Auditing Social Media – Is the Company Controlling the Conversation

Dallas Chapter – IIA
October, 2014
If you aren’t worried, you aren’t paying attention

[turn this into a bumper sticker]
Top 10 Auditing Tweets

10) OMG isn’t that new CAE hot :)

9) Just started reading the revised standards. Can’t put them down

8) Implemented CAATs. Not sure what to do with the fur

7) Sitting in department meeting – vegetative state setting in

6) Conference going well. Have avoided all sessions
Top 10 Auditing Tweets

5) Not sure what it feels like but think I just added value

4) Still sitting in department meeting – shoot me now

3) Posted latest blog. Why is no one responding?

2) How is anyone supposed to use 140 characters to express the profound and complicated thoughts and concepts inherent to our ability to complet

1) Yes, still sitting in department meeting – Just found out I’m leading it
What Is Social Media?
The Origins of Social Media
Verily and Forsooth,
Tom the Tinker,
Charlatan and Layabout,
Doth Create Incomplete Products
The Origins of Social Media
Part 3
Power tools
That’s a wonderful thing.

But why do I care?
Because – they are talking about YOU
Social Media Is…

Your customers/your potential customers/your advocates/your competitors…getting together to talk about you

Comic-Con

(or, what I learned from my kids’ summer vacation)
What Does this Mean? (A Definition)

A set of web-based broadcast technologies that enable the democratization of content, giving people the ability to emerge from consumers of content to publishers.
The #1 Risk

REPUTATION

PROTECTING AND CONTROLLING YOUR BRAND

Controlling (as best as possible) the conversation about your brand
What Are Your Greatest Risks?

1. Economic slowdown/slow recovery
2. Regulatory/legislative changes
3. Increasing competition
4. Damage to reputation/brand
5. Failure to attract or retain top talent
6. Failure to innovate/meet customer needs
7. Business interruption
8. Commodity price risk
9. Cash flow/liquidity risk
10. Political risk/uncertainties
The Issues and The Risks
What Are the Issues?

- An Uncontrolled Conversation
- Whose Minding the Store?
- It’s My Brand
- An Unofficial Spokesperson
- The Regulators
- Crisis Management
An Uncontrolled Conversation
The #1 Risk

REPUTATION

PROTECTING AND CONTROLLING YOUR BRAND

Controlling (as best as possible) the conversation about your brand
What Are People Saying?

- Google Search for “Farmers Insurance”

- Page 5 half-way down
  A link to this page
This Site is Unauthorized by Farmers Insurance Group

Farmersinsurancegroupsucks.com
The Farmers Gripesite

Farmers Screwes Agents! (And I thought they were bad to claimants O_o)

If you think they screwed you out then packa...

FarmersOvertime.com

webgripesites.com

Public Citizen

The Electronic Frontier Foundation

Lawsuits involving Farmers Insurance

Takedown notice with commentary, excellent reading!

The Really Sucks!

I suggest a better company? It seems they're mean, nasty, darn near anyone. AIG has a lot of "fan sites" where people report that a company is using the "Colossus" software.

See back soon ;)

-- All
More Example – File Sharing

- Pictures
- Music
- Video
Video – YouTube

- No Picture Available (Thank goodness)
- We are Farmers
Expected Controls

- Monitoring Process
- Strategy for Action
- Triage Process
- Active Manipulation of Hits
Who's Minding the Store?
Internal Responsibility
When Good Conversations Go Bad

Nestle: To repeat: we welcome your comments, but please don’t post using an altered version of any of our logos as your profile pic – they will be deleted.

PG: Hmm, this comment is a bit “Big Brotherish” isn’t it? I’ll have whatever I like as my log pic thanks! And if it’s altered, it’s no longer your logo is it!

Nestle: That’s a new understanding of intellectual property rights. We’ll muse on that. You can have what you like as your profile picture. But if it’s an altered version of any of our logos, we’ll remove it from this page.

PG: Not sure you’re going to win friends in the social media space with this sort of dogmatic approach. I understand that you’re on your back-foot due to various issues not excluding Palm Oil but Social Media is about embracing your market, engaging and having a conversation rather than preaching! Read www.cluetrain.com and rethink.

Nestle: Thanks for the lesson in manners. Consider yourself embraced. But it’s our page, we set the rules, it was ever thus.
When Good Conversations Go Bad

DS: Freedom of speech and expression

Nestle: You have freedom of speech and expression. Here, there are some rules we set. As in almost any other forum. It’s to keep things clear.

PG: Your page, your rules, true, and you just lost a customer, won the battle and lost the war! Happy?

Nestle: Oh please…it’s like we’re censoring everything to allow only positive comments.

DS: Honey you need new PR

JB: It’s not ok for people to use altered versions of your logos, but it’s ok for you to alter the face of Indonesian rainforests? Wow!

JG: I was a big fan of your products, but not now, when I saw what you guys wrote, I think I’m gonna stop buying them
When Good Conversations Go Bad

MK: Your attitude as a corporate representative is a disgrace!

HC: I’d like to know if the person writing the comments for nestle, actually has the backing from Nestle? I doubt it. Even a dumb ass company like them would get such an idiot to be their public voice.

Nestle: I think you missed out the ‘not’ there, Helen

HC: Yes well I’m lacking in the first morning NOT NESTLE coffee. I think you missed your manners in your comments.

MK: I’m not sure why you dislike the molding of your kitkat logo into “killer” I personally think it’s quite catchy

Nestle: Matt, you could start here:
http://marketing.about.com/cs/brandmktg/a/watisbranding.htm
When Good Conversations Go Bad

HC: Well, that about sums you up. I just think Nestle would deal with public relations in a more professional manner. So while it’s fun arguing the toss with you on here, and it works well as publicity for our cause, the messages don’t actually get to Nestle.

HZ: Is a nestle rep running this page?????

Nestle: We welcome debate – from any opinion. It helps us to know what people think and feel.

TR: “So, let’s see, we have to be well-mannered all the time but it’s perfectly acceptable to refer to us as everything from idiots right the way down to sons of satan with a few obscenities and strange sexual practices thrown in?” Actually, yes – strange though it may sound to you. As someone earlier said – you need to read the Cluetrain Manifesto to find out why – social media 101…

FS: I’m not using your logo…You deleted my comment anyway…
When Good Conversations Go Bad

AB: I have already PDF’d the page. Twitter is going off about this conversation mainly because the curator is so rude.

NP: ‘It’s our page, we set the rules, it was ever thus.” LOL. Thanks for the object lesson on how to suck at Web2.0. Bravo.

AG: Hey Nestle, this is the internet you *****…ALL YOUR BASE BELONG TO US

RA: You know Nestle…in the latest marketing week they even talk about turning negative press into something positive, eg. M&S ‘we booboo’d’ campaign and the ultimate example of skoda. I think you’re kind of missing the point of social media here.
When Good Conversations Go Bad

DD: What a total train wreck. Sorry Nestle, but you really don’t seem to get it do you? Social media provides you with an opportunity to engage with your customers – to listen to them, to show that you actually care about ethical issues in business. Sadly it seems you have precisely the opposite attitude and seem determined to be as aggressive, patronising and corporatist as you can. And practically guaranteed that folks will now start shunning your products.

BT: This is such a great case study of how not to do social media – all companies thinking of jumping on the social media bandwagon without considering the type of public conversations people are dying to have about your brand be warned!

CB: As someone who runs Facebook pages for brands I was astonished by the approach of Nestle in this instance. Surely Nestle know you don’t get into a dispute such as this in a public forum? If a customer has your logo on display you should be delighted at the fact that they are embracing your brand. The divisive attitude from Nestle is also bizarre…I think the Nestle press office should be made aware of this. If these posts have the buy in of the press office…o dear
3rd Parties

- Celeb Boutique
  - July 20th Tweet

#Aurora is trending, clearly about our Kim K inspired #Aurora dress ;) Shop: celebboutique.com/aurora-white-p...
Trying to Get it Under Control

Tweets

Celeb Boutique @celebboutique
this was not intentional & will not occur again. Our most sincere
apologies for both the tweet and situation. - CB

Celeb Boutique @celebboutique
tweet and will of course take more care in future to look into what we
say in our tweets. Again we do apologise for any offense caused

Celeb Boutique @celebboutique
social media was totally UNAWARE of the situation and simply
thought it was another trending topic - we have removed the very
insensitive

Celeb Boutique @celebboutique
We are incredibly sorry for our tweet about Aurora - Our PR is NOT
US based and had not checked the reason for the trend, at that time
our
Expected Controls

- Social Media Policy
  - Internal
  - External
- Monitoring
- 3rd Party Vendor Oversight
- Reputation Disaster Recovery
It’s My Brand
Getting Your Brand

- Mike Jacka
- @Dennys
- Active Ownership (Disney)
What are These?

- mymagicminus.com
- aladdinmerchandise.com
- princessbridebroadway.com
- princessbrideonbroadway.com
- princessbrideonstage.com
- theprincessbridebroadway.com
- theprincessbrideonbroadway.com
- theprincessbridethemusical.com
- fitzmustbestopped.com
- threelittlekitties.com
- ducksandfriends.com
- frozenbroadway.com
- frozenmusical.com
- frozenonbroadway.com
- frozenonstage.com
- smallworldfifty.com
- smallworld50.com
- starwarsdestiny.com
- starwarsmastertheforce.com
- princessrescue.com
- enchantedfeastsong.com
Keeping Your Brand

- Brand Hijacking
- Honest, this is Paypal
- Twitterjacking
Jeep = Cadillac

The official Twitter handle for the Jeep® -- Just Empty Every Pocket, Sold To Cadillac =[ #OpMadCow #OpWhopper
In a hood near you! · jeep.com/press/sold-to-...
Expected Controls

- Strategy
- Monitoring
- IT
An Unofficial Spokesperson
And the Meek Shall Inherit the Pulpit

ANYONE can be a Spokesperson
Our executives know better.
52%

- Top executives are informed, engaged, and aligned with the social strategy

Source: Altimeter, March 2013
Dinner w/Board tonite. Used to be fun. Now one must be on guard every second.

Board meeting. Good numbers=Happy Board.

Earnings released. Conference call completed. How do you like me now Mr. Shortie?
Gene Morphis
March 9 at 2:54pm via mobile

Audit Committee. Damn you Paul Sarbanes! Damn you Michael Oxley!

Gene Morphis
January 27 at 9:33am

Roadshow completed. Sold $275 million of secondary shares. Earned my pay this week.
Expected Controls

- Social Media Policy
- Training
- Monitoring
The Regulators
Regulatory Bodies

- It is all about communication
- An insurance example
- Regulators are defining it as broadly as possible
Federal Trade Commission (FTC)

- Guidance Concerning the Use of Endorsements and Testimonials in Advertising
  - Require disclosure
  - The post of a blogger who receives cash or in-kind payment to review a product is considered an endorsement
  - Ann Taylor (or can you afford $11,000 per blogger)
  - Reverb Communications – 120,000 reasons
  - Legacy Learning – 250,000 more
National Labor Relations Board (NLRB)

- Has issued guidance on SM Policies
- Rulings only now coming down
NLRB Rulings – Costco

Costco

- Employees should be aware that statements posted electronically (such as online message boards or discussion groups) that damage the Company, defame any individual or damage any person’s reputation, or violate the policies outlined in the Costco Employee Agreement, may be subject to discipline, up to and including termination of employment.

Ruling?

Denied
Knauz BMW

- Courtesy is the responsibility of every employee. Everyone is expected to be courteous, polite and friendly to our customers, vendors and suppliers, as well as to their fellow employees. No one should be disrespectful or use profanity or any other language which injures the image or reputation of the Dealership.

Ruling?

Yes and No
The FFIEC
Or
Why I Should Care
About a Bunch of Finance Nerds
FFIEC

- Federal Financial Institution Examination Council
  - FRB, FDIC, NCIA, OCC, CFPB
- Social media defined
- Risk management over social media
  - Designed with full participation
  - Contain all components (e.g. governance, policies, training, etc.)
- Compliance, reputation, and operational risk
Expected Controls

- Monitoring
  - (monitoring regulators activities)
- Identify, Communicate, and Act
Crisis Management
When A Social Media Disaster Happens

- Tylenol (not social media – but still the gold standard)

- Applebee’s
The Start of it All

Amount: 34.93
Tip 18%: 6.31
Adtl Tip: 34.93
Total: 100.21
Applebee’s Response

- The individual posting the picture was terminated for violating a customer’s privacy.

We wish this situation hadn’t happened. Our Guests’ personal information – including their meal check – is private, and neither Applebee’s nor its franchisees have a right to share this information publicly. We value our Guests’ trust above all else. Our franchisee has apologized to the Guest and has taken disciplinary action with the Team Member for violating their Guest’s right to privacy.
Here’s The Problem
What went wrong

- Four person response team
- Usually handling questions about food items
- Respond to everyone
- Starting cutting and pasting a copy of the corporate policy statement
- Did not know how to respond to negative posits
- There was no crisis management approach
- Sometimes not responding is the right response
- It takes two people for there to be poor communication
Expected Controls

- Monitoring
- Triage
- Training
- Reputation Disaster Recover
What Will You Do?
So, Where are the Risks

- Strategy
- Governance and Oversight
- Execution
- Metrics
- Monitoring
- Regulatory and Compliance
- IT
Considerations – Strategy

- Lack of Strategy
  - “This looks cool. Somebody do something.
  - No plans, no concepts, no leadership

- Pseudo–Strategies
  - Ignoring social media – dismiss without deliberation
  - Non–participation = non–involvement

- Inadequate Strategies
  - “Strategy” developed without basic understanding
  - False sense of security
Traits of a Good Strategy

- Focuses on Strategy, not tactics
- Promotes a unique value proposition
- Addresses real customer needs
- Has a 3–5 year outlook
- Lays the groundwork for implementation
- Is appropriately documented
Specific to Social Media

- Aligns with business objectives
- Incorporated in other strategies
- Identify target market and how each uses social media
Contents of the Social Media Plan

- Goals and Objectives
- Channels
- Engagement
- Staffing and Funding
- Metrics
Considerations – Governance & Oversight

- **No Group Responsible**
  - Starts everywhere at once
  - No single “champion”

- **Missed Risks and Rewards**
  - Misunderstand underlying risks
  - Focus on controls and risk versus opportunities

- **“Wrong” Group in Charge**
  - No wrong group, but…
  - Examples – Risk, Compliance, Legal, IT
The Role of the Board

- Provides broad oversight on all strategic decisions – including social media
- Should understand why decisions were made and the related risks
- Education on social media will be necessary
- Updated as appropriate
The Role of Executive Oversight

- Projects are advancing as expected
- Continued alignment with overall strategies and objectives
- Significant issues are brought to executives’ attention
- Overall objectives are being met

Evidence of inadequate oversight
- The “wrong” executive is in charge
- An executive in charge who does not believe or does not understand
- No communication at the executive level
The Role of Oversight Committees

Keys to Successful Social Media Committees

- Committee makeup/department feedback
- Knowledge of the unique situation
- Roles and responsibilities
- Objectives
- Requirements of social media
- Task definitions
- Measures of Success
- Prioritization
- Issue Elevation
- Statement of direction
Execution
Considerations – Execution

- Policies and procedures
- Organizational design
- Approval of policies and procedures
- Quality assurance reviews
- Oversight of 3rd Party Providers/Vendors
- Social Media Policy
Third-Party Contracts

- Should contain
  - Scope of Work
  - Compensation
  - Agency Expenses
  - Ownership of Assets
  - Copyright information
  - Non-disclosure
  - Team Members
  - Conflicts
  - Right to Audit
  - Approval Process & Communications
Social Media Policies – Internal

- Clear communications on what employees can and cannot do on social networks
- Specific restrictions regarding use of social media for non-work related activities
- Considerations for all social media communications
  - Add value
  - Conversational style
  - Honesty and respect
  - Transparency and disclosure
  - Confidentiality
  - Ownership and registering properties
  - Endorsements and recommendations
  - Degree of personal and professional use
Social Media Policies – Internal

- The organization’s monitoring practices
- An outline of other policies that may be impacted by social media
- Guidance on Conflicts of Interest Issues
- IT requirements related to UserIds and passwords
- Guidance on responding to comments
- Guidance for crisis communication
- Requirements that all applicable laws will be followed
- Consequences
A Post Checklist

- Breach of copyright, intellectual property
  Do you have permission to post the images and words in your post, or did you copy them from somewhere else?

- Defamation
  Would this post make you think less of a person or a company?

- Bullying
  Does this post tease or mock someone?

- Discrimination
  Does this post discriminate, for example on the grounds of race, religion, gender, disability, or sexuality?
A Post Checklist

- False and/or misleading information
  Is this post factually accurate?

- Illegal activity
  Does it condone or provide instructions for violent or criminal activity?

- Indecent content
  Does it break any laws on obscenity or blasphemy?

- Fair trading
  Is your activity in violation of the Competition & Consumer Act?

- Regulations and codes
  Does this post comply with any rules specific to your industry?
Social Media Policies – External

External social media policies should include:

- Commenting allowed and disallowed
- Comment moderation
  - Offensive language
  - Attacks and threats
  - Off topic
  - Proprietary information
  - Banning
Social Media Policies – External

- Proactive and reactive management
- Social media account disclosure
- Service-level agreements
  - Hours of operation and response time
  - Error correction
  - What the organization will disclose and comment on
Metrics
Considerations – Metrics

- No Metrics
  - With no measures, how do you determine success

- Misaligned with Organizational Goals
  - Is everyone measuring the same thing

- Poor Metrics
  - What is a poor metric?
What is a Poor Metric?

- Website hits
  “There have been 60,000 page views on our new website!!”

- Blog Comments
  “We are averaging 10 comments per post “

- Facebook Friends
  “We have successfully achieved our objective of having one million followers on Facebook!”

- Twitter Followers
  “Our most recent Tweet on new product development was retweeted by half our followers!!!”
Good Metrics?

Depends on what you are trying to do

- Brand Recognition
  - Advocate Numbers and Frequency
- Customer Service
  - Issue Resolution Rate
- Sales & Marketing
  - Sales Generated
- Human Resources
  - Potential Candidate Engagement
Monitoring the Conversation

- Conversations Will Occur
- Monitoring is Key
- Monitor Even Where You Are Not Leading the Conversation
- The Risk of Not Paying Attention
- Good Monitoring Requirements
Considerations – Monitoring

- Who is Watching?

- How Often are they Watching?

- Are they Watching Everything?

- What do they Do With What they Watch?
Social Media Triage

ASCE Social Media Triage Chart
Applies especially to social spaces where ASCE has admin privileges.
Goal: 24 hour response time. For items outlined in starbursts, 1 hour response time.

For questions, or to flag a post for urgent response, contact the communications department. [EMAIL]

POSITIVE POSTS

Does ASCE want to agree with the comment, let it stand, or provide a positive response? (Yes/No)

If Yes, go to the next step. If No, do not respond.

Can ASCE add value to the post?

If Yes, go to the next step. If No, do not respond.

Craft a response using the Response Considerations

Thank the author for their comment.

NEGATIVE POSTS

Have the staff/person/volunteer assigned to the issue reply to the post with the resolution, and monitor.

Can the issue or complaint be resolved quickly?

If Yes, go to the next step. If No, do not respond.

Are others agreeing with the complaint?

If Yes, go to the next step. If No, do not respond.

Have the staff/person/volunteer assigned to the issue monitor the facts, and monitor.

BREACH OF POLICY

Does the post pose a legal risk to ASCE or members of the group? (Yes/No)

If Yes, go to the next step. If No, do not respond.

Remove comment, reply to thread with a post to the ASCE social media policy.

Will the community notice? (Yes/No)

If Yes, go to the next step. If No, do not respond.

Will taking action bring more attention to the problem than taking no action? (Yes/No)

If Yes, go to the next step. If No, do not respond.

Monitor.

RESPONSE CONSIDERATIONS

- Transparency: Disclose your connection to ASCE, and your role in the organization
- Source: Re-enforce your response by citing sources such as URLs & articles
- Timeline: Do not rush. Take time to craft an accurate and relevant response
- Tone: Respond in a tone that positively reflects ASCE & its mission
- Influence: Focus on responding to the most active & relevant social media sites

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Regulatory & Compliance
Regulatory Bodies – To Repeat

It is all about communication

Regulators are defining it as broadly as possible
Considerations – Regulatory and Compliance

- Review of Laws and Regulations
- Communication of Review Results
- Tests of Compliance
IT
IT Risks

- Viruses and Malware
  - Data leakage/theft
- Brand Hijacking
  - Customer gets exposed to hijacked and fraudulent presence
- Lack of Control Over Corporate Content
  - Employee posting wrong or improper content
- Unrealistic Customer Service Expectations
  - Service at the speed of the internet
- Mismanagement of Communications
  - Impact of retention regulations or e-discovery

Per ISACA White Paper
IT Risk Responses

- Viruses and Malware
  - Antivirus and anti-malware controls installed

- Brand Hijacking
  - “Find a firm to protect your brand. Update customers”

- Lack of Control Over Corporate Content
  - Establish social media policies. Capture and log

- Unrealistic Customer Service Expectations
  - Ensure staff can handle. Timeline for responses

- Mismanagement of Communications
  - Establish policies and procedures

Per ISACA Workpaper
Discussing Risks
This can create a major disconnect
Some Stats
Who’s In Charge of Social Media Risk Management?

35% Marketing/Public Relations
16% IT
12% No one currently monitors
8% Legal
7% Compliance/Privacy
7% Business Development/Sales
4% Audit
11% Other

Source: Grant Thornton, 2013
53%

My company has updated its social media policies in the past year

Source: Proskauer, 2014
33%

My company has a social media policy

Source: Grant Thornton, 2013
Employees are provided with training on appropriate use of social media

Source: Proskauer, 2014
My company has an incident management plan

Source: Grant Thornton, 2013
My company is monitoring social media for “adverse publicity”

Source: PWC, 2014
57%

Are you confident or extremely confident that sensitive information is adequately protected?

Source: Grant Thornton, 2013
18%

My company performs a social media risk assessment?

Source: Grant Thornton, 2013
Top 10 Key Concerns

- Lack of appropriate governance
- Disclosure of confidential information
- Insufficient social media account password protection
- Unacceptable social media conduct by management or other staff
- Deficient policies and procedures relating to social media

Source: KPMG, 2014
Top 10 Key Concerns

- Publishing unfavorable or confidential information on public sites
- Social media brand jacking
- Potential operational risks emanating from social media
- Supply chain risks as a result of social media activity by suppliers
- Social media activism
- Lack of protocols and procedures to either understand or manage social media risks

Source: KPMG, 2014
Where to Start

- Determine who knows what
- Determine where the projects are
- Determine what anyone is doing
- Talk to everyone
A Final (or First) Decision

Is this an audit, or an advisory engagement?
QUESTIONS?
THANK YOU!

Feel free to contact me at: mjacka@fpacts.com

And you can follow on Twitter @figre