

USING THE INTERNET IN CORPORATE REPORTING

Practical Guidance for Managing Web 2.0 and Social Media

June 2010



Notice to Reader

The Research Studies Department of the Canadian Institute of Chartered Accountants (CICA) commissioned this guidance booklet as part of its continuing research program. The views expressed in this publication are those of the Study Group. They have not been adopted, endorsed, approved, disapproved or otherwise acted upon by a Board, Committee, the governing body or membership of the CICA or any provincial Institute/Ordre. Comments are welcome and should be addressed to J. Paul-Émile Roy, CA, at the CICA (research.studies@cica.ca).

The Research Study *Corporate Reporting to Stakeholders*, the companion Research Report *Using the Internet in Corporate Reporting* and the related guidance booklets are available on the Internet (www.cica.ca).

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FOREWORD

In June 2008, the CICA published the Research Study *Corporate Reporting to Stakeholders*. Corporate reporting refers to the process of communicating with stakeholders, no matter what vehicle is used for such communications. It reflects the messages that management needs to convey to investors and other stakeholders, taking into consideration generally accepted accounting principles for financial reporting and relevant regulatory requirements. Stakeholders are individuals or groups that may be significantly affected by a company's activities, products and services or whose actions can affect the company's ability to successfully implement its strategies and achieve its objectives.

The primary purpose of that 2008 Research Study is to promote *effective communication* by providing helpful guidance on how to achieve comprehensive and integrated corporate reporting. A secondary purpose is to suggest how useful information can best be communicated. Although the research focuses primarily on information disclosures in corporate annual reports and on company websites, the analyses carried out also largely apply to corporate reporting overall.

Electronic disclosures and web-based reporting of both financial and non-financial information is now commonplace. With the rapid evolution of the Internet, particularly Web 2.0 technologies and social media tools, companies are adopting new means of communicating with investors and other stakeholders. Together, organizations and stakeholders are shifting to a new paradigm — real-time online collaboration.

To further promote effective communications, this guidance booklet explains how the Internet is changing and how to use the Web technology and tools available today. It offers a practical approach for implementing Web 2.0 and social media, highlighting the role they play in communication and collaboration with stakeholders. It also examines how social

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media tools are being used, explains how to use technology to monitor social media and discusses how to use these media for investor relations. The booklet is part of a guidance series based on the soon-to-be-published CICA Research Report *Using the Internet in Corporate Reporting*.

The views expressed in this publication are those of the Study Group members. They have not been formally endorsed by either the CICA or the organizations represented by the Study Group members. Comments are always welcome and should be addressed to J. Paul-Émile Roy, CA, at the CICA (research.studies@cica.ca).

Toronto, June 2010

CICA Research Studies



DEVELOPING A WEB 2.0 AND SOCIAL MEDIA STRATEGY

*"I'm venturing into uncharted territory as I launch this blog. A year ago, I didn't even know what a blog was -- until my Communications team began telling me about all the blog traffic on travel and tourism. Now I know this is where the action is if you want to talk to your customers directly -- and hear back from them. Soon we'll add an audio version of the blog. That's how I'm most comfortable: telling stories and listening." "Having my own blog for more than three years has been a great learning experience. Blogging has helped me understand the importance of technology and communications for our business."*¹

Value Proposition for Web 2.0 and Social Media

Two trends are combining to change the nature of corporate reporting in the modern world. First, technology, particularly the Internet, has altered the way information is presented and communicated. Traders, institutions, analysts, agencies, governments and regulators alike all use the data available online as they go about their daily business. In response, companies are shifting from a document-based business culture to one that is based on access to data. Second, businesses now depend heavily on global capital markets.

In an effort to improve both internal and external communications, as well as meet regulatory requirements, almost every company now uses the Internet to routinely convey information to investors and other stakeholders. With stakeholders demanding instantaneous access to corporate disclosures and regulators pressing for more openness and transparency, an effective Internet communications strategy is the key to building stakeholder value in the future.

¹ The first quote is from the January 16, 2007 initial blog posting "[Uncharted Territory](#)," by Bill Marriott, Chairman and CEO of Marriott International. The second quote is from "[Connecting People Oceans Apart with GoThere Virtual Meetings](#) by Marriott," the April 6, 2010 featured blog posting by Bill Marriott.

Investors and other key stakeholders are influenced by journalists, bloggers and activists using the Web for conversations about industries, companies, competitors and customers, whether a company participates or not. Web 2.0 technologies and social media tools allow a company to maintain a corporate voice in the market, present its case on the Web, which it might not have been able to do in traditional media, and build trust among investors and other stakeholders.

The value proposition is enormous. Companies can get a better sense of how they are perceived by target audiences and establish a two-way dialogue with those audiences. They can also replicate key messages across a variety of media, and empower investors and other stakeholders to speak with them, not at them. In turn, target audiences can get honest, credible information from a trusted source, the company itself.

As a foundation for developing a corporate Internet communications strategy, it is important to examine how competitors are using Web 2.0 technologies and social media tools. In addition, owners and managers should be talking with staff in the investor relations, marketing, human resources, information systems and legal departments to ensure that any social media activities are in compliance with their company's disclosure policy.²

Overview of Web 2.0 and Social Media³

During the 1990s, the Internet became a source for networking applications such as e-mail, mailing lists, bulletin board services, Internet forums and newsgroups.⁴ When sending prospects or clients an e-mail, a mailer or a newsletter, or when placing a TV, radio or print advertisement, a company is informing readers. One-way communications continue to serve a useful purpose.

Traditional Internet communication methods use channels where information is communicated top-down or in one direction. The focus is usually one-on-one. With Web 2.0, however, the typical focus is one-to-few or one-to-many (for example, websites). It is widely acknowledged that Web 2.0 is a sophisticated, second generation approach to the World Wide Web, leveraging powerful technologies,

2 To learn more, refer to the Q4 Blog, [Examples of small and large companies using Social Media in Investor Relations](#) (May 26th, 2009), [Trends in Media and Technology - From NIRI 2009](#) (June 9th, 2009), [SlideShare Partners with Q4 Web Systems to help Bring Social Media to Investor Relations](#) (June 11th, 2009) and [Trends and Best Practices in Online Communications and Social Media in Corporate IR](#) (October 21, 2009).

3 For an in-depth review, refer to the Trebor Scholz presentations, "[How the Social Web Came to Be \(part 1\)](#)," covering the years from 1945 to 2001, and "[How the Social Web Came to Be \(part 2\)](#)," covering the period from 2002 to today.

4 [Guide to E-mail Marketing](#) (Toronto: Canadian Marketing Association's Digital Marketing Council, 2007). It provides a critical path for an e-mail marketing program and includes many useful resource links.

applications and tools to create interactive, collaborative spaces that allow users to actively participate in the process of creating and sharing content. Web 2.0 is a shift in culture – one that views the Internet as a platform for deploying services and not just a simple place for posting websites.

Although the term *social media* is widely used, there are different points of view about what it actually means. Put simply, the Internet of the 1990s was about static, information-based content and a clear separation between content provider and end user. Social media offer richer content based on collaboration and information sharing, encouraging end users to be more interactive with the content they access and more proactive about producing their own Web content.

With social media, the focus is few-to-few or many-to-many. Employees can use office resources to access a wide variety of communication tools, or they can use their home Internet connections, cell phones or other devices to engage in both business and personal networking activities. [Appendix A](#) to this guidance booklet provides a primer on some of today's popular social media tools.⁵ [Appendix B](#) provides a glossary of selected social media terms.

It is imperative that a company's Internet communications strategy include Web 2.0 technologies and applications, as well as social media tools, because they are rapidly changing the way companies conduct business and communicate business performance. As an integral part of that strategy, it is essential for a company to implement social media guidelines for its spokespersons and employees, as well as for investors and other stakeholders who choose to participate (for example, in Facebook discussion groups).

Implementing Clear Social Media Guidelines

Companies will find social media tools useful for building their business, provided that their employees know how to use them for the companies' ultimate benefit. It is important to determine why a company is using social media and then communicate that strategy to the entire organization. It is also important to implement clear guidelines for employees to follow, and to have the people, processes and training needed to further the company's mission.

The guidelines need to focus on the core messages a company wants to convey and then determine the most appropriate Web 2.0 technologies and social media tools to spread those messages. The process should begin with senior management deciding what those core messages should be, establishing the parameters (for example, who will be the company spokespersons) and then sharing this with the responsible people so they know how to focus their postings.

⁵ For a comprehensive online directory, refer to [Web 2.0 Tools and Applications](#) at [Go2Web20.net](#).

Is the company's focus to enhance corporate reporting, including key performance indicators and non-financial measures, boost brand recognition or build awareness of products or services? For example, a company in the retail industry might use social media tools to improve customer service. Company postings may highlight what's being done internally to improve the customer experience, what's being done online to make shopping easier and what's being done to handle phone inquiries. A company may also regularly ask customers how to improve customer service. With that as the key message, all the company's employees are focused on problem solving and on making the customers happy.

As social media become part of the mainstream culture, there is a chance that employees will use these online tools for both personal and professional purposes. Therefore, a social media policy should set out the foundation of company expectations, empower employees to tweet or blog within the defined parameters, reward social media problem solving and educate staff on things to avoid on both personal and professional levels. Some companies have already paved the way and published social media policies that others can emulate.⁶ For example, companies can refer to IBM on social media value, Kodak on transparency and Intel on moderation.

IBM on Social Media Value

Considered innovators on social media guidelines, IBM was one of the first large companies to publish a *social policy document* and make it available to the public online.⁷ The company's policies read like best practices learned from real experience. Exhibit 1 provides an executive summary of **IBM Social Computing Guidelines**. The section "Add Value" inspires IBMers to be thoughtful content creators on the Web, saying:

IBM's brand is best represented by its people and everything you publish reflects upon it. Blogs and social networks that are hosted on IBM-owned domains should be used in a way that adds value to IBM's business. If it helps you, your co-workers, our clients or our partners to do their jobs and solve problems; if it helps to improve knowledge or skills; if it contributes directly or indirectly to the improvement of IBM's products, processes and policies; if it builds a sense of community; or if it helps to promote IBM's Values, then it is adding value. Though not directly business-related, background information you choose to share about yourself, such as information about your family or personal interests, may be useful in helping establish a relationship between you and your readers, but it is entirely your choice whether to share this information.

⁶ There are several online databases on companies with social media policies. Refer to **Social Media Policies Database by Compliance Building** (150 policies) which has links to other collections, including **Social Media Governance** (126 policies).

⁷ Also refer to the IBM video "Best practices for social computing" and the January 2009 IBM case study "The Impact of Corporate Culture on Social Media," both available online.

Exhibit 1

IBM Social Computing Guidelines: Executive Summary

1. Know and follow IBM's Business Conduct Guidelines.
2. IBMers are personally responsible for the content they publish on blogs, wikis or any other form of user-generated media. Be mindful that what you publish will be public for a long time—protect your privacy.
3. Identify yourself—name and, when relevant, role at IBM—when you discuss IBM or IBM related matters. And write in the first person. You must make it clear that you are speaking for yourself and not on behalf of IBM.
4. If you publish content to any website outside of IBM and it has something to do with work you do or subjects associated with IBM, use a disclaimer such as this: "The postings on this site are my own and don't necessarily represent IBM's positions, strategies or opinions."
5. Respect copyright, fair use and financial disclosure laws.
6. Don't provide IBM's or another's confidential or other proprietary information. Ask permission to publish or report on conversations that are meant to be private or internal to IBM.
7. Don't cite or reference clients, partners or suppliers without their approval. When you do make a reference, where possible link back to the source.
8. Respect your audience. Don't use ethnic slurs, personal insults, obscenity, or engage in any conduct that would not be acceptable in IBM's workplace. You should also show proper consideration for others' privacy and for topics that may be considered objectionable or inflammatory—such as politics and religion.
9. Find out who else is blogging or publishing on the topic, and cite them.
10. Be aware of your association with IBM in online social networks. If you identify yourself as an IBMer, ensure your profile and related content is consistent with how you wish to present yourself with colleagues and clients.
11. Don't pick fights, be the first to correct your own mistakes, and don't alter previous posts without indicating that you have done so.
12. Try to add value. Provide worthwhile information and perspective. IBM's brand is best represented by its people and what you publish may reflect on IBM's brand.

Kodak on Transparency

Kodak has chosen to embrace social media, as well as share its learning experiences and policies with the world. It prepared a guidebook called *Kodak Social Media Tips: Sharing lessons learned to help your business grow*, which is much more approachable than a standard policy agreement. The document is especially useful for businesses just getting started because the corporate policies (starting on page 10) provide an educational, instructional and digestible utility that employees can reference. The transparency guidelines are simple, straightforward and very clear on boundaries, noting that:

Even when you are talking as an individual, people may perceive you to be talking on behalf of Kodak. If you blog or discuss photography, printing or other topics related to a Kodak business, be upfront and explain that you work for Kodak; however, if you aren't an official company spokesperson, add a disclaimer to the effect: "The opinions and positions expressed are my own and don't necessarily reflect those of Eastman Kodak Company."

Intel on Moderation

Intel's [Social Media Guidelines](#) and policies apply to employees and contractors who use social media in any capacity. The guidelines are dynamic in nature and will evolve as new trends and technologies become available. They also clearly spell out what to think about when engaging in social forums and how to handle the sometimes awkward situation of content moderation. Intel does a good job at breaking down why bad or negative content should not be moderated unless it is offensive, stating that:

Whether content is pre-moderated or community moderated, follow these three principles: the Good, the Bad, but not the Ugly. If the content is positive or negative and in context to the conversation, then we approve the content, regardless of whether it's favorable or unfavorable to Intel. But if the content is ugly, offensive, denigrating and completely out of context, then we reject the content.

Guidance on Best Practices

Leading-edge companies are evolving beyond experimenting with social media and beginning to use it to pursue corporate communication and collaboration objectives. Many feel challenged, however, to provide the right balance of empowerment and accountability to their employees. There is a desire to truly engage investors, customers and other stakeholders, and to leverage employees in the market while ensuring appropriate accountability for results and managing potential risks to the organization.

The following guidance helps to illustrate best practices for implementing clear social media policies and guidelines:⁸

- **Create two policies.** One policy should set expectations and boundaries for all employees, including any relevant limitations or suggestions for the personal use of social media. The second policy should establish operational guidelines for employees working in social media as part of their job.
- **Assess opportunities to leverage employees as ambassadors in the markets.** Provide guidance that helps them achieve greater impact and value in their social media interactions.
- **Support employees and let them know where company boundaries lie.** For example, are they permitted to use company trademarks, such as logos, in their personal content.
- **Provide the right information to the right people at the right time.** Create distinct documents with specific purposes that employees are likely to refer to, such as the Kodak, IBM and Intel policies cited above. Help employees understand the benefits of the documents and then post them where employees

⁸ Adapted from social media policy study by Chris Boudreaux, *Analysis of Social Media Policies: Lessons and Best Practices* (Social Media Governance, December 2009).

can easily find them as they need them. To create a positive impression of the company brand, post it publicly as well.

- **Cross reference to the company's social media policy in all other relevant policies.** Make it easy for employees to find additional information as required. Also provide useful contacts, such as e-mail addresses of key personnel or URLs of internal webpages that provide pertinent information.

In summary, every company can use social media to engage with stakeholders. To understand and manage perceived risk, most companies tend to start small and evolve over time. The first step is to *listen* to what is being said about the company, its executives and products. The second step is to put a *social media policy* in place. The third step is to *publish content*, for example, to a corporate blog, Twitter, YouTube, Facebook, LinkedIn and Flickr, and embed that content on the company website. Share updates on Twitter and Facebook to provide a context for your company and business.



CORPORATE USE OF WEB 2.0

Social media can have both positive and negative impacts on a company and its reputation. Leading-edge companies in Canada are increasingly turning to new technologies to help them monitor comments made about their products on social media sites such as Facebook and Twitter. They are using Web 2.0 technology and applications to respond to customer complaints and for product development research. The applications also have marketing uses, with businesses getting involved in conversations about their products and industry.⁹

The first wave of business experimentation with Web 2.0 was done manually, using search technology to find conversations of interest and then to get involved. The vast number of sources and the extensive volume of activity require an automated monitoring system. The systems work in two ways: The most common method is based on inputting some sort of guidance about the conversations that are important for a company to monitor and receiving a summary of related conversations. The second method allows you to ask, “What are the most active topics in social media right now?” and then get a summary. In both cases, you can drill down and explore the connections between categories of conversations.

Not listening to what is being said about it on the Web is a significant risk for a company. Monitoring the Web for mentions of the company and its executives, as well as tracking what competitors are saying, are key elements in staying ahead of rumors, misinformation and potential crises. It takes a powerful set of digital ears to monitor and engage in the millions of conversations going on simultaneously. By setting up filters, aggregators and alert services, a company can find, monitor and even join real-time conversations about:

- the ongoing experience of customers;

⁹ Read the article “Tracking A Million Conversations: New technologies that help businesses monitor social media” at *Forbes* online.

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- any brand/product/CEO mentions;
- complaints about competing services;
- inaccurate information about the company;
- thoughts and needs of investors, journalists and analysts in the industry.

Social Media Can Affect Reputation

Social media are an evolving area for investor relations, where it is acknowledged that reputation is the company's biggest risk. Reputation is a continuum – it is not possible to sustain one image created through conventional media alongside a completely different one created through social media. Old and new media interact and must be managed together.

The [Canadian Social Media Survey](#) examined how Canadian businesses are using social media for building online communities around their product offerings and for increasing brand authority and visibility online. The survey produced surprising statistics, finding that 61% of respondents said their company tracks what is said about it online (see Exhibit 2).

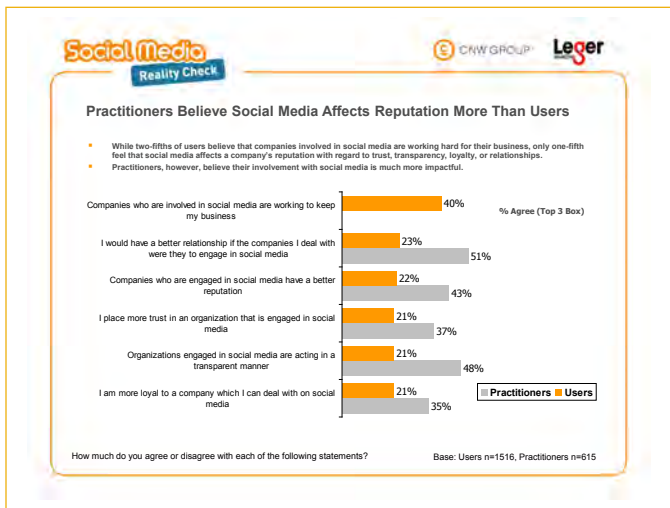
Exhibit 2

Company Reputation Tracking Online



In addition, the **Social Media Reality Check** research asked practitioners whether they believe social media affect reputation.¹⁰ While 40% of users believe that companies involved in social media are working hard for their business, only 20% feel that social media affect a company's reputation with regard to trust, transparency, loyalty or relationships. Practitioners, however, believe their involvement with social media has much more impact (see Exhibit 3).

Exhibit 3
Social Media Affects Reputation



Applications for Monitoring Social Media

A company's approach to the continuous monitoring of social media might begin, for example, with some well-known applications such as Google Trends, Trendistic and Technorati.

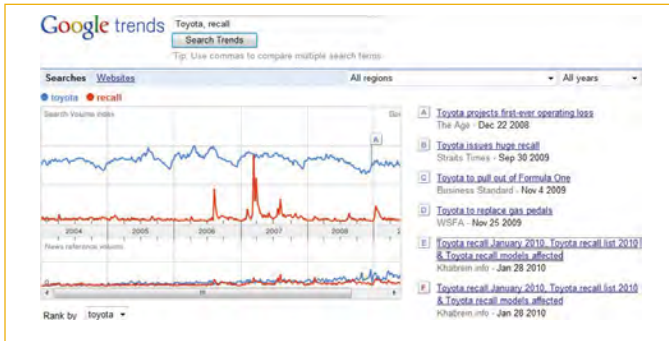
Google Trends

Google Trends is a public Web facility of Google Inc., about Google Search, that shows how often a particular search-term is entered relative to the total search-volume across various regions of the world and in various languages. For example, the following exhibit shows the results of a search on "Toyota" and "recall" from

¹⁰ The 2009 Social Media Reality Check consisted of two separate online surveys. The first survey, covering 1,516 respondents, was conducted among members of Leger Marketing Online Panel of adult residents from across Canada. (With a sample size of 1,516, results can be considered accurate to within +/- 2.5 percentage points, 19 times out of 20.) The second survey, covering 615 respondents, was conducted with marketing/communications practitioners obtained primarily from CNW Group client lists. (With a sample size of 615, results can be considered accurate to within +/- 4.0 percentage points, 19 times out of 20.) Both groups were identified to be users of social media. The survey results are available online at [Slideshare](#).

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2004 to January 2010 after the company announced a massive worldwide recall for gas pedal problems.



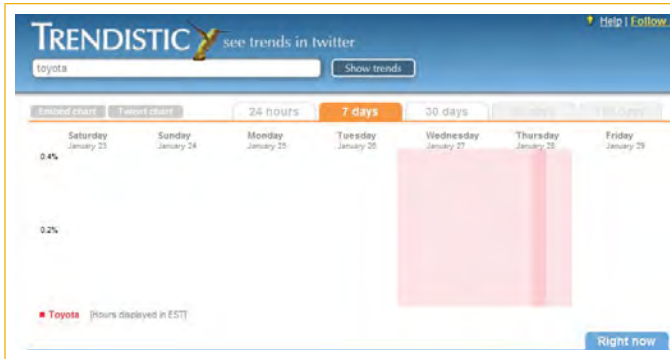
The horizontal axis of the main graph represents time (starting from some time in 2004), and the vertical is how often a term is searched for relative to the total number of searches, globally. Below the main graph, popularity is broken down by region, city and language. It is possible to refine the main graph by region and time period.

On August 5, 2008, Google launched [Google Insights for Search](#), a more sophisticated and advanced service displaying search trends data. (To learn more, refer to [Wikipedia](#).)

Trendistic

Trendistic is a tool that tracks trends on Twitter, similar to what Google Trends does for Google searches. It gathers tweets as they are posted, filters redundant ones and compiles the rest into one-hour intervals. In this way, it shows how the frequency of one, two, three and four-word phrases fluctuate over time. The result is a visualization of what, among Twitter users, is popular and what is not, and how certain events are reflected or even predicted by the microblogosphere. For example, the following exhibit shows the results on a search on “Toyota” during late January 2010 after the company announced its recall for gas pedal problems.

By entering a phrase (topic) in the Trendistic search box, users will see how its frequency varies over time, or several different topics separated by commas will show how they relate (each topic will be shown in the chart with a specific colour). This information can be seen in different ways (the 24 hours chart, the weekly chart, etc.) or you can specifically zoom onto a specific time span.



Often, events both inside and outside the Twitter world will suddenly trigger an explosion of popularity in a particular topic. This can be seen in the charts as a peak in the frequency of a topic that sometimes lasts a few hours and then returns to its old baseline (a very specific event with no repercussions). Other times, it starts with a very steep slope and then gradually loses popularity (an important event). Occasionally, a topic suddenly becomes popular and stays that way (for example, a new product or political figure). When a phrase shows one of these peaks in its chart, it is considered a hot topic. You can see it in the chart when looking for a topic that has been hot sometime in the last seven days: the peak's section will appear highlighted.

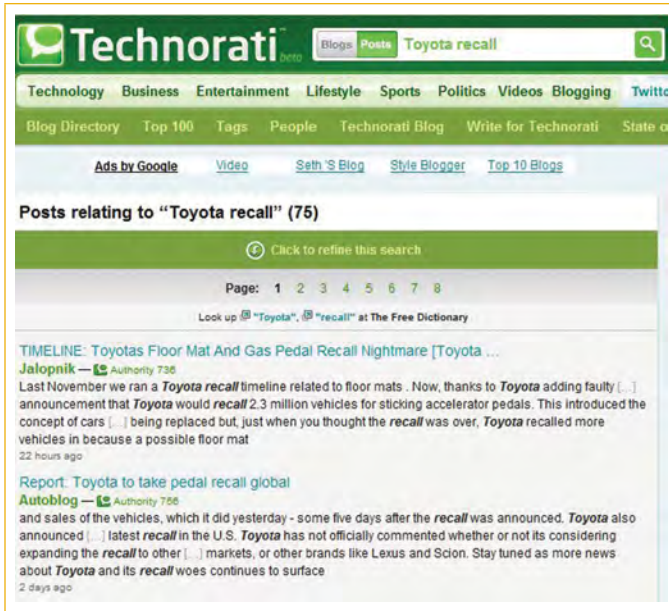
As these hot topics are probably the most useful information to get from tweets, Trendistic provides a mechanism to detect them and show them to you. Beside the chart, you will find a list with the most important trending topics of the last 24 hours. Clicking on any of the topics will show it in the chart. Hovering on them will show some specific information (duration, highest peak, sample tweets for the period). You can also browse the hot topics for the entire week. Clicking the browse icon on the top right corner of the list will display the topics for the entire week. Finally, you can check every day's archive using the links at the bottom of the lists. If an event was reflected on Twitter, you will find it here.

Technorati

Technorati is an Internet search engine for searching blogs. By June 2008, Technorati was indexing 112.8 million blogs and more than 250 million pieces of tagged social media. The name Technorati is a blend of the words technology and literati, which invokes the notion of technological intelligence or intellectualism. For example, the following exhibit shows the results for a January 29, 2010 search on "Toyota" and "recall." (To learn more, refer to [Wikipedia](#).)

A company's social media monitoring toolbox might also be expanded to include aggregators such as Radian6, InsideView, Autonomy and NetBase.

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Radian6 is a leading aggregator of many different technology approaches, including various kinds of search and some text analytics that can be applied to a wide variety of business processes. The software is used as a listening and engagement platform through which you can track conversations, get social media profiles of who is talking – “caller ID for the Internet” – and, most important, measure how rapidly attention is growing. An extremely negative post that is not generating responses may be less worrisome than a mildly negative one that has had 100 comments in the last hour. Radian6 comes with workflow and integration with content management so that important conversations can be channeled through a process for responding.

InsideView uses an aggregation of open source and proprietary technology for search and natural language processing to track social media related to the sales process. Social media are added to other online sources for news and financial information so that the software can automatically recognize important events. The results are then delivered through InsideView’s dashboard or through integrations into existing CRM and ERP software. The software helps sales representatives make better decisions as to which leads to pursue by permitting them to see more information about the background of prospect companies.

The most established technology for tracking social media comes from Autonomy’s Intelligent Data Operating Layer (IDOL) platform, which has been scanning the Internet using techniques based on patterns and probability for more than a

decade. IDOL is able to read millions of documents, interpret what they say and then sort them into clusters. Positive and negative sentiments can be identified, as well as clusters that are growing or shrinking. Thousands of companies use IDOL directly or when it is embedded in other products.

NetBase is a new general-purpose linguistic search platform based on the idea of reading sentences and parsing their deeper meanings. This is a different approach from the statistical approach that IDOL takes, which can be pointed at any text, regardless of language. NetBase, in a way, must learn to speak each language.

These are early days for technology that tracks and makes use of social media. Each of these technologies and approaches does something well. The big-picture value comes from putting a technique to use in the context of a business. It is not necessary to monitor everything that is said about a company online. It is useful, however, to measure how much traffic there is through sites such as www.alexacom, www.competecom, www.quantcastcom and www.vmsinfo.com before determining whether it is necessary to address any negative feedback.¹¹

Dealing with Negative Feedback

Unlike traditional broadcast and print mediums, which are often one-directional, social media are very much two-way channels. Not only can businesses communicate with their customers, but their customers can communicate with them and with each other as well. By and large, this type of communication is good — businesses can form more personal relationships with customers and customers can become part of a community around the brands and businesses they want to support. A conversation can, however, also potentially invite negative criticism or purposeful negative campaigns by activists. The following is a quick guide to dealing with negative feedback on social media.¹²

The first step is determining what type of feedback was received. There are different types of negative feedback, each of which is best dealt with by a different type of response:

- **Straightforward problems:** Someone has an issue with a company product or service and has laid out exactly what went wrong. This type of feedback can be helpful in exposing real problems that need to be dealt with. A response

11 On January 15, 2010, VMS (www.vmsinfo.com), an integrated media intelligence solutions firm, announced the broad expansion of its real-time media monitoring offerings to include Internet, Web Print, Social Media and Web Video. In a related development, VMS has also announced the first module of its next generation InSight platform — its market-leading, web-based media monitoring and management platform that allows communications professionals to quickly search, compile and analyze all their media coverage.

12 The discussion is based on the article “How to Deal With Negative Feedback” at *Open Forum* online. Additional guidance is available by reviewing the results of a search on the term “negative feedback.”

is almost certainly necessary. Whether that response is personal or a broad public-facing message depends on how widespread the problem is and how many people reported it. If a real problem exists, steps should be taken to fix it and customers should be notified that those steps are being taken.

- **Constructive criticism:** It can be helpful when the feedback comes with a suggestion attached. Many customers will use social media to suggest ways in which a company can improve a product or service. Their comments may point out flaws, but they can be extremely helpful. Constructive criticism also requires a response. Sometimes a company won't want to implement the suggestion but it will build loyalty and trust if it responds to criticism with a positive message. It is well worth the effort to thank consumers who take the time to provide a suggestion or point out a product's flaws.
- **Merited attack:** While an attack itself may not be merited, the issue that prompted it may have merit. Essentially, a company may have done something wrong and someone is angry. Merited attacks are difficult to deal with because they are more likely to feel personal. A company should always try to keep in mind that such an attack may be rooted in a real problem. It is best to respond promptly and with a positive message (e.g., express thanks and provide assurance that steps will be taken to correct the issue or mitigate the problem).
- **Trolling/spam:** The difference between trolling and a merited attack is that trolls have no valid reason for being angry at a company. Often, spammers will make negative comments about a company product or service (whether true or not) to promote a competing service. It is almost always best not to respond to trolling or spam which is designed either to bait a company into an unnecessary, image-damaging fight, or to siphon off customers using underhanded tactics. It is important to have a company policy on what's appropriate and what should be deleted or removed.

The number one rule when responding to all criticism, even the negative type, is to stay positive. Adding more negativity to the conversation by getting drawn into a fight with a user will only reflect poorly on a company.

Other Web 2.0 Applications for Business

Many businesses are adopting Web 2.0 technologies and applications without suffering any major technical setbacks.¹³ As Exhibit 4 suggests, Web-based applications from companies such as Google offer cost-effective solutions, scalability and efficient collaboration.

¹³ Read the article [5 Tools to Googlize Your Business](#) at *Open Forum* online.

Exhibit 4

Web 2.0 Applications for Business



With [Google Calendar](#), you can easily manage meetings. The built-in reminders allow you to send a text message or e-mail to yourself at scheduled times before an appointment. [Google Docs](#) includes word processing, as well as applications for designing a presentation and crafting a spreadsheet. All of these items can be created and exported to popular file formats. The [Google Chrome](#) Web browser allows you to search directly from the address bar. [Google Buzz](#) is aiming to compete with Twitter, Facebook and other social networks.

There are many applications that can help businesses collaborate and communicate. For example, [Google Sites](#) can be used to create portals for sharing company information or client-side details that only those people can access. If project management or other comprehensive features are needed, premium services are available, such as [Google Apps Premier Edition](#), IBM LotusLive, Microsoft Business Productivity Online Suite, Zoho and HyperOffice. Each offers a free trial period to assess the services that best match your company's needs.

[IBM LotusLive](#) has several strong points, including Webcasting and online meeting tools, but they can get technical. As a result, it is best suited for larger companies with on-staff IT support to help users take advantage of the advanced features. [Microsoft Business Productivity Online Standard Suite](#) sets the highest bar for large businesses. This cloud-based alternative is worth considering, especially if you already use Exchange Server, SharePoint and other Microsoft mainstays. [Zoho](#) offers dozens of cloud-based applications, such as e-mail hosting, calendar, contact and collaboration tools, as well as invoicing and recruiting application, customer relations management, human resources and project management.

Ideal for many small and medium-size businesses, [HyperOffice](#) balances the robust features and unification of IBM and Microsoft suites while scaling down

to suit companies that lack dedicated IT support. Well-produced tutorial videos appear throughout the new interface to help you get started without IT support. If you need additional assistance, HyperOffice will walk you through the steps via Web conferencing.

Business-to-business (B2B) relationships are also changing, with online networking sites increasingly helping businesses to extend their professional networks. Developing strategic relationships via networking events has been the traditional means of making new business contacts. Social media sites, such as [LinkedIn](#), now provide a virtual alternative that allows companies to build business relationships and source new opportunities online.

More than 150,000 companies have a company profile on LinkedIn. It provides key statistics on companies, recent hires and movers and shakers. Many business people are using LinkedIn to find leads, grow their business globally or find the right vendors. They are also using it to build an industry network, get answers to tough business questions, raise funding, share expertise and generate unique blog content.¹⁴

¹⁴ Read the article [Ten Ways for Small Businesses to Use LinkedIn](#) at *Open Forum* online.



USING SOCIAL MEDIA FOR INVESTOR RELATIONS

Social media are rapidly transforming how people interact and socialize. Therefore, serious consideration must be given as to how these social media tools can be leveraged in a more business-centric environment. Despite their generational lack of familiarity with this area, business leaders must understand the technologies that will soon be commonplace in society. By not committing themselves to understanding social media and their implications on society as a whole, business leaders risk being marginalized.

Social media tools could mean new opportunities for any company. Users can access the Internet at home, in the office or on their phone. Faster connections, new devices and new online applications have all helped to change the way people work, socialize and shop. It is now easier than ever for a company to directly target customers with marketing campaigns, offer new online services or build brand awareness through the use of blogs and social networking sites. Social media is about creating a community around a company's brand and conversing online with customers and other stakeholders, a Web culture that means greater interaction.

Dialogue between a Company and Stakeholders

Because of this new Web culture, stakeholders are increasingly looking to engage with companies or brands online in multiple ways. They expect timely content and a greater variety, including audio and video podcasts, blogs, online forums and social networking. As Exhibit 5 suggests, this requires a two-way dialogue between the stakeholders and the business. It also raises issues about how companies use and manage these new tools, such as legal implications and best practices.

Exhibit 5

Dialogue between a Company and Stakeholders



The new Web culture has raised stakeholder expectations. They expect immediacy in their online interactions, look for regularly updated content and anticipate timely responses to any comments. There are more choices than ever before for customers online, so company websites and the use of social media need to balance accessibility with more engaging customer experiences, using the variety of tools available.

A company may receive an influx of new customers at various times, such as major holidays for retail stores, during a new product or service launch or after a local advertising campaign. Social media offer a number of opportunities to turn new and existing customers into repeat customers and fans.¹⁵

Integrating social media into a company's marketing strategy helps it to keep in touch with current and potential customers as well as with suppliers, colleagues and other stakeholders. The Business Development Bank of Canada offers a brief overview of social media, including the individual benefits of these sites, and lists five handy tips for effective use.¹⁶

Social Media Reality Check¹⁷

As noted in the earlier section on "Corporate Use of Web 2.0," an in-depth survey was undertaken in 2009 to consider Social Media: The Practitioner-User Perception-Reality Gap.

Key findings from consumers/users are as follows:

- 49% use social media at least once a day;
- 31% of consumers agree that social media are more credible than advertising;

¹⁵ Read the article [How to Use Social Media to Retain Customers](#) at *Open Forum* online.

¹⁶ Read the Business Development Bank of Canada's online article [Putting a new spin on networking](#).

¹⁷ 2009 Social Media Reality Check, *op. cit.*

- 61% are researching products to purchase;
- 36% depend on social media to help them with purchase decisions;
- 40% are “talking” to or learning from specific organizations;
- 25% of users feel better about an organization engaged in social media.

Key findings from marketing/communications practitioners are as follows:

- One-half said their organizations encourage them to use social media, another 25% said their organizations do not encourage such behaviour and the last 25% said they are not aware of their organizations’ position on using social media.
- Although few practitioners say they do not understand the best ways to use social media, most admit that they could be making better use of it. Those who have been in business for less than 10 years are more likely to say they understand how to use social media (85%).
- Practitioners are using social media for marketing campaigns and/or, to a lesser extent, community building and stakeholder relations (see Exhibit 6).
- Although management tends to support these campaigns, not all companies have a specific budget devoted to social media. Of those who do, most say this budget has increased since last year. Of those who have increased their budget, 33% have done so by more than 50%. In return, few managers are asking for proof that the social media involvement is actually working.
- Although many use social media with an objective in mind (primarily generating visibility, awareness and dialogue), these objectives are not formal, nor are they measurable (see Exhibit 7 and Exhibit 8). Those who use measurement tools usually rely on traffic counts and neglect to analyze the messages being communicated (see Exhibit 9).
- Although most say that they have some understanding of the best ways to use social media, few have a system in place to allow them to monitor how their company is being discussed in these forums. In fact, few practitioners know what the social media are saying about them, who is communicating these messages or how quickly these messages spread.
- Practitioners show support for social media standards, with 25% supporting them strongly and 40% supporting them somewhat.

In summary, the survey concludes that:

- Use of social media is high. They are frequently used as a source of information, but this is not their primary function. As a result, the social media have not taken the place of other traditional information sources. Despite this, users are not opposed to the idea that they can be a source of information and consider these media sources to be credible.
- While practitioners have over-estimated the influence of social media at this time, with their use increasing, it is possible that these media may become more influential in the future.

Using the Internet in Corporate Reporting

- Practitioners are currently using social media with certain objectives in mind. While they realize that they could be using them better, they believe that they currently have a good understanding of how social media can work for them.
- On the other hand, practitioners have little awareness of (a) what is being said about them in social media and (b) who is doing the talking. They rarely measure or track social media messages and have little concrete awareness of whether or not their campaigns are meeting their objectives (see Exhibit 10 and Exhibit 11).

Exhibit 6

Social Media Campaign Types

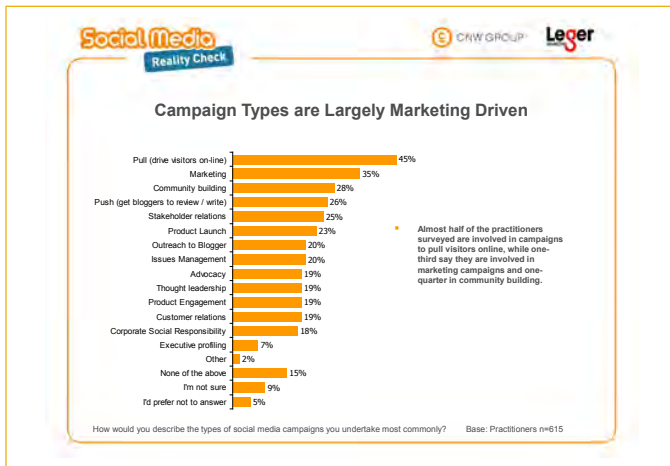


Exhibit 7

Social Media Campaign Objectives

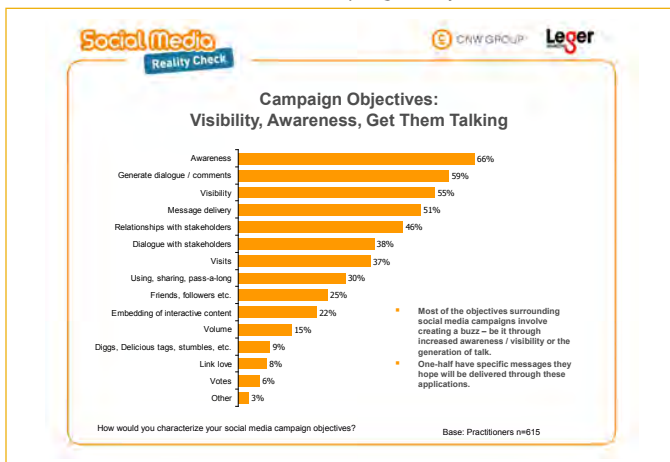


Exhibit 8
Setting Social Media Objectives

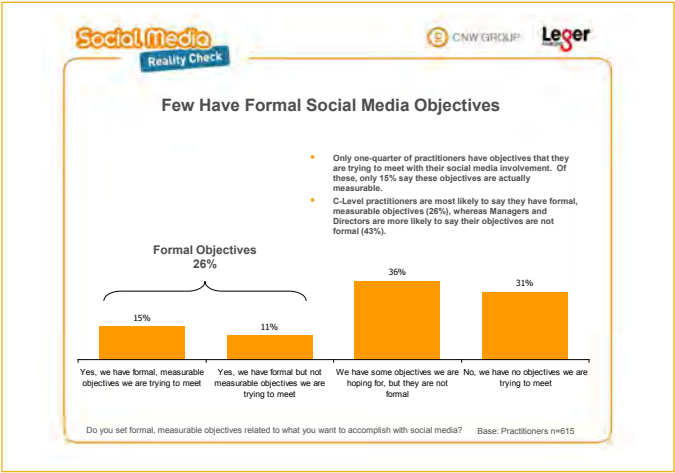


Exhibit 9
Measuring Social Media Objectives

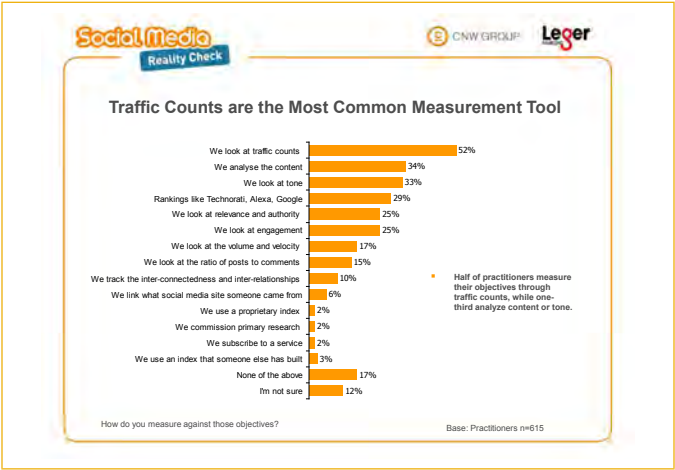


Exhibit 10
Monitoring Social Media Objectives

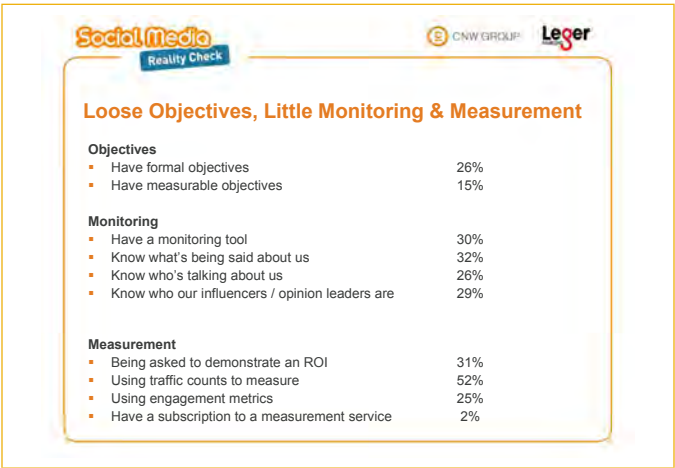
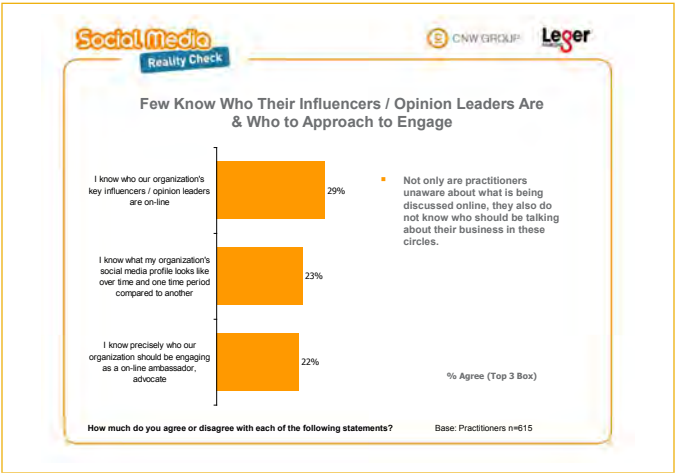


Exhibit 11
Meeting Social Media Objectives





Several other surveys have tried to gauge the corporate use of social media in both Canada and the United States. Of particular interest are the [Canadian Social Media Survey](#) and the US Small Business Success Index. The Canadian Social Media Survey was completed by 6S Marketing to determine how businesses in Canada are using social media marketing for building online communities around their product offerings and to increase brand authority and visibility online. The survey produced statistics on the use of social media by both Canadian individuals and companies.

As Exhibit 12 indicates:

- 74% of Canadian bloggers run a personal blog, 57% run a business blog and 35% have both.
- Social media sites are popular, especially Facebook (69%), Twitter (47%) and LinkedIn (38%).
- Work-related social media accounts are managed primarily by the marketing department (28%) or management (18%).
- Twitter is used by all age groups and by more than 50% of those aged 19 to 40.

Exhibit 12
Canadian Social Media Survey



Exhibit 12
Canadian Social Media Survey (continued)



The US [Small Business Success Index](#), compiled based on the results of a December 2009 telephone survey of 500 small business owners, found that the technology showing the greatest increase, and the only one that is statistically significant, is that related to the use of social media. The incidence of social media use grew by 5 percentage points to 17% since the prior survey. As discussed in the full report, however, there is no evidence that social media is related to competitive success.¹⁸

The index, determined that:

- 75% of the respondents have a company page on a social networking site;
- 61% use social media for identifying and attracting new customers;
- 57% have built a network through a site like LinkedIn;
- 45% expect social media to be profitable in the next 12 months.

The report notes that there are still some roadblocks to small businesses fully exploiting the social media potential. About half the respondents said using social media takes more time than they expected. Another 17% claimed social media give people a chance to criticize their businesses on the Internet and 6% felt social media have hurt the image of their business. According to the report, the top

¹⁸ Refer to the [Small Business Success Index](#) (SBSI), sponsored by Network Solutions and the Center for Excellence in Service at the University of Maryland's Smith School of Business.

technology investment in the next two years will be in company websites as small businesses either add new features or functionality to their existing websites or build one from scratch. The second top investment will be in using online sites to showcase a business' products and services to attract new customers and third is investments in social media.

Benchmark of Social Media Usage

In September 2009, *IR Alert* conducted a survey of 270 IR professionals to establish a benchmark of social media usage by IROs and CFOs.¹⁹ Results of the survey indicate that about 60% of industry professionals use social media in some way, especially those who work at smaller firms. Only 12% of IRO and CFO respondents indicated that they use social media to disseminate financial information to shareholders and the market. Of the various social networks, Twitter is the most used by investor relations professionals to communicate their messages.

Other highlights of this survey are as follows:²⁰

- Although conference calls and news releases remain the most commonly used methods of communicating investor relations information to shareholders and the market, about 6.3% of respondents now use a corporate blog to communicate financial information, while 13.6% of companies with annual sales of less than \$50,000,000 use one.
- IROs and CFOs are definitely involved in social media, with 60% of respondents using Del.icio.us, Digg, Facebook, Flickr, LinkedIn, MySpace, Twitter and YouTube.
- Most public companies do not use any form of social media for communicating financial information. In fact, only 12.5% of respondents said they use social media to communicate with shareholders and the market. Only about 3% of companies with more than \$500,000 in sales use social media to communicate financial information, but about a third of smaller firms do use them. Twitter is the most-used social network for this purpose, used by about 79% of social-media-engaged respondents.
- LinkedIn is by far the most popular social network among investor relations professionals, with almost 80% of social-media-engaged respondents using it at least once a month.

In August 2009, *Q4 Web Systems* issued a research report analyzing 80 public companies and their use of Twitter during the second quarter 2009 earnings season. The research shows that the number of public companies with Twitter

¹⁹ Refer to "Survey Reveals IR Professionals Slowly Embrace Social Media, Especially Smaller Companies — and Which IR Blogs They Read."

²⁰ *IR Alert* survey respondents indicated that the investor relations industry's best-read blogs are the *IR Web Report Investor Relations Blog*, written by Dominic Jones, and *IR therefore I AM*, written by Gene Marbach.

accounts has grown by 270, or 338%. Of these, the number using Twitter for investor relations (IR) increased by 77 or 175%. Although still small in terms of the potential universe, the research indicates that social networks are an effective medium to reach out and interact with stakeholders.²¹

What is usually posted on Twitter as far as IR is concerned?²² According to the research report:

- 53% provided a link to their earnings release only;
- 18% provided a link to their notice of call and earnings release only;
- 8% provided a link to their notice of call, earnings release and webcast;
- 7% provided a link to their earnings release and webcast only.

Examples of Companies Using Social Media

Corporate blogs are now common worldwide. Some of them occasionally report information that might be considered financial and business reporting, but most of them do not. Instead, they usually tend to focus on company products, marketing and environmental concerns. There are few blogs devoted exclusively to investor relations, at least at this point in time.

A significant exception is Dell Corp, which launched a blog on November 1, 2007 called [Dell Shares](#). The blog was started by the Director of Investor Relations, Lynn A Tyson, who pointed out in the initial posting that there would be certain things that the blog could not talk about, particularly information that is not “publicly disclosed”. Clearly, the company had to take extensive legal advice before launching the blog, and regulatory and legal considerations remain a serious constraint to company/stakeholder interaction. The Dell Shares blog allows comments and numerous comments have been published in it. On February 18, 2010, the blog posted [Brian Gladden Discusses Dell Q4 Fiscal Year 2010 Performance](#).

An example of a corporate blog that sometimes carries IR information is Marriott's CEO Blog. Generally, the blog, run by Marriott CEO Bill Marriott, addresses matters such as new brands, new announcements, operational items of significance, environmental matters and technology issues. It is an overview of the kinds of issues that a CEO will encounter in day-to-day work. In his November 3, 2008 post, Mr. Marriott commented on the company's last earnings report, saying: “In early October, we reported our third quarter earnings results and also provided observations about business for the rest of 2008 and into 2009. At that time, we expected business in late 2008 and 2009 to decline, but in just the last few weeks our business outlook has further weakened.” The post went on to com-

21 The research report *Public Companies and their use of Twitter for Investor Relations* is available online.

22 Read the December 3, 2009 article “Attention Twitter Fence Sitters: New Report Shows IR Twitter Usage Up; Q4 CEO Says Best Buy's IR 2.0 Best Practices Instructive” at *IR Alert* online.

ment on the related operational challenges. Then, in December 2008, the blog published a post written by the corporate CFO, Arne Sorenson, commenting on the company's outlook for the coming year.

In summary, there are important considerations in using a blog to communicate with investors:

- An investor relations (IR) blog should be used to *communicate information to investors* not to market the company's products or services. The blog should be interactive, providing a means for distributing information, as well as listening to what investors are saying.
- The blog must be credible by *communicating factual information* and avoid expressing opinion on investor issues. Accountability follows in lock-step with credibility, which means the company is accountable for the accuracy of the information it communicates on the blog.
- The blog should not disclose new material information. It is not a substitute for news releases. The blog should be subject to regulatory requirements and other standards applied to traditional communications.²³
- The blog should be used to address widespread misperceptions in the marketplace (not respond to specific market rumours). Without referring specifically to misperceptions, the company can post accurate information that would counter the misunderstanding. An example might be an apparent lack of investor understanding of how a company is creating shareholder value. A reiteration on the blog of the company's value creation proposition or strategy might effectively counter the misperception.

Following in the footsteps of consumers, many international companies are now becoming active participants in social media. A recent [Burson-Marsteller Fortune Global 100 Social Media Study](#) found that 79% of the largest 100 companies in the Fortune Global 500 index are using at least one of the most popular social media platforms: Twitter, Facebook, YouTube or corporate blogs. Approximately 65% of these companies have active accounts on Twitter, 54% have a Facebook Fan Page, 50% have a YouTube channel and 33% have corporate blogs. About 20% are utilizing all four platforms to engage with stakeholders. In Canada, companies such as Barrick Gold Corporation, Canada Gas Corp. and TVI Pacific Inc. see value in using social media and they have incorporated it into their online communications plans.

23 "Commission Guidance On The Use Of Company Web Sites" (Washington: Securities And Exchange Commission, Release Nos. 34-58288, IC-28351; File No. S7-23-08).

Using the Internet in Corporate Reporting



increased its posts and interacted with followers more. It also followed related social media to stay up to date.



responds to questions from potential candidates. It also launched an official Facebook page for recruiting activities.



Canada Gas Corp. is listed on the TSX-venture exchange, The Frankfurt exchange and the OTC Bulletin Board. Currently, it uses Twitter, Facebook, LinkedIn and encourages forum participation. As the company continues to evolve, it foresees using video blogging or some kind of shareholder forum. Among venture-listed companies using social media, Canada Gas is one of the

early adopters and has been helping others understand their potential in this area.

In a recent development, Canadian-based copper producer [TVI Pacific Inc.](#) has recognized the discussion board on the company's Facebook page as its "official Corporate Discussion Forum." Since launching its Facebook page in November 2009, the company's [Facebook discussion board](#) has developed into a key communication channel between TVI and its investors.



By officially adopting the Facebook discussion board, TVI is now drawing all investors' attention to the fact that the forum is a formal part of the company's communications program. It was important to do this so that all investors are made aware of the discussion board's existence and have an opportunity to review the information the company is providing on it. Access to view the discussion board is open to the public and all information on it is exposed to public search engines such as Google. TVI does not use the forum to disclose material non-public information.

According to TVI's executive director of investor relations, "TVI decided to adopt Facebook as its 'official' corporate discussion forum for two reasons. First, it is an effective way to correct the facts. When we notice, on public chat rooms like Stockhouse Bullboards, incorrect information about TVI, we post a discussion topic and simply post the correct information. I know it works because I will see a post on the Bullboards a short time later quoting the correct information. This has been very effective in keeping the facts straight." "The second reason is that it's important for us to develop relationships with our shareholders and by using Facebook, we can identify with them without the 'anonymous factor'. Shareholders who are personally or emotionally attached to a company tend to be more loyal and less likely to spook in a downturn."

As the page owner, TVI can moderate participation by blocking people from joining its page and by deleting discussions or posts. The company has posted a simple [Discussion Board Etiquette](#) that states that the discussion board is "not an 'opinion' or 'venting' forum and any posts that lean in that direction, or hint at slander or defamation, will be removed and that account blocked from further participation."



OTHER SOURCES OF GUIDANCE

As previously noted, this guidance booklet is based on the soon-to-be-published CICA Research Report *Using the Internet in Corporate Reporting*. The series of three guidance booklets based on that Research Report includes *Practical Guidance for Managing Collaboration and Innovation*, *Practical Guidance for Managing Websites* and *Practical Guidance for Managing Web 2.0 and Social Media*.



APPENDIX A

A PRIMER ON POPULAR SOCIAL MEDIA TOOLS

Social networking has recently become very popular. The technology is designed to aid online collaboration and user-generated content sharing. Social media are about creating a dialogue, trying to get participation and hoping to elicit a response. Ultimately, it is in a company's best interests to get people talking about something important to both them and the company.

The new frontier of social media, such as RSS, blogs, Twitter, YouTube, Facebook, LinkedIn, Flickr and many other social networking tools, is all about stakeholder engagement. Exhibit A1 provides a graphic overview of some of the more popular tools, as displayed on the US Department of Defense website.²⁴ Exhibit A2 briefly describes the tools and highlights how they may be used to enhance communications and collaboration.²⁵

Exhibit A1

Overview of Social Media Tools



²⁴ Adapted from an animated presentation available online at the US Department of Defense website (http://www.defense.gov/home/features/2009/0709_socialmedia/). The Department of Defense released its official policy on new/ social media on February 25, 2010. The policy (Directive-Type Memorandum 09-026), which is effective immediately, is posted on the DoD Social Media Hub blog. It states that the default for the DoD non-classified network (the NIPRNET) is for open access so that all of DoD can use the new media.

²⁵ For a comprehensive online directory, refer to Web 2.0 Tools and Applications at Go2Web20.net.

Exhibit A2

Popular Social Media Tools

RSS

“RSS” is an abbreviation for “Really Simple Syndication.” Using a “reader,” whether it is web-based like the Google Reader or a desktop client, you can subscribe to one or many “feeds,” from which you will get updates when new content is posted. For example, if you were to subscribe to an RSS feed, you can view content posted to the site as it is uploaded, or browse previously posted content.

Blogs

Blogs slowly began taking over the Web more than 10 years ago. Essentially, blogs began as journals, where people could post whatever they wanted, displaying the newest information first. As Web content became more dynamic, users realized the potential for blogging as a way of sharing news -- a newspaper wouldn't have a story until the next day, but a blog could have a story published online in minutes. Now, blogs run the gamut from the top news organizations in the world to personal soapboxes for commentary to public Web diaries.

Twitter

Twitter has risen to prominence as the social media tool “de mode.” By using short (140 characters or less) messages, Twitter creates a medium by which the “point,” whether it is the today's news or a shared photo, must be made quickly and clearly. It is designed to be very time-sensitive; many news events are broken via a Twitter message, or “tweet.”

YouTube

YouTube is the premier video-sharing site. Users can post and share videos ranging from personal webcasts to music videos. One prominent user, US President Barack Obama, shares his weekly address with the nation via YouTube. By creating video “responses,” comments and a ratings system, YouTube turned Web videos into a social phenomenon.

Facebook

After it was launched in 2004 as a college-only version of MySpace, Facebook opened its doors to the world and became arguably the ultimate social networking tool. By combining elements from other social networking and media tools like Twitter, MySpace, YouTube and LinkedIn, Facebook has become a one-stop shop for business networking, blogging, public relations, gaming, photo and video sharing and personal social activity.

LinkedIn

LinkedIn was launched in 2003 as a sort of virtual business network. Professionals use LinkedIn to maintain contact with peers, whether colleagues through work, professional contacts or former classmates (referred to as “Connections”). Users can utilize their “connections” to inquire about a variety of different professional issues, primarily jobs.

Flickr

Flickr acts similarly to YouTube, but allows users to store and share photos in bulk. Professional photographers, news organizations and amateurs alike create albums of photos to share with friends and the Web as a whole. Unlike other social networking sites with photo-sharing features, Flickr allows high-resolution images to be saved, so print-quality photos can be stored, shared and downloaded from the site.

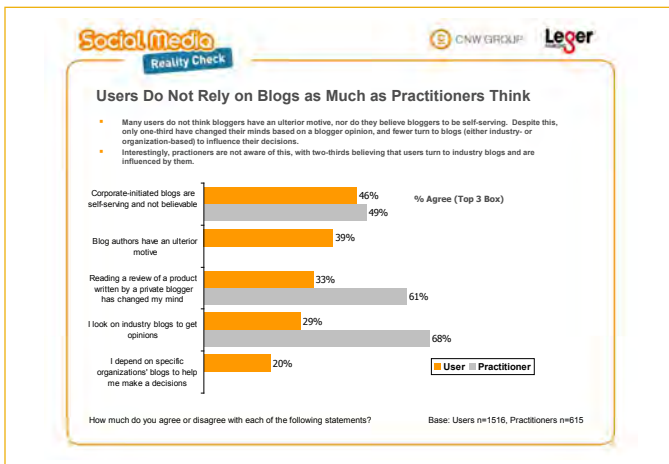
About Blogs

A short for Web log, blogs generally consist of short contributions, often 300-400 words but sometimes up to 1,500 words or more. The length depends on the contributors and their strategy. The contributions can be multimedia in nature, including sound, video and graphics. Blogs can be interactive, by allowing and/or encouraging reader comments which are posted along with the original contributions.

Why should a company establish and maintain a blog? In many cases, a well-developed blog is the most important aspect of communicating with stakeholders using social media. The blog is the hub of a company's social media presence because it provides conversational social media content as well as plenty of opportunities to integrate other social channels.

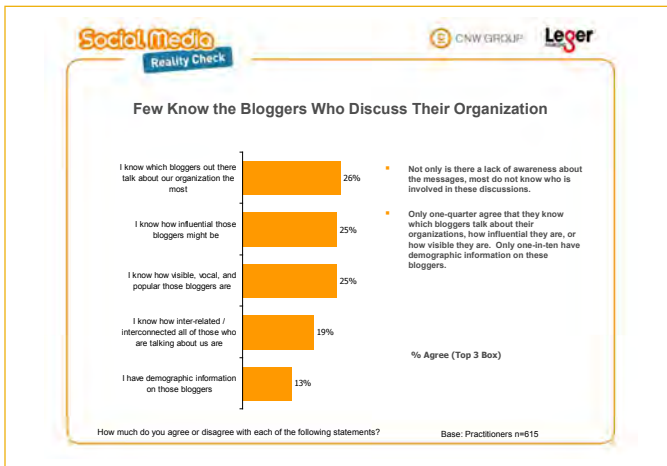
The Social Media Reality Check²⁶ asked participants whether they know the bloggers who discuss their organization. Exhibit A3 and Exhibit A4 show a lack of awareness about the messages, and most respondents do not know who is involved in these discussions. Only one-quarter responded that they know which bloggers talk about their organizations, how influential they are or how visible they are. Only 10% have demographic information on these bloggers.

Exhibit A3
Reliance on Corporate Blogs



26 The 2009 Social Media Reality Check, *op. cit.*

Exhibit A4
Awareness of Blogger Communications



Another recent survey asked investors and analysts to rank various information sources in terms of how much they influence investment decisions or recommendations.²⁷ The survey generated 448 responses. It showed that information coming directly from companies is the most important factor. Primary research is more important in the US, especially in the technology sector. Real time subscription services are also highly ranked, especially by generalists and those in financial services.

The survey asked which information sources have become *more* important over the past year and found that real time subscription services and online press are increasingly important. Blogs, message boards and chat rooms have become more important for almost a third of analysts and investors, but only a few are using social networking for business reasons. In the US, real time information, blogs and social networking are increasingly important, while Europe is making more use of online business media.

The survey showed that blogs are fairly widely read for business, while social networking sites are used by only a small number of analysts and investors. US analysts and investors are more likely to read various types of postings on new media – blogs, message boards and social networking sites. Europeans are more likely to post onto a message board.

²⁷ Refer to *Brunswick Group Survey Findings on New Media Usage by the Investment Community*, September 2009, available online.

The survey also asked:

- Have you ever read any information posted on a blog or social networking site that has prompted you to investigate an issue further for your work?
- Have you ever made an investment decision or a recommendation after initially sourcing information from a blog or social networking site, which led you to conduct additional research?

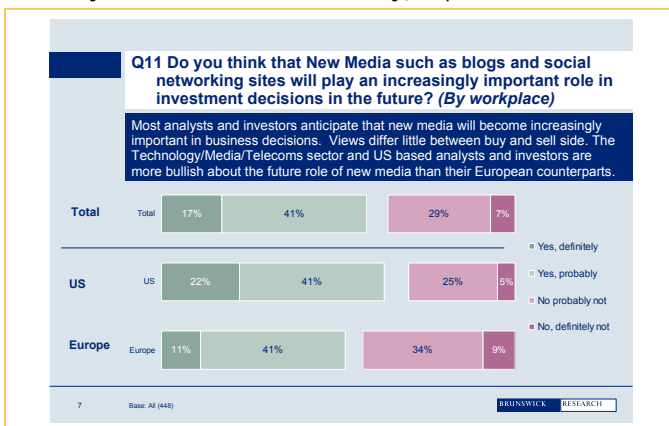
It found that, while blogs and message boards are important sources of ideas and information, only a small proportion of these now influence investments. US investors are more likely to investigate information found on all of the new media, but are equally unlikely to base their investment decisions and recommendations on such information.

Survey participants were asked the question: “Why haven’t you used information from a social networking site in your job in the past year or so?” Respondents said that they think the information is unreliable and irrelevant. Some companies do not permit their use at work due to concerns about security and time wasting, especially on the sell-side.

Finally, survey participants were asked: “Do you think that New Media such as blogs and social networking sites will play an increasingly important role in investment decisions in the future?” Most analysts and investors replied that they anticipate the new media will become increasingly important in business decisions. Views differ little between the buy and sell side. The technology/media/telecoms sector and US-based analysts and investors are more bullish about the future role of new media than their European counterparts (see Exhibit A5).

Exhibit A5

*Brunswick Group Survey Findings on New Media Usage
by the Investment Community, September 2009*

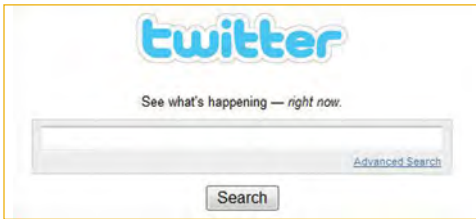


About Twitter

Twitter is a mini blog that conveys very short messages of up to 140 characters (ideally 110-120 to allow for successful re-tweeting). Used extensively by the business community, it allows each message (called a “tweet”) to be accompanied by an identifying tag so that other tweeters can contribute their own messages to that tag and see them aggregated on a service such as Twitter Search (further explained below) or on software such as [Tweetdeck](#). Some conferences



have used Twitter to register ongoing comments by participants. Although individual messages are short, the resulting accumulation of messages can be very rich in content. Links to company websites can be included in Twitter messages to add depth to the content.



In today's world, there is an undeniable need to search, filter and otherwise interact with the news and information being transmitted every second. [Twitter Search](#) helps filter the real-time information coursing through its service. For business purposes, it is important to start with the simple

things. Type in the company name, a product name, a city name or a competitor's name. The search results will likely lead to many opportunities to find useful information.²⁸

The goal of Twitter and other social media tools is to build relationships. Although there are many ways to communicate effectively, the following suggestions merit consideration:

- **Include contact information:** Sometimes, 140 characters are not enough for your audience to say what they want. To encourage further dialogue, and limit your customers' searching frustration, include your website URL, e-mail address and telephone number (if appropriate) within your Twitter page.
- **Answer replies or questions:** While it might be time consuming to respond within a reasonable timeframe on a regular basis, social media success depends on accessibility and ability to engage in conversation. Your followers will commend your commitment, and they'll respect that you're listening.
- **Limit direct marketing:** Although it is acceptable to sell on Twitter, some users prefer a soft sell or a message that has some real value to them (such as a

²⁸ To learn more, read the article [Twitter Search and Money](#) at *Open Forum* online.

product discount). To get some examples of how businesses effectively use the micro-blogging site, seek out some of the top companies on Twitter and learn from them.

- **Post messages regularly:** Consistency is the key to a company's online marketing success and regular activity leads to results. There are few things more frustrating than a company that is online for a few days in a row and then disappears for the next few days.
- **Be truthful:** It is important to be as direct as possible. For example, if you try to entice people with tweets, be certain that their expectations are met. If you send your followers astray too many times, they will stop believing what you have to say. Trust is a must-have quality on the Web so always tell the truth.²⁹

About YouTube



YouTube offers businesses the opportunity to reach consumers who want information about products and services. If a company uses video to demonstrate products and services, as well as communicate with clients, YouTube is the best way for people to discover it. Common business mistakes include letting the channel get stale, using it only for campaigns, diverging from the brand and too much focus on trying to create one hit wonders.³⁰

It is possible for a company to reach consumers and other stakeholders by continually creating resourceful content that meets existing and potential information needs. The following four tips may be useful in marketing a business on YouTube:³¹

- **Keep it fresh:** The best brands on YouTube have one key factor in common in that they have a good deal of content. YouTube Channels are essentially video blogs for a business. As with any corporate blog, to maintain an active and engaged subscriber base, the YouTube content must be updated frequently with relevant information for the stakeholder audience.
- **It is not about the campaign:** Many businesses and brands fall into the trap of creating a one-time incentive-based contest or video campaign to try and motivate people to get involved and post response videos. Although there is nothing inherently wrong with a campaign-centric video, brands and marketers need to focus on providing real value. If YouTube becomes just a platform for a company to push out messages, it will not generate engagement and response.

29 Adapted from the article "Top 5 ways not to be annoying on Twitter" at *Open Forum* online. For additional guidance, refer to the article "9 Tips For Getting More Twitter Followers" at *Open Forum* online.

30 For guidance on using YouTube for business purposes, refer to the results of "YouTube search" at *Open Forum* online, including "From Boondoggle to Business Tool, Yes I'm Talking About YouTube," "How to Create a Custom YouTube Background for Your Business" and "7 Steps to Creating a Viral Video."

31 Adapted from the article "4 Tips for Marketing Your Business on YouTube" at *Open Forum* online.

Audiences are looking for meaty videos, and can see right through transparent attempts to engineer viral campaigns. For example, The Home Depot's YouTube Channel is a video how-to resource blog. These videos reinforce the company brand and work as an extension of its offline products and services. More important, they give customers information they can really use. With 104 videos and counting, The Home Depot is a prime example of how a good channel is so much more than a marketing campaign.

- **Be true to your brand:** It is easy to compare a company's videos against those that have gone viral and try to replicate their success but, if a company wants an engaged subscriber base, the videos must serve as pieces of a puzzle that come together to make up the company brand as a whole. For example, the NikeFootball YouTube Channel makes a good case study for channel branding. The Nike videos are consistent with what audiences have come to expect from the brand. They stick to sports, athletes and professional videos, because that is their brand.
- **Create a Long Tail:** The idea of selling less of more – the Long Tail concept – can be applied to a company's YouTube Channel. The objective is to focus on serving existing or potential customers or stakeholders with a video that they might search for.

About Facebook



Facebook is well known as a social network for keeping up with friends and colleagues. It could also be a powerful medium for promoting a business.

Considering that many customers are already logging in every day, versus visiting a company website only when they need to, it creates an opportunity for continual corporate interaction with stakeholders. It also gives the company brand mindshare and increases the likelihood that customers will return time and time again.

Facebook recently added a number of features that can also serve as valuable utilities for attracting and interacting with customers and other stakeholders.³² To take advantage of these features for business, it may be useful to consider recent developments and trends:

- **Creating a public Facebook Page:** Unlike a Facebook profile, Facebook Pages face the public. Many of the features are similar to profiles. For example, you can fill out information about your company, share photos and update your

³² For guidance on using Facebook for business purposes, refer to the results of "Facebook search" at *Open Forum* online, including "Why Your Business Needs to Be on Facebook" and "5 Fantastic Facebook Fan Page Ideas to Learn From."

status. In addition, you can easily market the page's URL on the company website and elsewhere.

- **Publishing useful content on the Page:** Similar to a company website or blog, the Facebook Page can be used to share useful information. Without being overly self-promotional, the "Write Something" feature can be used to broadcast not just news and promotions for the business, but also links and information that stakeholders might find useful.
- **Marketing the company profile offline:** Facebook Pages let customers become fans with a text message. Customers text message the name of the company to Facebook's short code (FBOOK - 32665). This prompt can be included in offline marketing, such as business cards, signage, flyers, a TV commercial or just a casual conversation. It has powerful immediacy, versus simply promoting the URL of the company Page.
- **Marketing the company profile on Facebook:** Facebook allows a company to target an ad to specific types of users (of a certain age, in a specific town, etc.) and encourage them to become fans. This type of marketing could have a greater ROI than anything else a company tries online.
- **Cross-promoting a Facebook presence:** The company Facebook Page can be promoted in traditional marketing, such as the company website, e-mail newsletter and 800 number. Depending on the medium, the message would need to be adjusted accordingly.

Facebook is known for its uniformity. Although many different types of content can be posted, the actual design and layout of a company profile is the same as everyone else's. With Facebook Fan Pages and the array of applications that can be plugged into them, however, there are a few ways to customize what people see when they land on the company Fan Page.³³ Custom Fan Pages are essentially a mini website within Facebook. These are often used to promote deals, call attention to new products or simply welcome visitors with an attractive branded splash page.

Anyone with a Fan Page can create one by using the following approach:

- **Add the Static FBML app:** The tabs at the top of the company Facebook Fan Page are apps. Some, like the wall and photos are built into Facebook, while others are plug-ins where fans can view external content, such as YouTube videos and Flickr photos. The app needed for a custom page is called **Static FBML**, which is a blank canvas for adding content, such as custom graphics and links.³⁴

³³ Read the article "How to Build a Facebook Landing Page for Your Business" at *Open Forum* online.

³⁴ FBML stands for Facebook Markup Language. It is the code used in Facebook applications to reference items on the social network, such as user profiles, groups, feeds and other data.

- **Set up the company tab:** After adding the Static FBML app, click “Edit Page” below the company’s profile image. This will bring up all your settings and apps. Look for the FBML app and click the “Application Settings” link. The app can function as a set of boxes or as one dedicated profile tab. To build a splash page, use it as a tab making sure that the “Box” setting is removed and the “Tab” setting is added.
- **Add the company content:** Once in tab mode, return to your settings and click the “Edit” link under the Static FBML app. This opens a standard text field where you can add your content. “Box Title” will be the name of your tab, so you’ll want to change it to something appropriate, like “This Week’s Deals,” “Special Offers” or simply “Welcome,” depending on how you plan to use the page. The main text field is where the content goes. Standard HTML can be added to the page as with any website, including images, text, links and other formatting. It is important to note that the images must be hosted elsewhere (on your company’s website, for example) and only referenced in the HTML code.
- **Make it the default landing page:** If this new tab is to be the “face” of the company Fan Page, return to the page settings and edit your “Wall Settings.” There is an option for “Default Landing Tab for Everyone Else.” From that menu, select your new tab and it will be the first thing visitors see when they arrive.

About LinkedIn



LinkedIn is a popular social network for professionals and executives. With its networking, and Q&A application feature, LinkedIn is a powerful tool for maintaining and establishing relationships in business. It can also be an enormously valuable way to attract top talent to a company, especially if the

company uses all of the options available.³⁵

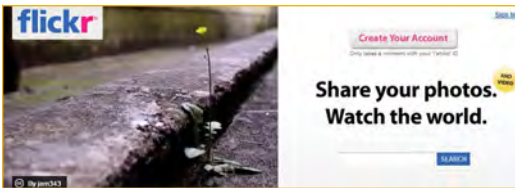
Although posting a job to LinkedIn is similar to posting it on any other job website (adding details about the position, skills and requirements), the site separates itself with company profiles, providing potential candidates with a lot more information about the company and the people that work there. To get started, go to the “Companies” menu on LinkedIn. From there, select “Add Company” and enter basic information about your company, such as its description, number of employees and the industry it operates in. Follow LinkedIn’s wizard for creating the company profile to add a logo, locations and a feed for the company blog.

³⁵ For guidance on using LinkedIn for business purposes, refer to the results of “LinkedIn search” at *Open Forum* online, including “Amplify Your Business Networking With LinkedIn Applications” and “Features to Use with LinkedIn.”

In addition to presenting the basic information, LinkedIn will pull in data about the company from around the site. For example, all of the company job listings will automatically show up on the company profile, along with links to the profiles of all current employees, former employees, new hires and recent promotions. LinkedIn will also analyze the company and the connections that employees have on the network. For example, it will automatically calculate the company's median age, top schools and other companies that it is well-connected to.

As you can imagine, all of this data gives potential candidates (as well as anyone else interested in a particular company) a lot of information to help determine if a certain company might be a good fit for them. It all happens automatically as the company and its employees use LinkedIn. LinkedIn recently added a premium product called "Custom Company Profiles" that lets a company add more features, such as videos about the company and positions, interactive polls and several customization options for recruiting. Larger companies will find these worth considering.³⁶

About Flickr



Flickr is a revolution in photo storage, sharing and organization, making photo management an easy, natural and collaborative process. Get comments, notes, and tags on your photos, post to any

blog, share and more! The companion [Flickr blog](#) is considered by many to be among the best online photo management and sharing applications in the world.³⁷

Flickr offers one of the largest image archives and communities online and one that is often not targeted because most businesses are not yet adept at creating what they need to have credibility on Flickr – high-quality, non-marketing images. The following tips suggest how companies might use Flickr for marketing:

- **Share quality photos:** As mentioned above, the most important tip when it comes to using Flickr is to actually share good photography. Flickr works best when sharing authentic "real life" photos.
- **Go pro:** Up to 200 images can be uploaded for free on a basic account, but getting a Flickr "Pro" account conveys authority for members of the community.
- **Create collection homepages:** Flickr photos are arranged into sets and collections. Sets are like photo galleries or albums, and collections group various photo albums together. Think about how to make each set reflect a certain theme, and then group them together into collections. Once a collection

³⁶ Refer to the article "How to Build Your Company's Profile on LinkedIn" at *Open Forum* online.

³⁷ Adapted from the article "How to Promote Your Business on Flickr" at *Open Forum* online.

homepage is created, it can be the public URL for a company to share with stakeholders.

- **Think thumbnails:** Sets, collections and individual images are represented by thumbnails. These are the visual elements that need to engage someone before they are inspired to click and delve further into the company's account. When you take and crop your photos, paying attention to how the thumbnails look matters.
- **Tag properly:** On Flickr, tags help people find images. Therefore, tagging company images properly is a necessary step. Use the right descriptive keywords, but also check and see what people are already searching for and see if any of those tags may apply. Aside from direct links, many of your image views on Flickr come from people searching for these tags.
- **Share real time:** A benefit of Flickr is the speed of getting photos online. If the company has a blog, configure it to work with Flickr. The closer to current event you can get your photos up, the more likely it is that people will use them to refer to, share with others and drive traffic to.
- **Join and contribute to groups:** No matter what the pictures are about, chances are there is a Flickr group with others who are already sharing photos of it. People who are active in Flickr groups tend to also be some of Flickr's most active (and often influential) members overall. As a result, joining groups not only lets a company be part of a greater community and conversations on a certain theme, it can often provide a direct connection to Flickr users who really matter. What is posted to a group must be relevant and on topic or the company risks alienating itself and its brand.
- **Actively promote and approve reuse:** Lots of services, bloggers and media are now using Flickr images to power their stories and media. After getting its imagery noticed, a company will likely start to receive invitations for permission to reuse the photos. Try to approve the requests quickly and encourage more people to use the images – and to properly credit the company for them.
- **Enable stats:** Flickr has a useful tool to get metrics on company photos. The statistics indicate which photos are the most popular or shared from person to person, and also what sites are driving people to the photo collections.
- **Keep going:** Once a company starts using Flickr to promote a business, it is important to keep uploading good content. This means treating almost every company event as a chance to create more images for the gallery, from participating in conferences to everyday life.

A Final Note

In summary, a company should consider including one or more corporate blogs in the social media mix. Twitter, YouTube, Facebook, LinkedIn, Flickr and a variety of other social media tools, such as [Delicious](#), [Slideshare](#), [Posterous](#) and [StumbleUpon](#), can create a “viral” spread of information that can be very helpful in driving traffic to company blogs and websites.

Finally, be aware that no single social media tool can stand on its own. For a company that wants an effective communications strategy, leveraging multiple social media tools for their individual strengths is required. In this regard, take note that social media tools are continuously being developed for a variety of unique purposes.³⁸

³⁸ See, for example, an index of the most popular Web applications and tools at Go2Web20.net.



APPENDIX B

GLOSSARY OF SELECTED SOCIAL MEDIA TERMS

To use social media for effective communications with investors, customers, job seekers and other stakeholders, it is important to understand the meaning of commonly-used terms, such as those listed below. Additional guidance is available online at [Wikipedia](#) (a multilingual, web-based, free-content encyclopedia project based on an openly-editable model) and [Webopedia](#) (an online dictionary and search engine for computer and Internet technology definitions).

Aggregator: A software or online service that collects news headlines or other content in one place to help users easily follow the latest news, tweets or blogs from their favourite sources.

Beta Test: The public test of a new product or service, usually released to a limited number of users who provide feedback on how well the product or service works to accelerate innovation.

Blog: A website with frequently-updated entries consisting of news and commentary, graphics and video focused on a particular subject. Blogs usually enable readers to post responses.

Brand Advocate: A person who speaks favourably about a product or service and passes favourable messages along to others, typically through online forums.

Community: A group of people who share common interests and interact by communicating via an online site. Individuals share their opinions online to create an online community and become a valuable place to create a business presence.

Crowdsourcing: A way to conduct research or gain insight through an open call to a group of people — a crowd — and solicit their contributions.

Facebook Fan/Friend: An individual who has signed up to receive regular feeds from a company's Facebook page. A friend or professional contact you connect with on Facebook.

Facebook Group: A Facebook page based on a topic that creates a community of people to promote, share and discuss items of interest.

Facebook Page: A public profile where companies can share business and product news with Facebook users.

Facebook Profile: A personal profile that individuals use to connect with friends and family. This information may be made public or restricted to the individual's Facebook friends.

Facebook Wall: A space on each Facebook user's profile page that allows others to post messages for the user to see. A wall is visible to anyone linked to that user.

Follower: A person who follows someone else's Twitter updates, also called tweets. A group of followers designates a company's popularity on the site and can help generate more followers.

Forum: An online discussion site or community where visitors may read and post topics of common interest, allowing businesses to monitor what is being said about their brands.

Inbound Links: Links from pages on external websites that link back to a site. Inbound links can bring new users to a company website and help improve search engine rankings.

Live Chat: A website feature that enables users to talk directly to a company's representative in real time via an online interface.

Location-Based Mobile Tool: A tool or service that takes advantage of the global positioning system (GPS) in mobile phones to deliver personalized information to the user about what services — such as shops, restaurants or entertainment — are in their current location.

Meta Tag: A special HTML tag that provides information about a webpage. Meta tags are not displayed on the page. Some search engines use the description tag for search engine listings.

Online Survey: An online format to gather opinions, preferences and information from website visitors via a questionnaire where statistical results are automatically calculated.

Retweet: To repeat someone else's tweet and give them credit for it. This is generally a vote of confidence for the original author. Retweets can help improve a Twitter account's exposure, the number of followers and ranking.

RSS Feed (Really Simple Syndication): An automated system for distributing frequently updated information from a website. Users subscribe to an RSS feed in a feedreader program.

Search Engine Optimization (SEO): Off-page SEO refers to external factors that influence a website's ranking by the search engines. This can include inbound links, external promotion of the site, social bookmarking and more. On-page SEO refers to internal factors that influence a website's ranking by the search engines. This includes the text, images and links within the site as well as the choice of website domain name.

Social Bookmarking: A method employed by users to share, organize, search and manage content. Some social bookmarking sites allow users to vote on bookmarks they find interesting.

Social Media: A term used to describe the Web 2.0 content created by using highly accessible and scalable social networking tools such as RSS, Twitter, YouTube, Facebook, LinkedIn and Flickr. Social media is a shift in how people discover, read and share news, information and content. It allows people to connect online to form relationships for personal and business purposes. It can take many different forms, including Internet forums, podcasts, webcasts, video-sharing, picture-sharing, music-sharing, crowd sourcing and voice over IP.

Tweets: Short messages of up to 140 characters that are sent over the Twitter network.

Viral: The capability of rapidly spreading a message from person to person throughout one or more online communities.

Web 2.0: A term used to describe the technologies, applications and tools that comprise the second generation of the World Wide Web. The first generation was about static content and online information, while the second generation is about dynamic, user-generated content and collaboration with an emphasis on Web-based communities of users and more open sharing of information. Blogs,

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Wikis and Web services are components of Web 2.0 which is altering the way that businesses build stakeholder relationships online.

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