

## Open PR

# Question of the Week: Wikinomics and Public Relations

please, [be bold](#) - you can

- edit the backgrounder
- add new questions
- give an answer
- edit the answers!

**Background:** With increasing scrutiny comes the imperative for companies to act with integrity - the expectation that companies will act honestly and benevolently, honor their commitments, and hold themselves accountable when they make mistakes. When companies consistently act with integrity their customers reciprocate with cooperative behavior. Trustworthy firms gain access to consumer-controlled resources (e.g., like their willingness to contribute to product innovation), lower their transaction costs and eliminate unnecessary friction between themselves and society. A lack of trust, on the other hand, generates conflict, friction and inefficiencies, while consuming management time and company resources with defensive activities.

The upshot is that companies need to design their marketing and communications strategies for a world in which PR and spin are becoming impotent tools. These traditional approaches are grounded in the assumptions of a broadcast world: that the media environment can be controlled and that corporate messages can be pushed out to consumers who will believe and internalize them. In a pervasive computing environment, these one-way conversations fail to build credibility. Perhaps more importantly, they fail to leverage any of the knowledge and insight that could be gleaned from thousands, if not millions, of conversations that could be initiated with customers in a more interactive model of marketing. Even if we look at the competitive business environment in the world today, companies that build greater trust and credibility have lower transaction costs and on average outlast their less transparent peers.

## How will Open PR change the way PR departments operate?

Traditionally the role of the public relations department was to control the flow and angle of information that went to company stakeholders. Making that process open and transparent involves rethinking the relationships with all your stakeholders, including the companies own employees. Leading companies struggle with the concept for a number of reasons.

- Losing control of the information – PR departments struggle with the concept of not controlling the flow of information, or even having it released by other parties in the organization. It is a challenge for PR to understand that the message they communicate can be edited, added to and altered by other employees within the firm.

- Privacy and Intellectual Property – A company's worst fear is having trade secrets, new products and other private information leaked to the public by employees. The suggestion of Open PR will have legal departments scared stiff, now anyone can post or private mission critical data on the web. The fact of the matter is that you must treat employees like adults. Typically employees don't go and share company secrets on the internet where it's anonymous, so why would they make that mistake and post it on the company Open PR wiki where their identity is known.
- Open PR is great, but don't tell sales and marketing – This is a problem that has cropped up in a number of large IT, software and manufacturing companies. R&D and product development teams are more than willing to be open and transparent with customers and clients, because there is an understanding that in the information being conveyed is in 'beta'. Some of the ideas may never come to market, some may unofficially be released to the community, but never sold as part of a branded offering. The fear is that if Sales and Marketing get a hold of this information they will start selling and marketing these products that may or may not ever exist. This creates a disconnect between customer expectations and creates mistrust between employees.

### **Under what industry conditions is openness the right approach?**

The premise of open PR is that information will leak out eventually so it's better to join the conversation early than to put out fires after the fact. A company that regularly discloses pertinent information to its stakeholders establishes the kind of reciprocity required to build trust. However, openness may not always be the right solution. For example, companies that lack confidence in their intrinsic values and/or have a vested interest in preserving their market and industry position would be unwise to facilitate a process that accelerates the erosion of stakeholder trust. This shortsighted, defensive risk management approach to managing the company should be a temporary tactic at best.

To stay competitive, companies must adopt an offensive, trust enablement posture where companies use a combination of mechanisms to secure trustworthy relationships with the stakeholders that contribute to long-run business performance. Even in the short run, companies can open up parts of their company to scrutiny by certain stakeholders, and gradually expose the poorer parts as the company's performance improves. It is dangerous to default to denial and deception, a strategy that routinely backfires in a transparent world. As we say, "If you're going to be naked, you better be buff".

Moreover, industries differ in their need and willingness to adopt transparent business practices. An industry under the threat of vertical integration or category substitution may be better off enacting a strategy that relies on the secrecy of its competitive intelligence and plans to react. Openness threatens such approaches at the industry level, as so too does it threaten games of bluster from individual managers.

**Should companies host a customer dialogue forum or wiki where anyone can add their views?**

In the “old” days, marketing people acted as agents for customer’s perceptions and needs. Open dialog was considered antithetical to public relations and legal departments, whose modus operandi was to shield the company from harm. Maintaining earnings on a quarter-to-quarter basis, was perceived as being more important than building transparent relationship with customers and other stakeholders.

Now, thanks to Web 2.0, companies can have a direct interactive link to their market segments. In a competitive environment, if company A engages in direct conversations with customers, this cannot be ignored by company B, its competitor. Most customers will prefer to conduct their business with the company that responds more promptly and directly to their needs.

A company can facilitate open discussion forums with stakeholders that allow public expression of views about the company. Providing a wiki that stakeholders can collectively edit would be another example that may raise the trustworthiness bar higher.

Many companies have started this communication vehicle by posting blogs on their web sites. The blogs provide the community an opportunity to interact with those that are willing to share their thoughts about the company strategy and what aspects are important. The control mechanism that exists in blogs is in the comment lines. Any user can comment on the blog but the comments are generally filtered to sort out abuse or nonconstructive content. These types of communications still fall into the one-way PR marketing paradigm.

A wiki that is available to participants via a log on control provides a valuable dialogue mechanism for customer dialogue. Log on control ensures that those who choose to participate are willing to provide an identity and are interested in constructive dialogue. Structuring the wiki with specific topics and domain areas provide a many to many way to converse around topics the company has interest in obtaining feedback around. Giving users the ability to create discussion forums related to the company opens up the customer view that many companies try very hard to gather from exhaustive surveys and customer visits. This mechanism provides a real time capture of topics that customers are interested in.

A customer dialogue wiki also opens up the channel to customer to customer communication related to a companies products and solutions and also provides a birds of a feather community to customers who are sharing the same problems or adopting innovative ways to tackle a particular issue. Many company product solutions are customer driven. Opening up this contributed library of dialogue has a benefit to the company as well as to the customers that use the company products and services to enhance and run their own businesses. This provides another channel of gathering useful information so that a companies products and services can rapidly adapt to the customer needs and provides client direction for product direction and strategy.

Perhaps the most important lesson is that when company chooses to host their own sites for public dialog, it is imperative that they enable a two-way conversation. Questions will be asked and challenges made publicly. The company will need to respond in an intelligent and measured way. Increasingly, companies will be judged more by the quality of its discussions than the quality of its products and services!

contributed by [Ron Long](#) on June 28 at 1:40 PM PDT.

### ***Primus Canada: A Case Study in Customer-Company Dialogue***

Primus Canada, a 10 year old telecommunications provider competing against the likes of Canadian behemoths Bell, Rogers and TELUS, endures the same customer service challenges as their larger peers. However, to face these challenges, they're doing something rather unique. Their home IP telephony service, TalkBroadband, includes an online portal where customers can log in to control their IP telephone's various features, such as customized call forwarding and remote dialing. Tucked into a corner of this portal is an unassuming button labeled 'Forums'.

The Forums built into the portal allows all customers to create content, such as good, bad and ugly feedback on the TalkBroadband service, tips for improving performance on poor connections, and suggestions for new TalkBroadband features. It's not just a forum for customers, either. Primus has a customer service representative on the forum that loosely moderates conversation, but more often responds constructively to complaints and suggestions. A brief perusal of the forums uncovers a host of complaints where this rep has responded, and in later threads, presented solutions that Primus has come up with. Any TalkBroadband customer can witness these time-stamped discussions and resolutions. In some cases, fellow customers may solve the problems of other customers, before the Primus representative has enough time to respond.

The TalkBroadband offering likely represents a very small fraction of customers for Primus, but their decision to open up discussion -- and criticism -- stands out in an industry where the incumbents are traditionally silent, and perhaps even silencing of their own customers.

### **Ensuring balance for consumers**

While there are a lot of benefits for companies to engage in an open dialogue with their customers, we must not forget the flip side of the equation. For consumers to be interested in participating, there must be a payoff for them as well. Yet, as many examples of web 2.0 technologies are beginning to show, even when there is a payoff for the consumer, the benefit to the company may be much higher and may actually compromise the consumer. For example, MySpace users do not own their profiles, MySpace does. The entire value of MySpace is tied up in how many active users and profiles it has. Users create the content (profiles) for MySpace, have no ownership over their creations and have their eyeballs sold to advertisers. In the case of non-web based

businesses, consumer feedback can be seen as free content that the consumer is providing. Sure, their feedback may improve the product for them, but it is also saving the company thousands in PR and market research, as discussed earlier. But what about environmental issues, or animal rights, or labour issues? Will these issues be addressed through these feedback mechanisms? In the case of Loblaw's, only the positive comments are shared publicly. Unfortunately, it is often public and media pressure that is needed to make high level changes (environmental etc) beyond product improvements. To ensure that the consumer really benefits from feedback and dialogue with a company, the dialogue must be really open and uncontrolled.

### **Second Mover Advantage and the risks of opening up**

Despite the benefits of engaging in open discussions with their customers, the risks of being open may be higher for early adopters than they are for fast followers. This was the case for the Green Party of Canada in their use of a wiki to develop their election platform. While they were trying to change politics, everyone else was still engaged in politics as usual. This left the Green Party more vulnerable and exposed than the other parties who were still engaging in closed processes. The other parties could see what the Greens were planning and the public could see the internal conflict going on within the party. Even though the same things were going on in the other parties, the conflict was kept hidden and thus the Green Party's image was compromised. There is the potential for the same situation for open corporations.

A good solution might be for a coalition of businesses in an industry to begin engaging in more open practices together.

### **What effect does online involvement of company employees have on credibility, trust, and public perception?**

With more and more people participating in the many aspects of the new internet (blogging, social networking sites, wikis) it seems inevitable that conversations about the workplace will come up. With this in mind, how does the internal environment of a company affect its public perception? For example, Google has embraced bloggers and opened up their company's inner workings to the world, thereby, in effect making their daily operations public relations. Another example, Loblaw Companies Limited, the Canadian grocery giant, has started taking online (risk-free, confidential) feedback about their in-house brands and for use as advertising and quality control. Customers are invited to leave comments on a variety of foods, positive or negative. If negative, the food may end up back in the kitchen for improvements. If positive, the comments may appear on in-store displays for that product. Clearly, companies will want to channel the openness as having the negative comments appear on the in-store displays would severely erode value.

### **Some additional considerations**

**On constructive feedback:** companies pay large amounts of money to get feedback from customers through syndicated reports, expert panels, questionnaires and consumer studies. Open dialogue using collaborative technologies reaches more people (but is still subject to selection bias), and can facilitate greater range of conversation (as anyone can construct the frame of reference). Firms that don't take advantage of these technologies may end up paying more for their research and may find that the facilitator-expert frame of reference blinds insights from the results.

**On competitive dynamics:** It would be naive to assume that competitors won't take advantage of a company's openness. As industry conditions get more intense so too do the lengths competitors will go to take away mind share or market share - lie, cheat, obfuscate, sabotage, etc. This includes covert involvement in the open systems. Any discussion of involvement cannot be ignorant of that legitimate customers (i.e. they bought your product) may have ulterior motives (they bought it to reverse engineer it and compete with you).

**On criticism:** Traditional, risk management oriented PR professionals would probably consider open forums for consumers a "nightmare" scenario. However, it is not a matter of whether a given company will eventually have a forum discussing it, but when it happens and where this forum will reside. The issue becomes whether the firm should encourage such discussions and hold itself to being accountable to suggestions.

#### Resources

Some excellent discussions of these emerging issues are Tiziana Terranova's "[Free Labour: Producing Culture for the Digital Economy](#)," Ryan Bigge's "[The cost of \(anti-\)social networks: Identity, agency and neo-luddites](#)" and Fred Scharmen's "[You must logged in to do that!](#)"

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For additional perspective on influence see:

- Discover how influence works, where to find it, and how to use it - <http://www.cnetnetworks.com/aboutus/research.html>
- Video: Activating Influence — Who vs. Where - <http://blogs.bnet.com/intercom/?p=341>
- Video: Motivations for Influence — New Insights - <http://blogs.bnet.com/intercom/?p=322>
- Video: Creating Influence — Avoiding the Backlash - <http://blogs.bnet.com/intercom/?p=342>

*contributed by [Alex Todd](#) on Jun 25 6:55pm*

*(I can't see how to blend this perspective into the body - MRJC)*

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*contributed by [Yoel Raban](#) on Jun 25 7:05pm*

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this is a Tai Chi question... I suggest reading a great new book by Josh Waitzkin - "The Art of Learning" in which he explains his personal experiences winning first several international chess championships as a child and young man, then becoming - in 2 years, after starting from scratch, a national Tai Chi champion and then the international champion

the real question is: when is "control" achieved by "vulnerability"?

if the environment is quickly transforming, fixated control spells disaster .... holding onto what you got, doesn't work... just ask Dell Computers which today announces jumping to into bright colors to hopefully boost their lagging sales.... naturally Dell should have foreseen what they needed to do BEFORE their sales lagged. (didn't apple do bright colors years ago?.... is the new-fad-to-be, something else, entirely?)

*contributed by [daaberg](#) on Jun 27 6:31am*

*(I can't see how to blend this perspective into the body - MRJC)*

**Source: [www.wikinomics.com/wiki](http://www.wikinomics.com/wiki)**