

# SOCIAL MEDIA UNCOVERED FOR BOARD CHAIRS

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In the time it has taken you to read this sentence, fifty thousand tweets have been sent. How many of those tweets could end up with your company as the 140 character headline? How many of those messages would be favorable?

Leading the boardroom in our fast changing digital, social and mobile world is not for the faint of heart. Knowledge is no longer reserved for the privileged few. With a few clicks your customers can learn more about your business offerings and price competitiveness than your sales team knew 10 years ago.

Social media refers to platforms/sites hosted on the internet that provide a gathering place

for people to interact with each other. Once people are assembled on a site they are free to create, share, and exchange information and ideas.

Facebook, launched in 2006, it now leads social media with over 1.4 billion monthly active users and 71% of online adults (Pew Research). 87% of 18-29 year olds are using Facebook along with 56% of seniors. It has changed the way people communicate, learn and share information across time, space and cultural boundaries.

Social media gives you, others in your organization, and everyone outside your organization a platform to be heard as a fan or a critic of your business. The conversation

happens with or without your business participating. Your boardroom can choose to ignore the conversation, or be advantaged by gaining insights from it.

Traditional sources of information such as newspapers, magazines, television, paid advertising, and trade shows are rapidly declining in authority. The global trend is toward social media as a primary source of information for younger generations and their primary channel of communication. This trend is occurring at a rapid rate with the cost of social media being significantly lower than the traditional alternatives. And the primary tool, the Smartphone, is ubiquitous in even the developing world. So effectively there are no “barriers to entry”.

Social media’s growth is driving global connectivity: there are 1.7 billion people today with active social media accounts using mobile devices; there are 3 billion people with active internet usage, nearly half the total population of our planet. Internet connectivity has become indispensable to our modern economy and will continue to grow.

Mark Bonchek, Founder of thinkORBIT, suggests leaders adopt “a new way of thinking about our changing world – to engage people who are connected and empowered by digital technologies”

The issues for board chairs to consider are:

- How do I introduce social media to our board so they understand its significance?
- Are our directors and executive team using social media to leverage our knowledge of customers, competitors, investors, employees and stakeholders?
- What conversations are happening now on social media that are relevant to the

development and execution of our business strategy? How can we shape these conversations?

- Do we understand the risks associated with social media? Are we prepared to manage them?

Social Media is Emerging as a Boardroom Agenda Item

In speaking with board chairs and corporate directors on the business relevance and risk associated with social media I often hear the response, “I don’t use social media but our folks have it covered.”

If you really believe your company has it covered, continue to build competencies for your directors to govern it. You may encounter challenges. Mark Twain said “What gets us into trouble is not what we don’t know, but what we know for sure that just ain’t so.”

Your CEO will appreciate it if you begin the inquiry by asking “We want a briefing on how social media is being used strategically for our business. How can we help you talk about it with our board? We’re interested in learning about the conversations that include our customers, investors, competitors, and employees to begin our exploration. We also want to understand the policies and compliance processes that govern the use of social media by employees, investor relations, and our board.”

Ask about plans to ensure that reputation risk vulnerabilities created by social media are mitigated. Verify there is on-going monitoring on relevant social media sites for your brand. Holly Gregory, Corporate Governance Partner at Sidley Austin recently gave this wise counsel: “Companies must plan for social media in advance & agree on ‘what is a crisis’: how to handle it, when to escalate & communicate on it.”

Speak individually with your directors. Assess their interest and willingness to build expertise on digital innovations including social media, cyber security, cloud, etc. Directors are being asked to manage and understand areas not required of them in the past, just like the other employees at your company.

This is very important to your firm's success. It will take time. It is a process, not an event. Build it into your board calendar. You want to know about the social media platforms being used within your business, and also within your industry. Allow yourself exposure to social media, how the platforms work, and how they can drive a company's success or failure.

Much of the opportunity to use social media as a strategic tool happens when you can see how it works. None of this requires your directors to be tweeting but it does make sense for them to make time to learn how it works. The goal is to use your digital knowledge to elevate your business strategies.

**HAS YOUR BOARD PUT SOCIAL MEDIA ON THE AGENDA?**



In a recent Corporate Board Member survey of NYSE public company directors entitled "What Directors Think 2015," 35% of respondents said their board had discussed social media risk as an agenda item in the past year?



They stated that “The findings indicate that while the risk environment for corporations is evolving to encompass some areas such as social media that heretofore were unknown, many boards have yet to recognize the key issues involved.

A 2013 report by Grant Thornton points out that social media compliance is quite fragmented and largely ungoverned, and that understanding and training in this area varies greatly from company to company. Without a best practices framework, directors, and even compliance officers, are often left wondering where they stand in terms of potential exposures.”

It starts with the chairman who needs to take on emerging risk and bring them into the boardroom. The next step is to begin. Do your employees understand the business risk if they use social media at work? Will your employees escalate conversations if they see an early sign of trouble?

When it comes to customers, your business can't move fast enough to meet their growing expectations. How your company responds is a sign of transparency and good customer service. This is an area where you want to close the gap around criticism that could go viral. Encourage timely responses and feedback to your customers.

As board chair the time is now for you to lead your agenda into the digital age. Social media is a place to start the shift on new ways people are being informed. Learn about platforms and how they are creating new opportunities for business in connecting buyers and sellers.

Although the hierarchy is still in operation, your business is being run on and with a network. Everyone has a voice and they have multiple places to speak. They have the network, and are using it to communicate

with each other and sometimes with you. If you can just teach your board to listen to the conversation, your company will have a significant advantage in your industry and over your competitors.

Jeff Cunningham, Professor of Practice at the Arizona State University, Cronkite School, and an advisor to the National Association of Corporate Directors spoke with me about social media and the boardroom. Jeff left me with these key points for directors to consider:

- Board leaders should take action to avoid surprises to their businesses and personal reputation.
- Headlines still get attention.
- If social media is not on your mind you should ensure your people are thinking about it.
- Smart people prepare for a world that has changed.

As board chair you are in a unique role to instill confidence in your boardroom and c-suite around your risk management acumen. Use that knowledge to build upon for the next challenge coming to your business. Whether social media or cyber security or whatever comes next your boardroom can master it if you take action.