendsetter and a barometer of what would be hot next, chances are now that whatever new band *Rolling Stone* is talking about blew up in the blogo-sphere six months ago. Movie studios, to create organic buzz about a new release, send review copies to bloggers and digital influencers most of us have never heard of, sometimes before far more famous and traditional reviewers—Peter Travers of *Rolling Stone* or Jan Maslin of *The New York Times*, for instance—receive them.

Meanwhile, enabled by social, the human side of business grows exponentially:

- ▶ In the form of solopreneurs, freelancers, and nano corps (which we'll discuss in [Chapter 7](#)), competition in our new economy sprouts up at will. With little or no infrastructure, minuscule start-up costs, and next-to-nothing monthly expenses, they launch in a matter of days—and gain immense traction, even when competing against corporate giants—through social media.
- ▶ Customers, no longer beholden to marketing departments or advertising agencies for guidance or input, confer with each other; they compare notes, thoughts, and experiences about the companies with which they and their vast networks do business.
- ▶ One person, with a Twitter account and a lot of passion, can hobble corporate titans, media outlets, politicians, and others with less-than-honorable ambitions.
- ▶ Expertise has become democratic; in less than an hour and for zero dollars, anyone can establish him- or herself as an expert—or an expert critic—in any industry.
- ▶ Without corporate consent (or even knowledge), employees collaborate with each other, as well as with vendors, with customers, and even with competitors.
- ▶ Job seekers ask current employees (as well as past employees, vendors, customers, partners, public forums, and personal networking contacts) what working at the company is *really* like; in the process, they mute the canned, inauthentic messages of recruiters and public relations departments.
- ▶ Highly competitive human resources departments—those effectively attracting, hiring, and retaining top talent in our new economy—are becoming *human* again (the rest are accelerating their companies' collective plunge toward extinction).
- ▶ Through digital self-learning, knowledge is everywhere.
- ▶ The “powers that be”—those previously able to hoard knowledge—are now impotent rulers, the “powers that were.”

The way we did business in the twentieth century worked great—in the twentieth century. Frederick Taylor's scientific management theories on industrial efficiency *did* work to tame the chaos of production. By measuring every little aspect of production in the industrialized world, managers were able to squeeze inefficiencies out of business, drive prices down to previously unimaginable levels, and build whole infrastructures of prosperity. In less than a generation, this efficiency killed the cottage industry dead. Among countless examples is Andrew Carnegie's father, a prosperous handloom weaver in Scotland. Within ten years, inexpensive factory production of fine cloth put Carnegie

father (as well as most of his peers; in fact, an entire community) out of business. Young Andrew took the lesson to heart. In large part, he established his fortune by relentlessly investing in technological advancements.

Along those lines, enormous factories and massive enterprises were built; staggering bureaucracies were then formed to run them. From the 1870s until the present day, we've been living in this system—which your authors have unimaginatively labeled “old-school” management. While the nature of work, and of the goods produced, has steadily become more complex over time, the fundamentals have not changed.

## INDUSTRIAL AGE VS. SOCIAL AGE

In the old-school system:

- ▶ Top-down, command-and-control management was highly efficient.
- ▶ Massive bureaucracies to support this hierarchy made sense.
- ▶ Profit margins (and generally expanding economies) enabled “too many chiefs” management teams.
- ▶ Silos, caused by specialization of roles and internal protectionism, were a necessary evil of the system.
- ▶ Knowledge (and with it, power) was jealously guarded by those atop the corporate pyramid.
- ▶ Advertisers, marketers, PR departments, recruiters, and sales teams were able to spin their version of the truth relatively free of fact-checking (or reality).
- ▶ Disillusioned customers, employees, vendors, and communities had little recourse.

Yes, some remarkable companies were run in enlightened fashion: more openly, creatively, democratically, and better principled. W. L. Gore & Associates, most recognized for its Gore-Tex line of clothing and accessories, and Morning Star, the well-studied tomato processor, are widely known for their flat management styles without a chain of command or prescribed communication channels and are regarded as standard-bearers. And, yes, even among the old-school organizations, some were run as more benevolent dictatorships than others.

Yet even then we did not like being commanded. Or controlled.

We did not thrive—as employees, consumers, team leaders, or innovators—when ruled by autocrats. We wanted to bring our whole brains to work. We wanted to know that our opinions, our insight—our *genius*—mattered. We lacked a voice. We lacked influence. We lacked power.

Then social media happened. And everything changed.

The old way of doing things, of course, sputters on to this day. Yet that model is no longer competitive. Closed, hierarchical cultures do not prosper. Less-than-authentic business practices do not go unrevealed. Orders are not so easily barked to subordinates behind closed doors with an evasive laugh, because there seem to be lurkers behind every partially open door. Less and less gets past those socially enabled workers every day. They are more aware; we are held more accountable.

In a world gone social, this is how business is done—and at a comet's speed.

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## SOCIAL ISN'T ALL ROSES AND RAINBOWS

Of course, social media isn't all roses, rainbows, and Disney princesses singing in perfect tune with their animal friends. Social, as many have discovered, can amplify a bad idea to the point that a misinformed campaign—or even a single comment by a CEO that goes viral on social media—can at least momentarily hobble an entire organization.

Chip Wilson, founder of Lululemon, said this when asked about the perception of poor quality of his company's yoga pants (specifically, that they “pilled” and “sheered” when worn): “Well, some women's bodies just don't work for it.”

In the Industrial Age, Wilson's comments would have been restricted to an audience of some industry insiders, perhaps a fashion tabloid or two, and a handful of angry customers. In the Social Age, the comment—as well as the insincere apology that followed—went viral. By the company's own estimate, this error in judgment cost Lululemon over \$80 million. Wilson eventually resigned, leaving his replacement to admit that the company's PR issues had a hugely negative impact on the brand.

Also from the fashion world, Abercrombie & Fitch CEO Mike Jeffries learned there is apparently no statute of limitations on being stupid and insensitive. Comments he made in a 2006 interview—well before Facebook was in every home, and about the same time Twitter was launched—resurfaced on social media in 2013. Jeffries said: “In every school there are the cool kids and popular kids, and then there are the not-so-cool kids. . . . Candidly, we go after the cool kids.”

Seven years later, those supporting the #FitchtheHomeless hashtag campaign purchased used A&F clothing by whatever means possible and donated it to the homeless, a tactic aimed at making the clothes-for-cool-kids manufacturer rue the highbrow remark. After another less-than-authentic apology, seven consecutive quarters of dwindling same-store sales, and a precipitous drop in stock price, Jeffries and A&F backtracked. In 2014, A&F would once again feature different “sizes, colors, and fits” in its stores. The move did not help Jeffries, however. Under intense pressure from influential shareholders, he lost his role as chairman and was being asked to find a buyer for the flailing company.

In the old days, Jeffries would have been seen as no more than yet another elitist, arrogant CEO. In the Social Age, which demands fair-minded leadership and purpose-driven commerce, Jeffries is considered an *ü*bervillain.

Of course, social media's pillorying of idiocy isn't limited to the fashion industry. A radio interview with Barilla's CEO, Guido Barilla, in which he said that homosexuals do not represent the “sacred family” so therefore could never be featured in his company's ads, launched the pasta maker into intense and long-term damage-control mode. Specifically on Twitter, the hashtag #biocottabarilla (“Boycott Barilla”) caused a huge uproar that forced the company and the CEO to issue many versions of the same apology.

While the financial and brand impact of Barilla's unenlightened comments is not yet known, there is no doubt about the role social media played in the firestorm: In the old days (think five years ago), this damage would have most likely been limited to the conservative audience of a little radio station in Italy. Today, Barilla still fights an international uproar.

For every instance of social brand bashing (some may call it digital bullying), however, there are hundreds of stories that show how getting noticed on social media—for all the right reasons—means

nothing but good for the companies getting in front of the impact. For them, that asteroid doesn't mean destruction. Instead, it means a fresh beginning with customers in larger numbers than even imagined.

## STAN PHELPS'S PURPLE GOLDFISH

A good friend of ours, Stan Phelps, is an amazing marketer. Stan is also the author of *What's Your Purple Goldfish? How to Win Customers and Influence Word of Mouth*. Stan talks eloquently about the power of *lagniappe*, whereby a merchant provides the customer with a small “extra” gift at the time of purchase. In his book, he refers to the most impactful of these small yet infinitely appreciated tokens as “purple goldfish”—something tiny that sets a business apart from all the gold-colored goldfish out there.

One of Stan's favorite purple goldfish stories involves a grandma with cancer, a grandson named Brandon Cook, and clam chowder from Panera, the bakery/café with great coffee (and, for some of us, who contribute virtually and can work from anywhere, even better wi-fi).

Here is the text from Brandon's post on Facebook:

*My grandmother is passing soon with cancer. I visited her the other day and she was telling me about how she really wanted soup, but not hospital soup because she said it tasted “awful”[;] she went on about how she really would like some clam chowder from Panera. Unfortunately Panera only sells clam chowder on Friday. I called the manager, Sue, and told them the situation. I wasn't looking for anything special just a bowl of clam chowder. Without hesitation she said absolutely she would make her some clam chowder. When I went to pick it up they wound up giving me a box of cookies as well. It's not that big of a deal to most, but to my grandma it meant a lot. I really want to thank Sue and the rest of the staff from Panera in Nashua NH just for making my grandmother happy.*

*Thank you so much!*

To show her appreciation to Panera, Brandon's mother shared that post directly on the Facebook page. That little post—within just a few days—received *over a half-million* likes on the Panera page. To date, that number has climbed to over 800,000. The post has received nearly 35,000 comments praising the Panera brand.

As reported in an article in *AdWeek*, Brandon said: “If my grandma even knew what a Facebook page was, I'd show her. My grandma's biggest fear was dying with no friends. I wish I could show her how many ‘friends’ she has out there, and how many prayers people are saying for her.”

What did this mean for Panera? How did this little story about a dying grandma, clam chowder, a customer-focused manager, and a grateful grandson impact the company's bottom line?

The next quarter, Panera's same-store sales increased 28 percent. The quarter after, same store sales were up 34 percent. Sure, there's no way of proving that this was all a direct result of the Facebook post, but the rapidly spreading goodwill generated by one person performing one moment of kindness, amplified nearly a million times over, certainly had a significant effect. That is the impact of the Social Age.

Yet too many of us are resistant to embrace the Social Age. Seemingly in direct proportion to the number of white hairs (or lack of hair) on our heads, we blow off social as a passing fad or “something

for the kids” (as one executive told us while we were doing research for this book).

~~—Ironic, isn’t it? These old-school dinosaurs are the same people who, during their childhood and young adulthood, welcomed Elvis Presley as a sign that their generation could show some personality that they could be deliberately different. Who accepted the Beatles as a welcome diversion after the JFK assassination? Who beamed with pride when we landed on the moon and when Ronald Reagan metaphorically knocked down the decades-old walls of the Cold War?~~

Who—perhaps as younger versions of themselves—demanded social, political, and economic change.

Wasn’t change good then?

Didn’t we accept that change with open arms and minds?

Social is not change for change’s sake. *It is a monumental shift in how we think, work, and live.* Social is global change for good. It is how business is done. And it works for one simple reason: We humans, at our core, are *social* creatures.

Social media enables us to be more . . . “us.”

Yes, as with all things human, both the good and the bad are magnified; for every story of good gone social it seems there are a thousand social sharks and trolls ready to feed on the bad.

Your role—as a leader challenged with taking your organization into the Social Age—is to place your company square in the path of good. To enable those around you to do right by the customers, employees, vendors, and communities you serve. To build teams that understand the important role social plays in today’s new economy. To build a culture where giving gets noticed. And to be fully accountable just after something goes bad—but before it gets much worse.

In a world gone social, this is how business is done.

Welcome to the Social Age.

Next, we’ll begin to introduce the stakeholders most impacted by the Social Age, starting with those who now find themselves with a unified—and influential, even amplified—voice: the customers.

# The Customer Holds All the Cards

What would the world look like if customers had all the power?

The fact is, in the Social Age, they already do. And they're coming to realize it. Business will never be the same—certainly not as we knew it in the Industrial Age.

## A PRECEDENT SET: UNITED BREAKS GUITARS

In the early days of the Social Age, an example of social media cluelessness occurred that set a precedent for all customers who felt wronged—and all companies that fail to understand the power of social media. The story, which set off a media frenzy that still rears its ugly head five years later, goes something like this . . .

Imagine you're in a plane waiting for your flight to take off, when suddenly you hear the woman beside you say, "Oh my God! They're throwing guitars!"

This actually happened to a man named Dave Carroll. Guess whose guitar United Airlines baggage handlers were tossing around? There he was, trapped inside the plane on the tarmac in Chicago, watching in disbelieving horror as United staff played "Samsonite Gorilla" with his Taylor guitar. Sure enough, when the plane landed and he opened the case, the guitar was destroyed beyond repair.

Carroll attempted to work with United to resolve the situation. However, no matter who he talked to, they told him no compensation was coming; they weren't going to pay for a new guitar. Why? Because he failed to report the problem within the mandated twenty-four-hour window as required by United.

Who is Dave Carroll? Just some guy—a not-at-all-famous (at that point, anyway) professional musician. In that way, he was exactly like most of United's other passengers: unremarkable by himself. But as a part of a community, he is eminently important to United's reputation.

Knowing this depends on many variables; this figure may be laughably low or impossibly high, but so the math doesn't make any of our heads hurt let's say that for every \$100 you spend on advertising, you earn one new customer.

Then, let's factor in the Industrial Age conventional wisdom that tells us that every time a company angers us with bad service or a faulty product, we're likely to inform ten friends, relatives, or colleagues of our dissatisfaction. In this case, one bad experience multiplied by ten friends wipes out \$1,000 of advertising.

Big deal, right? All your old-school company—or United—need do is spend \$1,000 *more* on advertising to undo the damage. This is the way we've done business for generations; it's often cheaper to buy more ads than to address customer complaints in a fair and proactive manner.



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