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Social media crucial to corporate risk management: RMS panelists

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Risk Management

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FEATURED SOLUTION ARC: What companies need to know to protect themselves from reputation risks

NEW YORK — Given the dramatic effect social media has had on the speed and delivery of news and information, engagement in social media has become a necessary inclusion in corporate risk management strategies, reputation risk experts say.

More and more frequently, reputational crises — such as the recent stranding of the Carnival Triumph cruise ship — are born on social networking platforms and can grow exponentially in scope if not adequately and consistently addressed at a “grass-roots level,” panelists said Tuesday at *Business Insurance’s* 2013 Risk Management Summit in New York.

“Social media can be an incredibly negative force if it’s ignored or not utilized properly,” said Chris Gidez, executive vice president and co-chair of the global crisis practice at New York-based Hill+Knowlton Strategies Ltd.

Mr. Gidez cited Apple Inc.’s mishandling of consumer displeasure with its iPhone 4 shortly after the product was introduced in 2010. Negative comments about the phone spread quickly over social media channels, but were largely ignored by Apple executives until mainstream news outlets began reporting on its flaws.



Chance to tell your story

Companies that fail to actively engage social media users in conversations regarding a particular crisis event or general discussions of their business practices rob themselves of the chance to add context and clarity to those discussions, panelists said.

“It gives you the opportunity to tell your story, and to present your company’s facts to a large audience,” said Shannon Wilkinson, founder and CEO of New York-based Reputation Communications Ltd. “The companies that don’t do that have their stories told by other people, and we’ve all seen examples of that.”

Build a positive reputation

Beyond critical incident response, social media participation affords companies the means to advance a positive reputation through regular interaction with its customers, business partners and the public at large. Those relationships, panelists said, will more than likely increase a company’s odds of weathering a reputational crisis.

“The companies that survive the inevitable crises well have a lot of allies online,” Ms. Wilkinson said. “The best thing about social media is that if you use it properly to develop relationships and help people, as opposed to simply sell your products and services, you can build a lot of allies.”

Responsible participation in social media can also provide companies with an added venue in which they can achieve advocacy at scale through their employees, panelists said.

A March 2012 poll of 1,012 registered voters conducted by Hill+Knowlton Strategies revealed that a corporation’s employees are the second-most trusted source of information regarding its business practices, second only to friends and family members.

“The question is whether your employees are the advocates for your institution,” said Larry Walsh, vice chairman of the Alexandria, Va.-based Hawthorn group.

The panel was moderated by Rodd Zolkos, senior editor at *Business Insurance*.