



Entrepreneurial Management – The Modern Way of Doing Business

PART 4

Social media and its important role in the EM organization



Copyright © 2014 ScS Lüttgen
All Rights reserved.



The entrepreneurial management organization is characterized by being innovative, proactive, and designing itself around the needs of the customer. Those are all qualities that sound great on paper but could prove to be a real challenge to achieve in reality. There is however, a valuable tool that entrepreneurial managers could make use of in order to make the attainment of these qualities easier – social media. The increased popularity of the Internet and modern technologies has changed the playfield for the majority of industries. In Germany alone there are over 30 million unique Internet users in a month. This number is expected to grow exponentially in the upcoming years so companies that do not make use of the Internet in their operations stand to face huge losses. The term social media is part of this new wave of digital revolution and is certainly a popular topic among managers nowadays, although few really understand how to make effective use of it. Indeed, social media constitutes much more than simply having a Facebook or a Twitter page. It is a modern day marketing tool and it allows

the company to get closer to its customers than it was ever possible before.

Social media and its place in the outside-in approach

The customer is the main focus of the entrepreneurial management organization. It takes advantage over the competition by creating a superior value for the customer and then capitalizing on it. In order to do that the EM organization must receive answers to some important questions. What are the needs of our customers? What causes them to change? How can we best address those needs? How can we help the customers develop themselves? This is where social media comes in. Monitoring social feeds could prove to be more useful in understanding the customer than many high priced reports and researches. It even goes one step further – social media allows the company to receive direct feedback from the consumers, enter into two-way dialog with them, and provide them with instant and superior customer service.

The fact that, social media is free and offers anonymity, encourages consumers to participate and be unbiased and honest in their communication with the company.

Another important benefit that the EM organization stands to receive from its involvement in social media is brand promotion. The modern customer will automatically build a negative image of a company if it is not present online. This makes the usage of social media not only beneficial for a company but also a requirement for it to be successful in the modern market conditions. Social media outlets such as YouTube, Vine, or Instagram have helped propel many singers, actors, comedians and so on into fame and success. This just goes to show the immense power social media could have when it comes to brand and self-image promotion.

A vital source of innovation – the customer

Social media could even be extremely beneficial to another key aspect of the entrepreneurial management organization. It could accelerate and promote innovation by simultaneously bringing the company and its customers closer to each other. Customers often have viable improvement or new product ideas and social media allows them to share those directly with the company. Many firms recognize the potential in this new way of communication and use it to their advantage. For example the chips maker Lays often makes use of what is known as virtual co-creation. It announces competitions on Facebook that allow the users to design their own flavors of chips which are then tested by the professionals in the company in order to determine which one gets to be put into mass production. This way of using a social media is a clever way to look for innovation ideas directly from the consumers without having to spend billions on R&D and market conditions reports.

This sort of user involvement not only helps come up with inexpensive innovation ideas, receive feedback, and promote the brand image but also brings the company and the customer closer together. By actively engaging with the consumers a bond is created. This later enables the EM organization to reap the benefits of yet another result of social media usage – customer loyalty. Loyalty could prove to be an invaluable resource in a dynamic and highly saturated market where consumers usually have low switching costs and wide selection of other product options and companies.

The above outlined benefits that stem from using social media make it clear that it is a necessity in the modern day market. The entrepreneurial organization understands the importance of social media and treats it as an invaluable tool in achieving its core characteristics – innovation, proactiveness, and a customer centered approach. Social media not only offers great assistance in attaining those but also creates customer loyalty and a bond between the EM organization and its customers.

Entrepreneurial Management – The Modern Way of Doing Business

Further in the series...



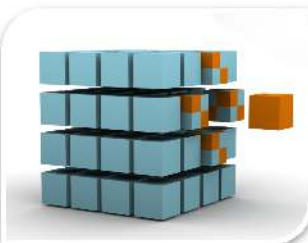
Part 1 – Thinking like an entrepreneur

What exactly is entrepreneurship? This first installment of the series examines the main building blocks of the entrepreneurial organization and discusses its applicability in different organizational contexts and structures.



Part 2 – Innovation and its place in the modern organization

In this part the importance of innovation and proactiveness is discussed. Both are an inseparable part of the modern organization. However, successfully achieving and sustaining them could be tricky.



Part 3 – Firm design – a customer-centered approach

Many organizations recognize the importance of fulfilling the needs and requirements of their customers. Few, however, know the correct way of doing so. This part discusses the customer-centered approach from an EM point of view.