



Director Notes



What Do Corporate Directors and Senior Managers Know about Social Media?

by David F. Larcker, Sarah M. Larcker and Brian Tayan

In the spring of 2012, The Conference Board and the Rock Center for Corporate Governance at Stanford University conducted a survey of executives and board members to gain insight into how senior-level decision makers in North American companies view social media, and the extent to which they incorporate it into their corporate strategy and risk management practices.

The survey intends to assess the sophistication of boards of directors and senior management regarding the business uses of social media. Unlike most surveys on social media, which rely on a demographic of mostly young practitioners, the survey sample includes only representatives from the highest level of the organization: CEOs, senior executives, and members of the board of directors. The respondents' average age is in the mid-50s, and they are employed in a broad set of industries, including manufacturing, banking, utilities, retail, and services.

The findings provide evidence of a general awareness and understanding of the potential of social media as a sales and marketing platform. Consistent with the results of other studies, survey results show that directors and executives appreciate the opportunity that social media offers to

reach new customers and interact with them in a personal and direct way.¹ They also understand the potential risk that social media poses in terms of product branding and corporate reputation. There is little evidence, however, that companies are acting on this knowledge to make operational decisions. Companies appear to be relatively unsophisticated when it comes to formally gathering data from social media and incorporating them into corporate strategy, operational plans, and risk management. Directors and executives do not request this information nor rely on it for decision making. However, those who do rely on this information find it useful in pursuing corporate objectives. The findings suggest considerable opportunity for companies that develop a reliable infrastructure for capturing data from social media and distilling them into an actionable, usable form for corporate decision makers.



The Unrealized Promise of Social Media

Social media is a networked platform for sharing information and interacting with others. It is different from traditional media in that there are no (or low) barriers to content creation and sharing among participants. For the most part, interested users self-select into a social network. In some cases, the user's identity and his/her relation to others in the network are verified; in other cases, no verification is required. For the most part, after a participant enters into a social network, there is little or no oversight of the content that he/she creates, publishes, or shares. As such, social media empowers the average participant well beyond what is possible in a traditional media setting.

The British Petroleum (BP) oil spill of 2010 illustrates several of these features. Prior to the existence of online social media, the dissemination of information and opinion on the spill's impact would have been constrained to traditional media outlets. The advent of social media, however, greatly amplified the attention paid to the event and therefore increased its importance, both for the company and the country. Individuals who previously had no platform for sharing their viewpoints were able to disseminate videos, articles, and opinions throughout their networks. As a result, whatever "control" BP might have had (or hoped to have) over the headlines was greatly diminished, making the challenge of repairing the company's reputation more onerous.

Extensive research suggests that social media has fundamentally changed the relationship between consumers and companies. According to an Edelman survey, 2012 marks the first year that "listening to customers" is considered equally important as providing "high quality products or services" to building trust in a corporation.² According to BRANDFog, consumers expect to be able to engage with companies and their brands through social media. Similarly, employees prefer to work for a company that is active in social media.³ Nevertheless, most companies have been slow to adopt social media or do not know the optimal way to build a presence.⁴ From a commercial perspective, social media offers both considerable opportunity and considerable risk.

Opportunities⁵

- The ability for companies to engage closely with corporate stakeholders (customers, suppliers, employees, shareholders, etc.).
- The ability for stakeholders to collaborate among themselves.

- The ability for companies to gather market information on stakeholders, competitors, and industry dynamics from an unfiltered environment.
- The rapid dissemination of information on company and its products.
- A low-cost source of information for companies to collect on its stakeholders and the market.

Risks

- Possible loss of control of product branding.
- Possible loss of control of corporate reputation.⁶
- Possible loss of control of proprietary information.
- Potential for misinformation in the market. Information shared among social media users is not verified.
- Potential for misinformation for corporate decision makers. Users of social media represent only a subsample of stakeholders, and their actions and opinions might not be reflective of stakeholders in general or even core stakeholders.

Companies that fail to incorporate social media into their business operations miss out on its potential opportunities and also expose themselves to many fundamental risks. First, they ignore a source of public information from which to gain insight into how their stakeholders (customers, employees, suppliers, shareholders, etc.) view the company and its products, services, and activities. This information—if properly harvested, filtered, and organized—can be used by decision makers throughout the organization to improve the corporate strategy, refine operations, or mitigate organizational risk. Second, companies that do not understand social media risk being caught off-guard when a crisis erupts (as was BP) and responding ineffectively to contain the reputational fallout. Finally, inadequate control of proprietary information can have a devastating effect on the company. A sound social media strategy and robust guidelines and policies can mitigate disclosure risk.

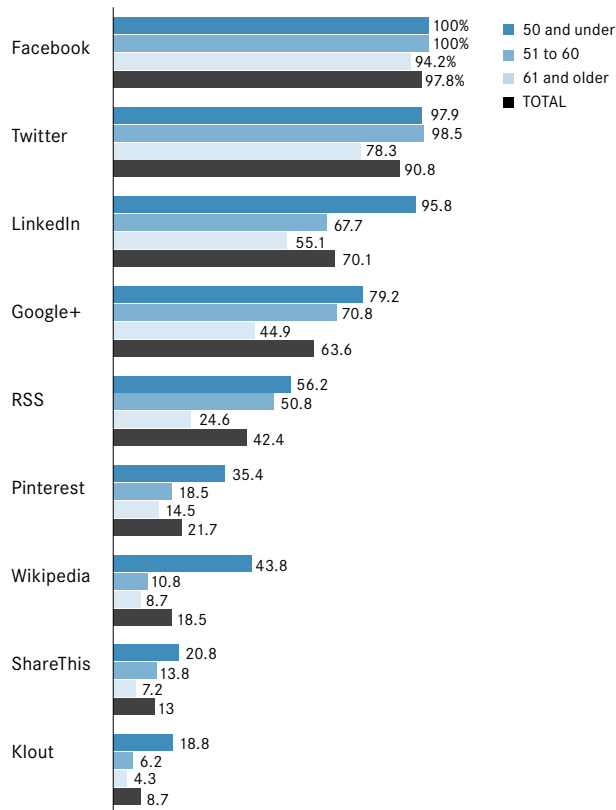
The survey results show that senior executives and directors are broadly aware of social media and its potential. However, the results also offer evidence that senior executives and directors are not capitalizing on its potential, nor are they collecting information from social media that might be used to improve the corporate strategy or mitigate risks.

Use of Social Media among Directors and Senior Executives

Survey results show that directors and senior executives have high awareness of major social media platforms. Facebook and Twitter are the most recognized social media services—each with recognition rates above 90 percent. LinkedIn and Google+ also register high recognition rates: 70.1 percent and 63.6 percent, respectively.⁷

Recognition of social media platforms decreases with age. While the decrease is substantial in some cases, for Facebook, Twitter, and LinkedIn, recognition remained above 50 percent for all age groups.

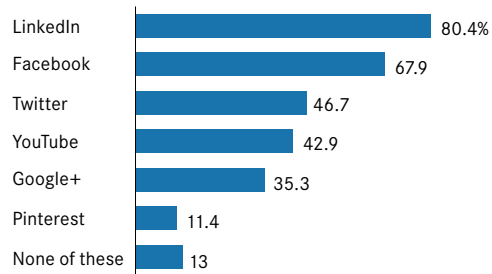
Which of the following logos, representing websites or services, do you recognize? Check off those that you can name.



Source: The Conference Board/Stanford University, 2012.

Consistent with high recognition rates, a large majority of directors and senior-level executives have accounts with one or more social media websites. 80.4 percent have an account with LinkedIn and 67.9 percent have an account with Facebook. However, a full 13 percent do not have an account with any social media website or service.

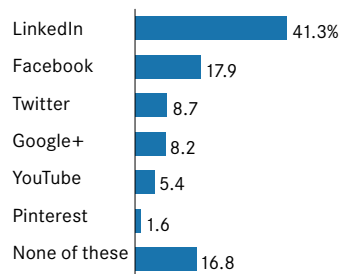
With which of the following websites or services do you have an account?



Source: The Conference Board/Stanford University, 2012.

LinkedIn is by far the most frequently used social media website among the sample group. A minority of respondents (17.9 percent) named Facebook as their most frequently used website.

Which of the following websites or services do you use most frequently?



Source: The Conference Board/Stanford University, 2012.

Approximately two-thirds of executives and directors use social media for personal purposes.

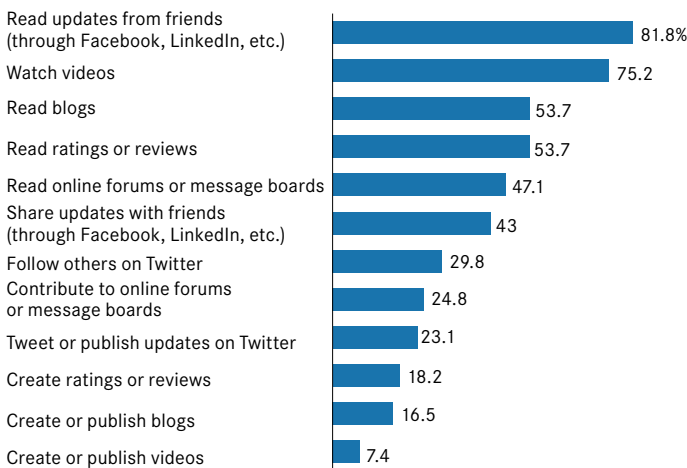
Do you use social media for personal (non-business) purposes?



Source: The Conference Board/Stanford University, 2012.

Those who use social media for personal purposes tend to engage in fairly passive activities, such as reading updates from friends (81.8 percent), watching videos (75.2 percent), reading blogs (53.7 percent), or reading ratings and reviews (53.7 percent).

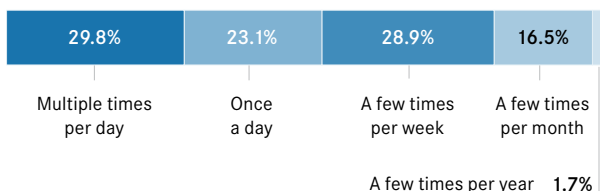
If yes, which social media activities do you engage in for personal (non-business) purposes? (check all that apply)



Source: The Conference Board/Stanford University, 2012.

More than half (52.9 percent) of all responding executives and directors who reported using social media said they do so daily.

How often do you use social media for personal (non-business) purposes? (select one)



Source: The Conference Board/Stanford University, 2012.

Nearly two-thirds (62.5 percent) of executives and directors also use social media for business purposes.

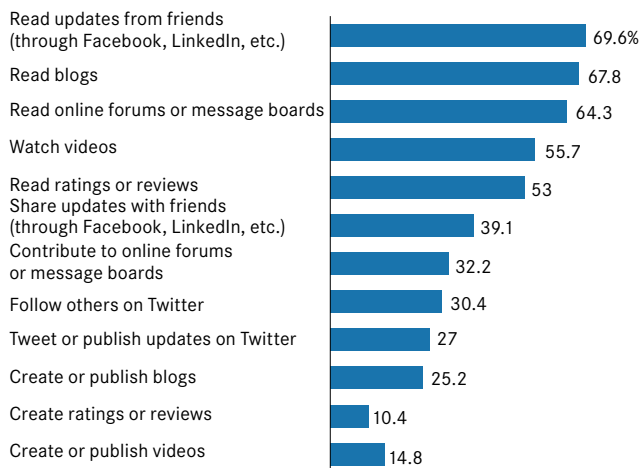
Do you use social media for professional (business) purposes?



Source: The Conference Board/Stanford University, 2012.

Those respondents who use social media for business purposes also tend to read updates from friends (69.6 percent), read blogs (67.8 percent), read online forums or message boards (64.3 percent), and watch videos (55.7 percent) that relate to their business.

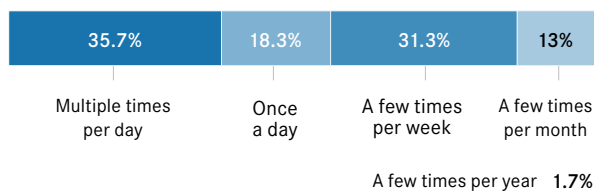
Which social media activities do you engage in for business purposes? (check all that apply)



Source: The Conference Board/Stanford University, 2012.

More than half (53.9 percent) of all responding executives and directors who use social media for professional purposes said they do so daily.

How often do you use social media for professional (business) purposes? (select one)



Source: The Conference Board/Stanford University, 2012.

To further understand how directors and executives use social media, respondents are categorized based on the types of social media activities in which they engage. “Inactive” users are defined as those who do not engage in social media activities at all. “Active” users are those who do engage in social media. Active users can be further divided into two groups: Spectators and Creators. “Spectators” are defined as users who consume social media content but do not create it. Spectators include respondents who read updates from friends, read blogs, read forums or message boards, watch videos, or follow others on Twitter. “Creators” are defined as those who actively create social media content. Creators include respondents who share updates with friends, create blogs, contribute to online forums or message boards, create videos, or publish updates on Twitter.

Executives and directors who are Active for personal purposes also tend to be Active for business purposes. This suggests that users who engage in social media for personal reasons also understand its business potential. It may also suggest a blurring of the line between personal and professional activities on the internet, or it might simply suggest that respondents consider the use of LinkedIn (the most frequently used website for business purposes) to be a business activity, while the use of websites such as Facebook is considered a personal (and purely social) activity.⁸ In addition, the results reveal a minority of respondents who are Active users of social media for business purposes, but Inactive users personally.

Table 1: **Correlation table: Are executives and directors who are “active” users personally also “active” users professionally?**

	Inactive business users	Active business users
Inactive personal users	59.4%	40.6%
Active personal users	25.8%	74.2%

Source: The Conference Board/Stanford University, 2012.

The same pattern holds true for the two types of Active users: Spectators and Creators. Executives and directors who are Spectators of social media for personal purposes also tend to be Spectators for business purposes. Similarly, those who are Creators for personal purposes tend to be Creators for business purposes. However, this is not universally the case.

Table 2: **Correlation table: Are executives and directors who are “spectators” personally also “spectators” professionally?**

	Not a spectator in business	Spectator in business
Not a spectator for personal use	60.0%	40.0%
Spectator for personal use	25.2%	74.8%

Source: The Conference Board/Stanford University, 2012.

Table 3: **Correlation table: Are executives and directors who are “creators” personally also “creators” professionally?**

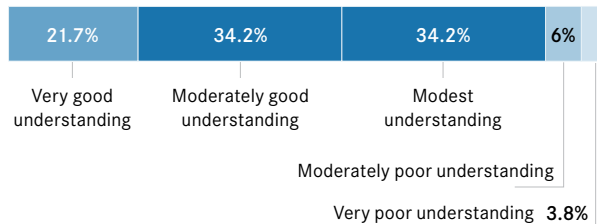
	Not a creator in business	Creator in business
Not a creator for personal use	80.4%	19.6%
Creator for personal use	30.6%	69.4%

Source: The Conference Board/Stanford University, 2012.

Understanding of Social Media

Slightly more than half (56%) of executives and directors claim to have a good understanding of the impact that social media can have on their business.

How well do you understand the impact that social media can have on your company? (check one)



Does not add to 100 percent due to rounding.

Source: The Conference Board/Stanford University, 2012.

When asked to elaborate on their answers, directors and executives who responded emphasized the potential impact that social media can have on marketing, branding, reputation management, and customer outreach. To a lesser extent, they identified an opportunity to improve collaboration and communication among employees, suppliers, shareholders, and other stakeholders. Directors and executives also understand the potential risks that social media can have, particularly the potential loss of control over company reputation and information. In general, directors and executives in the sample demonstrated a greater understanding of the internal risks and challenges of social media (the opportunities that are within the company’s own control) than of the external risks and challenges (that the external environment has changed in a way that will impact the company, whether the company accepts this fact or not).

Potential Opportunities and Risks of Social Media, Selected Responses

Marketing and Branding

“Positive association with our brand. [...] It helps us connect with customers who see us as a ‘genuine’ human presence in a world cluttered with not-so-personal competitors.”

“Increase brand awareness, reputation building, and extending partnerships.”

“Improve brand awareness, targeted marketing, reputation building, and viral marketing.”

Customer Outreach

“We can have actual two-way conversations with customers.”

“Can be used as engagement tool to generate responses and to listen to our networks, as well as traffic to our website for deeper content sharing.”

Collaboration and Information Sharing

“Quick dissemination of information, with capability for feedback and comment.”

“Aids communication and collaboration among customers, suppliers, and employees.”

“Creating a shared knowledge base that is transparent; linking relevant individuals who may not otherwise know each other.”

“It can be a valuable communication vehicle with employees, vendors, customers, and investors.”

“Creates work efficiencies, streamlines communication, facilitates decision making, and opens channels of discussion.”

Organizational Risk

“Company reputation can be enhanced or destroyed in minutes.”

“Concerns over quality or customer satisfaction [are] widely displayed and given prominence beyond the company’s control.”

“It can impact customer perception of the company and directly impact the reputation of the company.”

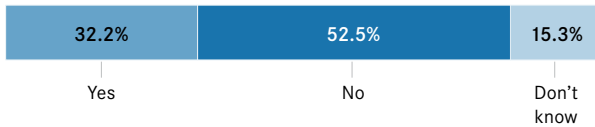
“It can become a legal liability if nonpublic information is inadvertently disclosed via social media, causing potential SEC violation.”

“It exposes proprietary information more readily to the outside.”

Source: The Conference Board/Stanford University, 2012.

A majority of respondents reported that their companies have not hired a consultant or expert to present on the subject of social media.

Has your company ever hired a consultant or expert to present on the subject of social media?



Source: The Conference Board/Stanford University, 2012.

Respondents who said their companies have hired consultants or experts said that they did so for a variety of purposes, ranging from exploratory and general information-gathering to specific task execution.

Hiring Consultants or Social Media Experts, Selected Reasons

Exploratory

- “To broaden our knowledge and gain a better insight into potential benefits of social media.”
- “Provide an update to management about trends, risks...of using social media both in/among management and by employees generally.”
- “To get ‘started’ with a social media presence.”
- “To explain the benefits of social media and affinity marketing and to design a program.”

Task Execution

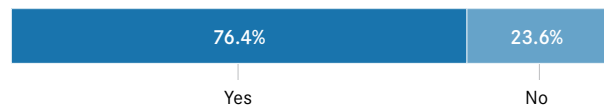
- “To develop social media rules. And to develop an internal social media employee communication website.”
- “To help us structure our Knowledge Center to be most effective, as it captures blogs and all other sources of information from the net.”
- “To show us the way to use LinkedIn for pushing information out to clients and potential clients on our capabilities.”

Source: The Conference Board/Stanford University, 2012.

Use of Social Media and Information Derived from Social Media

Approximately three-quarters (76.4 percent) of respondents’ companies use social media to support business activities.

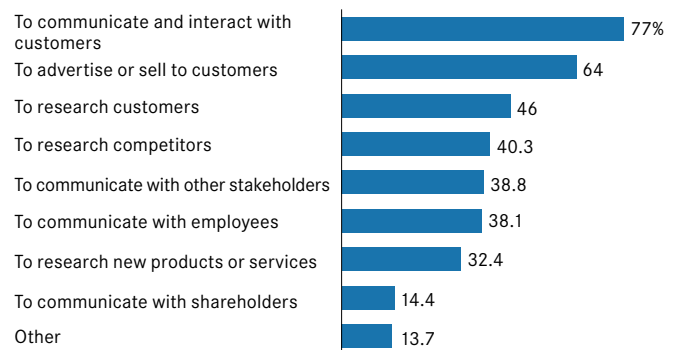
Does your company use social media to support or promote its business activities?



Source: The Conference Board/Stanford University, 2012.

These companies tend to do so to support sales and customer outreach initiatives. They are less likely to use social media for other business purposes, such as research and communication with stakeholders other than customers.

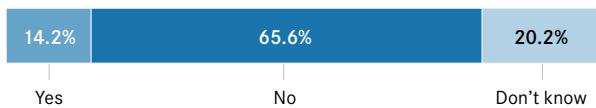
How does your company use social media? (check all that apply)



Source: The Conference Board/Stanford University, 2012.

Companies are unlikely to use data collected through social media as part of the key performance indicators (KPIs) that measure business success. Only 14.2 percent of respondents say that their company gathers information for this purpose. Almost two-thirds (65.6 percent) do not collect this information, suggesting that potentially important information regarding corporate performance is not being collected and, therefore, does not receive the attention of senior decision makers. One-fifth of respondents (20.2 percent) said they do not know if this information is gathered—a surprisingly large percentage for the directors and senior executives who are expected to monitor business performance.

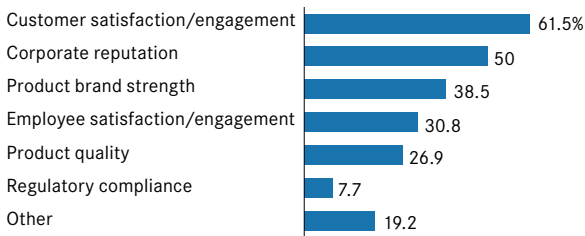
Does your company use information gathered from social media as part of the key performance measures that track the success of its business activities?



Source: The Conference Board/Stanford University, 2012.

Companies that do incorporate information from social media as part of their KPIs most frequently use customer-related metrics, such as customer satisfaction. This is consistent with earlier survey responses that suggested an emphasis on the sales and marketing potential for social media.

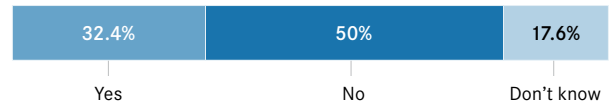
If yes, which ones?



Source: The Conference Board/Stanford University, 2012.

Companies are also unlikely to use data collected through social media as part of their risk management program. Only 32.4 percent of respondent reported gathering information for this purpose. As such, companies are likely to be unprepared to respond to reputation crises and other negative outcomes that can arise and spread through social media.

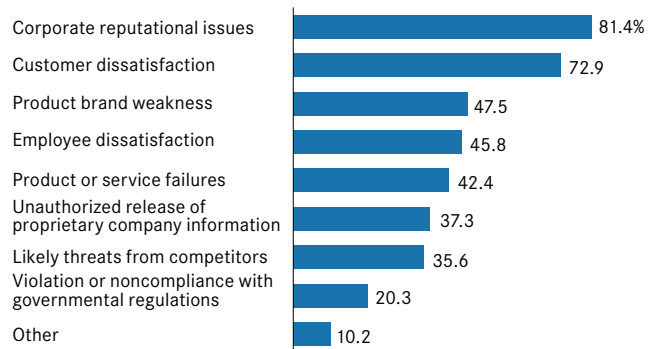
Does your company use social media to monitor potential risks to its business activities?



Source: The Conference Board/Stanford University, 2012.

Companies that gather information from social media to monitor potential risks tend to monitor risks related to corporate reputation and customer satisfaction. Less attention is paid to other organizational risks, such as unauthorized release of proprietary information, threats from competitors, or violation of governmental regulations.

If yes, which potential risks are monitored? (check all that apply)

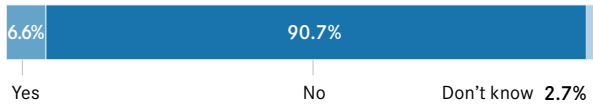


Source: The Conference Board/Stanford University, 2012.

Use of Social Media at the Board Level

The board of directors tends not to be involved with social media. The vast majority of respondents (90.7 percent) said their companies have not assigned oversight of social media monitoring to a board committee.

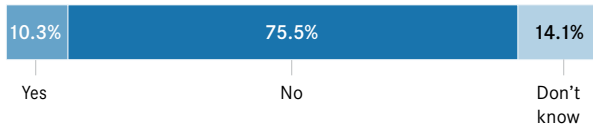
Do you have a committee on your board of directors that has oversight for social media monitoring efforts?



Source: The Conference Board/Stanford University, 2012.

Most respondents said their board of directors has never used social media to make a public announcement or engage with constituents.

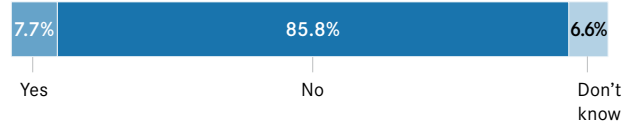
Has a member of the board of directors of your company used social media to make a public announcement or to engage with stakeholders?



Does not add to 100 percent due to rounding.
Source: The Conference Board/Stanford University, 2012.

Most respondents said their board of directors (85.8 percent) does not receive summary information derived from social media sources.

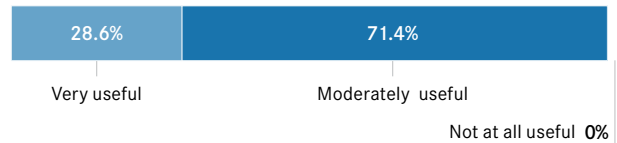
Does the board of directors receive reports containing summary information and metrics from social media? (check one)



Does not add to 100 percent due to rounding.
Source: The Conference Board/Stanford University, 2012.

Those that do receive summary information find it to be useful...

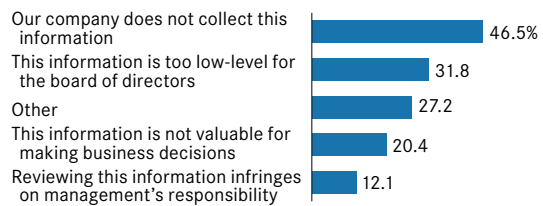
If yes, how useful is this information? (check one)



Source: The Conference Board/Stanford University, 2012.

...while those that do not receive summary information lack a consistent reason for failing to do so. The most frequently cited reason (46.5 percent) was that their company does not collect this information. A sizeable minority (31.8 percent) believes that information from social media is too low-level for the board, while 20.4 percent believes that this information is not valuable for making business decisions.

If no, why does the board of directors not receive reports containing summary information and metrics from social media? (check all that apply)



Source: The Conference Board/Stanford University, 2012.

When asked to elaborate, directors and executives responding to the survey explained that their company does not know how to capture this information or translate it into a useable form for decision makers. Others believe that the information is not important enough for decision makers.

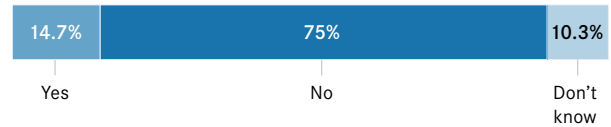
Social Media Information Is Not Presented to the Board, Selected Reasons

- “Our board is not up to speed on the value of this info. They barely do email well.”
- “I think we’re still figuring out what would be the value to them regarding this information.”
- “Information-gathering is still in its infancy.”
- “I expect management to monitor and escalate issues raised through this process.”
- “Content [is] not important enough.”
- “The information is presented where strategic decisions are being made, where social media information gathered is considered relevant. [The board members] monitor other reporting on customer-impacting issues.”

Source: The Conference Board/Stanford University, 2012.

A sizable majority (75 percent) of survey respondents said that their companies do not have social media guidelines for their board of directors. This is surprising, given the considerable number of companies that are concerned with information leaks and the potential for reputation crisis through social media.

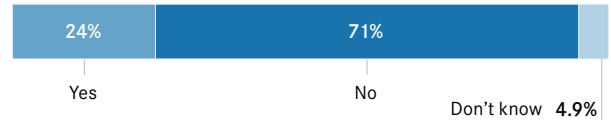
Does your company have formal social media participation guidelines or policies for board members?



Source: The Conference Board/Stanford University, 2012.

The survey results show that most boards do not use restricted social networks (board portals) for interactions with other board members.

Does the board of directors of your company use a restricted social network for interaction or remote meetings?



Does not add to 100 percent due to rounding.

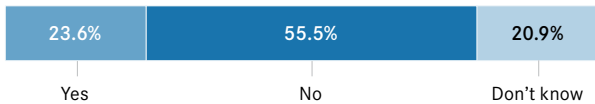
Source: The Conference Board/Stanford University, 2012.

Use of Social Media at the Senior Management Level

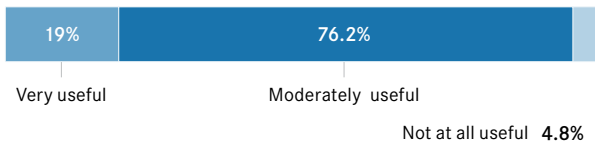
Senior management also tends not to receive information gathered from social media sources. Less than one-quarter (23.6 percent) of respondents claim that their company's senior management receives reports containing summary metrics from social media.

Those that receive summary information find it to be useful...
 ...And for those that do not receive this information, it is most commonly because their companies do not collect it.

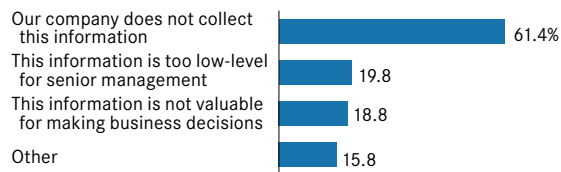
Does senior management receive reports containing summary information and metrics from social media?



If yes, how useful is this information?



If no, why does senior management not receive reports containing summary information and metrics from social media? (check all that apply)



Source: The Conference Board/Stanford University, 2012.

Directors and executives in the respondent group said their companies are only somewhat likely to have social media guidelines for employees or senior management. Only 48.1 percent of those surveyed said their company has formal guidelines for general employees, while 43.2 percent have guidelines for executives.

Does your company have formal social media participation guidelines or policies for employees?



Source: The Conference Board/Stanford University, 2012.

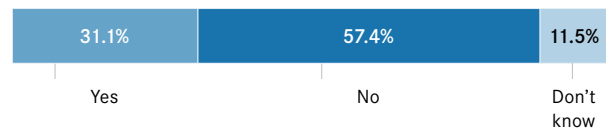
Does your company have formal social media participation guidelines or policies for senior management?



Source: The Conference Board/Stanford University, 2012.

Respondents also reported that their companies tend not to use restricted social networks for interactions among senior management.

Does the senior management of your company use a restricted social network for interaction or remote meetings?



Source: The Conference Board/Stanford University, 2012.

Effective Use of Social Media

The following companies were frequently cited by survey respondents as being very effective in their use of social media:

- | | |
|-----------------------|--------------------------|
| Burberry Group plc | FedEx Corporation |
| Cisco Systems, Inc. | Ford Motor Company |
| Citibank N.A. | IBM |
| The Clorox Company | Intel Corporation |
| The Coca-Cola Company | Nike, Inc. |
| Comcast Corporation | Southwest Airlines |
| Dell Inc. | Starbucks Coffee Company |
| Dominos Pizza, Inc. | Target Brands, Inc. |

Source: The Conference Board/Stanford University, 2012.

The Opportunities and Challenges of Social Media

Is a company doomed if it does not use social media?

On one hand, companies would be naïve to ignore the potential benefits—and pitfalls—that social media offers.⁹ For example, Comcast, a company that has suffered from a reputation for poor customer service, has positively used social media to create a customer service center where company representatives reach out and directly respond to comments and criticisms distributed through social media platforms, including Facebook and Twitter. Other companies, such as Stryker Corporation, a medical technology company, and pharmaceutical Eli Lilly, have ignored social media and, in doing so, failed to capitalize on an opportunity to address organizational risks before they escalated. A month before Stryker CEO Stephen MacMillan was asked to resign because of a personal relationship with an employee, rumors of the relationship were posted in an online forum.¹⁰ Similarly, anonymous Eli Lilly sales representatives in online forums discussed the practice of selling Zyprexa (an antipsychotic medicine) off-label for the treatment of dementia months before the news broke in mainstream media. Had these companies been monitoring the content of social media websites, they would have been aware of these governance issues far sooner and been able to mitigate their impact.

On the other hand, directors and executives are right to be wary of social media information. As many survey respondents pointed out, companies face considerable difficulty distilling the information gleaned from social media into a useable format. Furthermore, the conversation on social media sites is often dominated by unsubstantiated rumor. Companies that rely too heavily on this information risk potential selection bias, in that the users who dominate the discussion might not necessarily be representative of core constituents. Relying on information such users provide can lead to poor decision making by senior executives.

Finally, the business case for gathering and evaluating social media information is not always easy to justify on a net-present-value basis. Just like other investment projects relating to marketing and information technology, the board cannot always be sure that the benefits of the endeavor will justify the cost. Most corporate accounting systems are not set up to allow for a ready computation of the value creation (if any) generated by a new social media program.

Recommendations for Action

The survey results suggest that senior executives and directors are aware of many of the challenges and opportunities of social media. Executives and directors use social media for both personal and professional purposes. They are aware of the impact that it can have from a branding and reputational perspective. To a lesser extent, they are aware of the impact it can have on communication, collaboration, and worker efficiency. Still, organizational leaders are not acting on this knowledge to implement a social media strategy that ties in with the corporate strategy and their risk management practices. While respondents offer a variety of explanations for this inaction, the most common appears to be that they do not know where to begin or how to set up a system for collecting and distilling information from social media into a useable form.

To this end, we recommend the following steps:

Assess your current capabilities Determine which social media activities are currently taking place in the organization and by whom. Find out who is responsible for monitoring social media, how the company is currently engaging in social media, and what information (if any) the organization is capturing.

Determine how social media fits with your strategy and business model The successful adoption of social media will depend on the company's specific strategy and business model. A standardized solution will not work as well as one tailored to your company's specific needs. Evaluate all aspects of the company strategy and business model and determine whether and how social media affects each area. Do key customers, suppliers, employees, shareholders, regulators, and activists actually engage in social media for business purposes? What information do they share? How might the information derived from stakeholder use of social media be useful for decision makers? What risks might these "conversations" introduce to your organization?¹¹

Map your company's KPIs and risk factors to information available through social media Examine the metrics that the board of directors and senior management use to monitor corporate performance and risk factors facing the organization (where applicable, compare these factors to those disclosed in your 10-K and the types of questions asked by analysts during your conference calls). These include both quantitative and qualitative factors, such as customer satisfaction, product/service quality, employee

safety, employee satisfaction, reliability of suppliers, and regulatory compliance. What data points and information can the company gather from social media websites to supplement these metrics?

Implement a “listening” system to capture social media data and transform it into metrics There are several off-the-shelf software services that scan blogs, tweets, and other social media sites and summarize online conversations and convert them to quantitative and qualitative metrics. Examples include Sysomos, Converseon, ListenLogic, Scout Labs, NM Incite, Cymfony, Synthesio, Radian6, and Visible Technologies. While the quality of these service offerings varies, many can be customized to capture data that is incorporated into the company’s KPIs or risk management systems.

Develop formal policies and guidelines for employees, executives, and directors Ensure that appropriate and inappropriate uses of social media are clearly articulated and shared with employees of all levels. Doing so can help minimize (but not prevent) the erroneous release of damaging information in a social media environment, where it can quickly become “viral.”

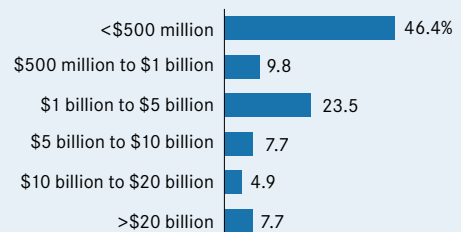
Consider the legal and behavioral ramifications The board of directors is under no legal or regulatory obligation to act on data other than those provided by management. Therefore, the board should consult with the general counsel before requesting summary data from social media services. The following questions should be considered: Is the board encroaching too closely on the responsibilities of management by requesting this information? Will the board be expected to “verify” that this information is accurate? How will the board distinguish between rumor and legitimate “red flags”? Will the board be exposed to legal liability if it fails to respond to negative information contained in social media reports?

As with many technological innovations, corporate directors and senior managers will have to decide whether social media is “the next big thing” in customer and stakeholder outreach or simply a “flash in the pan.” The answer to this question will determine what resources and efforts their companies should dedicate to developing a presence and incorporating information from social media into their corporate strategy and risk management programs.

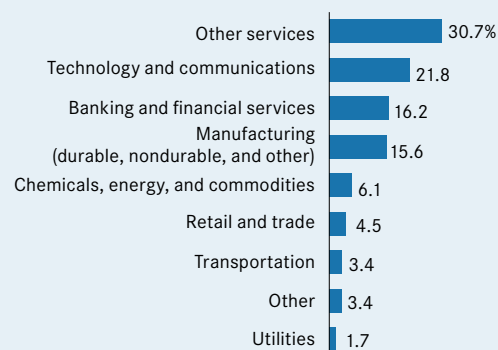
Survey Methodology and Sample

Results are based on a sample of 184 CEOs, senior executives, and external members of the board of directors surveyed by The Conference Board and the Rock Center for Corporate Governance at Stanford University between May and June 2012.

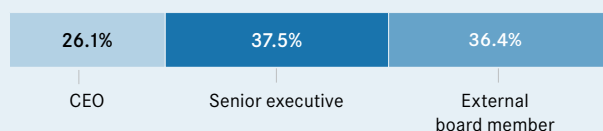
Breakdown by revenue



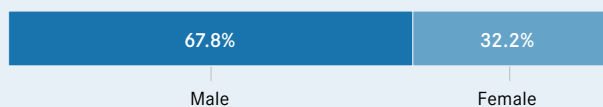
Breakdown by industry



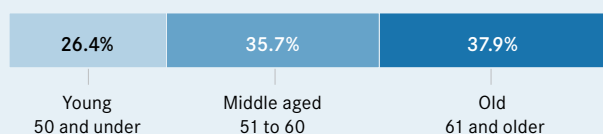
Breakdown by position



Breakdown by gender



Breakdown by age



Source: The Conference Board/Stanford University, 2012.

Endnotes

- 1 See, for example, Michael Chui et al., *The Social Economy: Unlocking Value and Productivity through Social Technologies*, McKinsey Global Institute, July 2012 (www.mckinsey.com/insights/mgi/research/technology_and_innovation/the_social_economy).
- 2 2012 Edelman Trust Barometer (<http://trust.edelman.com/>).
- 3 BRANDfog, 2012 CEO, *Social Media and Leadership Survey, 2012* (www.brandfog.com/CEOSocialMediaSurvey/BRANDfog_2012_CEO_Survey.pdf).
- 4 IBM, *Leading Through Connections: Global CEO Study 2012* (www-935.ibm.com/services/us/en/c-suite/ceostudy2012/) and Chui et al., *The Social Economy*, McKinsey Global Institute, 2012.
- 5 Consistent with these opportunities, a recent study by IBM finds that companies that outperform their peers are 30 percent more likely to identify “openness” as a key influence on their organization. Similarly, a PulsePoint Group Study, based on a survey by the Economist Intelligence Unit, finds that executives believe that social engagement can offer tangible benefits in the areas of project management, innovation, collaboration, and efficiency gains. See IBM, *Leading through Connections*, 2012; and PulsePoint Group, *The Economics of the Socially Engaged Enterprise: What Separates the Leaders from the Laggards*, March 2012 (www.pulsepointgroup.com/staging.pulsepoint/wp-content/uploads/2012/03/AP-Presentation-3_22_12-final.pdf).
- 6 To this end, an April 2012 study by Lithium Technologies Inc. finds a disconnect between consumer expectations regarding their relation to the company and its products and actual consumer experiences. While 25 percent of consumers expect to hear from a company when they Tweet about a brand or product on Twitter, only 9 percent report receiving a response. Similarly, 35 percent expect to hear from a company after “liking” its brand on Facebook, yet the majority do not receive a response. See: Lithium Technologies, “Consumers Expect More Engagement from Brands Through Social Media,” press release, May 4, 2012 (www.lithium.com/news-events/press-releases/2012/consumers-expect-more-engagement-from-brands-through-social-media-lithium-social-survey-finds#ftn).
- 7 These statistics are consistent with those reported in other studies. For example, see BRANDfog, *2012 CEO, Social Media and Leadership Survey*.
- 8 Perhaps consistent with these characterizations, LinkedIn describes itself as “the world’s largest and most powerful network of professionals,” while Facebook describes itself as giving “people the power to share and make the world more open and connected.” See: <http://www.linkedin.com/company/linkedin> and <http://www.facebook.com/facebook>.
- 9 A 2010 study by McKinsey finds that a majority of companies that use social media (Web 2.0) in their businesses realize measurable benefits and that the use of social media is correlated with market-share gains. Jacques Bughin and Michael Chui, “The Rise of the Networked Enterprise: Web 2.0 Finds Its Payday,” *McKinsey Quarterly*, December 2010. Available at: (www.mckinseyquarterly.com/Organization/Strategic_Organization/The_rise_of_the_networked_enterprise_Web_20_finds_its_payday_2716?pagenum=2).
- 10 Joann S. Lublin and Christopher Weaver, “CEO Sought Nod for Romance,” *Wall Street Journal*, May 23, 2012 (<http://online.wsj.com/article/SB10001424052702304791704577420681311173856.html>).
- 11 For a full discussion of how the board of directors oversees corporate strategy, business models, and risk management, see David F. Larcker and Brian Tayan, “Organizational Strategy, Business Models, and Risk Management,” *Corporate Governance Matters: A Closer Look at Organizational Choices and Their Consequences* (New York: Pearson Education, 2011).

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