

NACD NJ PROGRAM

JUNE 8, 2016

SOCIAL MEDIA: FRIEND OR NIGHTMARE?

On June 8, the Chapter engaged in a free wheeling and at times confrontational debate over whether, from the perspective of the boardroom, social media is a friend or a nightmare. At the start of the panel, by a show of hands, the audience was almost equally divided.

Speakers were Jen Samuel, a social media marketing expert, and Bob Zukis, a member of the NACD SoCal Board and published author on the topic. The panel moderator was Jean-Rene Gougelet, a Board member of Trudeau Corp. and the NACD NJ Chapter, and a former Board member of Libbey Inc., Mikasa Inc., and the International Houseware Association.

According to Ms. Samuel, Statistics show the rocket growth of social media in the last few years. Consider:

- Facebook posts 2.5 billion pieces of content every day.
- Every day, there are 500 million tweets via Twitter.
- Over 17,000 profiles are viewed on LinkedIn every minute.
- On Instagram, there are 50,000 photos posted every minute.
- There are 100 billion monthly “shares” on Google.
- On UTube, 4 billion videos are watched daily.

These are breathtaking statistics directors can’t ignore. Collectively, social media has enormous power to build brands, create change and engage with customers, employees and investors. The impact is so great that the use of social media is now part of the curriculum taught in many college communications courses, and many companies have now brought social media experts onto full time staff or are at least considering it seriously.

Looked at historically, the social media phenomenon is not new. It is additive. It is merely the latest manifestation of the same platform that began with the printing press and later expanded to encompass radio and television. As each manifestation has appeared, the old ones continue to be very influential. Its capacity for disruption is the same. What is different is the speed and greater breadth of its reach. Any company that is in the business of marketing a product or service cannot afford to ignore social media and would be well advised to align a social media strategy to its brand.

However, there is a major issue related to trust. Social media postings do not always represent true market sentiment and can be and frequently are manipulated. For example, some people make a living as professional “bloggers” known for their ability to influence, who get paid to post messages and photos flattering to a company’s products. Google search results can often depend on monetary considerations. And more and more content is not the product of human action but rather an end result produced by bots. So there is a “chess game” aspect to any offensive social media strategy.

Worse, social media can be manipulated for nefarious purposes. For example, as detailed in recent news reports, some social media postings have been known to incite real world violence. And any company's reputation can be attacked at any time without justification, by a competitor or disgruntled customer or employee. There are no ethical rules or other impediments to rumormongering and lies that apply to social media as opposed, say, to print journalism. So every company, whether in the business of marketing a product or service or not, would be well advised to at least adopt a defensive strategy of monitoring what is being said about it on social media, so that it can respond appropriately.

So what should directors do? Mr. Zukis offered ten questions designed to extend the Board's social technology conversation beyond Facebook and marketing. Board members should ask the following ten questions of their management teams to assess the relative understanding and maturity of the company's overall approach.

1. Is there a point of view for what social technology is now, and in the future?
2. How do social technology, media, networking, and the ability of these tools to change or amplify behavior impact the company on the following dimensions:
 - strategically,
 - competitively,
 - financially,
 - operationally, and
 - from a risk perspective?
3. Do we have a view for how social technology impacts each of our functional areas (e.g., human resources, finance & accounting, research & development, customer service, supply chain, marketing, sales)?
4. How do we think social technology impacts each of our key stakeholder groups (e.g., customers, employees, investors, communities, partners)?
5. What regulations and compliance requirements are impacted by social technology across our business?
6. What is our approach to monitoring what is happening inside and outside the company on the social platforms and media that exist today?
7. How does our social incident response and business-continuity approach categorize risk, escalate issues, and resolve them?
8. How are we staying current on emerging and disruptive social technologies and their impact for our business?
9. What key performance indicators are we tracking and monitoring around social technology, inside and outside the company?

10. What are the main concerns around how these tools will impact our culture and values as a business?

At the end of the panel, the audience was asked the same question again: Is social media a friend or a nightmare? The unanimous answer was that it was both!