TwinCities BUSINESS

Opening up the big box

Best Buy is using social networking and a philosophy of openness to change the way it interacts with employees and customers.

by Dan Haugen

On any ordinary day, Nick Pfeifer would be pulling a blue Best Buy polo over his head, getting ready to share video game advice with customers at the Colorado Springs store where he works.

This day is different.

Pfeifer wraps a brand new aqua-colored tie around a dress shirt collar. He bought it back home at Wal-Mart, and he learned to tie it just a few days earlier with the help of a video he found on YouTube.

He chose the tie because the color matches the three-ring binder sitting in his luggage. Pfeifer will present the document later that day at Best Buy headquarters in Richfield during a half-hour one-on-one with Brian Dunn, the company's chief operating officer.

The binder contains what Pfeifer considers a "21st century" vision for how Best Buy could sell video games. The proposal was inspired by his experience as a video gamer and an eight-year Best Buy sales associate.

So how did this 24-year-old from Colorado Springs manage to network his way to a meeting last September with a C-level manager of the world's largest consumer electronics retailer?

It wouldn't have happened a few short years ago. But now, Best Buy executives are listening to Pfeifer's ideas, thanks to an employees-only social network called Blue Shirt Nation. The company launched the Blue Shirt Nation site in 2006, just as sites like Facebook and MySpace were gaining attention.

The lessons learned from Blue Shirt Nation are starting to be touted by some in the company as a model for how the retailer could radically change the way it communicates with not only employees but also consumers.

The approach basically boils down to empowering employees to be as open, honest, and inclusive as possible in their online and real-world interactions. By doing so, the theory goes, Best Buy will gain trust, loyalty, and the ability to tap the ocean of expertise held by its tens of thousands of young, tech-smart employees and its customers. It could also find out how to better sell its products, an increasing challenge during a recession.

From Clipboard to Cutting Edge

Blue Shirt Nation started as a quest for a different kind of information. In 2006, Gary Koelling, then a creative director at Best Buy, and Steve Bendt, an account supervisor, felt distant from their customers. Up until that point, Best Buy learned about its customers' needs using the usual tools: surveys, complaints, focus groups. But Koelling and Bendt wanted deeper insights about customer wants in order to create more effective advertising.

The ad men started with social outreach the old-fashioned way—with a pen and a clipboard. They went to

stores and interviewed floor employees about what customers were saying. Then, they conceived a way to scale that conversation up: an online social network where sales associates could share information with employees in the advertising department.

Koelling and Bendt quickly discovered that the busy store employees weren't very interested in using their free time to help corporate come up with advertising ideas. Still, that didn't stop staffers from embracing the social network. "They were all about having a conversation," Koelling says. But they wanted a conversation on their own terms, one that was about things they wanted to discuss.

Soon, video game enthusiasts found other video game enthusiasts and started conversations about gaming. Photography buffs grouped together to talk about cameras and other gear. Even home-appliance geeks formed groups to chat, typically about high-end stuff like refrigerators with built-in espresso makers or range hoods that incorporated televisions and Web browsers. A community was born.

Participating in Blue Shirt Nation was voluntary, and remains so. The terms of use are a minimal extension of the company's preexisting employee rules regarding mutual respect and keeping things appropriate. Those usage rules basically come down to "don't be stupid," says Koelling, who with Bendt now shares the title of senior manager for social technology. Workers are free to post fart jokes and pet photos if they want, but conversation usually comes back to what everyone has in common: working for Best Buy.

The community is helping to solve problems that would have otherwise gone overlooked. Sometimes it's a matter of connecting one employee to another who has an answer. Other times, it's a discussion that bubbles up into a groundswell for changing company practices or policies.

One real-life example: A store employee unpacked a digital camera display case that seemed too large for its space in the store. The employee took a picture, posted it on Blue Shirt Nation, and asked if others were having the same problem. Within hours, display designers at corporate saw the message, realized the store had been sent the wrong display, and shipped out the correct one. Problem solved.

From the groundswell column: A store employee posted a message arguing why store workers should be able to access their e-mail on the job (most didn't have Best Buy e-mail accounts). A conversation continued about how e-mail is important for communicating with co-workers and following up with customers. Within a few months, all full-time store employees were given access to e-mail.

Then there's Pfeifer. The Colorado Springs store employee wrote a 108-page thesis on how Best Buy could improve video game sales. Later, in the fall of 2007, he started sharing his ideas on Blue Shirt Nation; before long, they caught the attention of employees at corporate.

The company flew Pfeifer to the Twin Cities for a series of planning meetings. By his count, he logged almost 14,000 miles in nine trips to headquarters last year. (He's not at liberty to reveal his ideas publicly just yet.)

Pfeifer wasn't forced to share his ideas. Best Buy paid him his regular hourly wage plus travel reimbursement—no inflated consulting retainer. But because he had a venue where co-workers and supervisors listened, regardless of his rank, he chose to contribute his insights.

Best Buy has learned that what separates a company from the pack is the ability to sort, process, and polish ideas fast.

That was the magic Bendt and Koelling had stumbled onto: having open conversations can help the company learn from employees, most of whom are experts in the jobs they perform and, often, in the products in which they specialize.

The question then shifted to how else the company could apply this discovery. If Best Buy had a similar dialogue with its customers, would they too share their ideas, feedback, and expertise?

Slide Show Manifesto

Bendt and Koelling set out to create a single, coherent document that would distill all they had learned from

the launch of Blue Shirt Nation. It would also be a road map for how those ideas could be implemented elsewhere. The result: a 15-slide "manifesto" titled "An open, social strategy." Adhering to the philosophy, the pages were posted on Koelling's public blog in November, where anybody—co-workers, customers, competitors—can view and comment on it.

The manifesto's three main goals are broad ones: "Be believable," "Bring people together," and "Try things." Employees should ask questions and share what they know, make mistakes and then admit them. Sharing can be the most effective path to a solution. The goal is building something better together than managers or employees could on their own. And everyone should be willing to experiment and learn from mistakes.

According to Albert Maruggi, founder of Provident Partners, a St. Paul–based social media and public relations consulting firm, the concepts developed from social networking are actually as old-fashioned as Mr. Rogers and James Madison.

"Mr. Rogers told us everyone is special, and James Madison was the architect of freedom of speech," Maruggi says. "When you combine those two things and then provide an easy venue . . . you have blogs, you have comments, you have YouTube questions in the presidential debates."

Last September, when Barry Judge, Best Buy's chief marketing officer, suggested using Twitter as a new way to communicate with customers, one Best Buy board member asked Judge if he'd just made the word up. (Judge later wrote about the exchange in his Best Buy blog.) Twitter is a microblogging platform that lets users share messages of 140 characters or fewer on either their mobile phone or computer. Judge admitted he only discovered the service himself about 45 days before the September board meeting where he brought up the idea. By the end of the calendar year, 2,893 Twitter users had subscribed to Judge's "tweets," as Twitter posts are called.

Judge is the most senior person at Best Buy to dive head first into social networking. Since late last summer, he's been using a variety of tools, including Twitter, YouTube, and an old-fashioned blog, in an attempt to foster open dialogue with Best Buy customers.

"For people that work with me, you know that we strongly believe that our brand has to become more trusted," Judge wrote in an October blog post. "This can mean a lot of things, but for me it starts with being open and transparent. I feel like there is no better way for me personally to reinforce that behavior than participating in activities like Twitter and blogging that, when done well, enable me to live the brand ideals."

The messages vary from marketing philosophy to quips about the Timberwolves to impressions of new tech gizmos he's trying out. But most of Judge's tweets are responses to other Twitter users.

Besides just responding to customer questions and comments, Judge is using social networking to solicit feedback on projects. In November, Judge posted several rough cuts from an upcoming ad campaign on YouTube and asked his followers to share their thoughts on the commercials.

Another project Judge has written about is the company's "open" testing of a new logo and brand identity at its Mall of America store. The store name is in a softer font, punctuated with a smaller, subtler price tag outline. Judge has asked for reaction to the fonts, the feel, and the uniforms as Best Buy considers whether to move forward with a new brand identity.

Other Best Buy employees throughout the company are finding ways to use Twitter. Store managers are setting up accounts to stay in touch with local customers. One employee maintains a Twitter feed for discussion of Best Buy exclusives, such as last fall's Guns N' Roses album, Chinese Democracy. Customer care employees are scanning Twitter and trying to resolve complaints by being responsive.

Much of Twitter's usefulness has been keeping employees in the loop with other employees. Meetings are spawning open, real-time parallel discussion on Twitter, where employees who aren't attending can chime in with questions; curious outsiders can read along, too. (Twitter allows users to keep their messages private, but most users at Best Buy are tweeting in public.)

In a sign of Best Buy's increasing comfort with social networking, the communication department recently created a Web page (bestbuyinc.com/connect/) where customers can go to follow all the blogs, tweets, and other employee chatter coming out of the company.

Brand, Humanized

These are turbulent times for Best Buy and its industry. Since the holidays, Best Buy has seen its competitor Circuit City go under. The Richfield company has announced buyouts and layoffs of its own. Adding to the uncertainty: Brad Anderson, the company's CEO since 2002, will be retiring in June. (However, his successor is a company insider who has been with the company for 23 years—COO Brian Dunn, who met with Pfeifer.)

The uncertainty carries over into Best Buy's internal social-networking initiative. "I'm not sure how it's all going to work," Koelling admits. "These are uncommon times. Ideally, an open, social approach would give the company that believes in it an advantage both internally and with its customers. Best Buy leaders seems to believe that this is a long-term and sustainable strategy. But like I said, uncommon times."

Social-media consultant Maruggi says that exposing so many of its internal and personal conversations to the rest of the world is not for every company, but for some organizations it can bring powerful, if somewhat intangible benefits. In an age when people have deep mistrust for institutions, it's up to marketers to try to make brands and corporations appear "human" to consumers, he says. Social networking can be an effective way to do that, letting individuals become the "face" of a company. "Even on line, there is an element of trust that the individual gets that the company does not get," Maruggi says.

Inside the company, smart social networking can help break down the proverbial information "silos"—structures that keep valuable information from being shared across departments.

Julio Ojeda-Zapata, consumer technology columnist for the St. Paul Pioneer Press and author of the recently published Twitter Means Business: How Microblogging Can Help or Hurt Your Company, says Best Buy has been "unusually aggressive" about using social networking to help break down those barriers. His book profiles how several companies are using Twitter to change the way they communicate with employees and customers. Many companies are experimenting with social media, but Ojeda-Zapata is aware of very few large companies embracing it to the extent that Best Buy has.

Koelling says that it's probably overselling Blue Shirt Nation to say it's broken down the silos at Best Buy. But it has helped to make those silos more transparent, and given employees a tool—and permission—to share information across departments.

Why is that so important? Because growth and innovation happen across silos, Koelling says. Any big or new idea is usually nothing but reassembling old parts, and the odds of putting those parts together advantageously increases when employees are sharing information across departments. "There's a freer horizontal flow than there's ever been," he adds.

Bendt and Koelling have another explanation for the benefits of openness: Ideas are cheap, and they expire faster than ever in today's information economy. What separates a company or individual from the pack is the ability to sort, process, and polish ideas. By sharing concepts, even rough drafts, the feedback lets a person focus and refine more efficiently.

That's what happened with Pfeifer's video game proposal. In the months since he shared it on Blue Shirt Nation, Pfeifer has added, subtracted, and rewritten sections of his plan. (He added an introduction for people not familiar with video game sales, for example.) By the time it landed on Dunn's desk, it was a stronger document.

Pfeifer's 30-minute meeting with Dunn last September sailed by in his mind, and he walked away feeling a stronger connection with the company.

"When you finally get to chat with him, you really get to see that he's just a person like everybody else," Pfeifer says. Dunn, he adds, is "just a really cool guy, in a suit."

This article was published originally in the April 2009 issue of Twin Cities Business *on page 40.*