



SMALL BUSINESS ID THEFT AND FRAUD

SOCIAL MEDIA RISKS BEST PRACTICES GUIDE FOR SMALL BUSINESS

“WHILE SOCIAL MEDIA PROVIDES SMALL BUSINESSES A LOW COST WAY TO COMMUNICATE, IT ALSO BRINGS AN INCREASED RISK OF ID THEFT AND FRAUD”

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The Evolving Risk of Social Media

eBook Small Business Social Media Risks Best Practices Guide

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The **public relations and marketing objectives** for most small businesses utilizing social media can vary by the industry group(s) a small business is in and the vertical market(s) the small business delivers its products and services to.

Examples of common public relations and marketing objectives for small businesses can include brand reputation, industry education, product knowledge, positive testimonials and references, customer service, lead generation, direct sales, and channel sales that will lead to increased revenue and profit.

At the same time, public relations and marketing objectives can also include minimizing the negative news and market perceptions from offering a poor product/service, poor customer service, negligent advice, and employee or customer issues resulting in legal and financial liabilities and lost revenue and profits.

The fact is, **social media marketing** has created new opportunities and new risks for all businesses in general and small businesses in particular.

Some of the new opportunities created by social media include the ability to significantly increase business and consumer connections along with increasing your brand through social networking sites such as LinkedIn, Facebook, Twitter, YouTube, etc.

Some of the new risks created by social media include the creation of a permanent record and potential reputational damage to your brand through social networking sites.

That said, small business owners are more likely to understand the benefits of social media versus the negative risks that might affect a small business. So what is the answer to support small business owners in their social media marketing goals?

The simple answer is education. Specifically, the education relating to social media threats and challenges in managing the internal (employees and vendors) and external (customers and competitors) social media platforms being used by the business.

This means developing a social media policy in general and a social media risk management program in particular to help mitigate and/or eliminate the potential risks associated with social media.

Social media risks are a new and emerging risk management issue for small businesses. Whether accidental or intentional, the risks associated with social media are constantly evolving. Examples of social media risks include but are not limited to the following:

- Employee use of social media outside the workforce writing negative comments about other employees or managers
- Employee use of social media writing negative comments on how their small business products/services are better than the competition
- Employee use of social media to make false or misleading claims about their company versus the competition
- Employee use of social media soliciting third party testimonials from other employees on the benefits of the company's product/services
- Employee use of social media to commit copyright or trademark infringement
- Employee use of social media to use intellectual property without permission
- Employee use of social media to steal trade secrets or worse, the posting of trade secrets and confidential information
- Employer use of social media to monitor the online activities of its employees
- Employer use of social media for pre-employment screening relating to the applicant's age, religion, race, sexual orientation, and/or disability
- Employee and/or employer use of social media using employee or customer information that is lost, stolen or made public (by accident or with malicious intent) resulting in a data breach event
- Employee and/or employer use of social media to sexually harass or discriminate against employees

Based on the above, small businesses should not lose sight of the low cost value proposition of social media ranging from employee education, customer contact and marketing strategies that can reach anyone at any time in almost any location in the world.

However and based on the above, small businesses need to create a social media policy and risk management plan that responds to any employee or employer action that can create legal and financial liabilities for the small business.



Creating a social media risk management plan will help a small business create a written social media policy that will support the education and training of employees, vendors and senior management on the positives and negatives of a small business social media strategy.

Here are four risk management tips that can help protect, minimize and/or eliminate your small business from social media risks:

- 1. Create a Crisis Management Plan** detailing employee and employer protocol in the event of a data breach, injured employee, customer complaints, or compliance issues. This crisis plan should clearly state what is accepted and not accepted in using social media to share information on these or other negative events that can place the company in jeopardy.

Crisis management plan components:

- Create a written plan
- Identify details of the crisis event
- Identify affected individuals and/or organizations related to the crisis event
- Create and implement a customized response based on crisis event details
- Be transparent in all communication to affected employees, customers and/or organizations

- 2. Understand that Social Media Creates a Permanent Record** and that your small business and/or your employees use of social media can be used to discredit your business or to serve as a source for material discovery in a court case or litigation. That said, every small business

should implement an information policy including a Records Management Plan (RMP) to be consistent for all communication and correspondence including social media.

Records management plan components:

- Define types of records (e.g. email, employee, and customer, etc.)
- Define record retention objectives (e.g. historical, human resource, legal, etc.)
- Define record retention rules (e.g. company versus regulatory)

- 3. Create a Social Media Policy** that provides a detailed explanation and clarification for all employees and vendors on what company information and/or issues can be discussed within and outside the business. This policy should include basic tenants and the negative impact on both the company and employee if this policy is ignored – either accidentally or on purpose.

Social media policy components:

- Disclosure of employee identity when representing the company
- Honesty and transparency in all communications
- Be consistent on all social media platforms
- Prohibit flaming or bashing which can result in hostile Internet interaction
- Prohibit paying anyone outside the business to write an endorsement

- 4. Employee Education and Training** specific to social media policy changes and updates; the management and safeguarding of employee and customer information; and the employee and employer protocol for any crisis related event.

Employee education and training components:

- New employee training for new employees
- Annual employee education for all employees
- Regularly scheduled communication (e.g. quarterly) with reminder of company policies including social media policy

NOTICE AND DISCLOSURE

This eBook is not intended to offer professional consulting services or legal advice. This eBook is intended to provide basic direction, guidance and concepts for small business owners and small business executives.

No one company can ever prevent itself from having an ID Theft, data breach or fraud event. Merchants Information Solutions, Inc. (Merchants) and its Advisory Board recommends all companies and organizations seek professional consulting services and legal advice regarding the content of this document.

This eBook is a working document and will be updated to reflect Small Business ID Theft and Fraud trends and regulatory/compliance updates on an ongoing basis.

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