



# MEASURING THE ROI OF SOCIAL MEDIA WITHIN YOUR ORGANIZATION

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A few months ago, around 1:00 a.m., I walked into my bedroom, flipped the light switch and stopped in my tracks. I couldn't see anything; there was total darkness. My ceiling light had died.

The next morning, after some examination, I realized I would need help fixing it, and I decided to look to social media for help.

I sat down at my computer, typed in a search for "how to fix a ceiling fan and light fixture" and started clicking around. Within minutes, I determined the part I needed and then found a blog and discussion forum about that part. I typed in an additional question for this community, pressed "send" and launched the question into cyberspace.

When I returned from the store with my new part, I found four forum posts addressing my question. One connected me to a how-to video demonstrating the process step by step. I climbed my stool to start working and pressed "play." One hour later, I was finished.

## MAKING YOUR BUSINESS CASE

While I always appreciated the potential value of social media's knowledge sharing

solutions as on-the-job training tools, it wasn't until I started playing out specific scenarios (like the one described above) that I began to fully grasp the potential return on investment of using them in the workplace.

What if I'd had to find, register, wait and pay for an instructor-led course on installing electrical fixtures? What if when I finally sat down to take it, I had to hear hours of lecture until we got to the module about relay switches? What if my facilitator were an expert in older models, but knew little of the newer, more sophisticated replacements?

What would be the cost and time wasted if I had used just this one source of learning and received outdated information?

When we consider a scenario like this one, it's easy to see a clear benefit for choosing social media and instant collaboration tools over traditional training alternatives. In these situations, it makes sense to connect with experts as quickly as possible.

Admittedly, most learning scenarios aren't as black and white as changing a light fixture, but think about how different all

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your learning outcomes can be and how many scenarios can play out every day within an organization.

If you can clearly document even a few efficiency gains and time savings for key roles, you can start making inferences about gains across the organization. It is through building and highlighting these simple but powerful “use cases” within your business that you take your first step toward building a robust and reliable ROI case for social media.

## MEASURING ROI

The first step in creating a good ROI case for using internal and external social sites is to clearly define the overall relationship between being “connected” and productivity across the organization. That is, as you compare larger numbers of employees (or groups of employees) across the organization, how well does connectivity predict productivity? Do employees who consume and contribute more knowledge within these collaboration spaces actually have significantly higher average levels of performance?

You can approach this question in two ways:

### 1. Select images. Develop a statistical correlation or regression analysis.

Start with a sample of about 200 to 250 employees with varying levels of connectivity. Make sure you clearly define “connectivity” (e.g., use of social media tools like blogs, discussion boards, learning communities, etc.) and “performance” (e.g., sales targets met or exceeded, customer satisfaction scores, performance appraisals, etc.) up front.

If all your social media resources are in one place, such as an internal learning site, you may simply define connectivity as each employee’s number of visits to that site. Another approach is to track contributions and questions to communities and forums.

Match each individual’s connectivity level (X) with his or her performance level (Y). Then, plug those numbers into a correlation or regression analysis using

any statistical software (e.g., SPSS, SAS, Excel, etc.), and you’ll immediately find out if there’s a significant correlation.

If there is, you will be able to forecast an individual’s performance based on his or her connectivity, and vice versa. To show this correlation graphically, plot each point of each employee’s data set.

### 2. Develop a control group analysis.

For instance, you might separate a sample of existing employees into two groups: one that is highly connected and one that is not very connected. Again, compare the two groups on some measure of performance (e.g., customer satisfaction scores, number of sales targets achieved, overall performance appraisal, etc.). If there is a significant performance difference between the two groups, you’ve already made a decent case.

To take your analysis a step further, define the business implications of those performance differences.

How much more revenue is generated by the high performers than by the low performers? What would it mean for your business if you started encouraging more employees to connect with social media, turning them from low performers to high performers? What would it mean if you shifted 10 percent of your employees? What about 20 percent? In this way, you can start to define the incremental value of increasing the number of employees using your social media tools.

## SUMMARY

Whichever method you choose (correlation or control), once you have established this clear relationship between connectivity and performance, you can estimate with a significant level of certainty what incremental increases in connectivity will mean in terms of bottom-line business impact.

Additionally, once this backdrop of research is in place and you’ve convinced your senior leaders and stakeholders of this relationship, tracking and trending employee connectedness over time becomes very powerful. No longer will

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you simply be presenting increasing usage numbers in a dull spreadsheet; now, you can translate those numbers into bottom-line impact. You can then deliver each of your quarterly reports on usage or connectedness in the language of projected performance gains, cost savings and bottom-line dollars. ☺

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