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# Social media risks and rewards

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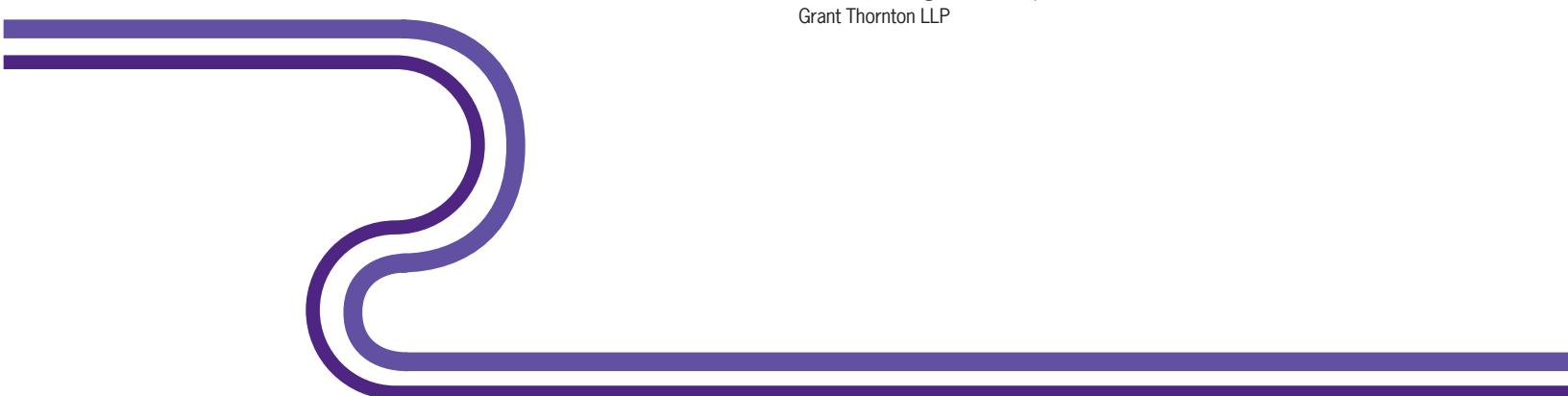
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## Executive summary

While the exponential growth in social media has provided organizations with many new tools for communication and interaction, these tools have also created new types of risk. In this age of increasing transparency, customers, investors and regulators are expecting companies to be clear in their communications and timely and forthcoming with important information. Social media has taken what used to be word of mouth and allowed it to now be heard by millions and spread virally with a nearly instantaneous reaction. Customers, competitors, regulators and even employees are all contributing to a global stream of information about a company's products, services, brand or industry.

For most companies, opting out of the social media world is no longer feasible. Financial Executives Research Foundation Inc. (FERF), in collaboration with Grant Thornton LLP, developed a 32-question online survey and conducted in-depth interviews to produce this report, titled *Social media risks and rewards*. The survey was conducted during May and June 2013, and was completed by 111 senior-level executives from public and private companies. The interviews involved eight questions and were conducted during June 2013. The information contained in this report is derived from insights gathered during the online survey and the in-depth interviews.

### Key survey findings include the following:

- More than half (55%) of the executives who responded to the survey feel that social media will be an important component of corporate marketing efforts going forward.
- Two-thirds (66%) of respondents see their company's use of social media increasing slightly or significantly over the next 12 months.
- More than half (59%) of companies surveyed do not perform a social media risk assessment.
- More than a third of respondents (36%) reported that their company has social media training, compared to just 21% who reported training in the 2011 study.

### Key interview findings include the following:

- Governance for social media compliance remains fragmented.
- More companies have or are developing policies that address social media governance and risks, but they are not conducting risk assessments.
- The extent to which companies train their employees on social media policy varied considerably.
- The importance of the results of the National Labor Relations Board investigations into dozens of social media cases could not be overstated. An example of a social media policy can be found in Appendix I.
- While social media use by companies has grown, their use of key performance indicators (KPIs) to evaluate the positive/negative impact of their social media activity has lagged.

“55% of executives who responded to the survey feel that social media will be an important component of corporate marketing efforts going forward.”

## Research methodology

The *Social media risks and rewards* report is based on a 32-question online survey. In-depth follow-up interviews were also conducted with executives from both public and private companies, and others. The online survey was conducted during May and June 2013 and questioned participants about the following areas:

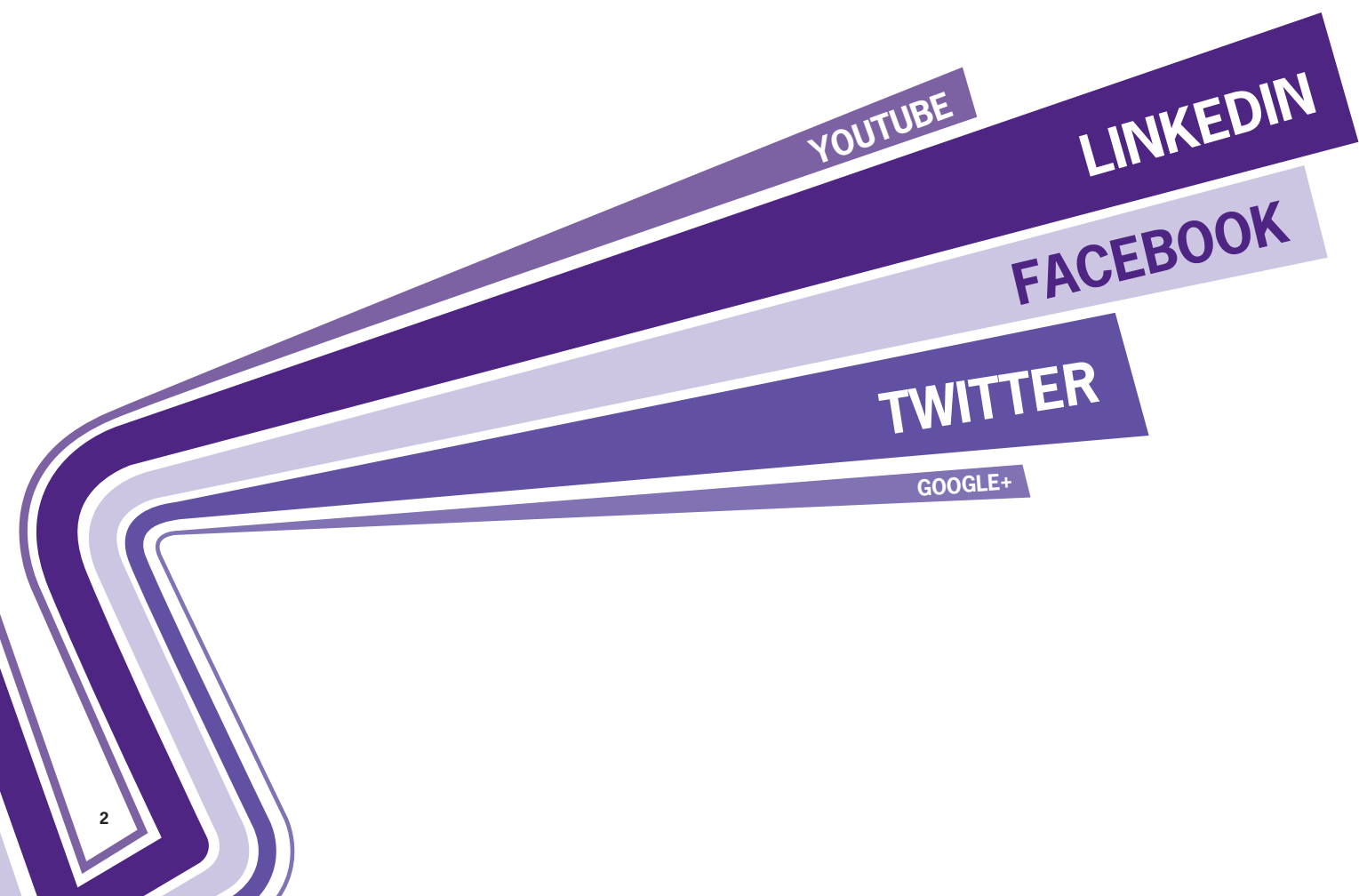
- Use of social media
- Opinions regarding the value of social media
- Concerns about the risks surrounding social media
- Social media policies
- Concerns about identity theft and data security
- Analytical tools and tracking

The survey generated a total of 111 complete responses from a variety of senior executives, the majority of whom came from small to midsized private companies, although all revenue ranges were represented.

A total of seven in-depth interviews were conducted during June 2013 and consisted of eight open-ended questions. The interviews were meant as a follow-up to the survey to gain expanded insights into the corporate use of social media. All interviewees were given the opportunity to review the notes from their interview and could opt to be quoted directly or remain anonymous. To minimize bias, the interviews were randomly arranged.

The interviewees were not selected to cover a statistically significant sample of the corporate population. However, the qualitative findings, from both the survey and the interviews, provide a valuable look at current social media opinions and trends. These findings offer indispensable insights into both the benefits and risks associated with the growing corporate use of social media.

All graphs related to the survey demographics can be found by referring to Appendix II.



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## Interviewee profiles

The seven in-depth follow-up interviews provided a much better feel for where companies currently are in their adoption of social media as a legitimate business tool. They also provided real-world examples of how executives can benefit from the use of social media and how they should plan to mitigate the risks associated with these new technologies. The following individuals participated in these interviews:

- **Melissa J. Krasnow**, Corporate Partner and Certified Information Privacy Professional, Dorsey & Whitney LLP  
Melissa J. Krasnow is a corporate partner with Dorsey & Whitney LLP, Minneapolis, whose practice encompasses privacy, electronic and mobile commerce, social media, Internet, anti-money laundering, and corporate governance and compliance law, as well as domestic and cross-border M&A. She is a Certified Information Privacy Professional/United States (CIPP/US) who serves on the Certification Advisory Board for the CIPP/US program and the Canadian Advisory Board of the International Association of Privacy Professionals. She may be contacted at [krasnow.melissa@dorsey.com](mailto:krasnow.melissa@dorsey.com).
- **Liisa Thomas**, Attorney, Winston & Strawn LLP  
Liisa Thomas, a partner with Winston & Strawn LLP, based in the firm's Chicago office, has spent more than 15 years focusing on the cutting-edge convergence of privacy and advertising law. She has been recognized by the Leading Lawyers Network, *Chambers* and *Legal 500*, and is often quoted by the press. She has spoken and written extensively on advertising and privacy law, including recent presentations on behavioral advertising and data breach plans. Thomas is also the editor of the firm's *Privacy Law Corner* blog, on the adjunct faculty and educational advisory board at the John Marshall Law School Center for Information Technology and Privacy Law, and the president of the board of Illinois Legal Aid Online.
- **Mark Scovera**, President, Access Florida Finance Corporation  
Mark Scovera is the president of Access Florida Finance Corporation. In addition, he serves on the board of the Florida Asset Building Coalition. Previously, he was the senior vice president/CFO of the Florida Black Business Investment Board Inc., a public-private partner with the state. Scovera has 20 years of experience in accounting and finance. He began his career at Arthur Andersen LLP in the audit division and has served as the controller and CFO for various companies in the Detroit area. He is licensed as a CPA and a member of the AICPA.
- **Monique Yeager**, Director of Marketing, Romacorp Inc. (Tony Roma's)  
Monique Yeager has over 20 years of marketing and public relations experience. In her role, she is responsible for overseeing Tony Roma's systemwide public relations and marketing efforts, including brand positioning, promotional campaigns, advertising, social media, local store marketing and external communication strategies.

In addition to the aforementioned interviewees, three other executives from the agricultural services, media/promotional services, and software/technology industries were interviewed. For privacy reasons, these individuals did not wish to be quoted directly and asked to remain anonymous. Their titles include CFO, executive vice president of administration and general counsel, and senior vice president.

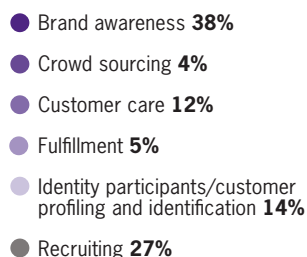
## Corporate value of social media

According to nbcnews.com, “...we here in the U.S. spend roughly 20 percent of our time on personal computers liking, tweeting, pinning, whatever it is we do on Tumblr and other stuff on social media, and 30 percent of our time on our mobile devices doing the same<sup>1</sup>.” With many executives connected to their offices 24/7 through mobile devices, the line between personal and professional life continues to blur. Social media epitomizes the 21st century intersection of information and technology. That said, social media is not simply a technology issue; it’s a business issue and opportunity, and therefore requires a specific strategy that directly ties back to the organization’s overall corporate strategy.

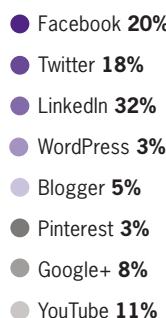
More than one-third (38%) of the executives who responded to the survey said their companies use social media for brand awareness, while 27% use it for recruiting purposes. Figure 1 illustrates how companies are using social media.

With all the social media platforms available to companies, LinkedIn (32%), Facebook (20%) and Twitter (18%) were the three most widely used among respondent companies. Figure 2 shows the various social media platforms being used by respondent companies.

**Figure 1: How companies use social media**



**Figure 2: Social media platforms used**



“...we here in the U.S. spend roughly 20 percent of our time on personal computers liking, tweeting, pinning, whatever it is we do on Tumblr and other stuff on social media, and 30 percent of our time on our mobile devices doing the same.”

<sup>1</sup> Popkin, Helen A.S. “We Spent 230,060 Years on Social Media in One Month,” nbcnews.com, Dec. 3, 2012. Available at <http://www.nbcnews.com/technology/we-spent-230-060-years-social-media-one-month-1C7389508>.

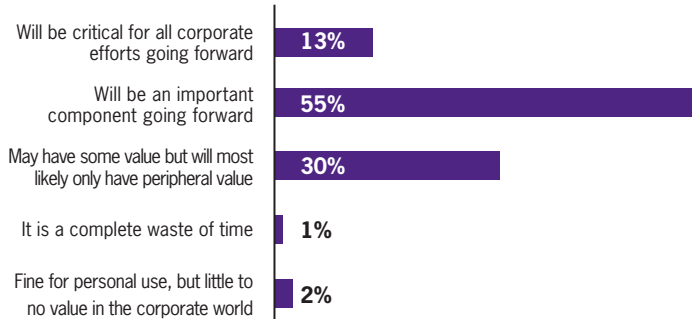
The general counsel and executive vice president of administration we interviewed from a large public media and promotional services company noted, “We tend to push jobs out through these social media accounts [Twitter and Facebook] with the idea that those of us who link to it can then re-tweet it or like it on Facebook and get the viral component of pushing our jobs out there in what amounts to a free way instead of having to pay for posting it on other job sites.”

He continued, “There was almost this stigma earlier in LinkedIn’s evolution that if you got this email from someone asking you to link up or join, there was this thought that well they must be out looking for a job. I think the nature of LinkedIn has changed enough that you know everybody is on LinkedIn, even people that are quite happy where they are, but they found a way to have it be a useful tool to even do their job better.”

More than two-thirds (68%) of respondents felt social media will be critical for all corporate efforts or an important component going forward. Only a small percentage (1%) thought social media was a complete waste of time. Figure 3 depicts respondents’ opinions regarding the corporate value of social media.

With most executives seeing value in social media, they were also asked how their own company’s use of social media would develop over the next 12 months. Figure 4 reveals that 66% of executives expect corporate use of social media to slightly or significantly increase next year.

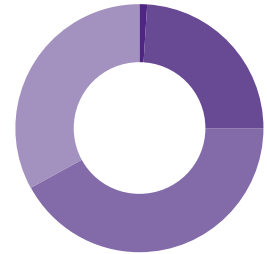
**Figure 3: Corporate value of social media**



Survey data has been rounded to whole numbers; as a result, some of the totals may not equal 100%.

**Figure 4: Companies’ usage of social media over the next 12 months**

- Decrease slightly 1%
- Increase significantly 24%
- Increase slightly 42%
- Remain fairly constant 33%



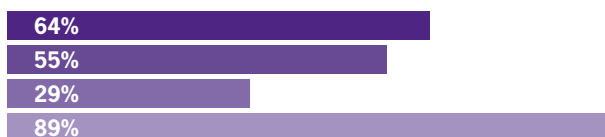
With companies continuing to embrace social media for business purposes, many of the executives we interviewed commented on the various ways their organizations use social media.

### Industry Spotlight

#### The top four industry segments and their response to questions about social media use and policy.

- Manufacturing    ● Financial services
- Technology      ● Consulting/employment services

Believes social media is important or critical for corporate efforts



Says social media use will increase in the next 12 months



Does not have a social media policy



Mark Scovera, president of Access Florida Finance Corporation (who also participated in the 2011 study, *Social media and its associated risks*), noted, “Social media is our primary marketing tool. Twitter is our primary vehicle but we also use LinkedIn, YouTube and Facebook. We constantly review the applicable tools and adjust our processes. We have a full-time individual dedicated to social media marketing. We engage our followers with interesting and informative articles, with the idea to engage in a direct one-on-one conversation.”

Monique Yeager, director of marketing for Romacorp Inc. (Tony Roma’s), said, “We do utilize social networks quite a lot. We use it both as an internal and external communications piece to build relationships with our guests and loyal fans. We also use LinkedIn and Facebook for some recruiting.”

A CFO and senior vice president from a software/technology company remarked, “It’s all for marketing purposes currently. Our social media strategy is subdivided into a formal and informal component.

- Marketing campaigns and events — mainly through Twitter and LinkedIn.
- Conversations with financial analysts — we track Twitter for what is being said about us and occasionally send out little snippets.

Social media really is not a main channel for us right now.”

While many of the interviewees’ companies are using social media, not all were using the technologies on a corporate level yet. The CFO of a midsized agricultural services company said, “Quite a few of us have personal accounts — Twitter, LinkedIn, etc. The company does not have a Facebook page, but we will be looking into this as we redesign and upgrade our website. We expect the new website to be up and running by the end of the year. As a company, we are starting to talk about social media.



## Social media risks

Although it is difficult for any company to accurately predict all the risks associated with their social media strategy and use, they should, at a minimum, anticipate and plan for the most common ones. Essentially, the risks associated with social media fall into one of the following four categories:

- Damage to brand reputation
- Disclosure of proprietary and/or confidential information
- Corporate identity theft
- Legal, regulatory and compliance violations

Nearly three-quarters (71%) of executives surveyed were concerned about the potential risks involved in the use of social media, but they believe the risks can be mitigated or avoided. Figure 5 illustrates the levels of concern regarding the potential risks of social media.

**Figure 5: Concern about potential risks**



Survey data has been rounded to whole numbers; as a result, some of the totals may not equal 100%.

Many companies now understand that along with the value that social media can bring, there are also serious risks. If not used properly, social media communication can hurt your brand, alienate customers or potential employees, or cause problems with regulators.

Some memorable examples:

- The notoriously long CVS receipt: CVS Pharmacy has gained a reputation for its long receipts. Customers are noticing and commenting, and the meme has popped up on social media channels. *Fast Company* recently reported the growing popularity as a golden opportunity for branding<sup>2</sup>. But CVS seems unsure what to do and has not responded to the attention.
- Chipotle's fake Twitter hack: Account hacking is a real problem, as experienced by major brands and news outlets (Associated Press, Thomson Reuters, Burger King and Jeep, to name a few). But when you fake a hack as a publicity stunt, which Chipotle did recently, you can start to build mistrust<sup>3</sup>.
- Gap's insensitive tweet: During Hurricane Sandy in 2012, retail chain Gap tweeted to those affected to stay safe, and perhaps shop Gap.com. They later removed the tweet and apologized.
- Netflix and the SEC: In 2012, the SEC considered charges against media company Netflix and its CEO Reed Hastings for posting information on Facebook that subsequently boosted its stock price. After investigating, the SEC decided in spring 2013 that social media platforms are an acceptable way of disseminating corporate information.

<sup>2</sup> See [www.fastcompany.com/3016028/leadership-now/cvss-insanely-long-sales-receipts-are-a-twitter-meme-and-a-golden-branding-op](http://www.fastcompany.com/3016028/leadership-now/cvss-insanely-long-sales-receipts-are-a-twitter-meme-and-a-golden-branding-op).

<sup>3</sup> See [http://articles.washingtonpost.com/2013-07-25/business/40863610\\_1\\_fake-hack-chipotle-s-followers](http://articles.washingtonpost.com/2013-07-25/business/40863610_1_fake-hack-chipotle-s-followers).

**Figure 6: Social media risk priorities**

Private						
Social media risk factors	1	2	3	4	5	6
Negative comments about the company	36%	18%	18%	14%	9%	5%
Out-of-date information	18%	18%	27%	9%	18%	9%
Disclosure of proprietary information	32%	23%	23%	14%	9%	0%
Exposure of PII	14%	32%	14%	27%	14%	0%
Fraud	0%	5%	14%	27%	46%	9%
Use of personal social media by corporate executives	0%	5%	5%	9%	5%	77%

Public						
Social media risk factors	1	2	3	4	5	6
Negative comments about the company	17%	0%	33%	50%	0%	0%
Out-of-date information	17%	17%	17%	17%	33%	0%
Disclosure of proprietary information	50%	17%	17%	0%	17%	0%
Exposure of PII	0%	50%	17%	33%	0%	0%
Fraud	17%	17%	17%	0%	33%	17%
Use of personal social media by corporate executives	0%	0%	0%	0%	20%	80%

Survey data has been rounded to whole numbers; as a result, some of the totals may not equal 100%.

While there are many risks to be considered when using social media, we asked respondents to prioritize the following six:

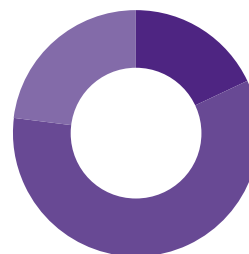
- Negative comments about the company
- Out-of-date information
- Disclosure of proprietary information
- Exposure of personally identifiable information (PII)
- Fraud
- Use of personal social media by corporate executives

Figure 6 depicts the respondents' prioritization of the six referenced risk factors (1 represents the most important risk and 6 the least important). The results have been broken out by company type to see if there were any differences in how private versus public company executives prioritized risk.

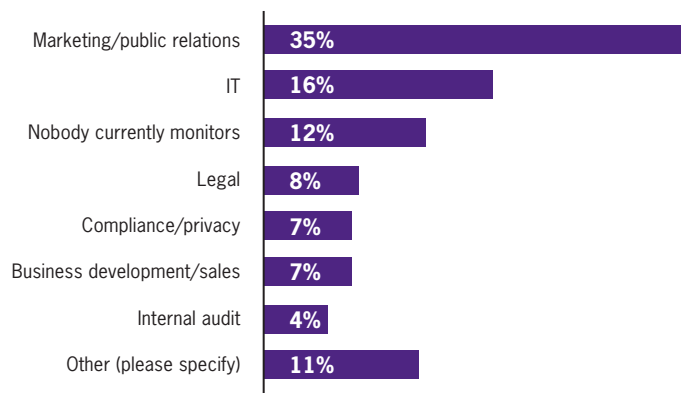
With the rise in use of social media by companies, there is a growing need for risk management. However, this remains an area where companies are lacking. In fact, 59% of respondent companies do not perform a social media risk assessment. Figure 7 illustrates this point.

**Figure 7: Company performs social media risk assessment**

- Yes **18%**
- No **59%**
- I do not know/unsure **23%**



**Figure 8: Primary department tasked with social media risk management**



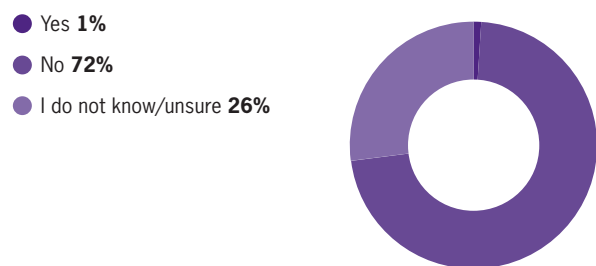
Survey data has been rounded to whole numbers; as a result, some of the totals may not equal 100%.

While several of the interviewees' companies do not presently perform social media risk assessments, the CFO and senior vice president of a software/technology company noted, "It [the social media risk assessment] could become one of the things I'm looking at in the next six months or so as it ties into the increased internal controls project we are working on." The evaluation and monitoring of risk needs to be a key component of any organization's social media strategy, and its importance cannot be overstated. As Figure 8 indicates, the marketing/public relations department is most often (35%) the primary department tasked with social media risk management. However, at Access Florida Finance Corporation, Scovera remarked, "I handle this myself in the executive suite."

When asked which department is tasked with social media risk management at his company, the CFO and senior vice president from a midsized software/technology company said, "Presently none, but I think three groups will need to be involved:

- Marketing (our formal branch)
- Finance (as it relates to internal controls)
- Human resources (our informal branch relates to security and compliance)."

**Figure 9: Incidents of fraud involving social media**



With the use of social media continuing to grow, the risk of fraud involving social media increases correspondingly. Nearly three-quarters (72%) of our survey respondents said their companies had not directly experienced social media fraud. However, for those that have, it can be an expensive and arduous process to rectify the damage. Figure 9 illustrates the percentages of respondents that had experienced social media fraud.

Fortunately, none of the executives we interviewed had experienced an incident of fraud involving social media. Scovera said, “No past experience of fraud, thankfully. We attempt to protect our social media accounts with generic and random alphanumeric passwords that are changed often.”

Yeager remarked, “No, that has not happened to us. Thank goodness. We have pretty high-tech firewalls in place. We’ve not had that issue, and we’ve been very well protected so far.”

It is essential for employees and management to learn how to use social media appropriately, how to identify and respond to fraudulent activities, and how to address the legal issues surrounding social media. As social media continues to grow, so too will the need for adequate training.

Melissa Krasnow, partner at Dorsey & Whitney LLP, said, “We are in a compliance culture for social media, as well as other related areas like privacy and marketing laws. There is an emphasis around training for minimizing risk where people are properly trained on what they should and shouldn’t be doing.”

However, Scovera said, “Informal training only. We have the policy, and I have coached our marketing coordinator on it. Also, we have two social media consultants that we use occasionally and a board member with significant social media experience that we call upon from time to time on an as-needed basis.”

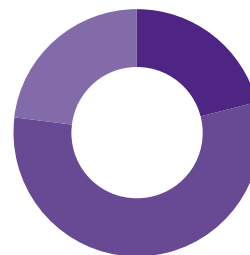
Yeager stated, “The social media policy is reviewed during all new team member orientations. It also appears in our team member handbook and our policy and procedures manual. All policies are reviewed annually and any appropriate changes are made.”

Having a plan in place for dealing with instances of fraud and/or privacy breaches related to social media is critical should the company ever find itself a victim of either. Unfortunately, more than half (56%) of respondent companies do not presently have an incident management plan in place. Figure 10 shows their responses.

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**Figure 10: Company has incident management plan**

- Yes **21%**
- No **56%**
- I do not know/unsure **23%**

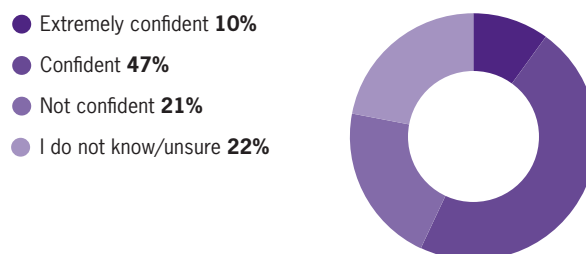


So how confident are senior executives that sensitive information is adequately protected on their social media platforms? Based on the survey results, the majority (57%) of respondents are confident or extremely confident, while 43% are either unsure or not confident. Figure 11 depicts these findings.

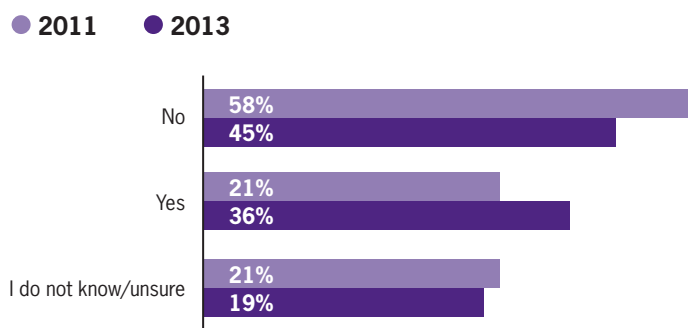
In perhaps a sign of shifting attitudes toward social media training, 36% of respondents reported that their companies have social media training, compared to just 21% who reported training in the 2011 study.

Although social media training seems to be increasing, the extent of that training can vary widely depending on the organization. The CFO and senior vice president of a midsized software/technology company pointed out that, while his company does not currently train its employees, “We are working on this part of it too. We tend to have longevity in our staff. How do we protect the individual and the company as a whole and make sure everyone is comfortable and follows set policies?”

**Figure 11: Confident that sensitive information is adequately protected**



**Figure 12: Social media training**



**36%**  
of respondents have  
a social media  
training plan  
in place



## Social media policies

When asked about social media policies, Liisa Thomas, partner at Winston & Strawn LLP, had this to say, “You see this with any new technology. Everyone thinks at first that it will cause the sky to fall and then once they realize it isn’t, they have to work on making sure people know how to use it.”

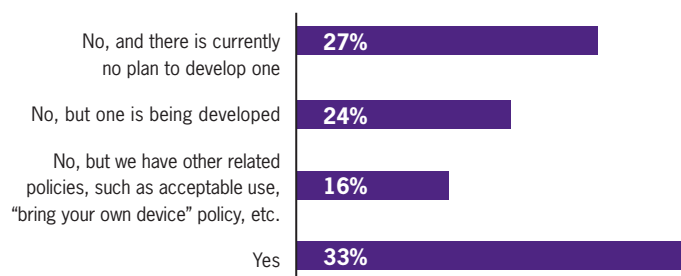
To that point, this is a good place to start with a social media policy. While many companies do have policies regarding email communication and technology use, few have policies that specifically address social media governance and risks. Krasnow mentioned, “It’s not enough to have a policy if it’s not implemented properly. Practices should not diverge from what the policy says.”

The survey asked executives whether they had clearly defined policies regarding social media at their companies. Compared to 2011, when less than one-quarter (23%) of companies had a social media policy, this year’s results (33%) show improvement in this area.

For those companies that do have a social media policy, more than three-quarters (76%) of them have revised their social media policy in the last year.

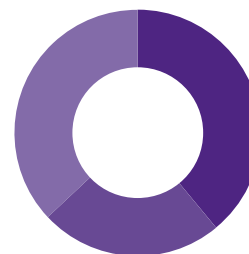
Krasnow noted, “On the 76% that have updated their social media policy in the last 12 months, one possible explanation is that this was due in some part to recent National Labor Relations Board reports and decisions on social media. The National Labor Relations Board enforces Section 7 of the National Labor Relations Act, which applies to both union and nonunion employees. Under Section 7, companies need to allow employees to address conditions at work and have work-related conversations. These conversations can be conducted on social media.” An example of a completely lawful social media policy can be found in Appendix I.

**Figure 13: Company has social media policy**



**Figure 14: How recently social media policy has been revised**

- Past 12 months **39%**
- Past 18 months or more **24%**
- Past 6 months **37%**



Companies that have a social media policy were also asked who monitors compliance. Figure 15 shows the responses.

Responsibility appears generally scattered throughout organizations. In what appears to be a good sign for organizations, only 15% stated that their organizations had not identified anyone for this role, compared to 42% in the 2011 study. Nearly one-quarter of respondents (23%) identified “other” as the department responsible. Some of the “other” responses included the CFO, legal and marketing, HR, communications officer, and an internal committee that includes legal, IT, HR and public relations.

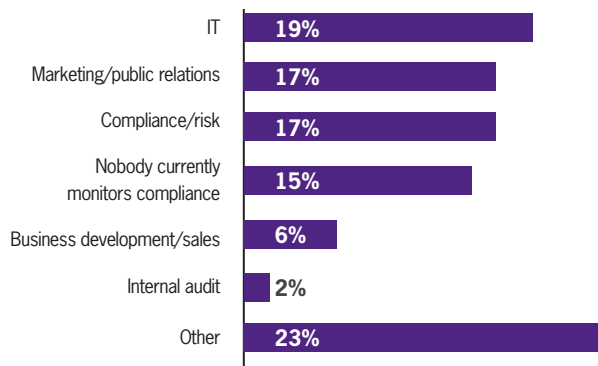
The general counsel and executive vice president of administration of a large media and promotional services firm noted, “The vast majority of our associates come to work and want to do a good job everyday and have no intention of misusing technology. Our policies are really written for the rule versus the exception, but they have sufficient cover so that if we have an issue we can point to where they have violated the policy.”

He continued, “So while we know there is potential for abuse or excessive use or inappropriate use, we try not to design the policy itself or the monitoring around the tiny percentage of people that may be an outlier.”

Without governance regarding social media compliance and a specific individual or group taking responsibility for risk management, compliance monitoring efforts can be ineffective.

Some organizations that are only just beginning to use social media in their businesses are unclear how they should measure the effectiveness of their social media strategies and efforts. The CFO and senior vice president of a mid-sized software/technology company pointed out, “We do not have anything formal around it [social media]. To the best of my knowledge, we do not have anything in the works, but I could see it in our future. Only a couple of people, including our head of marketing, are allowed to use social media on behalf of the company. Our employee handbook does indicate that employees can’t use social media for the company. That being said, we presently do not have any controls or formal monitoring in place, although we do monitor social media outlets for other reasons.”

**Figure 15: Monitors compliance and updates policy**



Survey data has been rounded to whole numbers; as a result, some of the totals may not equal 100%.

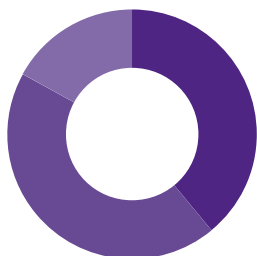
When asked if his company had a policy, the CFO of a mid-sized agricultural services company said, “Not at this time. How are we going to do this and what’s going to happen is a topic at our leadership meetings. It’s in the news quite a bit, and the idea of compliance is a concern for us. It’s going to be an area we definitely want to address. We are very young at it, but we have the ambitions to try and follow the rules and make it work for our customers.”

However, others we interviewed had policies and monitoring in place. Yeager said, “Yes, we do have a policy. We have one person here that is designated as our communications and social media manager. She monitors all things social – not just employee issues, but all guests and consumer issues that may arise, whether positive or negative, and then we address them. We are in a unique situation because we are in a company that is franchise-based. That lends itself a little differently than a company-owned situation because each franchise partner is their own separate entity. They may have their own social media policies and own way of handling internal issues.”

Scovera mentioned: “We adopted our first social media policy in January 2011 and updated it in September 2012. As president, I am responsible for monitoring compliance by receiving weekly reports from our marketing coordinator and reviewing our social media pages. I primarily look for increases in the number of our followers/friends, appropriateness of content, and how often followers engage.”

**Figure 16: Company has policy on securing mobile devices**

- Yes **39%**
- No **44%**
- I do not know/unsure **17%**



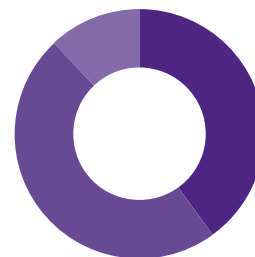
## Mobile devices, enterprise social media and data tracking

With technology continuing to advance and push the capabilities of businesses around the world, social media will continue to evolve as well. Increasingly, mobile devices are playing a larger role, not only in business but social media. Krasnow put it this way, “There is a convergence between social media and mobile devices, and mobile devices are being used to access social media.” Given this trend, the survey asked if companies had any specific policies around securing their employees’ mobile devices. Figure 16 reveals the responses.

As employees separate from their offices more and more, the likelihood that sensitive information or data will be sent or received via mobile devices has become a wider reality for companies. According to the survey, only slightly less than half (48%) do not transmit sensitive data that ends up on or originates from a mobile device, as shown in Figure 17 below.

**Figure 17: Company transmits sensitive data that ends up or originates from a mobile device**

- Yes **40%**
- No **48%**
- I do not know/unsure **12%**

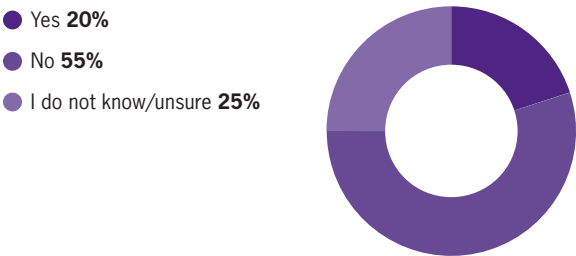




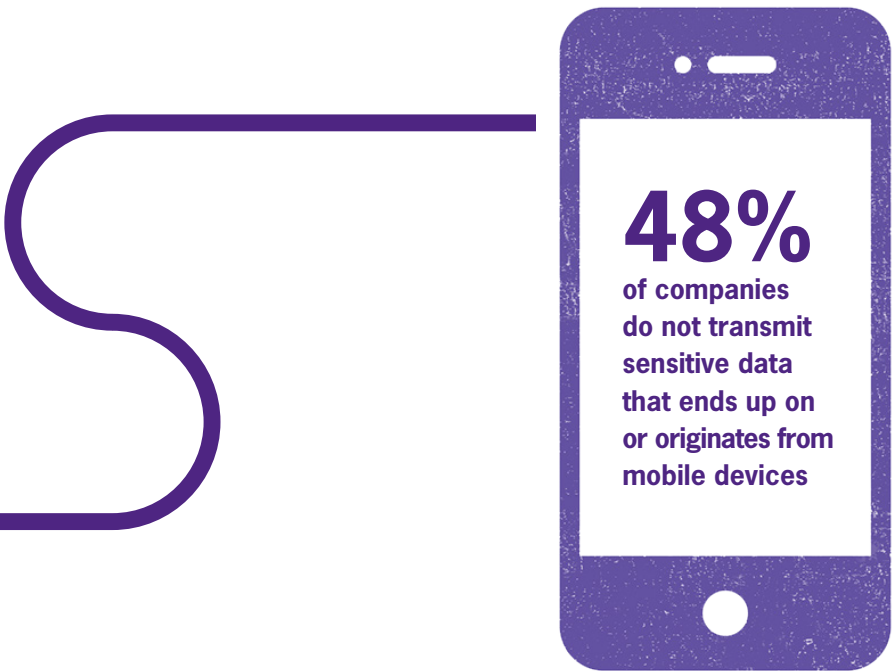
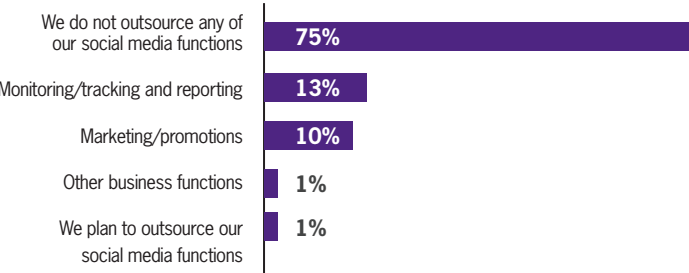
Some companies are now starting to implement enterprise social media networks (e.g., Yammer, Podio) to encourage collaboration amongst their employees. These networks are being implemented to get employees sharing ideas in the workplace. Companies are using social networks to transmit information to team members or others who are part of the company. This can often mean trading documents in real time. Given the relative novelty of this technology, it is not surprising to find that over half (55%) of survey respondents are not currently using enterprise social media as shown in Figure 18.

One area to be considered when discussing social media for business is outsourcing. Particularly for smaller companies that may not have the manpower to fully commit an employee to social media alone, outsourcing is a real possibility and way to engage in social media. As the CFO of a mid-sized agricultural services company noted, “That’s all part of it. Again, this is where the consultant can help us understand all the parameters.” However, as Figure 19 indicates, three-quarters of respondents are not presently outsourcing any of their social media functions.

**Figure 18: Company uses or is considering using enterprise social media**



**Figure 19: Outsourced social media functions**



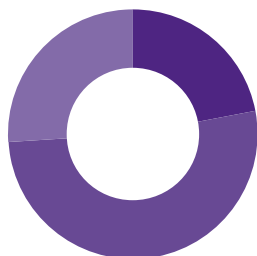
Like any business tool, social media can provide opportunity for organizations. However, in order to gauge effectiveness, organizations must track and analyze their company's social media use to improve predictability. Figure 20 shows how many companies are using social media tracking and analytic tools, and Figure 21 shows which department is responsible for capturing this important data.

Thomas pointed out, "There are risks associated with online tracking activities. Class action attorneys – and sometimes regulators – think of it as spying. As a result, we are seeing more cases in this area. Many are filed under state or federal spyware laws, or else deceptive or unfair trade practice laws. A good way to manage risks in this area is to have clear disclosures, and to make sure you understand what activities you are doing, so those disclosures are complete and accurate. Hand in hand with disclosures are choices. Can consumers turn off the tracking? Giving choices can also lower risk."

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**Figure 20: Company use of social media tracking or analytic tools**

- Yes **22%**
- No **52%**
- I do not know/unsure **26%**



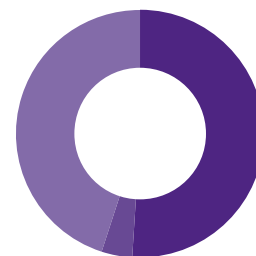
We also asked our interviewees what KPIs they track in relation to their company's social media use. Yeager, of Romacorp Inc., said, "We use a variety of social media tools to gauge sentiment and content, including, but not limited to, Klout and Kred. Our industry also has what is called the Restaurant Social Media Index (RSMI). It's a report that pulls out the top 250 restaurants in the country. Two years ago, Tony Roma's wasn't even considered on the RSMI; we strive to make the top 250 each quarter. The most recent Q1 report shows us at number 138. For a company as small as ours, it's a big deal because we're included on the list with some of the powerhouses in the industry such as Chick-fil-A, McDonald's, PF Chang's, Bonefish and many more."

Scovera, of Access Florida Finance Corporation, commented that they track "increases in numbers of friends/followers, the number of one-on-one engagements and the ultimate conversion from social media to a paying customer (although this is sometimes hard to determine)."

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**Figure 21: Department responsible for capturing social media data**

- Marketing **51%**
- Research **5%**
- N/A **45%**



Survey data has been rounded to whole numbers; as a result, some of the totals may not equal 100%.

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## Conclusion

In addition to the key survey and interview findings offered in this report, apparent themes came to light throughout the research. The first is that social media will continue to grow for the foreseeable future. Some companies have already established a strong social media presence, while others recognize its potential risks and rewards and are now planning their next steps. The reality of social media is that the next go-to social media platform is already in the works and further change in this space is inevitable.

Next, the research demonstrates the governance surrounding social media remains very fragmented. Krasnow noted, “Social media is an amplification of communication. Media, as well as regulators, are gleaning social media for information.” Given the increased visibility and scrutiny of social media, governance needs to be top of mind for executives, and we anticipate seeing a more standardized approach in the near future.

Lastly, there is the issue of the risks around social media. As these risks associated with social media continue to receive more public attention, organizations will need to have policies and procedures in place to respond more adequately. As Thomas pointed out, “It is really important for companies to understand their legal obligations in social media. These include risks associated with any advertising campaign. Companies should be truthful, ensure they have adequate substantiation, and avoid engaging in deceptive or misleading acts. This might include, depending on the circumstances, clear disclosures or specific policies about what types of claims and comments should be made on a company’s behalf. A policy alone isn’t enough. People also need to be trained on how to follow that policy. And finally, people often forget: check the policy. Is it working? Are people understanding it and following it? Are we more compliant now than before it went into effect?”

### 6 best practices to reduce social media risks<sup>4</sup>

- **Assess** — Develop a social media risk analysis and include IT, HR, legal, marketing and communications/public relations, along with the executive team.
- **Govern** — Create a social media governance structure with clear roles and responsibilities. Senior management should direct the use and administration of social media.
- **Source** — Appoint the appropriate professionals to be responsible for social media, given their knowledge and roles. For example, marketing professionals for social media, and marketing and audit or compliance professionals for monitoring and policy adherence.
- **Monitor** — Keep an eye regularly on social media comments and postings across all platforms.
- **Manage** — Create a due diligence process for managing third parties, including third parties who monitor your organization’s social media.
- **Train** — Make sure you regularly train employees on social media policies.

<sup>4</sup> Originally appeared at [www.grantthornton.com/issues/library/articles/retail/2013/08-how-to-reduce-social-media-risks.aspx](http://www.grantthornton.com/issues/library/articles/retail/2013/08-how-to-reduce-social-media-risks.aspx).

## Appendix I: Updated sample social media policy

In 2011 and 2012, the National Labor Relations Board's acting general counsel investigated dozens of social media cases and examined seven employer policies governing the use of social media by employees. Six of those policies contained unlawful provisions. In the seventh, the entire policy (provided below) was found to be lawful.

### Sample social media policy

**Updated: May 4, 2012**

At [Employer], we understand that social media can be a fun and rewarding way to share your life and opinions with family, friends and co-workers around the world. However, use of social media also presents certain risks and carries with it certain responsibilities. To assist you in making responsible decisions about your use of social media, we have established these guidelines for appropriate use of social media.

This policy applies to all associates who work for [Employer], or one of its subsidiary companies in the United States ([Employer]). Managers and supervisors should use the supplemental Social Media Management Guidelines for additional guidance in administering the policy.

### Guidelines

In the rapidly expanding world of electronic communication, social media can mean many things. Social media includes all means of communicating or posting information or content of any sort on the Internet, including to your own or someone else's web log or blog, journal or diary, personal web site, social networking or affinity web site, web bulletin board or a chat room, whether or not associated or affiliated with [Employer], as well as any other form of electronic communication.

The same principles and guidelines found in [Employer] policies

and three basic beliefs apply to your activities online. Ultimately, you are solely responsible for what you post online. Before creating online content, consider some of the risks and rewards that are involved. Keep in mind that any of your conduct that adversely affects your job performance, the performance of fellow associates or otherwise adversely affects members, customers, suppliers, people who work on behalf of [Employer] or [Employer's] legitimate business interests may result in disciplinary action up to and including termination.

### Know and follow the rules

Carefully read these guidelines, the [Employer] Statement of Ethics Policy, the [Employer] Information Policy and the Discrimination & Harassment Prevention Policy, and ensure your postings are consistent with these policies. Inappropriate postings that may include discriminatory remarks, harassment, and threats of violence or similar inappropriate or unlawful conduct will not be tolerated and may subject you to disciplinary action up to and including termination.

### Be respectful

Always be fair and courteous to fellow associates, customers, members, suppliers or people who work on behalf of [Employer]. Also, keep in mind that you are more likely to resolved work related complaints by speaking directly with your co-workers or by utilizing our Open Door Policy than by posting complaints to a social media outlet. Nevertheless, if you decide to post complaints or criticism, avoid using statements, photographs, video or audio that reasonably could be viewed as malicious, obscene, threatening or intimidating, that disparage customers, members, associates or suppliers, or that might constitute harassment or bullying. Examples of such conduct might include offensive posts meant to intentionally harm someone's reputation or posts that could contribute to a hostile work environment on the basis of race, sex, disability, religion or any other status protected by law or company policy.

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### **Be honest and accurate**

Make sure you are always honest and accurate when posting information or news, and if you make a mistake, correct it quickly. Be open about any previous posts you have altered. Remember that the Internet archives almost everything; therefore, even deleted postings can be searched. Never post any information or rumors that you know to be false about [Employer], fellow associates, members, customers, suppliers, people working on behalf of [Employer] or competitors.

### **Post only appropriate and respectful content**

- Maintain the confidentiality of [Employer] trade secrets and private or confidential information. Trades secrets may include information regarding the development of systems, processes, products, know-how and technology. Do not post internal reports, policies, procedures or other internal business-related confidential communications.
- Respect financial disclosure laws. It is illegal to communicate or give a “tip” on inside information to others so that they may buy or sell stocks or securities. Such online conduct may also violate the Insider Trading Policy.
- Do not create a link from your blog, website or other social networking site to a [Employer] website without identifying yourself as a [Employer] associate.
- Express only your personal opinions. Never represent yourself as a spokesperson for [Employer]. If [Employer] is a subject of the content you are creating, be clear and open about the fact that you are an associate and make it clear that your views do not represent those of [Employer], fellow associates, members, customers, suppliers or people working on behalf of [Employer]. If you do publish a blog or post online related to the work you do or subjects associated with [Employer], make it clear that you are not speaking on behalf of [Employer]. It is best to include a disclaimer such as “The postings on this site are my own and do not necessarily reflect the views of [Employer].”

### **Using social media at work**

Refrain from using social media while on work time or on equipment we provide, unless it is work-related as authorized by your manager or consistent with the Company Equipment Policy. Do not use [Employer] email addresses to register on social networks, blogs or other online tools utilized for personal use.

### **Retaliation is prohibited**

[Employer] prohibits taking negative action against any associate for reporting a possible deviation from this policy or for cooperating in an investigation. Any associate who retaliates against another associate for reporting a possible deviation from this policy or for cooperating in an investigation will be subject to disciplinary action, up to and including termination.

### **Media contacts**

Associates should not speak to the media on [Employer's] behalf without contacting the Corporate Affairs Department. All media inquiries should be directed to them.

### **For more information**

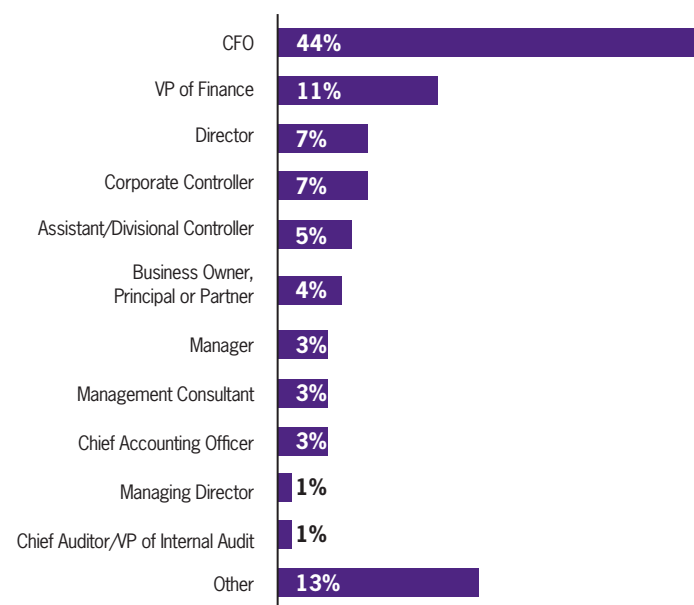
If you have questions or need further guidance, please contact your HR representative.

**“Remember that the Internet archives almost everything; therefore, even deleted postings can be searched. Never post any information or rumors that you know to be false about [Employer], fellow associates, members, customers, suppliers, people working on behalf of [Employer] or competitors.”**

## Appendix II: Respondent demographics

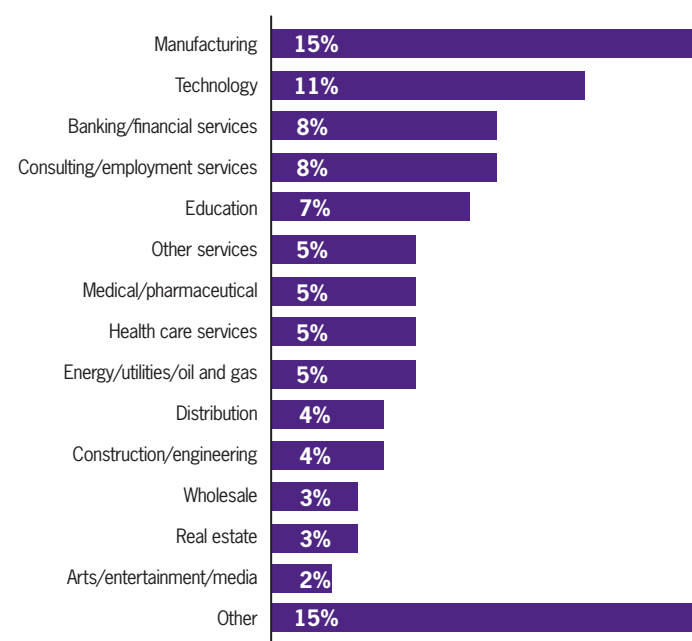
The 32-question online survey of senior-level financial executives generated a total of 111 complete responses from a variety of senior-level executives. Ninety-nine percent of respondents' companies were headquartered in the United States. Below are the graphs depicting the respondents' demographics.

### Title

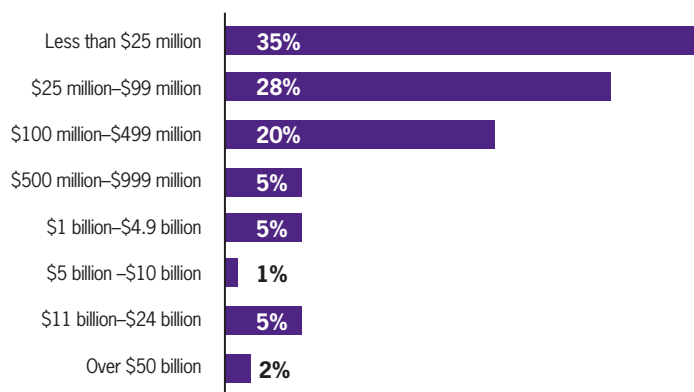


Survey data has been rounded to whole numbers; as a result, some of the totals may not equal 100%.

### Industry

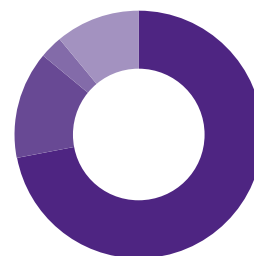


### Revenue



### Company type

- Private **72%**
- Public **14%**
- Government **3%**
- Non-Profit **11%**



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