Role of Social Media in Performance Reporting
A Discussion Brief
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Preface

The Discussion Brief *Role of Social Media in Performance Reporting* is a joint publication from the Canadian Performance Reporting Board (CPRB) of the Canadian Institute of Chartered Accountants (CICA) and the Canadian Investor Relations Institute (CIRI).

The CPRB’s mandate is to advance the measurement and reporting of organizational performance matters. In fulfilling its mandate, the CPRB publishes guidance documents and awareness-raising reports. CIRI is dedicated to advancing the practice of investor relations, the competency of its members, and the stature of the investor relations profession. The CPRB and CIRI mandates result in a close alignment of interests with respect to communicating financial and business information.

Social media is about creating a presence online and an awareness of what a company is and what it does. It is about building relationships by finding ways to communicate and interact with stakeholders and share information with them. The pervasiveness and popularity of social media networks have changed the way people communicate and the Internet has taken a preeminent position in how financial information is disseminated and consumed. Though social media has been mainly adopted for marketing purposes, companies are now beginning to use social media for their performance reporting. Despite the increased use of social media, there is little published material about why companies should include it within their communications strategies or how to implement an effective social media program.

This Discussion Brief has been prepared based on researching nine Canadian public companies that are active in the social media space. It reflects our observations about an emerging technology and accordingly should not be considered best practice guidance. The research included reviewing the companies’ websites and their use of social media tools such as Facebook, Twitter, YouTube, Flickr, SlideShare, StockTwits, Blogs, Waggle and LinkedIn. In addition, interviews were conducted with those responsible for the selected companies’ social media reporting to establish their perspectives on the value proposition for using social media in performance reporting and to provide insight into the roadmap and current practices of implementing a social media plan. Furthermore, feedback was provided from subject matter experts who actively conduct business in the social media realm, including lawyers working in the social media environment. While the Discussion Brief reflects the results of interviews with profit-oriented entities, the observations and road map should be just as relevant for entities in the not-for-profit sector.

CICA and CIRI take the opportunity to thank Darrell Heaps of Q4 Web Systems, Tim Herrod, CA from PotashCorp, and David Ryan of Longview Communications Inc. whose contributions to this project have been invaluable.

We hope this publication will be useful for senior management and investor relations officers. We welcome comments about the material. These should be sent to either the CICA or CIRI contacts noted below.

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# Table of Contents

Introduction ...........................................................................................................................1

Utilization of Social Media Tools in Performance Reporting............................2

Why Social Media? .............................................................................................................3

The ability to reach a larger audience .....................................................................................................3
A way to differentiate yourself from competitors .................................................................................3
Builds trust and strengthens relationships with your stakeholders .........................................................4
Brand management ........................................................................................................................................4
Viewed as being proactive and innovative ..........................................................................................5
Alleviate IR department’s efforts .............................................................................................................5

Challenges with Social Media .......................................................................................6

Regulatory constraints ....................................................................................................................................6
Increasing audience participation .............................................................................................................6
Measuring success ........................................................................................................................................6
Cost/benefit ..........................................................................................................................................................7
Lack of senior management buy-in ...........................................................................................................7
Companies that already have significant investor following ....................................................................7
Evolving technology ........................................................................................................................................7

Roadmap for Implementing a Social Media Strategy ........................................8

1) Watching and learning ...............................................................................................................................8
2) Develop a clear strategy ..........................................................................................................................8
3) Get executive buy-in ..................................................................................................................................9
4) Set the necessary policies & procedures .........................................................................................9
5) Set up social media sites and allocate the proper resources ................................................12
6) Monitoring the conversation ................................................................................................................14
7) Evaluating the impact of your social media plan ........................................................................14
8) Regularly reviewing your social media tools and having an evolving plan ....................15

Conclusion ................................................................................................................................................15

Appendix A: Checklist of Questions to Ask Yourself ........................................17

Appendix B: Glossary of Social Media Tools .............................................................19
Introduction

Technology, and particularly social media, is changing how and where stakeholders access a company’s data. Social media’s role in performance reporting appears to be increasing as companies that may have initially used social media for mainly marketing purposes are now expanding their reach to include investors. A September 2011 review of 629 companies by Q4 Web Systems found a significant increase in the adoption of social media across all channels. Many have a company page on LinkedIn and there is increased usage of Twitter, Facebook, and YouTube. As well, more companies are making use of a corporate blog for investor relations.

The growing trend in companies adopting social media has been almost entirely user driven. With the popularity of social media sites, it appears communications will increasingly take place through these channels.

This paper has three objectives:
1) Identify the value propositions for using social media in performance reporting
2) Highlight challenges in using social media for performance reporting
3) Provide a roadmap and current practices for implementing a social media program for reporting

Social media may not be for everyone. Adoption will depend on whether a company can identify a persuasive value proposition. In addition, a company needs to consider other factors such as whether it has the necessary resources to maintain a social media program and whether social media can be a complementary tool in its communication strategies to connect with stakeholders. Companies will need to weigh the costs and benefits of implementing a social media program and evaluate the value proposition for their business. At a minimum, companies need to monitor and understand what is being said about them on social media platforms.
Utilization of Social Media Tools in Performance Reporting

In terms of using social media for purely financial reporting purposes (e.g., sharing of financial results and earnings calls), companies are using these tools to push previously press-released information to a larger audience. Twitter is a widely used channel for investor relations according to the Q4 Web Systems’ September 2011 report. Companies use Twitter to concurrently share components of information more traditionally disclosed through sources such as news releases, conference calls and presentations. Twitter’s popularity is due to users’ ability to quickly and efficiently receive and share information from trusted sources. In addition, companies value its simplicity in disseminating information.

Some companies are now “live tweeting” their earnings call by tweeting a key fact/update on the business as it is presented. These “live tweets” are usually approved ahead of time and come from the scripted earnings call. The live tweets allow stakeholders who could not attend the call to receive “real-time” information as if they were at the call. Though the content of the conference call will be shared after the fact, “live tweets” facilitate receiving the information in real time and are Google searchable, thus allowing for a larger reach.

YouTube, Flickr and SlideShare are used to provide videos of earnings calls, share slide presentations, and give investors a deeper understanding of a company’s results. A video in support of an earnings call attracts and engages investors with a company’s financial reports. Companies have started to solicit questions prior to earnings calls, although this has met with very limited success. Analysts and investors are still using the traditional methods of phone call and email to ask their questions. This reflects social media’s early adoption stage for business reporting that may change as the utilization of social media grows. Social media is typically seen as complementary, not a replacement for traditional disclosure methods.

In addition to communicating earnings information, companies are also using social media to share information about significant business transactions such as an acquisition. Beyond financial reporting, companies use social media for other performance reporting such as connecting with communities and environmental groups. Social media builds a connection to remote communities by providing a more personal feel to sharing information about what a company is doing in those communities. For example, natural resource companies operating in distant communities often use Facebook to raise awareness about who they are and what they do.

Furthermore, companies are using social media to recruit employees. Companies are interested in attracting recent university graduates and young professionals, the very groups that actively engage with social media. Companies post jobs on Facebook and LinkedIn and some have set up separate Twitter accounts solely to tweet job postings. Due to its large reach, social media help companies expand their recruiting base as well as target fans and followers as potential employees.
Why Social Media?

With social media being in its early adoption stage in performance reporting, some companies may struggle with determining a value proposition. The companies interviewed saw various benefits from using social media as part of their performance reporting communications.

The ability to reach a larger audience

Smaller companies without significant analyst/media coverage can use social media to reach larger audiences not generally accessible through traditional communication channels. Social media provide a low-cost solution that allows smaller companies to have a potentially large footprint and visibility. Social media provides a means for smaller companies to have direct access to their investors and fund managers. Journalists are also on Twitter and they seem to be increasingly sourcing news and opinions about companies through this medium. Companies can now engage directly with these journalists to raise awareness about projects and the impact of their corporate social responsibility program.

A research study by the University of Michigan in May 2011 entitled “Firm Dissemination, Direct-Access Information Technology and Information Asymmetry” analyzed the impact of Twitter as an investor communication channel. The report found that greater “tweeting” by smaller firms during news events had a positive correlation to a lower bid-ask spread. This suggests that using social media channels such as Twitter to disseminate information can play a role in addressing information asymmetry where smaller companies lack analyst and media coverage. Reducing the information asymmetry can improve the liquidity of smaller firms’ stocks and decrease the cost of financing.

With a large reach, social media can be an amplifier of a message across multiple channels and across all borders. Social media has an international reach allowing anyone with an online connection to access the message regardless of their physical location. Social media also make the message shareable and reusable for others to champion. The more content is reproduced by others the more authoritative it becomes. Social media improved the Google search ranking of the companies interviewed because the ease of sharing information on various platforms allowed their content to be reproduced exponentially and appear more actively on search engine results.

A way to differentiate yourself from competitors

In a vanilla world, companies in the same industry often look similar to each other. Social media can help differentiate a company, if used effectively. A content strategy that ties into the overall communications strategy should address questions such as:

- How do you want to position yourself?
- What are your stakeholders interested in and how can you provide content in these areas?
- What are the key metrics to highlight?

Companies can use social media to communicate frequently with fresh information that highlights how they are different from their competitors. For example, a company can distinguish itself from its peers by educating stakeholders about areas where it has unique expertise. Companies also use social media to highlight their relationships with various
stakeholder groups, for example, by sharing information about their participation in charity events, community events they host, and details of their corporate social responsibility initiatives. The ability of users to share and redistribute this information is a powerful aspect of social media. Companies hope users will be inclined to redistribute reliable and useful content and thus enable the companies to establish themselves as credible sources and authorities in their industries.

**Builds trust and strengthens relationships with your stakeholders**

Trust is built by creating a reputation for balanced reporting in an environment of openness and accessibility. A way to enhance the reputation for openness is by utilizing social media platforms to allow investors to openly post questions and comments. The sharing of investor relations questions and answers can be in the form of a regular Q&A update. Such openness also helps increase a company's transparency by putting all investors (i.e., retail and institutional) on the same level playing field and reducing barriers to obtaining information.

Building trust goes hand in hand with strengthening stakeholder relationships. Social media enable a company to better understand its stakeholders by listening to their questions and comments posted on the company’s social media platform. Social media also allow companies to provide greater context for business activities and products through videos and photos. A picture is worth a thousand words and companies can benefit by providing visuals. This especially applies to mining companies where sharing photos of drill sites and the communities in which they operate improves stakeholders' understanding of the business. Stakeholders will more likely remain loyal if they understand the business.

**Brand management**

Social media should be seen as one element of the overall communications strategy. It is another means to build and protect brand image through educating and raising awareness of the company. Furthermore, social media provide the ability to monitor conversations about the company and provide a venue to address these conversations, if needed. It allows a company to build goodwill with its stakeholders and avoid misconceptions about the company that can have a negative impact on stock price. If you establish your social media site(s) as a trusted channel that stakeholders know they can turn to for credible information, they will naturally turn to these sources when questions arise. This gives you the ability to carry out “damage control” and react by providing additional content that may help users understand the situation. For example, if information about a significant business acquisition has been received negatively, you can use social media to provide a Q&A YouTube video using senior management to explain the rationale behind the acquisition.

While social media channels can be effective tools in brand management, it should be recognized that their effectiveness depends on a pre-existing following. Regardless of whether a defensive or offensive strategy is being pursued, it will not be possible to successfully execute an initiative if these channels have not been developed. The establishment of social media channels takes time and a commitment by the company to invest in content development and convince stakeholders there is value to following the company on social media.
Viewed as being proactive and innovative

Conversations about a company will exist regardless of whether or not it is party to them. Instead of being bystanders, companies are now inserting themselves into these conversations from the beginning. Some companies started using social media in reaction to the fact that Facebook fan pages were popping up. Companies got involved because they wanted to ensure there was an official Facebook page with content posted by the companies themselves that allowed them to influence the message being shared. As young, more media- and technology-savvy people enter the investment community, they will likely rely far more heavily on social media channels for their research and communication. It is better to be proactive and develop a social media program for investors now, even a limited one, than be forced to catch up later. In addition to helping communicate with stakeholders, involvement with social media demonstrates that a company is exploring new technologies and being innovative.

Technology is constantly evolving and companies need to carefully consider the point in time that is best for them to participate in a new area. Fifteen years ago the Internet was in its infancy and companies were “testing” the waters about the need for a corporate website. Today all companies need a website. Similarly with social media; there may be no need to embrace it immediately, but at a minimum, its evolution should be monitored to understand how it is influencing the investor community.

Alleviate IR department’s efforts

Effectively incorporating a social media program into a company’s communications strategy could change the workload for investor relations. Posting investors’ questions and the company’s answers on social media channels can help minimize duplication of efforts in the investor relations department. Some of the interviewed companies commented that as they provided more investor content through YouTube and Flickr, they received fewer calls and could thus focus more on strategic investor relations activities.
Challenges with Social Media

Regulatory constraints

Using social media solely to distribute press-released information has limited value. It is in providing relevant content and engagement with investors that the true value lies. We have heard, however, that many companies feel regulatory constraints make engagement impracticable due to the efforts necessary to ensure that no new material information is communicated through social media. This issue is not limited to social media; it applies to many types of communication including, for example, one-on-one investor meetings. Companies should view social media as an extension of their communications strategy and apply the same due diligence they follow in all messages to the public.

The U.S. regulatory environment is more friendly to social media than that in Canada. In the U.S., under Fair Disclosure Regulation (Reg FD), a company’s website may be its primary dissemination point, provided the website is a recognized channel of distribution and the information is posted and accessible in a manner such that it is disseminated. Under securities legislation in Canada, material information must be “generally disclosed.” National Policy 51-201 Disclosure Standards provides guidance on “best disclosure practices” for companies. Section 6.11 of NP 51-201 provides guidance for electronic communications and maintaining a company website. Paragraph 6.11 (1) clarifies that posting material information on a company’s website is not acceptable as the sole means of satisfying legal requirements to “generally disclose” information. Accordingly, Canadian companies need to ensure that their tweets/posts do not violate this requirement.

The U.S. has strict rules around the offering of securities and communications that could be perceived as “direct selling efforts.” Accordingly, it is important to be cautious when sharing information that could be seen as promoting a non-SEC registrant’s securities. Canadian companies not registered with the SEC need to recognize that publishing results through social media such as tweeting may be deemed to be disseminating that information to the U.S. In such circumstances, legal counsel may need to be consulted to determine whether to include a disclaimer that indicates the information is intended “for Canadian distribution only.”

Increasing audience participation

A challenge facing many of the companies interviewed is how to increase audience participation. Some indicated that tweeting a link to a previously issued press release had limited value. To increase audience participation, companies need to improve the relevance and quality of what is communicated on social media. To do this requires a strong commitment from senior management and a company’s investor relations professionals to devote sufficient resources to monitoring and managing the social media platform. Companies need to carefully consider their strategies for using social media in performance reporting to avoid an unsuccessful venture that could adversely impact the company’s reputation.

Measuring success

Companies are struggling with how to measure the success of their social media strategy. Social media can be passive and companies should not expect active participation from their stakeholders. An investor/analyst who has not posted any activity, may nevertheless be visiting your social media platforms and listening to the conversation.
Though there are all sorts of online metrics that can be tracked, building goodwill is an intangible aspect of social media that is hard to measure. Using social media to distribute communications may add value if your stakeholders are active in the social media environment, but that value is unlikely to be able to be reliably measured or related to the company’s return on investment.

Cost/benefit

Though social media tools may involve minimal costs to access, companies must recognize that content requires maintenance and management. thinly traded companies with small investor relations departments and limited resources may find the cost in time commitment and resources outweighs the benefits of engaging in social media. In some situations, companies have found that their stakeholders don’t engage in social media and thus do not see value in pursuing such a program.

Lack of senior management buy-in

One of the hurdles in implementing a social media program is getting senior management to buy in. Senior management may decide not to implement a social media program because they don’t understand it and aren’t comfortable using it. The key step here is to take the time to properly educate senior management and provide them with a convincing business case that illustrates the value proposition. Successful buy-in requires an understanding of the real economic value of effective investor communication efforts, engagement and strategies. In companies where this recognition of value is low, adding social media to their communications strategy may be more difficult.

Companies that already have significant investor following

Some large companies that already have significant investor coverage may not see a need to be involved in social media. These companies already have media connections and significant coverage from the institutional investor and analyst communities, and do not consider social media to be necessary in their investor relations strategy. However, we understand analysts within large organizations are increasingly using social media as part of their research. Though institutional investors may appear disengaged from social media, we need to recognize that institutions are comprised of individual analysts who increasingly are young and technologically savvy. The younger generation of analysts entering the workforce seems likely to change the way institutional investors conduct their research.

Evolving technology

The constant evolution of technology will have a direct impact on social media. The continuous development of social media requires companies to always be on top of the trends and adapt accordingly. Staying on top requires updating company policies regularly to reflect current changes and maintaining a dynamic social media plan that provides for flexibility. Companies will be required to monitor technological advances and ensure their social media policies and plans are up to date.
Roadmap for Implementing a Social Media Strategy

From the companies interviewed, a roadmap was created to provide guidance as to the steps that should be considered when implementing a social media strategy, as well as tips for current practices.

1) Watching and learning

Social media should not be ignored. Even if you decide not to implement a social media program, at a minimum you need to monitor the online conversations occurring about your company and industry. Being aware of what is being said keeps you informed about any misinformation or rumours that may be spreading online and that could ultimately impact your brand and reputation. Furthermore, monitoring provides opportunities to evaluate the effectiveness of your messaging, better understand your stakeholders and improve communications. Step Six of the roadmap provides detail on continuous monitoring of your social media platforms and the tools that can help you.

Stakeholder expectations will be impacted by what your peers are doing in the social media space and this will influence their perception of your company’s transparency and openness. Accordingly, it is important to be aware of your environment, monitor your peers’ social media initiatives, and decide whether it makes sense for you to participate. In addition, network and talk to other investor relations professionals who are already using social media to get a firsthand account of their process and key insights. You will need to educate yourself on the different tools available and assess which tools make the most sense. To get comfortable with the tools, consider signing up for a private account and use it personally to completely understand how the tools work and recognize the benefits to you on a personal level. Once you grasp the personal benefits you can then see how you can apply these tools to your business.

| TIP | Companies should make their own assessment of the benefits of a social media program instead of relying solely on an external consultant. |

2) Develop a clear strategy

After understanding the tools available and the social media environment, you need to develop a clear strategy concerning the objective for your social media program and the tools required to execute that strategy. Since the use of social media is pervasive and impacts various departments within an organization, you should consider forming a working group with the relevant departments such as public relations, investor relations, information technology, human resources, legal, and sales/marketing. This group will work together to establish a business case which can be presented to the executive team for buy-in.
To make your social media program effective, it will be important to focus on specific tools. There are a lot of social media platforms; companies with a smorgasbord of tools are unlikely to use them effectively. From the companies interviewed, the social media tools mentioned were Twitter, Facebook, YouTube, Flickr, SlideShare, StockTwits, Blogs, Waggle and LinkedIn. Deciding which tool(s) to use will depend on your strategic objective and the target audience you hope to reach. For example, if you are looking to amplify your message, Twitter is a popular news dissemination tool. If you want to build a sense of community where your company operates (e.g., mining and natural resource companies), then other tools such as Facebook and Blogs can help facilitate this goal. If you want to create additional content to add more colour to your message, then YouTube, Flickr and SlideShare can be adopted.

**TIP**

Don’t try to do too much. Keep it simple and focus on one or two social media tools which you can use properly.

3) Get executive buy-in

To make social media effective there needs to be a strong commitment from senior management. This may involve embracing new skills. For example, a small company’s senior management may need to become comfortable talking in front of a camera for a YouTube video. Senior management must be prepared to set aside time for virtual analyst meetings and to actively participate on the chosen social media tools such as Twitter or Blogs. The key is to properly educate and convince senior management by building a strong business case. This involves explaining why your company should engage in social media, how it can be used and its potential benefits. The business case should be supported by statistics about your peers’ involvement in social media and their success stories. You cannot expect to get buy-in immediately. The companies interviewed took between 6 and 12 months to bring executives onside and convince them of the benefits of a social media program.

4) Set the necessary policies & procedures

Once you decide to implement a social media program, you will need to manage its risks by ensuring the necessary policies are in place to govern the program, including policies for users. For information on governance issues relating to adopting a social media plan, please refer to the January 2012 Director Alert published by the CICA’s Risk Oversight and Governance Board: [http://www.rogb.ca/director-series/director-alert/item55520.pdf](http://www.rogb.ca/director-series/director-alert/item55520.pdf).

It is important to engage legal counsel early in the process to advise about policies and disclaimers. Counsel should be aware of the objectives of your social media program and the social media tools you intend to use. The decision to hire external legal counsel will depend on the current skills of your internal counsel. At a minimum, legal counsel needs to understand the social media tools and how they work, and have knowledge of securities law, rules and policies. As technology progresses, the relevant policies should be regularly updated to reflect current advancements.
Corporate Disclosure Policy

You will need to update your Corporate Disclosure Policy to include social media. The Corporate Disclosure Policy includes the process to be followed before the release of information to the public and ensures proper due diligence is applied in meeting disclosure rules. It is important to expand your Corporate Disclosure Policy to include information that will be posted on social media.¹ The policies should distinguish between information that has already been press released and new information that has not yet been subjected to that due process (e.g., sharing of industry news, management presentations, etc.)

Ground Rules for Users

When you decide on the sites and tools you want to use, you will need to design the appropriate disclaimers and set the appropriate policies in Ground Rules that establish what users are allowed to do on social media platforms. The rules are applicable to all users of the sites, including employees and external visitors. The rules should provide guidelines for what is acceptable and not acceptable conduct. They should also establish the company’s right to delete any content that violates the ground rules. These ground rules should be shared on the company’s website and on the social media platform.

Social Media Policy

You will need to create a Social Media Policy applicable to every person within the company and third-party organizations that utilize social media on the company’s behalf. The policy should define the social media tools and the activities it covers. The policy should:

- prohibit unauthorized individuals from disclosing corporate matters on social media sites;
- require individuals to report any known Internet discussions about the company so that management can decide whether they need to be addressed;
- provide a monitoring process to ensure that unauthorized individuals are not acting as representatives of the company online;
- provide guidelines for the sharing of third-party content (e.g., analysts’ reports, media coverage);
- provide guidelines about how employees should handle media requests received through social media platforms;
- establish the disciplinary action that will flow from failure to comply with the Social Media Policy.

¹ For more information on corporate disclosure policies, refer to “Standards and Guidance for Disclosure and Model Disclosure Policy, Fourth Edition”, a publication by CIRI dated March 2011.
Response Plan

While many social media initiatives often involve proactive communications with stakeholders, it can also be used as a reactive response to issues. In these circumstances, you will need a Response Plan that should:

• outline who will be responsible for building and maintaining the social media communications efforts;
• establish who can respond and speak on behalf of the company;
• state when the company will engage with stakeholders on social media and how it will engage (e.g., direct message response on social media platform, offline on email, etc.);
• define the nature and frequency of interaction through social media;
• set the rules for handling rumours or misleading statements that are discovered and circumstances under which the company will respond to these statements.

Crisis Communication Plan

Companies that have social media programs should ensure that they are considered in their Crisis Communication Plan. It is important to leverage social media in the event of a crisis, but how you engage will need to tie into the broader communications plan. In a crisis, you may want to maintain dialogue through social media even though a definitive response to the crisis may still be under development. You want investors to know that you are taking the crisis seriously and will provide updates as soon as possible.

Training

Once the social media policies are set, it is important to train employees through town hall meetings and lunch-and-learns, a process that needs to be repeated periodically both as a reminder and as new social media tools are added. Employees should also signify that they have accepted the policies. Formal training should be provided to those individuals designated as spokespersons for the company and to those who will be actively engaged in managing the social media tools (e.g., senior management, investor relations, communications, media relations, marketing, IT). It is important for them to understand how to use the tools effectively.

TIP

Defining policies and governance is important, but just as crucial is employee training about them. The policy is only as good as its awareness by employees, which may require periodic refresher training.
5) Set up social media sites and allocate the proper resources

Having determined the social media tools you will engage and the policies to govern their use, you now need to establish the social media sites and ensure their proper management. You will need to decide who should own the tools, for example, investor relations, communications, media relations, marketing, IT, or a combination. While signing up for the social media tool is straightforward, assessing its design and functionality can be complex. An outside consultant may be needed to help with design and integration, and matters such as setting up an automatic news feed into your social media sites. You also need to consider the company’s website design and how the social media tools integrate with your corporate website. Many of the companies interviewed had their social media launch coincide with a redesign of their corporate website.

For social media to be effective, content must be relevant and current. Creating a content strategy and content calendar can help ensure objectives are met and that content is not stale. A process needs to be implemented to maintain and manage content, to ensure it is being updated and that questions or comments are addressed in a timely manner. Clear roles should be established for those dedicated to monitoring and managing the program. A company can harm its reputation by taking a haphazard approach to social media, for example, by irregular posting and inconsistent responses to questions or comments.

The companies interviewed spend a minimum 10% of one person’s time on their daily management of social media platforms. However some are seeing this rise to 20% to 30% of a person’s time as their social media engagement grows. Some companies have hired a full-time committed resource to manage and monitor their social media program. The potential need for additional staffing will ultimately depend on the availability of existing staff to add social media to their daily routine and the sophistication of the social media program.

| TIPS | • Keep messages aligned and emulate the look and feel of your corporate website for consistent branding across all communication channels. |
| | • Fully integrate social media with traditional investor relations efforts by having “follow us” links on all print, websites, and meetings to promote your social media presence. |
| | • Keep traffic on your website by posting links that feed into it. Linking back to your website makes it easy for visitors to learn more about your company. Embedding SlideShare, Flickr and YouTube within your corporate website will encourage traffic to remain there. |
| | • Make sure you have a good corporate website. You will be driving traffic to your website and the last thing you want to do is promote a poor site. For information on the components that make a good corporate website, refer to “Financial and Business Reporting on the Internet: A Discussion Brief” a joint publication by the CPRB and CIRI dated March 2008. |
| | • Utilize video and photo content to create a more compelling and engaging story. |
TIPS

• If you do not have a full-time social media resource to answer questions immediately, set response expectations by announcing a specific timeframe within which the investor relations department will answer questions. This will avoid a perception that the investor relations team is not answering questions in a timely manner.

• Adhere to disclosure requirements for safe-harbour statements about forward-looking information. The tweet or posting of any forward-looking information should include a link to the news release or other disclosure document which contains appropriate safe-harbour language for forward-looking statements.

• Be cautious when posting third-party reports or media articles, since you can be seen as endorsing the third-party content. If you post third-party analyst/media coverage concerning the company, ensure both negative and positive articles are given similar prominence.

• Social media should encourage engagement with stakeholders. Companies looking to encourage engagement can actively solicit comments/questions from investors and online followers. This can be done by asking for questions prior to an earnings call or allowing comments to be posted on their Facebook wall. Restrictions on allowing stakeholders to post comments defeat the purpose of social media and may negatively impact user interest.

• While engagement is generally encouraged, a company’s policies should recognize there may be instances where it makes sense to be passive or have limited engagement. As well, some companies may not have the resources to manage an active dialogue.
6) Monitoring the conversation

Monitoring conversations is a low-cost method of understanding how stakeholders perceive your company and enables you to clarify misconceptions. The companies interviewed conduct such monitoring informally through simple Google and Twitter searches. There are also numerous free options that provide alerts to be sent to you when key specified words are mentioned (e.g., Google Alerts, Google Analytics, Twilert, Social Mention). In addition, financial blogs and communities, such as Stockhouse, SeekingAlpha and StockTwits can be valuable tools for hearing what the investment and analyst communities are saying. Depending on the sophistication and volume of your monitoring efforts, you can automate your process by paying for analytical software such as Radiant6 and Jive Software or for the same service through a vendor.

It is impossible to have complete control of your brand in online forums. Over time you may come across complaints and other negative comments. It is important to allow open conversations on social platforms. Your response plan should consider whether and how such issues need to be addressed. The key is to allow a balanced communication of both positive and negative comments.

| TIP | No company is perfect; negative comments may be posted on social media. Stakeholders are more likely to trust you if they are privy to real, balanced information, not information scrubbed to create a biased picture. |

7) Evaluating the impact of your social media plan

The companies interviewed indicate that the biggest challenge is measuring the value of their social media plan and calculating a return on investment. Due to the fact that social media is fluid, its returns are sometimes intangible since they relate to the building of goodwill and brand management. While some metrics are useful to track, it is essential to remember that an absolute number is less important than the trend. For example, setting a goal of having 1,000 Facebook fans seems arbitrary and may/may not be reasonable. A more meaningful goal would be setting an expectation of growth for your Facebook fan base.

The metrics you decide to track should be linked to the objectives you are trying to achieve. To measure success in increasing communication efficiency, you could track incoming investor relations calls to see if the number is reduced. Other value measures could include negative/positive word of mouth, positive press, investor complaints, higher search ranking, increase in retail investors and improved investor sentiment. There are other leading-indicator metrics that can help in assessing the impact of your online presence such as measuring your reach and engagement. In terms of measuring reach, you could look at the increase in site traffic through the number of visits, number of followers/fans, number of page views, YouTube views, SlideShare views, Flickr views and size of community. To assess engagement, you can track the number of impressions and click-throughs which provides the number of times visitors to a webpage follow a hyperlink to a particular site, for example, a link provided on a company’s social media page can direct traffic to its corporate website. You can look at the length of visit to see how much time visitors are spending on your social media sites. In addition you can report on the number of questions asked, number of comments posted, and percentage of likes/dislikes on YouTube and Facebook. To understand the amplification of your message, you can measure the number of people sharing your content (e.g., retweets and mentions in different forums).
8) Regularly reviewing your social media tools and having an evolving plan

Social media must be integrated with your broader communications strategy and should be part of your annual plan. Formalizing the process ensures discipline in maintaining sight of your objective. Though you may always want to stay ahead of the curve in servicing investors, the cost/benefit ratio needs to be monitored. Social media is an emerging technology and it is necessary to regularly evaluate your investor relations program and adjust activities as needed. Social media can be a cost effective and timely way to reach a larger audience when there is proper planning and monitoring. Incorporate social media into your business plan which you can review and revise over time.

Conclusion

As technology continues to evolve and social media becomes even more popular, we expect it will take on increasing significance in performance reporting. Social media is a rapidly developing area. Companies need to be aware of this evolution and stay abreast of it.

The advent of social media has resulted in an increasing trend for people to publish information about their personal and business lives. People are now the primary source of information, whereas previously this was the domain of newspapers and journalists. As a result, the degree of validity of information is changing as it is coming from people generally rather than from a reliable news source. In the past, validity stemmed from journalistic integrity that ensured all news was processed through certain validation protocols. The new power of the people gives a perception of validation through crowd sourcing. For example, if one person tweets the news and 20,000 tweet the same news, then the information appears to be valid and true. Financial bloggers are able to build credibility this way because, as they receive more support from other bloggers, they establish more credibility for themselves. News today spreads on the web before it gets posted on an official news channel. This poses a challenge for companies in monitoring what is being said about them online. As more people rely on social media for news, there will be a greater need for companies to be in this space.

Social media provides an opportunity to facilitate reporting to stakeholders and engaging in conversations. However, minimizing the risks of using social media ineffectively and ensuring compliance to regulatory disclosure rules require careful planning, management and monitoring. It is reasonable to expect there will be a transformation in investor relations so that communication with investors will take place on a web-based platform. Though this transition will happen gradually, it is not farfetched to think that social media may become a standard tool for investor relations.
Appendix A
Checklist of Questions to Ask Yourself

The following is not meant to be an exhaustive list, but rather a reminder of some of the things to consider in connection with the implementation of social media.

**Strategic Questions**

- What do you hope to achieve by engaging in social media? Is there a business outcome you are looking to change (i.e., attract more retail investors, improve strategic understanding of the business, battle shareholder, environmental or social activists, etc.)?
- Why is social media important to your business?
- Who are your stakeholders? Are they likely to use social media?
- Are your competitors using social media? How are they using it and what information are they sharing?
- Which social media tools will you use? What are the objectives for each tool?
- Which departments need to be involved in the design and implementation of your social media program (e.g., public relations, investor relations, information technology, human resources, legal, sales/marketing)?
- How will social media integrate with your overall communications strategy?

**Management/Operational Questions**

- Who will be responsible for building your social media program?
- Who will be in charge of maintaining your social media program?
- Who can access the social media accounts?
- Who can speak on behalf of the company and what can they comment on?
- Who will be responsible for approving the content?
- When will you engage with stakeholders on social media and how will you engage (e.g., direct message response on social media platform, offline on email, etc.)?
- What disclaimers do you need for the social media tools?
- How will social media be included in your Corporate Disclosure Policy?
- What ground rules do you want your users to abide by?
- How will you communicate your social media policy to employees?
- How will you discipline people when they violate the Social Media Policy?
- What sort of privacy setting will people be required to use?
- How will social media be incorporated into your Crisis Communication Plan?
- How do you deal with rumours?
- Will you comment on negative statements?
- How do you deal with photos and videos?
- How will you monitor your company online?
- Which metrics will you track and how frequently will you report on them?
Appendix B
Glossary of Social Media Tools

Social Media Tools can be categorized into two classes.

- **Social Networks** are tools used for distribution of information and engagement with users.
- **Social Media** is used for publishing media assets such as videos, photos, slides and blogs.

The Investor Relations website is the central hub where information is published and the social media tools are aggregated. The diagram below illustrates the different social media tools pertaining to social networks and social media.
<table>
<thead>
<tr>
<th>Tool</th>
<th>Description</th>
<th>Relevance to IR and Performance Reporting</th>
</tr>
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<tbody>
<tr>
<td>Twitter</td>
<td>A micro-blogging platform that can connect organizations to users in real time by using short 140-character-limit messages known as ‘tweets’.</td>
<td>Twitter is widely used to disseminate information such as news releases, events, presentations, and updates on what is happening at the company. It also provides a venue for companies to engage with interested users such as investors, journalists, and customers.</td>
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<tr>
<td>StockTwits</td>
<td>StockTwits is a derivative of Twitter for the investor community to share real-time information and ideas, discover relevant content and connect with a global network. It is the originator of the Cashtag where a “$” sign is attached to a ticker symbol to allow for the aggregation of StockTwits relating to the company.</td>
<td>StockTwits has a trader- and investment-centric community where investor ideas are shared in the form of a 140-character-limit tweet. StockTwits leverages its broad distribution network where the short-form messages are disseminated across the financial web through such sites as Yahoo!Finance, CNN Money and Reuters.com. The wide distribution of the StockTwits messages on various financial channels increases the audience reach and improves search ranking.</td>
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<tr>
<td>Facebook</td>
<td>Companies can use Facebook to create a business page that allows them to share content and engage with Facebook users. It combines elements from other social networking and media tools such as the ability to post comments, share videos and photos.</td>
<td>Facebook can be useful for companies with a large retail shareholder base as these investors tend to be engaged on Facebook. Facebook is commonly used for broader corporate communications (e.g., CSR, brand management). Though Facebook is not targeted at investors, it is still a useful tool for raising awareness about the company.</td>
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<td>LinkedIn</td>
<td>LinkedIn is a virtual business network where professionals maintain their contacts with past and present colleagues and classmates. Companies can take advantage of the platform by creating a company profile to connect with relevant contacts and post job advertisements.</td>
<td>LinkedIn has not yet been actively adopted for investor relations purposes. We have heard that institutional investors are using LinkedIn to see how fast companies are growing their workforce and what positions they are hiring. Companies are mainly using LinkedIn for human-resources and job-recruiting purposes.</td>
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<td>YouTube</td>
<td>A video-sharing site where users can post and share videos. The site tracks the number of views, allows for comments to be posted and includes a rating system.</td>
<td>Providing video content to supplement information such as press releases, earnings calls, product launches and strategic updates is an effective way of further engaging investors. The timeliness and quality of information being shared is more important than the video quality. Instead of having a sophisticated video production, investors would rather have the video in a timely manner.</td>
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<tr>
<td>SlideShare</td>
<td>A community for sharing presentations. With 60 million monthly visitors and 130 million page views, it is an effective way to get your slides on the Web and shared by a wide audience.</td>
<td>This tool provides a great opportunity to share existing presentations such as investor relations presentations, earnings calls, management strategic updates, etc. SlideShare is user friendly to navigate and is easier to share than traditional PDF format. It also facilitates better control over published data as it is one master copy that can be changed at any time. Under the traditional PDF format, version control is required since a change to the presentation has to be redistributed to users because they may have made a copy of the previous version.</td>
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<td>Flickr</td>
<td>Similar to YouTube and SlideShare, it allows users to store and share photos in bulk.</td>
<td>A picture is worth a thousand words and you never know what people will find interesting. Sharing a photo library of a company’s assets, communities in which they operate, and corporate social responsibility initiatives is another means for getting people interested and pulled into your site. It is a way to expand your footprint and attract users who may not normally be interested.</td>
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<td>Tool</td>
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<td>Blogs</td>
<td>Blogs began as journals where people could post whatever they wanted, commenting on newest information first. Companies are now adopting blogs to provide additional commentary on company news.</td>
<td>A way to add more colour to content that has already been press released by the company (e.g., commenting on strategy of the business, interviewing key executives, commenting on the industry, etc). This requires a larger commitment as content needs to be created and updated regularly.</td>
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<td>Waggle</td>
<td>Waggle is a TSX community that gives companies a place to share information with current and potential investors. It allows investors to follow companies and share ideas with other like-minded investors.</td>
<td>Waggle is a hybrid tool that covers both social media and social network capabilities. Waggle allows a company to generate content and at the same time have content fed from other sources. It provides the opportunity to create blogs and develop a community and forum of investors. Waggle is integrated with TMX Money where a company page on both Waggle and TMX Money is linked to further increase exposure of company content.</td>
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