

OPEN LEADERSHIP

by Charlene Li

INTRODUCTION

For access to interactive tools and more information on
"Open Leadership", please visit Open-Leadership.com

INTRODUCTION

In the aftermath of Hurricane Katrina, people demanded answers to burning questions. Why wasn't the country more prepared? Why were citizens of the richest country in the world left abandoned for days when it was clear that a disaster had occurred? In the middle of this maelstrom was the American Red Cross, facing criticism for its emergency response. The executive team wanted to be more transparent about the work it was doing and was also worried that detractors on blogs, discussion boards, and social networking sites were hurting the reputation of one of the country's most respected organizations. So in November 2006 they hired Wendy Harman as the organization's first social media manager. "I was hired in part because the leaders knew that people were saying really bad things about the Red Cross's response to Katrina," Harman recalls, "and they wanted someone to make it stop." There was a lot to do—when she arrived, Harman had to lobby IT to get access to the social media sites she was supposed to manage; in their efforts to maintain security, the Red Cross had blocked employee access to sites like MySpace and Facebook.

But although Harman did indeed find some very issue-specific and narrow complaints against the Red Cross in the social networks, for the most part people were passionately positive about the organization and wanted to be involved in the Red Cross's efforts to provide effective disaster relief. So Harman quickly shifted her focus. "I went to my bosses and said, 'We have a huge opportunity here. There are

INTRODUCTION

people who want to help the Red Cross and who are online every day.’” To help make her case, she culled the most relevant mentions from an average of four hundred comments every day and distributed them via email to the top leadership. She also gathered articles and insights citing the benefits of social media and stuffed them into a four-inch binder that she circulated around the organization.

But most important, Harman addressed with persistence and patience each concern and fear her executives had about engaging in social media, from malware downloads to confidentiality of clients shown in pictures uploaded to Flickr. She made sure that the proper processes and procedures were in place before entering each new media channel. And over the course of two years, Harman gradually added a blog, Flickr, Facebook pages, and Twitter accounts, getting the organization to open up to the new world of social media.¹

Then the calls started coming in from local Red Cross chapters hoping to jumpstart their own social media efforts. The American Red Cross is made up of over seven hundred local chapters and regions, and Harman was concerned that people would have inconsistent experiences when interacting with the Red Cross online. “We had a lot of people naming themselves ‘Clara Barton,’ the founder of the Red Cross, or some other sort of random clever names.” So she wrote a handbook that laid out guidelines, procedures, and best practices on how Red Cross chapters could and should use social media, and she put it online for anyone to see.²

With the equivalent of an operating manual in hand, Red Cross chapters quickly started creating blogs and their own Facebook pages, and even setting up Twitter accounts.³ More important, the large base of Red Crossers—people who are employees, emergency responders, or just blood donors or contributors—became part of the Red Cross’s outreach. When the Red Cross puts up a disaster warning on its Facebook page, a typical volunteer return comment is “My bags are packed and I’m ready to go.” Facebook echoes that comment back to the volunteer’s friends, further amplifying the Red Cross’s message of readiness and response.

INTRODUCTION

A big payoff for the Red Cross's increased openness to social media came when retailer Target ran a Facebook-based fundraising contest for select organizations, among them the American Red Cross. The result: the Red Cross raised \$793 thousand from that campaign alone. Says Harman, "If we hadn't been in this space, we wouldn't have been invited to be a part of it. We were able to leverage our community and tell them to vote for us."

What's fascinating about this story is that the American Red Cross started engaging in social media because it sought to control it, but realized over time that it was better to be open and engage with those who were already engaging *them*. But here's a critical point: the Red Cross didn't simply throw open the doors overnight. It was only when Harman was able to put in place the proper procedures, policies, and guidelines that defined how everyone should and shouldn't behave, that the Red Cross felt comfortable letting go of the impulse to control.

Today, Harman receives the full support of the organization, starting at the top with president and CEO Gail McGovern. And the impact of that support was seen during the Haiti earthquake response in January 2010, when the Red Cross activated mobile giving and raised over \$10 million in three days, driven in great part by people sharing this easy donation channel on Facebook and Twitter.⁴ Moreover, the Red Cross used these new channels to keep people informed about the relief efforts taking place, answering questions ranging from how donations were being used to the situation on the ground. By letting go and embracing social technologies, the Red Cross was better able to complete its mission.

THE PURPOSE OF THIS BOOK

Open Leadership is about how leaders must let go to succeed. It's for leaders like those at the Red Cross who are seeing the ordered world they understand crumbling in the face of customers, employees, and partners empowered by new tools that were almost unimaginable fifteen years ago. They know that greater transparency and authenticity

INTRODUCTION

can bring significant benefits to their organizations, yet they have a gut-wrenching fear that such an opening up involves tremendous risk as well.

This book lays out how organizations and their leaders can approach being open in the face of social technology adoption. It picks up where my previous book, *Groundswell*, left off, by showing readers just *how* they can use these new technologies—Facebook, Twitter, YouTube, Yammer, Jive, new mobile services, and many, many more—to improve efficiency, communication, and decision making for both themselves and their organizations.

I have been talking almost nonstop about the ideas in *Groundswell* since Josh Bernoff and I wrote the book in 2008, and I've spoken to hundreds of groups, ranging in size from five to five thousand interested listeners. I found that people originally picked up *Groundswell* because they wanted to learn more about Web 2.0 and social technologies. But they soon came to realize that tapping into the power of social technologies isn't about mastering the latest shiny technology; it is actually about having a clear idea of the relationship they want to form.

Energized and empowered, these people underlined and dog-eared *Groundswell* studiously and set about to implement social technologies in their organizations. There they ran into the curmudgeons—people who, no matter how much they appreciated and understood the benefits of social technologies, simply couldn't force their heads into a new mind-set and new way of thinking. Or they ran into an executive who simply feared what engaging the groundswell would mean in terms of exposing the company to risk. Essentially, they realized that their companies didn't have the right culture and mind-set—and more important, the right leadership—to engage the groundswell.

These dedicated, loyal souls came back to me, asking me to write the next book to support their efforts. But they didn't want another treatise on social technologies. They wanted something that would explain to their executives how to change and open up their

organizations. No matter how compelling a technology or potential relationship might be, in the face of an immovable mass called company culture, and without the right organization and leadership in place, any digital strategy will fail.

Being open should be not a mantra or philosophy, but a considered, rigorous approach to strategy and leadership that yields real results. This is *not* about total transparency and complete openness, whereby everyone from customers to competitors has access to all information and everyone is involved in all decisions. Such an unrealistic extreme of complete openness is untenable if a business is to sustain its competitive advantage and ability to execute.

At the other, equally unrealistic end of the spectrum is the completely closed organization, in which information and decision making is centrally controlled and everyone follows every instruction not only perfectly, but happily. Every organization from Greenpeace to the CIA falls somewhere along this continuum from closed to open.

So put aside the calls to be more transparent, to be authentic, and—my favorite—to be “real.” The question isn’t whether you will be transparent, authentic, and real, but rather, *how much* you will let go and be open in the face of new technologies. Transparency, authenticity, and the sense that you are being real are the by-products of your decision to be open.

GREATER OPENNESS IS INEVITABLE

As your customers and employees become more adept at using social and other emerging technologies, they will push you to be more open, urging you to let go in ways in which you may not be comfortable. Your natural inclination may be to fight this trend, to see it as a fad that you hope will fade and simply go away. It won’t. Not only is this trend inevitable, but it also is going to force you and your organization to be more open than you are today.

In the past, organizational leaders had the luxury of remaining ensconced in their executive suites, opening up only when they felt the need to. Today there is information leakage everywhere, with

INTRODUCTION

company miscues and missteps spreading all over the Internet in seconds. And all involved—from employees and customers to business partners—feel entitled to give their opinions and get upset when their ideas are not implemented. What’s really going on here? The fundamental rules that have governed how *relationships* work are being rewritten, because of easy, no-cost information sharing.

The challenge therefore is to redefine how those relationships will operate. Just as the Red Cross had to lay out the new rules for social engagement, organizations and their leaders need to lay out the commitments they expect from these new relationships.

It is critical that your organization not enter into these new open relationships without guidelines. Simply opening up and devolving into chaos, or worse, “letting this take its natural course” are certain recipes for disaster. Being open requires more—not less—rigor and effort than being in control. This book will show step by step, with case studies and examples from many different industries and countries, how to bring the rigor of this new openness to your relationships, both inside and outside of the organization.

WHAT’S IN THE PAGES AHEAD

Part One of the book examines what it means to be open. Chapter One shows why greater openness is inevitable in the face of growing adoption of social technologies. I explain the impact that empowered consumers have had on companies like United Airlines, and go into more detail on how Barack Obama was able to manage millions of volunteers in his presidential campaign. In Chapter Two, I define what it means to be open, with case studies from companies as diverse as Mullen Communications and Facebook, Yum! Brands and Cisco. At the end of Chapter Two, I invite you to conduct an openness audit to understand where you are and aren’t open today—this is the starting point to understanding how open you will need to become.

The hard work comes in Part Two, in which we determine your open strategy, weighing the benefits against the risk, and also

INTRODUCTION

understanding the implications of being open. One company I spoke with got the “social media” bug in 2009 and devoted a quarter of its marketing budget to developing Facebook pages, creating blogs and private social networks, and managing Twitter accounts. At the end of the year, they had a lot of activity and “buzz”—but little idea of what it was getting them as a company beyond greater engagement with their customers. To make matters worse, they felt obligated to maintain these new conversations and relationships at significant expense. The problem was, this company’s approach to openness lacked a coherent strategy. Don’t make the same mistake!

In Chapter Three, I explain how to create your open strategy—determining when it makes sense for you to be more open and engaged and when it doesn’t. Organizations like Kohl’s, Ritz-Carlton, and Toronto General Hospital are all using social technologies to become more open to their customers as well as their employees. In Chapter Four, I tackle the issue of how to measure the benefits of being open, and I show how organizations like SunTrust and Dell are becoming more open and are also seeing a significant positive impact on their business. Included in this chapter are details on how to measure and calculate the benefits of social technologies and being open, and also on how to use metrics to manage engagement and increase overall customer lifetime value.

One big concern that comes up around the topic of being open is the tremendous risk involved, especially when employees are free to say what they like in an open forum. In Chapter Five, I’ll detail the guidelines, policies, and procedures that companies like Microsoft and Kaiser Permanente have used to be able to engage with greater confidence. In particular, I’ll explain how pharmaceutical company Johnson & Johnson was able to navigate its legal department and government regulations to start using social technologies such as blogs.

Part Two concludes with Chapter Six, which explains the nuts and bolts of managing your open strategy, ranging from creating robust profiles of how your customers and employees engage to organizing

INTRODUCTION

for openness. Organizations like Ford, Humana, HP, and Wells Fargo shared their secret recipes for how they've orchestrated openness within their organizations.

But it's not enough to have a coherent strategy—you also need open leaders to execute it. Empowered people and organizations are stressing out today's leaders, challenging traditional command-and-control styles. However, they are called upon to do more than simply let go—in essence, leaders are saying, “I am responsible, so I have to have control. But if you are telling me to be open and give up control, then *what is my role?*” This is the crux of the problem: these new relationships are forcing leaders to rethink how they lead and how to get people to follow.

Leadership requires a new approach, new mind-set, and new skills. It isn't enough to be a good communicator. You must be comfortable sharing personal perspectives and feelings to develop closer relationships. Negative online comments can't be avoided or ignored. Instead, you must come to embrace each openness-enabled encounter as an opportunity to learn. And it is not sufficient to just be humble. You need to seek out opportunities to *be humbled* each and every day—to be touched as much by the people who complain as by those who say “Thank you.”

In Part Three, I explore what it means to be a leader in the context of these new empowered relationships. Chapter Seven lays out what it means to be an open leader and details the characteristics, skills, and behaviors of effective open leaders like Cisco's John Chambers and Kodak's Jeffrey Hazlett. Chapter Eight explains how to identify and nurture open leaders within your organization, and I tackle what it means to be authentic and transparent. I'll look at how companies like United Business Media and Best Buy develop “zealots” among their employees.

One essential idea I explore is how to successfully fail. In fact, I think it's just as essential to consider and plan out how to *fail well* as it is to plan how to succeed—because the reality of business is that

INTRODUCTION

you *will* fail, at times, and how you lead and recover through that failure will say more about your ability as a leader than how you lead in times of plenty. This is all the more important for an open organization, as its failures will be more likely to be played out on a public stage. In Chapter Nine, the same organizations and leaders that saw success in earlier chapters—Cisco, Facebook, Kodak, and Microsoft—demonstrate why their ability to embrace failure leads to their success. One telling example is how an organization like Google—one of the most successful, innovative companies today—encourages its organization to take risks and fail.

The last chapter of the book examines how leaders are transforming their organizations to be more open—driven not because of a belief in an ideal, but out of economic and marketplace necessity. Organizations like Procter & Gamble and the State Bank of India have entrenched cultures that in some cases have developed over centuries of careful adherence to an organizational credo. If you are a leader facing daunting organizational and managerial challenges, I hope you'll draw inspiration from how these case studies for how you can turn around your organization.

BEGINNING THE JOURNEY

Being open is hard. But if you can understand not only the benefits, but also the process, it can get easier. You may be in a leadership position—a manager or CEO—of a business that is trying to use social technologies to introduce a new product or to counter a customer backlash. You may be an HR manager or company strategist eager to tap into the ideas of your workforce. Or you may be a church committee leader who is trying to energize listless volunteers, or a school administrator working with vocal parents agitating for change.

The struggle in balancing openness and control is a universal, human problem. As a parent of growing children, I sometimes long for the days when I could simply strap a discontented toddler into

INTRODUCTION

a car seat and drive off to my destination. Just as children grow and develop their own voices that need to be heard, our customers, employees, and partners want to be brought into the inner sanctum of the organization as well. My hope is that this book will provide guidance and support as you begin your journey into a new world of openness. Bon voyage!

Charlene Li
May 2010