

# Putting social media into boardrooms



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The transparency, immediacy and access to data that social media brings to business will transform the way that organisations operate over the next few years.

The companies that will drive the most advantage from this will be those that treat it as a boardroom and executive committee level issue rather than as a pure marketing and communications function.

Social media is changing the way that businesses interact with shareholders, customers, employees, the community and a range of other stakeholders in profound ways. It does not just impact on marketing and communications, but also on elements of the business such as risk management, product development, customer service, and human resources.

This means social media should be looked at in a strategic and integrated manner, embedded into the ways companies perform customer service, manage risk and reputation, gather customer and competitive intelligence, sell products, collaborate and make decisions internally and even recruit and manage staff.

## Stakeholder barometer

One of the most important roles of social media is as a barometer of how stakeholders view the organisation. Using social monitoring tools, organisations can build an understanding of sentiment about their businesses among shareholders, customers and so on.

For example, negative buzz about a product could be a warning that call centre volumes or product returns will rise or that sales could drop.

Correctly analysed and interpreted, such information could help companies to take steps to pre-empt a crisis, for example, by ramping up call centre staffing or recalling a product.

## Reputational risk

Social media is also critically important for the purposes of managing reputational risk in a world where a rumour or complaint can spread virally to thousands of people in minutes. Organisations' service, financial performance, ethics and products are all under constant scrutiny by social media users.

Therefore, they should be gauging online reputation and actively protecting and enhancing it in a manner that is aligned

with business strategy.

Given how reputation can affect a company's sales, share price and business relationships, the issue should be on the Exco agenda.

Social media can also provide a wealth of competitive intelligence - what do customers like and dislike about competitors' products and how they perceive their brands - as well as customer insights that can be used in product development.

What if your business could notice customer desires and requirements from social chatter and then develop the products that meet these needs?

Despite the way that social media has permeated business and society, many business leaders are nervous to use it as part of their jobs. Even those that understand the importance of social media often defer it to their marketing departments.

## Falling behind

Most companies and their leaders are lagging behind in using social media in a strategic manner. One recent North American study by Stanford University's Rock Centre for Corporate Governance found that only 32% of respondent's companies monitor social media to detect risks to their business activities and 14% use metrics from social media to measure corporate performance.

Only 24% of senior managers and 8% of directors surveyed receive reports containing summary information and metrics from social media. Though there are no similar local statistics, the belief is that the percentage of companies using social media in an executive-led, strategy driven manner is even lower.

One reason for this is that executives have been uncertain of how to track and monitor social information. However, with the sophistication of today's online reputation management tools, executives can get access to a wide range of business indicators and metrics from social media.

This is information that can help them make better business decisions as well as to respond rapidly to threats and opportunities in the business landscape.

## ABOUT GORDON GELDENHUYS

Gordon Geldenhuys heads up the Social Media & Insights division of 25AM, a strategic digital consultancy and Salesforce Marketing Cloud Authorised Reseller. He is responsible for developing social media strategies and facilitating the licensing of Salesforce Marketing Cloud to companies in South Africa.

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