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**CONFIDENCE IN SOCIAL MEDIA EXISTS DESPITE CORPORATE CONCERNS ABOUT ITS RISKS**

*Only One in Three Companies Have Policies in Place*

Social media has become a fixture on communication agendas across the country, fueled by the fact that Americans' time on such networking sites has increased 73 percent in the past year alone. But according to a new survey, social media use is also generating its share of corporate heartburn.

Recent research from Minneapolis-based Russell Herder and Ethos Business Law confirms confidence exists in social networking as viable communication outreach, but so do worries about the potential liabilities. Concerns regarding social media use were acknowledged by some eight in 10 businesses participating in the new national study, undertaken in July by Russell Herder and Ethos.

Fifty-one percent of executives surveyed said they fear social media could be detrimental to employee productivity, while 49 percent assert that using social media could damage company reputation.

Despite these apprehensions, social networking is being viewed as a key strategy. According to survey results, eight in 10 senior management, human resource and marketing executives believe social media can enhance relationships with customers/clients (81%) and build brand reputation (81%). Almost 70 percent feel such networking can be valuable in recruitment (69%), as a customer service tool (64%) and used to enhance employee morale (46%). The most popular vehicles being used include Facebook (80%), Twitter (66%), YouTube (55%), LinkedIn (49%) and blogs (43%).

"Particularly as Millennials compose a greater share of corporate ranks, social networks are likely to become more popular as communication channels with customers, colleagues and partners," observed Carol Russell, CEO of Russell Herder.

Much of senior management's direct experience with social media appears to be reactive versus proactive, an interesting fact given the confidence they express in these new mediums. The majority (74%) of executives surveyed said that they, personally, visit social media sites at least weekly to read what customers may be saying about their company (52%), and routinely monitor competitors'

use of social networking (47%). One in three search social media sites to see what their employees are sharing (36%); or check the background of a prospective employee (25%).

Even though social media communication is growing, only one in 10 executives surveyed said they have staff who spend more than 50 percent of their time on such efforts – perhaps somewhat surprising given that over half of the organizations participating in the research employ over 1,000 people. And only 13 percent have included social media in their organizations’ crisis communications plans.

As well recognized as the benefits of social media appear to be, management believes social media can potentially be detrimental to employee effectiveness and company reputation. In fact, those surveyed who are *not* using social media on a corporate basis say non-implementation is primarily due to concern about confidentiality or security issues (40%), employee productivity (37%) or simply not knowing enough about it (51%).

Social media has delivered incredible potential to build relationships, increase organizational effectiveness and grow brands, but its use is clearly raising questions in the board room. Should employees be encouraged to use social networking to enhance marketing outreach? Or will such activity impede productivity in an already tight economy? And what about reputational risk?

These concerns may be why many organizations continue to prohibit workplace access to social networking sites. The recently completed Russell Herder/Ethos study found that 40 percent of companies technically block their employees from accessing social media while at work. At the same time, 26 percent of companies use social media to further corporate objectives, and just over seven in 10 said they plan to increase the use of these new opportunities.

Remarkably few efforts are being made to mitigate perceived risks. Only one in three businesses surveyed has a policy in place to govern social media use, and only *ten percent* said they have conducted relevant employee training. Why? One of the main reasons, according to respondents, is uncertainty about what to include in such policies.

Ignoring the need for responsible guidelines can impede an organization’s ability to both protect itself and effectively compete in the marketplace. “Rather than bypass the social media opportunity, organizations should embrace it while taking steps to educate their team about internal guidelines and best practices,” said Russell.

Instead, companies of all sizes should begin to define their strategy regarding social media, and most importantly, the rules for employee engagement. By doing so, management can take advantage of the benefits offered by these new communication channels, while mitigating undue risk.

According to Ethos President David Baer, who advises companies on business law issues, “Social media is a far different animal than traditional technology, so a company’s current policies on IT matters are usually not sufficient. And remember, all companies are different, thus the rules for defining and implementing a social media policy are not universal. They must take into consideration the form, substance, philosophy and culture of the organization,” he said.

There are key elements that a good policy should include, however, such as the need to respect confidential and proprietary information; as well as the sensitivity of potential conflicts of interest.

“Due to the informal nature of social media, it’s easy for employees to become less attentive to these issues,” Baer said.

Russell Herder, a strategic marketing group that has served clients for over 26 years; and Ethos Business Law, a business-centric, managed legal services firm, provides strategy, counsel and executive briefings on social media for corporate clients. To download the whitepaper ***Social Media: Embracing the Opportunities, Averting the Risks***, that includes research findings and key elements of a social media policy, go to [www.russellherder.com/SocialMediaResearch](http://www.russellherder.com/SocialMediaResearch).

### **About the Research**

The study was conducted by Russell Herder and Ethos Business Law in July 2009. A total of 438 randomly selected management, marketing and human resources executives within companies across the U.S. completed the online questionnaire, providing a statistical reliability of +/-4.8% at the 95 percent confidence level. Carol Russell is CEO of Russell Herder, headquartered in Minneapolis. The firm specializes in relevance management, leveraging research, social media and strategic creative to build relationships between organizations and individuals. Attorney David Baer is the founder of Minneapolis-based Ethos Business Law, a firm providing business-centric, managed legal services to its corporate clients.

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