

Social Media as a Governance Issue

by Hal Shear and Bonnie Bailey

Like it or not, social media has created a new business-world reality that is putting at risk those boards and directors who fail to grasp and address its many-faceted implications. Key to understanding those implications is an awareness of what social media can do *for* companies, and *to* them. Without that knowledge, directors can quickly find themselves facing crises that may have been avoided altogether with the implementation of a strategic social/digital media plan.

Similar to risk management, media oversight has dual aspects for a board to consider. As a force for good, social media can be utilized to:

- manage risks to a company's reputation;
- provide directors with independent insights into the company's business standing;
- help management and directors avoid blind spots about potential competitors;
- communicate more effectively with employees, vendors, shareholders and a geographically diverse—even global—consuming public;
- create relevant marketing programs that influence customer behavior; and
- dramatically improve customer service.

Its flip side is the ease and speed with which social media can do major damage to a company's reputation. To mitigate that possibility, one of the first steps a board might take to is to hire an outside expert to provide a comprehensive social-media overview and analysis at a board meeting.

Equipped with the information from that overview, directors can then begin to consider how to harness social and digital media to the greatest effect. Initial questions might include:

- Do we establish a digital media board committee? Ad hoc or permanent?
- Do we have a response plan in case of a digital crisis—such as an attack by hackers or disgruntled consumer groups?
- Who in the organization is in charge of social/digital media? Do we link it with our risk oversight, our marketing and communications, or our media relations program?
- Do we actively monitor external communications to gain a sense of the real-time perception of the company? What about checking Glassdoor.com and blogs to get unfiltered feedback as we do with analyst reports?
- Do we have a social media policy for employees? What precisely are its constraints? How is it conveyed and administered?
- How do we make sure that our leaders have both traditional business management capabilities and digital expertise?

The organizations that are going to thrive in this world of social media are those whose boards are willing to invest the time to learn about digital technologies and to jolt an entrenched organizational culture, when necessary, to embrace that technology.