

Two wings good?

Five percent of FDs report a return on time invested in using social media for business. But many more are not convinced. **Melanie Stern** reports

Donald Rumsfeld once said there are known knowns, known unknowns and unknown unknowns. But that was one year before the birth of LinkedIn, three years before Facebook went live and five years before Twitter emerged. Now, the champions of social media networking would have you believe that by plugging in to these and other platforms, known knowns can be challenged – as the Wikileaks cables have shown – while known unknowns can become knowns. And anyone who does not want to know who singer Lily Allen hates this week might say the average Tweet is an unknown unknown that would have been better kept as such.

Celebrity gossip aside, businesses in every sector and all over the world, along with governments and even regulators, have flocked to social media networking sites in the last couple of years. As marketing budgets have shrunk, it has emerged as a free or cheap platform on which to promote known knowns – products, services, opinions and expertise – and understand known unknowns: what their rivals are

doing, what their clients want from them, what the next big thing is and what the market thinks of them.

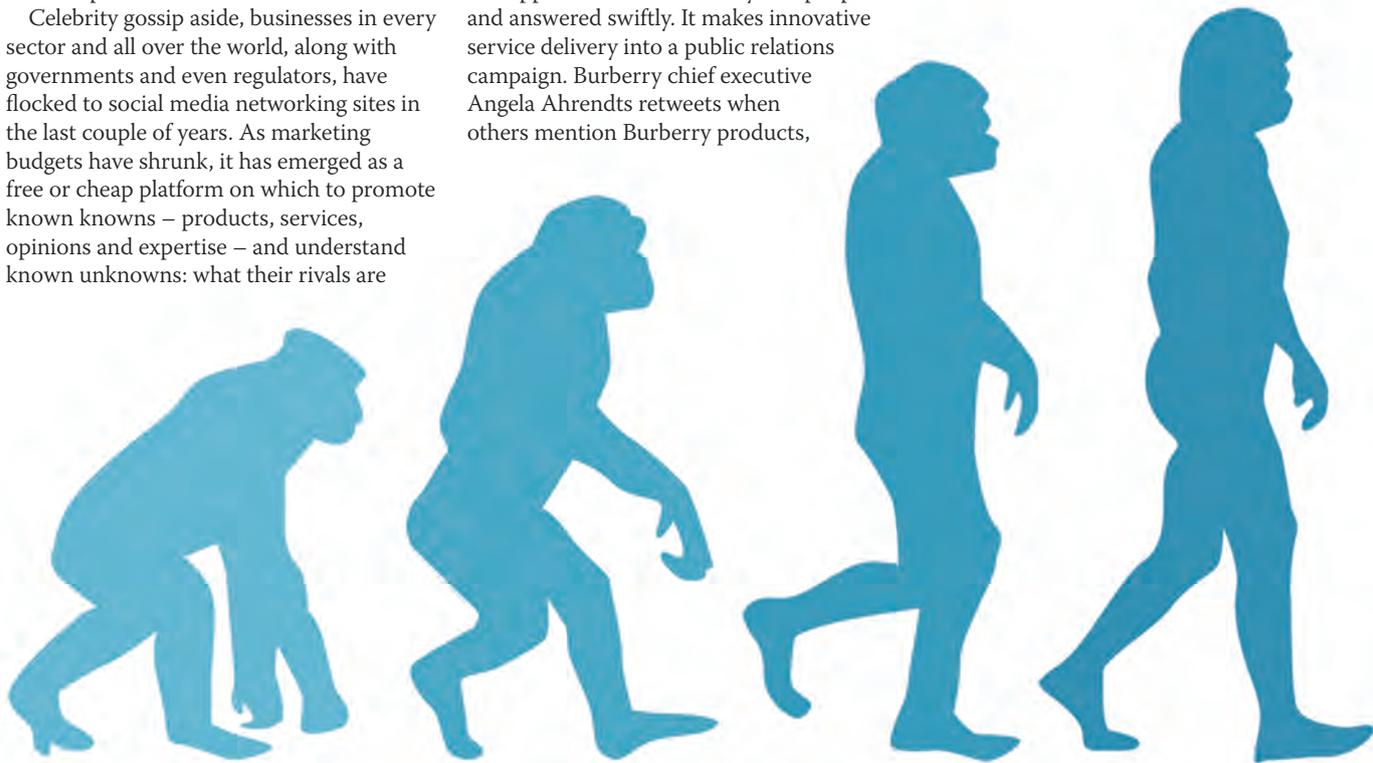
But a list of Twitter accounts run by FTSE-100 companies published by Lance Concannon, a social media consultant, demonstrates how rudimentary many of those efforts still are. The list is littered with that have been updated a few times and then abandoned. But of those that are actively maintained, the value seems clear. BT's @btcare Twitter is an extension of its customer services operation with 9,623 followers, who seem to use it when they are tired of being on hold with their call centres. Customers tweet them with complaints about billing and connectivity and appear to be answered by real people – and answered swiftly. It makes innovative service delivery into a public relations campaign. Burberry chief executive Angela Ahrendts retweets when others mention Burberry products,

throwing a bit of stardust in the direction of her followers by way of a mention while simultaneously demonstrating how vibrant and active the recently-revived brand is across the world.

Where's the value?

For finance directors, though, using social platforms does not mean they understand the value of social media.

A survey by *Financial Director*, taking the views from 256 FDs and CFOs in December 2010, found that it remains largely an unknown unknown with FDs on the topic falling into two distinct camps: the avoiders of social media who are deeply cynical about it, and those who say they



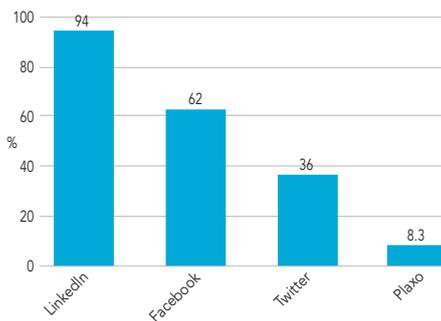
have had tangible return on investment (RoI) from it, but can't necessarily quantify that return. Of the latter group, five percent report a "significant" RoI on social media and 16.4 percent say they have seen positive RoI. Asking the question again but differently – to double check how much evidence there really is of a return – 12.5 percent said they had seen other tangible non-RoI evidence of social media having a clear business case.

But emotions run high when FDs who say they do not use any social media are asked why. About half of the FDs that took the survey use one or more social media networking platforms. Those that do not often see no reward for the time needed to update them and their immediate nature.

"Anyone who is constantly tweeting cannot actually be doing anything other than typing – so what have they to Twitter about?" asks one. Another thinks that "those who have time to use social networking sites don't have serious jobs that absorb all available time. There is no return for the time taken updating them."

Others see it trying to supercede face-to-face business and in the process is

Which social networking sites are you a member of?



attracting the wrong type of interest.

"Personal relationships are everything. Any electronic correspondence is a poor substitute for shaking someone's hand, looking them in the eye and talking to them," says one FD. "I don't think they add value; you get a lot of unsolicited contacts."

Some see online networking as lacking the confidentiality that drives business deals, particularly for finance.

"Finance is about confidence and confidentiality, which is not a great mix with a broadcast system like Twitter or an

intimate one like Facebook," one FD thinks. "Real networking is something else entirely." And in the case of Twitter and Facebook, their popularity among teenagers erodes their credibility as a business tool.

"My daughter has set up a Facebook account for our cat. It's not exactly serious," one CFO says. That is a fair point and one that means many businesses make blocking access to social media networking sites company policy, allowing only their communications teams to drive company accounts that are so dry in their delivery, they may as well not exist – because no one is listening.

"LinkedIn is great but Facebook and Twitter are not really much use," one FD reports. "Very large companies can use them for public relations, but finance is confidential; the company is having a fantastic quarter' is not really appropriate for sharing." In the eyes of many FDs, Twitter is just noise, blather or gossip.

LinkedIn rules

Contrast those comments with the statistics our survey conjures up. Of the half of respondents that use one or more social media networking platform, almost all are in possession of a LinkedIn profile and 63 percent have a Facebook page. Even more surprisingly against the comments we received about its value, 37 percent have a Twitter account. In terms of the time they spend on them, a sizeable 25 percent use these every single day while 33 percent access them twice a week. And these are not individuals that have been forced to start tweeting by their companies. Asked what the motivation for setting up these accounts is, most FDs told us it was purely a personal decision: just five percent were compelled to do so by someone senior to them at work.

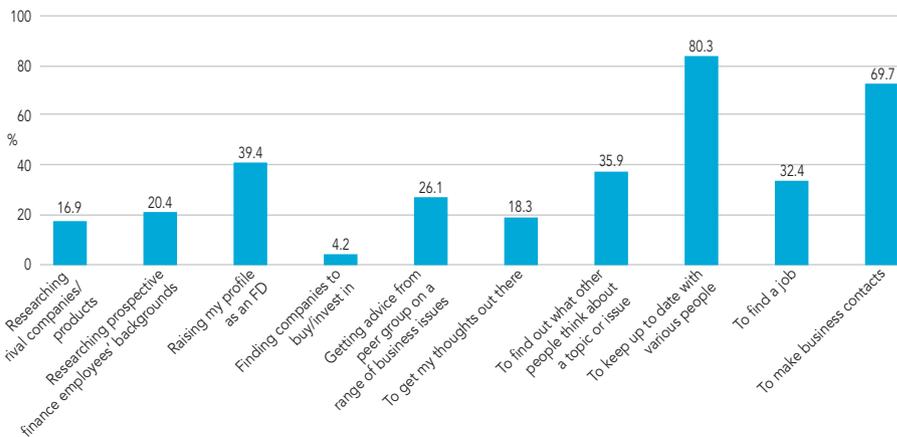
Those using these platforms in the finance world have found that it is helpful in terms of their career, building profile and connections, as well as for locating and checking the backgrounds of prospective team members. Users of *Financial Director's* LinkedIn group start and drive vibrant discussions on a range of issues affecting them, seeking peer advice and experience to make ever more informed decisions.

Businesses that maintain a block on employees accessing social media may be making a mistake. Of the three most →

FDs fall into two distinct camps: the avoiders of social media and those that say they have tangible RoI



What are your main business reasons for using social networking sites?

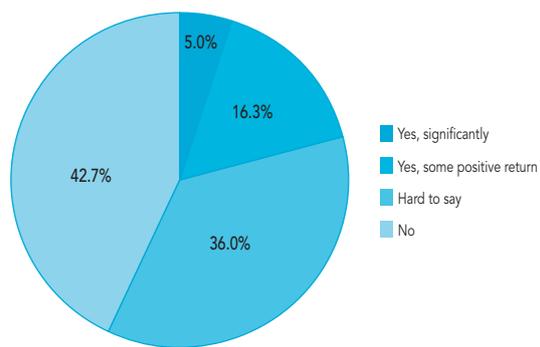


recent uses of social media we asked them to share, 17 percent of FDs said they were researching rival companies' products and services, and 20.4 percent said they were checking out the background and contacts of prospective senior finance employees. That is of immense value to any business. The third use was responding to requests to connect with headhunters or other FDs they view as helpful contacts, either to expand their network generally or because those individuals may prove able to help them into their next role. Indeed, 20 percent had received what they saw as a genuine and credible job offer through relationships forged on social media networks, while one FD had found his current role through a LinkedIn contact.

"LinkedIn is routinely used in my organisation for recruiting. I was recruited through my LinkedIn profile – I could not provide a better endorsement of its power," he tells us.

Among those comfortable with it, social media networks are providing another way

Have you seen a return on investment from social networking sites?



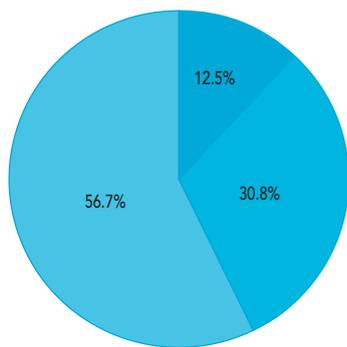
to expand an FDs' influence and contacts, either by linking up with people they have met in person or with a mutual connection, as a platform to meeting them in person. Nearly 40 percent of those using social media networks use them to raise their profile as an FD and a further 26 percent use them to get advice from their peers – in the same way a traditional meeting would, but in some cases with people it may have been tough to get an audience with or with those they simply may not cross paths with otherwise.

Old boys' club

But the problems with social media persist. Some worry that the mode of connecting it provides is a retrograde move, not progress.

"Using a social networking site for recruitment would be divisive and potentially discriminatory. It smacks of a different type of 'old boys' club,'" says one finance director. Another calls networking on social media sites "the lowest form of personal *braggadocio*."

Have you seen clear evidence of the business case for social media?



And what if someone takes umbrage – or worse, calls their lawyers – over your perfectly innocent tweet? *The Independent* reported last November that trainee accountant Paul Chambers was convicted of sending a menacing electronic communication having tweeted, in jest, that he would blow up Doncaster's Robin Hood airport if it did not re-open after heavy snow. He later said he had lost his job as a result.

In the US, Computerworld.com reported last July that an IT staffing company had sued a former employee for violating the terms of their non-compete agreement by connecting on LinkedIn with a number of the company's staff. It said that she had done so on behalf of her new employer. "If Ms Hammernik could be sued for striking up a conversation at a bar with an employee from her former employer, then she can be sued for striking up a conversation with that same employee on LinkedIn," a reader commented.

Essentially LinkedIn

As for demonstrating the value in social media, LinkedIn comes out the clear winner. Otherwise, the pictured is mixed. Nearly seven percent of FDs responding to our survey said that they view social media as essential to business, 43.5 percent said it was useful sometimes and 28.5 percent said it was not that useful. Twenty eight percent said it was useless to FDs.

One FD reports that his last three uses of social media platforms were to make contact with a former colleague who works for a company his business is targeting for sales – using the contact to get an audience with that target company – to get back in touch with a former client and invite them to lunch – as a way to get them back in his active network – and to search the contacts of his connections for any potential target clients and shortcuts to introductions with them.

That is nothing you would not hope to do offline; it is just that these platforms make it possible and fairly discreet if done well. But that requires a time investment and a willingness to go on the learning curve – and without the hard numbers to report the usefulness of social media, many more FDs than not may find that the concept remains in that unknown unknown category. ■