

Managing Social Media Risks

While consumer marketers have been harnessing the power of social media to engage customers in recent years, today it also holds remarkable opportunities for businesses looking to expand their reach, and engage and interact with customers on a more personal level. Before fully involving your business in social media, it's important to understand the risks to avoid potential disaster.

Protect Your Company's Reputation

It is fairly easy for anyone to use your company's trademarks to set up a social media site without your permission, so even if you don't plan to market through social media it's crucial your team is monitoring popular sites. Some businesses have been protecting their brands by registering their trademarks on popular social media sites, even if they don't intend on using the sites.

If your business is already involved in social media, consider some additional risks. Negative content, such as bad customer reviews or unfavorable comments, may appear on your company's social media sites. While social media allows a company to more directly interact with customers—which can be very beneficial—expect that customers can and will use your site to air grievances. It's also important to be aware that incidents—especially negative incidents—travel globally in a matter of hours on social media, having the potential to lead to disaster.

Consistently monitoring the activity on your company's social media sites is key; but being aware of content that may appear on third-party sites is equally important. Devise a plan to respond to negative content to protect

your company's reputation.

Who Has Ownership of Your Social Media Sites?

Although you can't directly control what third parties say about your company, you can control what your employees post on your social media sites. Surprisingly, many companies still lack clear policies and procedures outlining how employees should use these sites. Employees could post incorrect company information, confidential material or trade secrets, which can have serious consequences for your firm.

Many businesses are using social media tools to interact with potential clients. Before jumping in, you need to understand the risks and plan accordingly.

You can reduce some of this risk by limiting the number of employees assigned as "administrators" on your company's social media sites. An administrator may be one person or a team who have the passwords to your social media sites and who manages the activity on the sites. It is important to educate these employees as to what they should and should not say on the company's behalf when they post on these sites.

If your company already has a designated social media guru, consider that after time, your Twitter account or company blog may take on the personality or "voice" of

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the writer. So what happens if that employee leaves your company? It may be important to have specific contracts and work agreements in place when it comes to employees' social media use; this ensures that a valuable resource can't disappear overnight.

Security is Always Important

Social media sites are not exempt from cyber attacks and risks, such as viruses and spam. It's important to monitor the content that is posted not only by your employees, but also by third parties. Report spam as soon as you see it, and avoid clicking on suspicious links.

Furthermore, it's important to password-protect all of your social media accounts, in addition to limiting the number of employees who administer your sites.

Social Media and the Law

As the use of social media in businesses grows, the Federal Trade Commission (FTC) has developed resources which gives businesses information to develop ads for online media that comply with applicable laws. As you adopt social media as a component of your marketing strategy, consider some of the following legal implications:

- **False advertising:** Similar to print advertising, social media ads must be truthful and not misleading.
- **Undisclosed endorsee connections:** If an employee blogs about your product and fails to disclose their connection to your company, it could result in liability, whether your company knew about their postings or not. Employers are also liable for false or misleading advertising stemming from an employee's online postings about the company's products and services, even if the postings were not authorized by the employer.
- **Infringement:** Be aware of trademark infringement claims between competitors, which could cause deception or customer confusion.

- **Copyright vs fair use:** Know the difference between "fair use" and copyrighted material. Many times, user-generated content cannot be used without permission.

Additional Ways to Mitigate Risk

Use these tips to mitigate other risks to your business:

- **Create, implement and enforce a social media policy.** This policy sets the rules for how your employees should use social media on the company's behalf. It is important that you train employees on your policy and enforce it once it's been implemented.
- **Assign a community manager.** This could be one employee or a team who are trained on social media and are responsible for all of the company's social media accounts.
- **Devise a crisis response plan.** This is your company's response strategy in the case that a crisis occurs through your use of social media.
- **Involve your legal department at the beginning of social media planning.**

The use of social media in businesses is increasing exponentially; however there still remains uncharted territory in terms of which laws and business practices are evolving to meet the challenges that arise. To stay on top of the risks, contact Brady, Chapman, Holland & Associates today to learn more about our risk management resources and insurance solutions.