



Getting the Shovel in the Ground: Pitching Community to Executives

 **SNAPSHOT**

SPEAKERS

Michael Sandoval (Rexel) and Kelly Schott (TheCR)

COMPETENCIES

Strategy

MATURITY PHASES

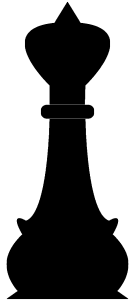
CMM1, CMM2

HIGHLIGHTS

1. **Interested in learning how Michael sells community to his executives?** Read on for his 5 step plan, plus 2 added suggestions as lessons learned.
2. **Want an ROI table to share with executives?** Michael's 3 point value table includes KPIs.
3. **Curious to know Michael's suggestions for moving executives from negative/neutral to a more positive mindset?** Michael shared 2 insightful suggestions.

OVERVIEW

- **Background Michael Sandoval.** Michael is the Group Director of Committee and Social Commerce for Rexel.
 - Michael experienced the Greenfielding of many communities.
 - He has been focused on communities for 15 years with a total of 20 years on the B2B side.
 - Michael has the unique ability to drive digital transformation on the B2B side.
 - Michael also has a background in semiconductor and software.
 - The company has structured a user-generated content formation. All of the online support for their customers is under Michael's management. The Product Ratings Structure is also in his department.

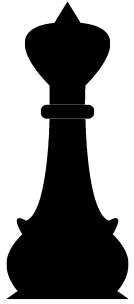


Getting the Shovel in the Ground: Pitching Community to Executives

OVERVIEW, CONT.

- **Background Rexel.** Rexel is one of the largest distributors of electrical products and services.
 - \$14 billion Euro in sales.
 - \$2.1 billion in online sales in the last year.
 - Digital transformation grew website penetration 5% to 12%.
 - Over 650,000 active customers.
 - Operations in over 26 countries and 27,000 employees.
 - Six languages in 10 different countries.
 - The electrical industry's first branded community.
 - 1.2 M page views with 530K users and over 5K members.
 - 5% traffic to e-commerce sites.

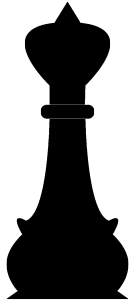
- **Community is a key piece to digital transformation.** Digital transformation may be a nebulous term, but Michael looks at it as being able to shift an enterprise from a traditional offline company to an online world.
 - Changing a siloed organization to a singular company is a huge feat. Yet, there is no other tactic that allows people to unify in a digital world better than a community.
 - The idea is to shift the hearts and minds of customers and employees. To not do this is dangerous. It really is a “do or die” situation in this digital age.
 - Nothing works better at breaking silos than breaking tribal knowledge. Community does this very, very well.
 - Community improves the customer experience.
 - Community engages helpful conversations at scale.
 - Community creates loyal customers who buy product. This is the point to push in a conversation with your CEO.



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BEST PRACTICES

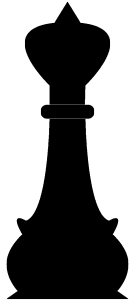
- **Sell community to your CEO.** These are the steps that Michael follows in every new engagement with a CEO. This is a path that could take up to 6 months to drive the plan.
 - **Research and know your audience (employees and customers).** This step is all about getting in front of people.
 - Talk to customer-facing teams (sales organizations, current support teams, etc.) Ask them how customers interact with them when they need help. Find out who the internal SMEs, are in each area, etc.
 - Listen for the push back, i.e. the detractors. To make this change, you have to understand what will kill your strategy. Know which people will make this a difficult task. The idea isn't to push them away, but rather to gather the data necessary to combat the pushback. Use that data to overturn the argument.
 - Know what it is that resonates with your company. Is it forums, discussions, a knowledge base or a community? In Michael's B2B experience, community means nothing because people don't know what a community is or what it can do for the company.
 - Research the communities and discussions that your CEO engages in currently.
 - Understand competitor activity.
 - Use industry research, like The Community Roundtable.
 - Visit your audience in person. It is vital to get out and talk to them in order to understand their needs.
 - **Find your advocates.** This is about finding the people who will help push you forward.
 - Find those people within leadership and within your team who can and are willing to help you. This group tends to be those who have just started with the company because they are hungry and trying to make a mark.
 - Look to the manufacturer. The 2 areas that Michael will go to first are the sales teams and the support or call center. These are the groups who know the customers and they are integrated with the SMEs. The sales teams tend to be the most siloed, but they may also be in a situation where they need to up their game. Find those who don't fear digital transformation. In other words, they aren't afraid that it will take their jobs. For those that are afraid, change that fear by letting them know what community can do to actually help them be more successful. It's not about taking them out. It's about driving deeper relationships and reducing support efforts that take up a lot of their time. Communities help them to become more efficient and more streamlined.



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BEST PRACTICES, CONT.

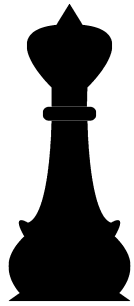
- Look to the distributor. On this side, the brick and mortar sites will be your key areas. These are also often siloed. Finding the right team is a great way to make in-roads.
 - As you go through this process, you'll be creating a short-list of your top advocates. This group will be your proof-of-concept (POC). Success is like a virus; it breeds. Before that can happen, you need to do this leg work.
- **Build your ROI model.** This is what will drive the budget and the resources for success.
 - Keep the model simple, but be ready for the questions. CEOs have tough questions.
 - Use any and all resources available to you.
 - Look to the supplier/manufacturer side. This is always about reducing support costs and increasing the share of voice within the market, as well as increasing brand value.
 - Look to distribution/e-commerce. The value point and ROI for community from this perspective is with Google SEO clicks (raw traffic to the site), increased conversion and brand awareness through industry product expertise.
 - Publisher/Content. In this area, the value is in ad spend (Google) and share of voice.
 - The biggest brand value for most companies is to be able to increase Google SEO. To be able to have almost an infinite amount of key words around your product online and driving that as a share of voice in Google only increases your clicks as an ROI model.
 - A community strategy in practice contributes to bottom line results. Michael uses these points when talking to CEOs and backs it up with current data.
 - Michael shared some personal successes:
 - At TI, a 3x increase in samples was their best indicator for revenue overall. As well, there was a 20% reduction in support calls in the first months of launch. This was a huge win.
 - Michael learned through a brand study that TI's brand revolved around the two words of "support" and "community". This shows that in that time period, their value was about being the experts from a syndicate perspective to being the most supportive brand. That's a huge win from a brand perspective.
 - At Freescale – Michael launched a community supported development board, which was the first board that they launched completely to the community that didn't need a software development team. This meant zero support costs, yet it was the 2nd and 3rd most successful open source boards for engineers.



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BEST PRACTICES, CONT.

- At Rexel, mobile activity was 3x their e-commerce platform. Customers on the community had a 2x conversion rate and there was a direct correlation between online social activities and churn rate. In other words by engaging customers, their churn rate decreased.
- **Build your plan.** There are many methods for how to do this and Michael was clear that he didn't want to get into how to build your particular strategy.
 - POST methodology. Michael personally uses a POST methodology - People, Objective, Strategy, and Technology. Michael doesn't talk about technology until the very end. The people part is the most important part.
 - Use a small team and a small whiteboard.
 - Start small, but plan for growth. This is where technology can now enter the conversation. Find the right partner.
 - Develop content marketing and promotion, which is all part of your white board.
 - Create a budget that includes an ROI. Don't get caught up in the value and how it will change lives. It is still a business and it's about revenue. CEOs are looking to drive share price. That is their focus and that is what will get their attention.
 - Use KPIs, such as revenue and/or cost reduction.
- **Build your case.** Put in the effort. Michael advocates developing white boards. Get a small team together. Remember, you are the evangelist. You are the one trying to drive this digital transformation, but you need a small team that is just as excited as you. Since you did the research, you know who these advocates will be. White-board them together. Get them involved. Let them be the ones to come up with the ideas. You stay in the background and listen because that will help you sell this to the CEO.
 - **Sell the Vision**
 - Tell the story.
 - Use a real example.
 - Create demand and want for the CEO. They are usually detached from what you are trying to explain to them. This is where cursive knowledge is at its peak.
 - Debunk detractors in your example, such as people talking badly about the company or letting employees say too much about the company. These are real fears for the executives. Be ready to debunk these fears. Others talking badly about the company can actually be a blessing because it helps the company to improve, as well as connect with its customers.



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BEST PRACTICES, CONT.

- **Solve the Problem**
 - Articulate the problem.
 - Use a case study.
 - Show why community is the solution.
 - **Show the ROI**
 - Use simple graphs and pictures that tell the value story.
 - Be ready for detailed questions, especially about costs.
 - **Proposal and Next**
 - Roadmap & budget (it shouldn't be a surprise). Be accountable with KPIs.
- **Show the impact of community to the CEO.** Michael shared a table that he often uses with his CEO.

**Example Revenue Impact for
Community to a CEO**

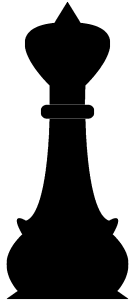
	Conservative	Moderate	Aggressive
Number of visits to the community	1,000,000	5,000,000	10,000,000
Average referral rate from the community	10%	15%	20%
Conversion Rate for your e-Commerce shop	5.0%	7.5%	10.0%
AOV	€ 100.00	€ 100.00	€ 100.00
Annual revenue from your e-Commerce shop	€ 500,000.00	€ 5,625,000.00	€ 20,000,000.00
New customers acquired	500	3750	10000
New customer revenue per annum	€ 5,000,000.00	€ 37,500,000.00	€ 100,000,000.00
Total revenue impact per year	€ 5,500,000.00	€ 43,125,000.00	€ 120,000,000.00

Figure 1 - Example Revenue Impact for Community to CEO - Slide 11¹

- Michael uses this B2B table to show community value and the KPIs he would use to demonstrate that value. Michael looks at it in 3 scenarios: Conservative, Moderate and Aggressive.
 - This table shows the revenue that they could expect in each of the 3 scenarios as a result of people interacting in the community. This is one part of the value chain story.
 - Secondly, now that you've increased your audience on Google, you're now putting yourself in front of customers who have never seen you before. Let's say that community could help the company acquire 500 new customers. Now all you have to figure out is the cost of that new customer vs. the cost associated with acquiring that customer from a community. This tells a real value story.

¹ All slides used with permission by Michael Sandoval in his presentation to TheCR on May 29, 2019 entitled: "Selling the Value of an Online Community to your CEO."

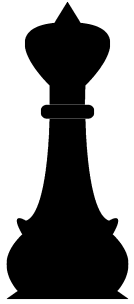
- Don't be afraid to sign up for this estimated revenue. Be accountable.



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LESSONS LEARNED

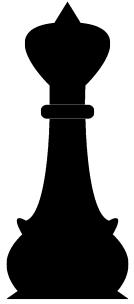
- One participant struggles with selling community and ROI to his executives and asked for further recommendations. Michael had 2 suggestions:
 - **Develop a proxy.** Especially in digital transformations where data is not necessarily a core competency of the company yet, you will not find information on churn or what churn means, as an example. Churn requires a very sophisticated model that has to be developed and you may not have that yet. However, you may know some simple pieces to develop a proxy.
 - Michael described what he did at Texas Instruments. Community professionals know that community helps drive increased revenue, but TI didn't sell anything online at the time. So, they had to prove how a community would help with conversions. They developed a proxy that would help with the idea of samples, i.e. give aways to customers for testing. It was the only way that they could develop a model. However, when they showed a customer using the community and then followed that customer through the samples, they were able to show how it grew at 2x rate.
 - Don't go right to churn. Develop a step just before churn. If executives don't understand churn, get to know the signs that signal a customer is about to leave the company. Then use that as a proxy metric.
 - **Find an agreeable model.** Case deflection is a good model. There are many articles online about the value of a person answering a question. Michael is upfront about how he calculates this metric and walks through the calculation with the CEO. The CEO will want to know all about the calculation, but Michael defers the conversation. He says that they can spend time trying to help him/her understand it, or can they agree that it is a good high-level estimate. Usually, the executive can't argue with the fact that it's a good high-level estimate.
- When it comes to getting the CEO more actively involved in the community, Michael cautions that it does depend on the culture of the community. For example, the CEO at Microsoft is very active in Microsoft's Yammer group. However, the CEO at Rexel is still learning and can be quite garish at times. That's a problem for Michael, who needs to help him tone it down. Using your advocate research, decide if there are leaders worth having as active. Focus on getting them active. Help them if they are open to it and help them create content. It all comes down to leadership. If you want a company to move in this direction, you need the leaders to participate. If they are afraid, that is an indication of a company-wide problem overall. Investing your time with those leaders to help them feel comfortable will tell you the insight you have in a company. As well, making that movement is what will help you to be successful.



Getting the Shovel in the Ground: Pitching Community to Executives

LESSONS LEARNED, CONT.

- If Michael were to do it over again, he would change his focus to employees first vs. customers first. Initially, even though Michael did his research, he didn't understand the depth of how much their employees didn't understand digital. If he had spent more time driving that, the adoption rate would have increased more quickly.
- Instead of a revenue story with employees, talk about employee engagement.
- Michael was asked for his definition of what increasing executive engagement means from a customer-facing scenario. Michael looks at it 2 ways. If you're driving increased activity in an internal community, you want the CEO to set the tone. Let employees know that it is okay to post. If the CEO is overbearing and opinionated, employees won't feel comfortable sharing. You have to walk the CEO through that as the community manager.
 - With an internal community, you might want to consider setting up a content schedule.
 - The most important aspect to realize about this is that the community is not a microphone. It's a listening post.
- With external communities, the audience prefers to speak with SMEs vs. CEOs. Where it makes sense for the CEO to engage in an external community is with a brand blog or an expertise blog. Then it becomes a marketing piece. In this case, the must CEO allow comments and he must respond authentically. People see right through marketing. This is why CEOs don't do as well externally.
- Kelly asked Michael to give his one suggestion to help with executives who are neutral or even negative towards community. Michael replied that there is always a reason why they haven't bought into community. It's up to you to uncover that reason. Usually, it's because they don't understand. That's the problem that you have to solve. You have to be the evangelist to show why this works. Find the detractors and find where the pushback is coming from in order to overcome it.
 - The second reason is more difficult. Perhaps they see you as a threat, especially on the sales side. Be ready for those objections. In Michael's experience, they never once laid off staff because of digital transformation. If anything, they increased staff in their support channel because they started to get people involved as SMEs in the community. This helped them to ease the worries of the sales staff. It's about driving efficiency vs. cutting.



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ADDITIONAL RESOURCES

- Kelly asked participants to share how bought-in (or not bought-in) their executives are with community:
 - Executive buy-in for the concept, but not the tactics.
 - Executive buy-in for the idea, but real buy-in comes with financial support. This has yet to be seen as community hasn't launched yet.
 - Executives have bought into the concept and support it. However, they are not active themselves. Three other participants also had the same challenge.
 - Executives are "neutral" as an average.
 - Executives know that a community is important, but greatly underestimate how much time and other resources have to go into it to make it work properly.
 - Have executive buy-in from the division, but having difficulty breaking through to other areas of the business.
 - Executive buy-in is mixed.

RESOURCES

- As mentioned in the discussion:
<https://network.communityroundtable.com/viewdocument/calculating-community-roi-measurin>
- As mentioned in the discussion:
<https://network.communityroundtable.com/viewdocument/report-a-community-managers-roi>
- As mentioned in the discussion: Executive Engagement and Communication Resource Bundle:
<https://network.communityroundtable.com/browse/resource-bundles/executives>