



Managing the business impact of social networking

Managing and leveraging the business impact of social networking sites

Author: Micheal Axelsen
Director
Applied Insight Pty Ltd

Contact: m: +61 0412 526 375
t: +61 73139 0325
e: micheal.axelsen@appliedinsight.com.au
w: www.appliedinsight.com.au
b: www.michealaxelsen.com

Disclaimer

This report has been prepared solely for CPA Australia Congress 2008 for the purpose of presenting a seminar on the business impact of online social networking, and should not be used for any other purpose without the prior written consent of Applied Insight Pty Ltd.

In accordance with normal professional practice, neither Applied Insight Pty Ltd or employee of Applied Insight Pty Ltd undertakes responsibility in any way whatsoever to any person other than CPA Australia in respect of this document.

No liability is accepted to any other party for any loss or damage that may be suffered by any person relying upon such information.

Table of Contents

Introduction	1
Social networking overview	3
What can go wrong for individuals?.....	4
What can go wrong for businesses?	7
Protecting personal privacy	10
How should the business respond?.....	13
What powers do you have?.....	15
Developing policies and procedures.....	18
Leverage business opportunities through OSN.....	22
Conclusion.....	25
Appendices	27
Appendix: For further reference.....	27
Appendix: Developing your policy	29
Appendix: Online Social Networking Risk Examples	34

Introduction

1

Managing the business impact of social networking

Managing and leveraging the business impact of social networking sites

Presented by: Micheal Axelsen
Director
Applied Insight Pty Ltd

2

INTRODUCTION

3

Qi
applied insight

About this presentation

Objectives

- This seminar identifies and discusses social networking websites and how businesses should respond to this business challenge.

Agenda

- Social networking overview
 - What can go wrong for individuals?
 - What can go wrong for businesses?
- Protecting personal privacy
- How should the business respond?
 - What powers do you have?
 - Developing policies and procedures
 - Leverage business opportunities through OSN
- Conclusion

4

Qi
applied insight

Meeting the challenges of IT

Information Technology & Management Centre of Excellence



Forthcoming: Social networking policies & procedures
Online social networking etiquette

5

Qi
applied insight

Your expectations

Housekeeping

- Exits, breaks, etc

Expectations

- Audience demographics
- What are your expectations from this session?

Strawpoll: Who uses social networking websites?

- MySpace, FaceBook, Friendster, MyYahoo, Twitter, Flickr, Photobucket, SchoolFriends, Blogger, LiveJournal, Tumblr, Microsoft Live...
- Blogs/Vlogs? Others?

Strawpoll: Who didn't know about these websites?

Strawpoll: Anybody here 'Vlog Naked'?

- (sorry, just wondering)

Social networking overview

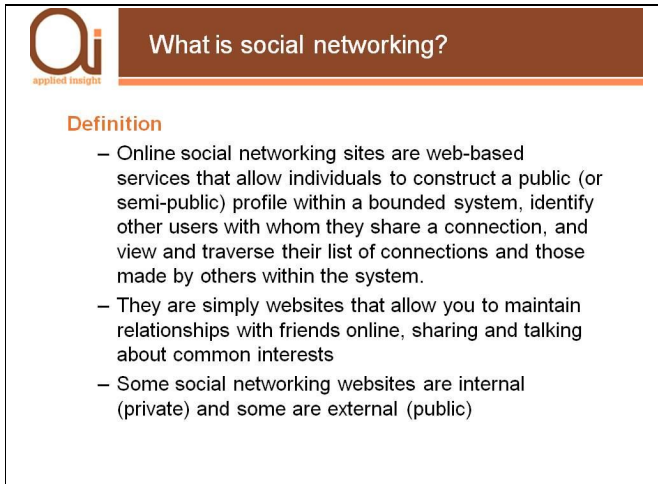
6



SOCIAL NETWORKING OVERVIEW

Ai
applied insight

7



Ai
applied insight

What is social networking?

Definition

- Online social networking sites are web-based services that allow individuals to construct a public (or semi-public) profile within a bounded system, identify other users with whom they share a connection, and view and traverse their list of connections and those made by others within the system.
- They are simply websites that allow you to maintain relationships with friends online, sharing and talking about common interests
- Some social networking websites are internal (private) and some are external (public)

8

Qi
applied insight

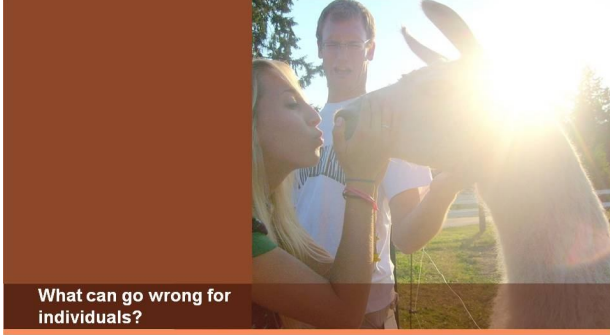
Popular online social networking sites

Websites

- Facebook and MySpace are the most well-known examples.
- Blogs such as wordpress.com and livejournal.com
- YouTube, Flickr, PhotoBucket, Yahoo, Twitter
- The CPA Congress 2008 website at cpacongress.ning.com is an example of a private social network.

What can go wrong for individuals?

9



What can go wrong for individuals?


Qi
applied insight

10

ai applied insight

Some "funny" examples

From: Nugent, Katrina
Sent: Thursday, 1 September 2005 10:21 AM
To: Bird, Melinda
Subject: RE: Let's not get person "Miss Can't Keep A Boyfriend". I am in a happy relationship, have a beautiful apartment, brand new car, high pay job...say no more!!

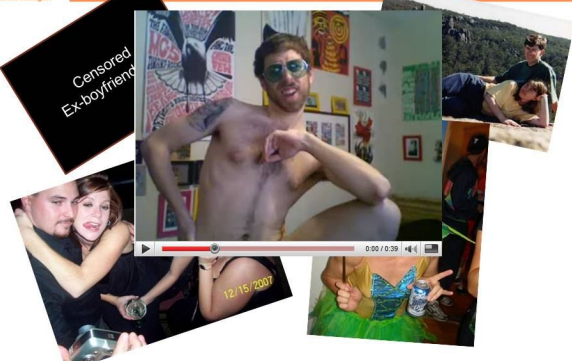


11

ai applied insight

Some "funny" examples

Censored Ex-boyfriend



12

ai applied insight

Some "less funny" examples

MOSSSSSSSYYYYYYYYYYYY!!!!!!
I'm gonna knock you out one of these days if you keep putting up stuiped photos when I'm drunk - ban you from tasking a fricken camera anywhere!!!!!!



13

Some "less funny" examples

The image shows two screenshots. The top one is a blog post from 'Applied Insights' dated April 19, 2008, with the title 'Dear diary: today I lost my job because they don't like my blog'. The author is David Rose. The text of the post reads: 'AN ENGLISH secretary who claims she was sacked for writing a blog about her day-to-day life in Paris is taking legal action against her former employer in a first case under French labour laws. The Miss London under the pseudonym "A Parisian Analyst" has...'. The bottom screenshot is from 'DatingPsychos.com', titled 'Latest Psychos'. It features a search bar and a list of psychos with columns for Pic, First Name, Last Name, Age, Sex, State, and Time Submitted. The site tagline is 'Exposing the psychos of world'.

14

Other examples

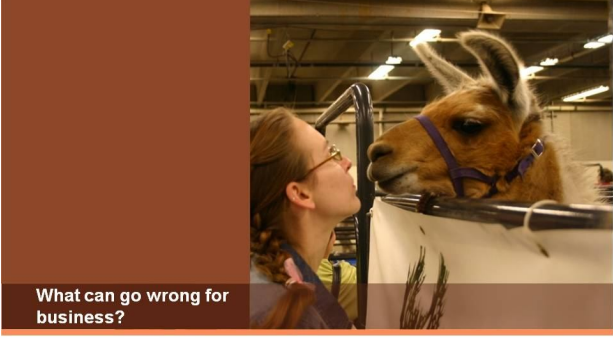
Exercise: Audience member examples?

The image contains three distinct visual examples. On the left is a cartoon avatar of a man with glasses and a purple background. In the middle is a photograph of a man in a dark shirt and shorts standing on a balcony with a railing, looking out over a landscape. On the right is a photograph of a man and a woman lying on their stomachs on a grassy hill, looking towards the camera.


Exercise: Reasons for participating in online social networking?

What can go wrong for businesses?

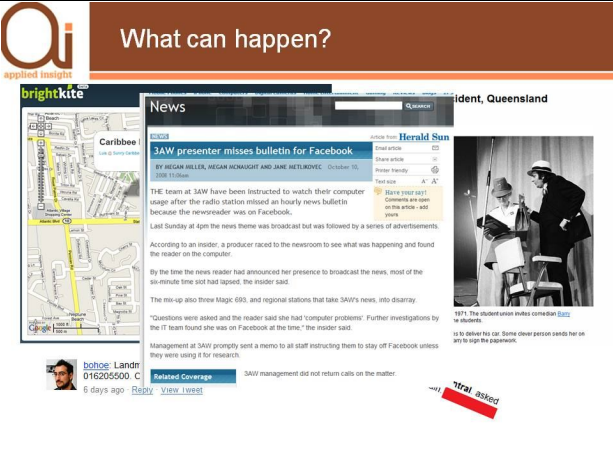
15



What can go wrong for business?



16



What can happen?

17



What can happen?

18

 **Business risks of social networking**

Productivity losses

- Addictive and time-consuming
- Over-use during work time is a genuine issue
- Can actually increase the productivity and effectiveness for some roles


Legal risks

- Generally employers can monitor their employees' web use and email, but notice is needed. Can result in legal liability
- Potential for legal liability due to customer actions

Reputation risk

- A risk to the business's reputation
- Many examples of gaffes & negative comments
- Difficult to remove these comments

19

 **Business risks of social networking**

Viruses and spyware

- Frequently a platform for malicious attacks using viruses and spyware


Privacy breaches and identity theft

- Can promote identity theft, even where 'private'
- Third party applications usually get access to data

Social engineering

- Use online information to commit targeted acts of fraud
- Could profess to be the assistant to a high-level staff member, and know enough 'internal' information to convince a staff member to provide cheques or goods
- Convincing identity cards/business cards used to gain access to the business or its customers
- Grandparent fraud

20

 **Business risks of social networking**

Inadvertent release of information

- Windows into the lives of users
- Unintentional release
- LinkedIn shows your network your recent connections
 - who are probably prospective clients
- Using an online wiki to collaborate with a client (or even to track tasks and manage projects) may result in the release of confidential client information

21

ai
applied insight

Other examples

Exercise: Audience member examples of potential business impact?



Exercise: What role do CPA's play here?

Protecting personal privacy

22



Protecting personal privacy

Ai
applied insight

23



Ai
applied insight

How to keep an online world sane

Simple things

- Common sense!
- Don't post in your real name – set up three email addresses:
 - Personal, **anonymous** email address that forwards to your main email (for blogging comments & mail lists) – but expect that this is not fail-safe
 - Personal (for *all* your personal email)
 - Work (for work email – no personal email!)
- Only post online what you'd be happy for Mum (or a potential recruiter/client) to see

24



How to keep an online world sane

Simple things

- Wall posts are wall posts on someone else's wall, and a tweet is forever
- Get permission before you post a photo of someone online
- Only 'friend' friends!
- Be coy about your age
- Never post photos of official identification documents... Just so you know
- Be responsible when writing messages on other people's sites.

25



How to keep an online world sane

For the more paranoid

- If you have a social networking website (e.g. MySpace, Facebook), use the privacy options – so many people don't
- Limit the sites you participate in – perhaps FaceBook for friends, LinkedIn for work colleagues?
- Do not accept a flung zombie, which Hero are you?, Blackjack or other application on Facebook
- Set up Google Alerts to monitor your name and email address

26



Privacy settings

Privacy settings

- | | |
|------------|------------|
| - Facebook | - LinkedIn |
| - MySpace | - Flickr |
| - YouTube | - Twitter |

Traps for young players

- Your network is still visible; until recently, employer search showed up even with privacy
- MySpace – owned by News corporation
- YouTube – lose control over 'derivative works'
- Flickr – creative commons licence
- Twitter – stability?

27

The screenshot shows the Google Alerts interface. At the top left is the 'Applied Insights' logo. The main header is 'Google Alerts' in a dark blue bar. Below the header, the user's email 'micheal.axelsen@gmail.com' and links for 'Settings', 'FAQ', and 'Sign out' are visible. The page title is 'Google Alerts (BETA)'. The main content area is titled 'Welcome to Google Alerts' and includes a brief description of the service and a list of handy uses: monitoring news, keeping up on competitors, and tracking favorite sports teams. A 'Create an alert with the form on the right' instruction is present. The form itself is titled 'Create a Google Alert' and contains fields for 'Search terms', 'Type' (set to 'Comprehensive'), 'How often' (set to 'once a day'), and 'Your email' (set to 'micheal.axelsen@gmail.com'). A 'Create Alert' button is at the bottom of the form. A footer bar at the bottom of the page contains the URL 'www.google.com/alerts'.

How should the business respond?

28



How should the business respond?



29



Dealing with it

Strawpoll: who knows whether their business searches for these discussions?

Good talk is good, right?

- The only good way to respond is to give good service and hope that people blog about it
- At least show an interest and respond to address a grievance, and be transparent about it

Professional monitoring services

- Reputation Hawk
- Reputation Defender
- Cymfony
- There are many others of course

30



Dealing with it

Simple (and cheap)

- Google Alerts/Yahoo Alerts/MonitorThis
- Customer representatives join online, private, forums and lurk there while watching for issues
- Set clear expectations as to what staff can do with your brand name on the internet

Etiquette

- Ensure that potential recruits know if you are researching them online
- Avoid a search engine optimisation solution to 'drown' a negative comment
- Never lie and pretend to be a customer – you will be found out eventually, and the price will be high!

31



Dealing with it

Responding to online comments

- Demonstrate an interest and respond online to address a grievance, and be transparent about it
- Don't post a hot and angry response
- Don't exercise legal muscle unless you really have to
- Respond with transparency and honesty, but take up discussions off-line at a senior level, after research!
- Engage with the author of the post is most effective
- Encourage discussions to flourish by providing and promoting the use of online forums.
- Invite genuine customers to respond in a forum

32

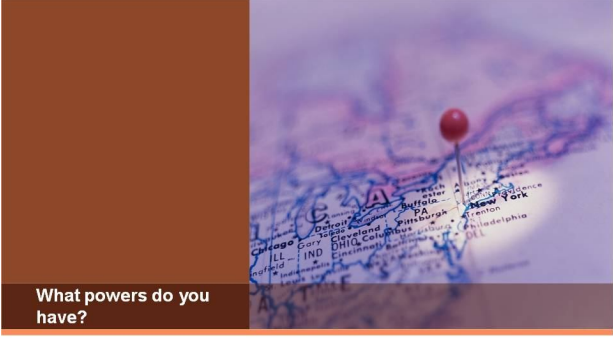


Know your digital footprint




What powers do you have?

33




What powers do you have?

Disclaimer: the following is not legal advice and merely attempts to present an overview of the law from the layman's perspective



34




Employees - what can you do?

Employer controls over private life

- Can the employer control what you do in your off hours?
- Professional/Staff employee vs a 'standard' employee
- three core duties of an employee to their employer that may affect your online social networking activities:
 - to work with care and diligence
 - to obey all lawful and reasonable orders
 - to act with good faith and fidelity
- An employee can be dismissed if these duties are breached by actions in their private lives

35



Employees - what can you do?

Due care and diligence

- Fairly clearly, in work hours we need to work for our employers.
- 'Cyber-slacking' in work hours
- Using social networking tools inappropriately in work hours and at home

Obey lawful and reasonable orders

- An act in your private life would need to demonstrate an intention to 'no longer be bound' by the contract
- Acts in private life may prevent you from carrying out your duties - higher standards for professional/staff employees (for example, a police officer or teacher)

36



Employees - what can you do?

Good faith and diligence

- Courts reluctant to intrude on private life
- Cannot act in conflict with your employer's interests (e.g. commence a competing business)
- Must not disclose private information
- Entitled to 'blow the whistle' in the public interest
- Acts in private can be governed by the employer if there is a relevant link to the employer (e.g. uniform) and depending on the employee's role (senior, client-facing would face a higher standard)
- Should not 'tarnish the employer's image'

37



Employees - what can you do?

Codes of conduct

- Set out expectations clearly
- Ensure consent is given for contractual terms – that the employee has accepted these terms
- Legally enforceable? This will depend – see speculation that a mining company employer could prevent its employee joining a group that is protesting the mining company's actions.
- Process for managing the issue once it is discovered?

38



Former employees - what can you do?

Former employees

- Very limited control - doctrine of restraint of trade
- May only legitimately use a post-employment restraint to protect trade secrets or established customer connections
- Can draw upon what you learn at a job, but not allowed to take physical (or electronic) documents
- Duty of Confidentiality exists even for former employees to keep 'secret' information confidential (of a high standard of confidentiality).
- Difficult to rely on this though

39



Former employees - what can you do?

- Can have express confidentiality provisions in the contract of employment
- Can prohibit the disclosure of information to competitors or third parties
- Much easier to identify and enforce with an express provision. Without it, it is difficult for a business to have recourse against former employees should information be disclosed on social networking websites.
- The actions available to a business are otherwise generally limited to the same actions available should a comment be made by a current customer (for example, defamation).

40



Third parties - what can you do?

Defamation

- Law was reformed in 2005
 - Corporations (other than non-for-profit organisations or small businesses) cannot sue for defamation
 - Defence of "truth" rather than "truth and public benefit"
 - One year to bring an action rather than six
 - abolishing the awarding of exemplary and punitive damages in civil defamation proceedings; and
 - Juries now determine whether a person has been defamed; Judges now award damages

41



Third parties - what can you do?

- See Gutnick v Dow Jones 2002
 - Gutnick contended that an article in the online Dow Jones newsletter defamed him
 - Only five physical copies ever sent to Australia
 - Location of defamation held to be Australia, even though it was published and uploaded in New Jersey
- No matter what happens, legal action is going to be commercially expensive and would likely be associated with reputation risk
