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Elastic Ties and Surprisingly Powerful Pay-Offs**

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More than 107 million users are on MySpace.com. The business-networking site LinkedIn has seen more than a 300 percent annual growth of member professionals. Italian-auto lovers and others are passionately participating in Fiat500.com.

Why are people flocking into online social networks? What are the sustaining motivations? When you look at the social-psychological perspective underpinnings, you'll find that this new powerful medium works by creating social capital—and building strong relationships with, not customers but, rather, active participants.

A simple definition of social is whether or not an individual participates and contributes to the group. If people do, they are being social. If not, they are asocial. The level of involvement determines the value to the individual, the other participants and the company behind the site. What does the individual get for this social participation?

Sociologists call the benefit social capital. In simple terms, social capital is like a “favor bank.” More precisely, it accrues to each individual when members of the social group adhere to the norm of *generalized reciprocity: I'll do this for you without expecting anything specific back from you, in the confident expectation that someone else will do something for me down the road.*

Societies and even subgroups within a society that are characterized by generalized reciprocity are more economically successful; the people are happier and healthier; and they live longer. The key is trustworthiness. Low trust causes what Stephen M.R. Covey, author of *The SPEED of Trust*, calls a low-trust tax. Everything costs more, takes longer and is less pleasant.

Social ties

Social networks typically have, in sociological terms, *weak-tie* relationships. That means that the participants do not know each other well, moving in different social circles with less overlapping knowledge than, say, close friends. Following this theory, you can view social networking sites like [link to] LinkedIn.com—where members invite other members to join unique professional networks—as potentially powerful because of the size of the network. Even though most of the relationships are weak, they are valuable in their access to people and resources outside an individual member's direct network. Social networks give individuals the *bridging social capital* necessary to gain perspective, broad insights and the connections to act.

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Joining LinkedIn is simple and free for the standard service. A prospective member need only to click on “join now,” filled out a profile and start building a network. A new executive signs up every 23 minutes. And more than 4,000 CEOs search the network every day. What are they looking for? Employees, consultants and potential business associates.

The power of online social networks comes, not from whom you know directly, but from the people the people you know know. People who actively pursue weak-tie relationships stand to gain substantial benefits. They can quickly take advantage of emerging opportunities, find collaborators, find jobs, find employees and build a pool of advocates.

The stronger the social capital, the more efficiently the group can function. As members learn that others are not operating with a hidden or one-sided agenda, they gain trust, enabling them to become more open and collaborative. Group members help each other simplify things in a fast-changing and increasingly complex world. The development of these strong-tie relationships means the group is limited in size. It is these *strong-tie* relationships that define it as a community. Communities provide the *bonding social capital* that produces the openness required to address big-picture issues.

Building online communities is not so straightforward, especially for companies. The level of suspicion and distrust of others, especially businesses, is substantial. The more companies focus on selling “things,” the more their actions trigger suspicion. However, when a company’s actions lead to “hopeful trust” on the part of the customer, they have a shot at community building. This “hope” is that the other party is interested and capable of helping customers address their issues and that they would have more fulfilling customer experiences.

Common interests

Larry Chase’s [link to <http://wdfm.com/current.html>] Web Digest for Marketers illustrates how a newsletter can foster communities of interest. Each week, the free newsletter provides more than 40,000 subscribers with a list of web sites that deal with common and contemporary marketing challenges. In addition to the providing the URL, the team at Larry Chase provides a short and informative description of what each site is about and why it is worth visiting. A few months ago, a speaker at a conference was asked how she keeps her team up to date and actively pursuing leading-edge ideas. Her answer:

Every week, we divvy-up the sites mentioned in Larry Chases’ digest. Each member reviews the assigned site with an eye open for how we can capitalize on the ideas. Our subsequent discussions are extremely energizing and lead to great strategies and tactics.

Based on the number of people who asked for the link to subscribe, this is now a common practice. Larry Chase fueled a community of common interest and has become an indispensable resource in a world of information overload.

The community, [link to] www.campaignforrealbeauty.com, is a brilliant example of a by-design site. It is sponsored by Dove soap, but it doesn't sell soap. It "sells" people on Dove as a company. The focus is on helping young girls deal with self-esteem issues in a society that confronts them with unrealistic expectations about beauty. This extremely content-rich site draws young woman back time and time again. As many as 200,000 per month come for the advice as well as for ways they can deal with personal issues and help others deal with theirs. The community also includes an active role for moms and mentors.

Dove benefits from the community by building the credibility and trust that is critical to strong long-term relationships. Other companies use communities to solve more pragmatic problems. Symantec, for example, uses a wiki to build a highly interactive community of users who help each other deal with implementation issues—everyone wins.

Social capital contributes to an individual's economic welfare and quality of life. Social networks connect you with people you don't know personally and allow you to gain their insights and influence. Online communities are powerful brain trusts helping individuals face challenges and get more out of their lives. When used effectively, networks and communities play an essential role in helping people deal with the realities of today's fast-paced and complex world.

John I. Todor, Ph.D. is the managing partner of The Whetstone Edge, LLC, (www.TheWhetstoneEdge.com) a firm that advises companies on how to use social media to foster relationships with customers that have a real world benefit to both parties. His most recent book is *Addicted Customers: How to Get Them Hooked on Your Company*. (www.AddictedCustomers.com)