

Moderator | Howard Brownstein, The Brownstein Corporation
Director, PICO Holdings, P&F Industries

Social media create a whole new dimension for opportunity, but also risk, for companies. There are abundant examples of companies, which have prepared for and handled these opportunities and risks well, and also others, which have not done so, and suffered substantial damage thereby.

The field of social media – and the regulation thereof – is changing rapidly, and ongoing vigilance and management are required to stay up on breaking news and trends. The company board of directors has an important role to play in providing governance, including making sure that management is preparing well and staying informed about social media, as well as the board itself getting educated and keeping well-informed. This may include designating an officer of the company to be responsible, as well as a board committee to provide focus and oversight.

Panelist | Mike Jacka, Chief Creative Pilot, FFACTS
Co-Author, Auditing Social Media: A Governance and Risk Guide

A Panel of Experts: The platforms, uses, and misuses related to social media change faster than anything we have ever experienced. Accordingly, identifying the various risks related to social media is a constantly moving target. No single person can keep up on everything, so it is important to know and have access to the people who understand the various aspects of social media. Board members should ensure they are working and talking with those experts within the organization. This means having a good dialogue with the chief officers over such areas as risk, compliance, internal audit, legal, information, human resources, and marketing. That dialogue should include how those experts are keeping up with and responding to social media trends in their fields of expertise.

Compliance: Regulatory bodies, just like everyone else, are still playing catch-up when it comes to understanding the impacts of social media. For now, the quick, easy rule for anyone concerned about the direction regulatory bodies will take is “if there is a regulation about communication, then it will be interpreted to include social media.” As the regulators explore social media, an organization can pull together those results to gain a broader picture of how social media issues might be addressed. Examples of regulatory actions such as the FFIEC’s standards for governance and oversight, the NLRB’s rulings related to employee rights, the FTC’s expanded definitions related to marketing, and the SEC’s loosened requirements regarding fair disclosures show the broad scope of those efforts and the impact they can have on any organization.

Issues every board member should be addressing:

- Board members should have assurance that social media efforts are in alignment with the organizational strategies. This includes how the organization measures the success of social media efforts and how well the measurements align with organizational objectives and goals.
- For most organizations, no one individual can provide a comprehensive list of the social media outlets currently existing within the organization. Board members should ask for such a survey to be conducted. Based on the results of the survey, board members will then want assurance that a central governance framework oversees all activities.
- Reputation is most impacted when something goes wrong in social media. Best practice is for the organization to have a triage approach to minor issues and a crisis response plan for larger issues. Board members should have access to this information, as well as information on how the organization ensures that all employees understand crisis response and can act appropriately.

Additional program resources on these topics can be found at:
<https://texastricities.nacdonline.org/Resources/meeting.cfm>