How social tools can reshape the organization

Not all social technologies bring equal benefits. In a new survey, respondents say the most valuable tools make it easier for employees to collaborate—and could even transform the way organizations work.

While social technologies have become ubiquitous in business, not all tools—or the benefits companies see from their use—are created equal. Indeed, results from the latest McKinsey Global Survey on social tools suggest that a new generation of tools is enabling employees to collaborate in improved and innovative ways.[1] Respondents say improved internal communication is the feature of social tools that has most benefited their businesses. They also expect that, in the coming years, enabling better communication will be one of the ways these tools could bring about fundamental changes at their organizations.

The results also suggest that social tools play a critical role in how technology overall can encourage organizational change. We asked executives about their companies' use of social tools, digital technologies, and big data in 18 different business processes; the clear consensus is that using social begets better use of these other technologies. When organizations digitize a process's work flow (which happens most often

Jean-François Martin

with customer-facing processes), respondents say that using social tools in that same process has enabled their companies' overall digital efforts. What's more, some executives report greater benefits—decreased costs and increased productivity, for example—if they digitize *and* use social tools in a given process. Several benefits are greater still if the company uses data collected from social interactions among employees and with customers.

A new generation of social tools

Executives report that the business use of social tools is nearly universal. Ninety-three percent of respondents say their companies use at least one social technology, continuing an upward trend (82 percent said so in the previous two surveys).[2] And most respondents say employees at their companies use at least one tool on mobile devices. In addition, 74 percent say social tools are at least somewhat integrated into employees' work—up from 67 percent in the past two years.

Although social technologies are more and more commonplace, the results suggest that not all tools are created equal. Specifically, those that can enable collaboration among employees are the most valued—increasingly important, since 80 percent of executives, up from 69 percent in 2014, say their companies use these tools for internal purposes.
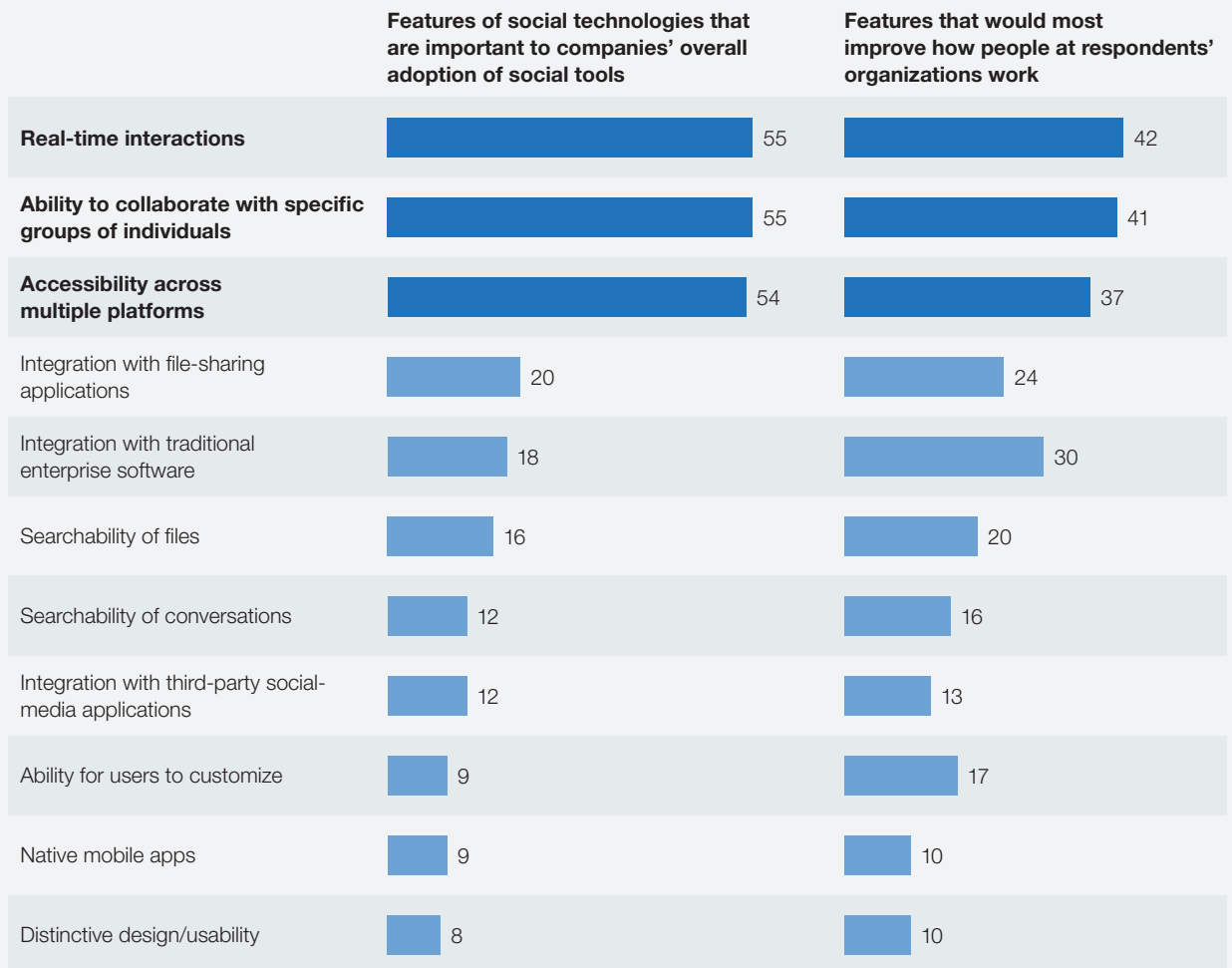
When asked about the most beneficial features of the social tools their companies use, respondents most often cite real-time interactions, the ability to collaborate with specific groups, and cross-platform availability (Exhibit 1). What's more, respondents believe the same three features will most improve how people work at their organizations in the future.

Enter a new generation of team-collaboration technologies. These tools are cloud based, designed for real-time interactions, allow users to search conversations, provide a distinctive user experience, and integrate with other enterprise applications (such as file sharing and social media), among several other features.[3] Because they create searchable content as a by-product of collaboration, the new-generation tools could even begin to replace email as the default channel of written communication.[4]

According to executives, the social tools that enable employee collaboration—through real-time, group-based interactions that can be accessed across platforms—are most valuable.

Exhibit 1 **Respondents say the most beneficial features of social tools are those that will most improve how organizations work.**

% of respondents,[1] n = 1,916

	Features of social technologies that are important to companies' overall adoption of social tools	Features that would most improve how people at respondents' organizations work
Real-time interactions	55	42
Ability to collaborate with specific groups of individuals	55	41
Accessibility across multiple platforms	54	37
Integration with file-sharing applications	20	24
Integration with traditional enterprise software	18	30
Searchability of files	16	20
Searchability of conversations	12	16
Integration with third-party social-media applications	12	13
Ability for users to customize	9	17
Native mobile apps	9	10
Distinctive design/usability	8	10

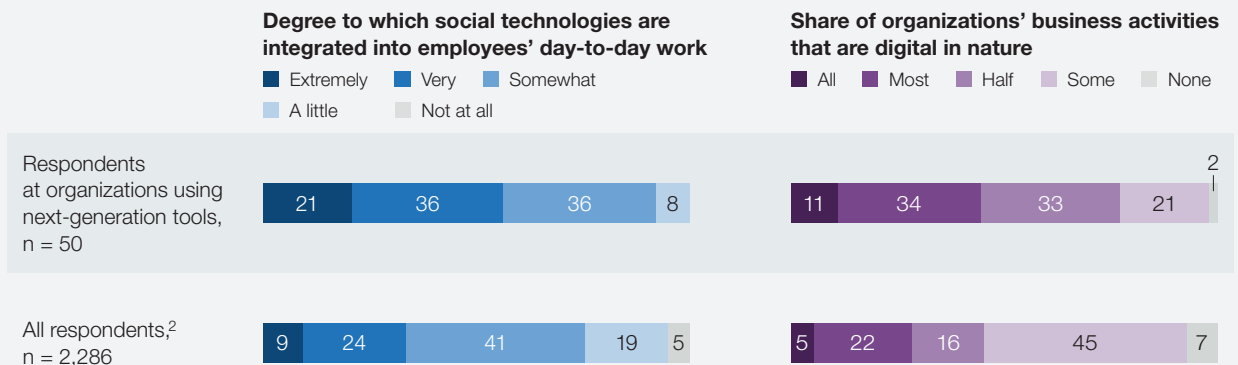[1] Respondents who answered "don't know" are not shown.

Exhibit 2   **Where next-generation technologies are used, social tools are more integrated into day-to-day work and more business activities are digitized.**

% of respondents[1]

	Degree to which social technologies are integrated into employees' day-to-day work	Share of organizations' business activities that are digital in nature
	■ Extremely ■ Very ■ Somewhat ■ A little ■ Not at all	■ All ■ Most ■ Half ■ Some ■ None

	Extremely	Very	Somewhat	A little	Not at all		All	Most	Half	Some	None
Respondents at organizations using next-generation tools, n = 50	21	36	36	8			11	34	33	21	2
All respondents,[2] n = 2,286	9	24	41	19	5		5	22	16	45	7

[1] Respondents who answered "don't know/not applicable" or "don't know" are not shown, so figures do not sum to 100%.
[2] For first question, n = 2,286; for second question, n = 2,427.

Few companies are putting these tools to work. But at the ones that are, executives report above-average benefits from social technologies. They are much likelier than average to say that social tools are extremely integrated into employees' daily work and that at least half of their business activities have been digitized (Exhibit 2). And while most companies tend to use social tools in external-facing processes, such as marketing activities and public relations, adopters of new-generation technologies report broader use of social across the organization. They are much likelier than average to use social in internal processes, such as R&D and IT management.

How social technologies move digitization forward

Improved collaboration is not the only way social tools can benefit companies. As more and more companies are using digital technologies and activities in individual business processes, the results suggest that social tools play a key role in digitizing the business.

At the process level, most executives say their companies have focused both their social and their digital efforts on external, customer-facing processes, such as public relations, marketing, and customer

Exhibit 3

At the process level, most companies' digital efforts are focused on customer-facing, rather than internal, processes.

% of respondents,[1] n = 2,168

Organizational processes that include digital activities in work flow

Process	Value		Process	Value
Customer relationship management	37		New-product development/R&D	18
Executing marketing activities	35		Developing marketing plans	16
Public relations	33		Strategy development	13
Recruiting/hiring	33		Supply-chain management	11
Developing customer insights and competitive intelligence	30		Procurement	9
After-sales services, including customer support	26		Demand planning	8
Sales and sales-force management	25		Risk management	7
Talent management and development	21		Order to cash	6
IT management	19		Financial planning and analysis	6

[1] Respondents who answered "other" or "don't know" are not shown.

relationship management, or CRM (Exhibit 3). By contrast, much smaller shares report that internal processes use social tools or have incorporated digital activities into the work flow: 9 percent of executives say their procurement processes include digital activities, compared with 37 percent who say so for CRM. Responses vary by industry, with executives at high-tech firms reporting the greatest progress in digitizing most processes. But even these companies have more to do. Those in high tech, like all other respondents, are more likely to be digitizing customer-facing processes than internal ones.

To digitize all processes, both internal and external, the results suggest that social tools can help. For every process where their companies are digitizing *and* using social tools, respondents agree that social technologies have enabled their use of digital overall. This is true even for the back-office processes where few respondents now say their companies are using social tools. In fact, social's effect on digitization is greatest for the internal processes where social tools and digital activities are least common. Executives
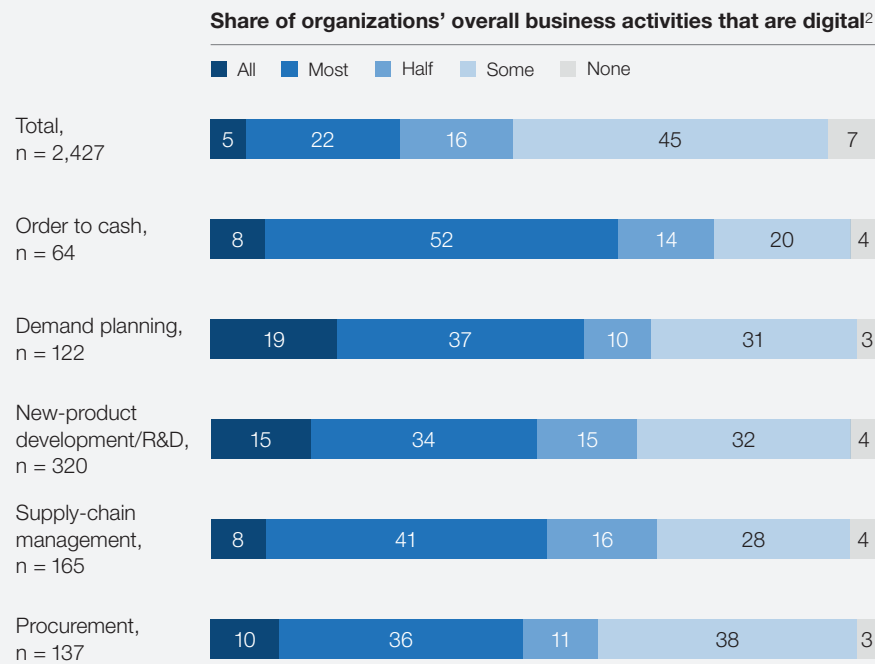
report the strongest correlation between social's enablement of digital and the adoption of digital activities in their order-to-cash, demand-planning, R&D, supply-chain-management, and procurement processes (Exhibit 4).

Other results support the notion that, when a company looks to technology to improve its processes, the benefits are greater when social and digital tools are used together. When a process has been digitized, respondents also report a greater benefit from the use of social tools. For example, when marketing plans are digitized, executives credit social tools with a 27 percent increase in converting customers—compared with an average increase of 20 percent.

The effect is more powerful, too, when companies use data from social interactions along with the social tools themselves. At companies where marketing-plan development is digital *and* data from social

Exhibit 4 **For every process that is digital *and* involves social tools, social has enabled digitization—even for back-office processes.**

% of respondents who say social tools have enabled or significantly enabled organizations'
digital activities in specific processes[1]

Share of organizations' overall business activities that are digital[2]

■ All ■ Most ■ Half ■ Some ■ None

Process	All	Most	Half	Some	None
Total, n = 2,427	5	22	16	45	7
Order to cash, n = 64	8	52	14	20	4
Demand planning, n = 122	19	37	10	31	3
New-product development/R&D, n = 320	15	34	15	32	4
Supply-chain management, n = 165	8	41	16	28	4
Procurement, n = 137	10	36	11	38	3

[1] Out of 18 business processes the survey asked about. Respondents who answered "don't know" are not shown, so figures may not sum to 100%.
[2] Respondents were only asked about enablement of social technologies in processes where they said their companies' employees are using social tools *and* that digital activities are included in process-level work flow.

interactions with customers are used, respondents report a 31 percent increase in customer conversion from using social tools. On average, executives report only a 20 percent increase in conversion.
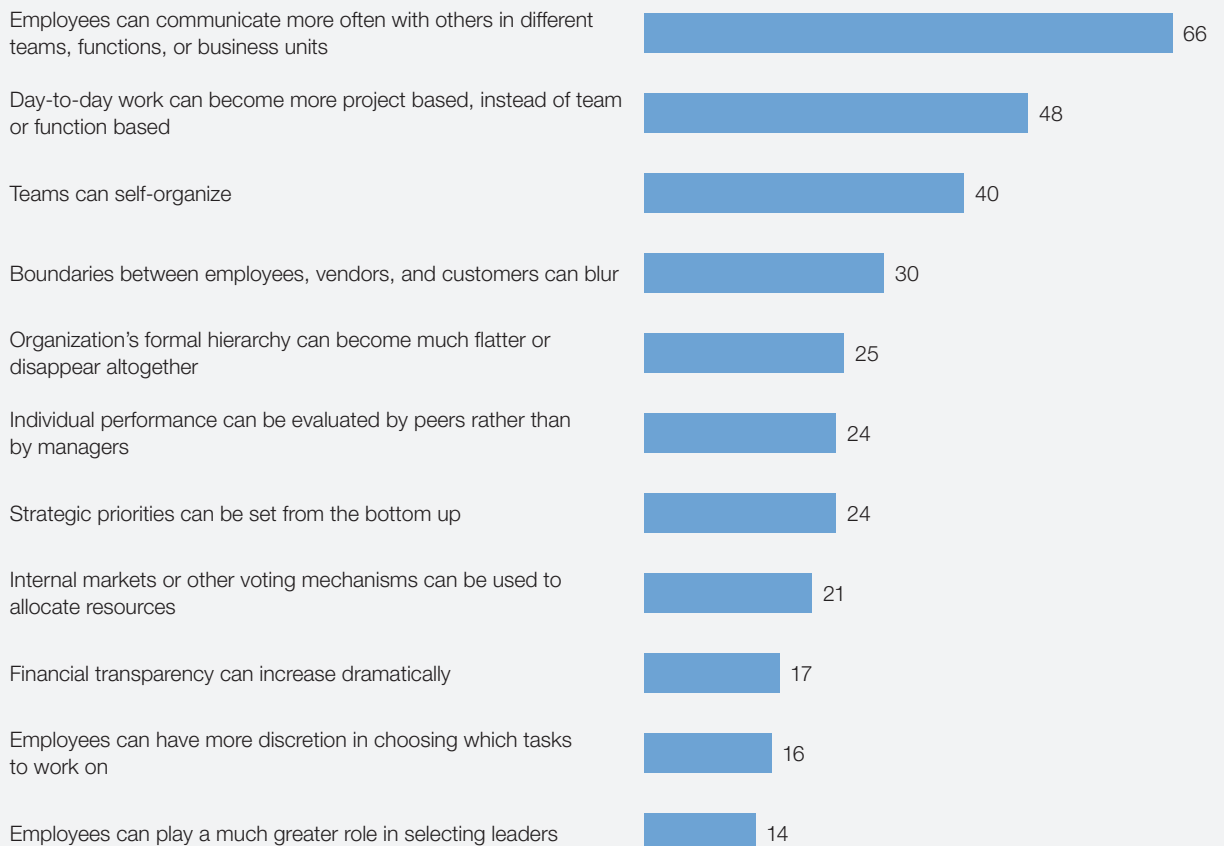
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Beyond the specific benefits that social can bring to companies, these tools—and their relationship with digital and data-driven activities—have broader implications for the organization as a whole. We asked executives which changes to structural and management processes they believe social technologies will bring to their organizations in the next three years. Not only do two-thirds expect communication

Exhibit 5

Notable shares of respondents expect social tools will enable better communication and, more broadly, that organizations (and work) will become much more fluid.

% of respondents,[1] n = 1,916

Structural and management changes that social tools are expected to bring about, next 3 years

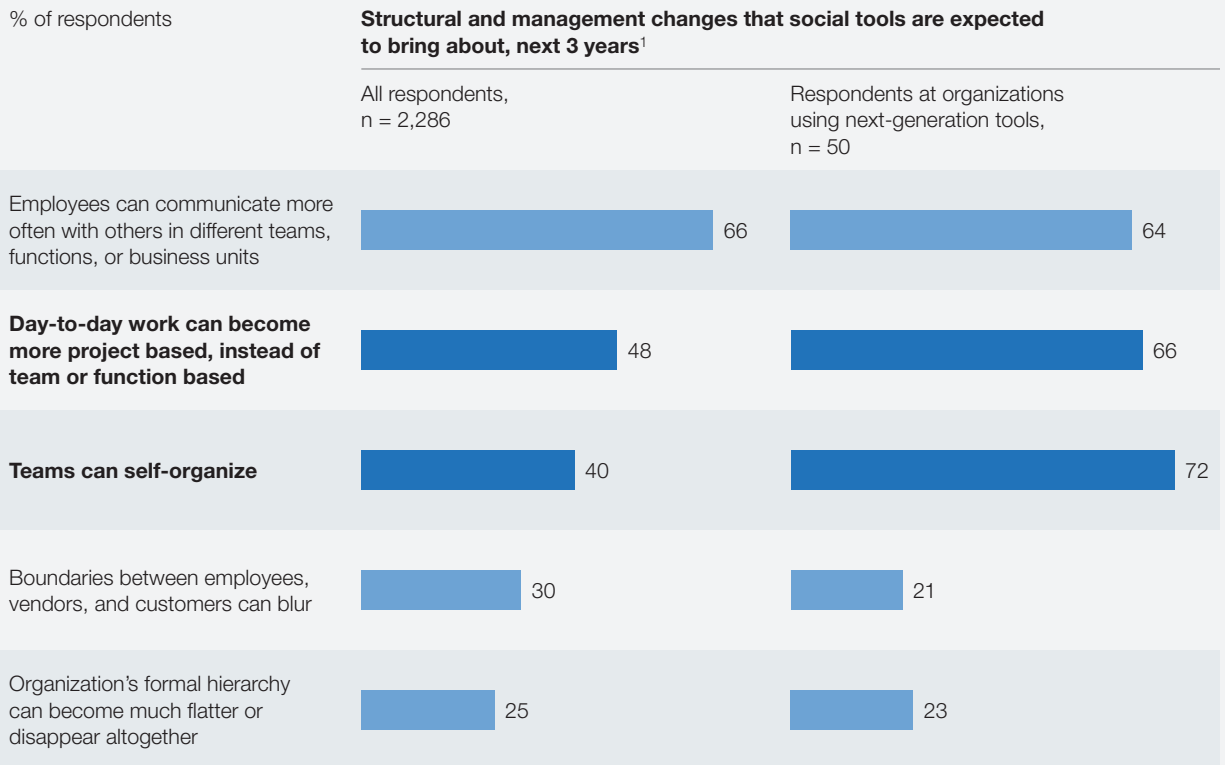|	
Employees can communicate more often with others in different teams, functions, or business units	66
Day-to-day work can become more project based, instead of team or function based	48
Teams can self-organize	40
Boundaries between employees, vendors, and customers can blur	30
Organization's formal hierarchy can become much flatter or disappear altogether	25
Individual performance can be evaluated by peers rather than by managers	24
Strategic priorities can be set from the bottom up	24
Internal markets or other voting mechanisms can be used to allocate resources	21
Financial transparency can increase dramatically	17
Employees can have more discretion in choosing which tasks to work on	16
Employees can play a much greater role in selecting leaders	14

[1] Respondents who answered "none of the above" or "don't know" are not shown.

will improve, but almost half believe their organizations will become much more fluid—that is, that work will be project based and will not necessarily happen within teams or functions (Exhibit 5).

At some companies, respondents are even likelier than others to expect their organizations will evolve. The greater the number of processes involving social tools, the more likely executives are to expect that each of the 11 changes we asked about will happen. The same is true at fully networked companies, which are reaping the greatest level of benefits from using social. It's true, too, of companies using next-generation team-collaboration tools. Executives at these companies are more likely to expect that in the next three years, work can become more project based; 66 percent say so, compared with 48 percent of all respondents (Exhibit 6). More dramatically, 72 percent at companies using next-generation tools expect social technologies will enable teams to self-organize, compared with 40 percent overall.

Exhibit 6   **Respondents at companies using next-generation tools expect more dramatic organizational changes from social, such as self-organizing teams, than others do.**

% of respondents

Structural and management changes that social tools are expected to bring about, next 3 years[1]

	All respondents, n = 2,286	Respondents at organizations using next-generation tools, n = 50
Employees can communicate more often with others in different teams, functions, or business units	66	64
Day-to-day work can become more project based, instead of team or function based	48	66
Teams can self-organize	40	72
Boundaries between employees, vendors, and customers can blur	30	21
Organization's formal hierarchy can become much flatter or disappear altogether	25	23

[1] Out of 11 changes that were offered as answer choices.

Looking ahead

- *Take advantage of new technologies.* Many executives report significant benefits from using a new generation of team-collaboration tools that could replace email as the default channel for workplace communication. Historically, the social technologies we have tested in previous surveys have been used most often with customers and in external processes. But the latest results suggest that social tools (specifically, newer team-collaboration tools) promise new levels of internal benefits and—eventually, through better employee communication—could bring about more profound changes in the organization. While collaboration-based tools are still somewhat novel, many companies have a lot to gain by testing (and using) these tools as part of broader efforts to harness technology more effectively in the business and improve the ways their employees work.

- *Use social to drive both organizational change and digitization.* As past surveys have shown and the latest results confirm, organization and technology are closely connected. Social tools influence the flow of information across a company, which enables changes in how people work and, eventually, new forms of organizations. As organizations face growing demands to become more agile, social technologies will enable companies to experiment further with new corporate structures and processes that are more project based, self-organizing, and less hierarchical. Social tools can also complement the use of other technologies; according to respondents, companies see even more benefits from social when they digitize business processes and use data-driven insights at the same time. Thus, the best companies will combine all three types of technologies—digital, social, and big data and analytics—to create competitive advantage.

- *Focus on next-generation features.* For the companies creating social tools, the results suggest a few issues to consider for future products. First, they should focus on developing the same features that the newest tools offer, such as searchability, a well-designed user experience, and easy integration with business applications. Second, their tools should make it easier for employees to access the most relevant information as soon as they need it—increasingly important as the amount of information that's shared through social continues to grow. Finally, the tools should make it easier for organizations to measure the impact that social technologies are having on their businesses. ∎

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[1] The online survey was in the field from July 14 to July 24, 2015, and garnered responses from 2,427 respondents representing the full range of regions, industries, company sizes, functional specialties, and tenures. To adjust for differences in response rates, the data are weighted by the contribution of each respondent's nation to global GDP.

[2] "Transforming the business through social tools," January 2015, McKinsey.com; "Organizing for change through social technologies: McKinsey Global Survey results," November 2013, McKinsey.com.

[3] Another feature of these tools: automated bots that participate in conversations (for example, they can take lunch orders or provide new employees with onboarding information).

[4] For the full McKinsey Global Institute report, see "The social economy: Unlocking value and productivity through social technologies," July 2012, on McKinsey.com.

The contributors to the development and analysis of this survey include **Jacques Bughin,** a director of the McKinsey Global Institute (MGI) and a director in McKinsey's Brussels office; **Michael Chui,** a principal at MGI based in the San Francisco office; and **Martin Harrysson,** a principal in the Silicon Valley office.