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**Title:** Creating Social Capital: The Great Opportunity for Public Relations

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**Summary:** While marketers are well suited to generate financial capital, they are ill suited to generate social capital. Marketers are too invested in the concepts of pricing, promotion and packaging. At heart, every marketer wants to move products, not nurture relationships. This presents an opportunity for public relations.

**Full Text:** When the economy is booming and the revenue is flowing, it's easy for any company's marketing department to outshine the PR team. After all, it's the job of the marketers to make the cash registers ring.

But these days, the economy is in recession. Sales are slow, media markets are fragmenting, and advertising is increasingly expensive and unreliable.

Financial capital is hard to generate when the marketing falters. And even if the economy starts booming again, there is increasing doubt that the traditional tactics of marketing will work as well as they did during the last century.

So for now, smart companies are putting more effort into creating social capital.

Defining social capital

Imagine you are looking at a financial statement that places a dollar value on all the benefits your company receives from its ongoing relationships with its stakeholders, allies, collaborators and other publics. The bottom line would reflect your company's storehouse of social capital.

The stronger your network of relationships is, the larger your reserve is, and the more you gain from cooperation, information, collaboration and endorsements that result from your organization's social capital network.

While marketers are well suited to generate financial capital, they are ill suited to generate social capital. Marketers are too invested in the concepts of pricing, promotion and packaging. At heart, every marketer wants to move products, not nurture relationships.

This presents an opportunity for public relations.

In the words of Vilma Luoma-aho, a researcher in organizational communication and public relations at the University of Jyväskylä, in Finland:

"Public relations could profit from a redefinition. Public relations could be understood as the practice of creating organizational social capital."

Bonding and bridging

To exploit this opportunity, PR professionals must learn to speak the language of social capitalism.

There are two types of social capital, according to Harvard University political scientist Robert D. Putnam, a leading theorist on the subject.

The first type is "bonding social capital," which is the shared identity that provides a cultural bond among the members of an organization. Companies that have a strong sense of identity — companies like Apple, Exxon or Target — tend to enjoy greater success than companies that may lack in bonding social capital.

Sociologists consider bonding social capital to be relatively easy to create. The real challenge, Putnam says, is in generating the second kind of social capital — "bridging social capital." This is the social capital that reaches across divisions and distances to build ongoing relationships between disparate organizations.

"A society that has only bonding social capital risks looking like Bosnia or Belfast," Putnam writes in "Better Together," his 2003 book on social capital. "Yet bridging social capital is intrinsically less likely to develop automatically than bonding social capital — birds of a feather flock together. Social-capital strategists need to pay special attention to the tougher task of fostering social ties that reach across social divisions."

The key word is "divisions." Bridging requires the PR professional to identify and confront the differences that naturally separate the company from its various publics. Bridging "is about coming together to argue as much as to share," Putnam says.

Thus the first goal for PR professionals must be to foster a cultural willingness within the company — particularly at the top — and to engage in open, candid, dynamic and productive conversations with its opponents as well as its allies.

Building your network

The second goal is to establish a system for creating a thriving social network that encourages these meaningful conversations and collaborations between the company and its key publics.

In their 2009 book "Trust Agents," authors Chris Brogan and Julien Smith offer a three-step approach.

"The key to developing a solid network," they write, "is first to build a presence online, then meet in person and then sustain the relationship with several more touches over time."

Every touch — whether made online or in person — should aim to nurture the relationship by solving a problem or sharing an opportunity, the authors say.
The online touches can be as simple as commenting on a blog or sending an e-mail, or as complex as organizing a Facebook group, producing a YouTube channel or maintaining a wiki. The in-person touches can be as straightforward as meeting for cocktails or as elaborate as organizing a national conference.

The common element is to offer a valuable service while asking for nothing in return.

"The elements of network building are all about being helpful and forming new relationships that aren't built on quid pro quo requirements," Brogan and Smith write.

Through service, the company establishes trust with its key publics. Over time, that trust can lead to conversations, exchanges and collaborations that eventually benefit the company in ways that it cannot anticipate.

Measuring the results

It is one thing to build a social capital network, critics might say, but exactly how do we accurately and adequately measure the network's ROI when the currency is trust, reciprocity, information and cooperation instead of dollars and cents?

Measuring the results of our work is a long-standing problem for PR professionals. The quantitative measurements that work for marketing generally don't work well for public relations and have led us to adopt such misleading measurements as the "advertising equivalency unit."

But social capital offers a pragmatic solution.

We can measure it both quantitatively and qualitatively, according to Øyvind Ihlen, a researcher in the department of media and communication at the University of Oslo in Norway and a co-editor of the 2009 book "Public Relations and Social Theory."

Quantitatively, we can measure the scope of our company's network by counting its members, tracking its volume of activity and calculating its growth. We can carefully map our network and chart its interactions. Ideally, we could also establish a social capital index for making precise comparisons between organizations.

But the more meaningful measurements are quantifiable, Ihlen says. We can classify each relationship, analyze it for quality and chronicle its progress —from informal inception to tangible results — as a case history.

Ultimately, when asked to justify our value, we can describe in detail the newfound relationship that led to the decisive meeting that launched the lucrative project that put the company in the black for the current fiscal year.

And that’s a measurable result that any top executive can appreciate.

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