



SOCIETY OF ACTUARIES

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Social Media Goes Corporate

By Simon Woodward

You might have tried Facebook a few times. Maybe you found a couple of old friends from high school. Your kids are always on some social site or another. But you can't see why you would use these things at the office. After all, you work in reinsurance. Well, you may be missing out on considerable business opportunities—and actually exposing yourself to risk. Those who attended the Risk Talk on “Social Media Goes Corporate,” held in June 2011 at the Swiss Re Centre for Global Dialogue near Zurich, Switzerland, heard how smart firms are learning to embrace and manage their social presence.

“Companies have to recognize the difference between social media and social business,” noted Jon Mell, Social Collaboration leader at IBM. “Social media is no more than a channel. Social business is how to use new technology platforms to become a person-to-person organization.” Having a corporate Facebook page is no proof of a social company, maybe just a small step in the right direction.

IBM should know. One of the leading technology distributors in the world, its market representatives have their own page on the corporate Internet. Around 20,000 IBM employees have a Twitter account—even though IBM has no official centralized presence. As an IBM customer, you can personally contact your local sales vendor in seconds; and expect a personalized, tailored response very shortly afterwards.

Maybe a company in IBM's field has to be ahead of the curve. But businesses from all sectors are seeing the advantages of coming into social business. Swiss Re has established its own internal social networking platform called Ourspace. Employees can autonomously share documents, collaborate through discussions and reach out via blog. Externally Swiss Re has also started to be present on sharing and networking platforms such as LinkedIn and Twitter, and users of Swiss Re's Internet site can also make direct contact with the market responsible from the relevant areas. “The financial crisis of 2008 led to a reassessing of organization and priorities within Swiss Re,” said Christoph Isenschmid, head of eCommunication Channels at Swiss Re. “We also had to approach the way we communicate and



engage afresh. That included reappraising our communication and collaboration platform strategy as well as providing the necessary encouragement and guidance to employees.”

STARTING SMALL

Traditional communications have been black box, broadcast top-down to the masses. Social businesses are a complex web of bottom-up and top-down messages, issued from a variety of named individuals, interactively. This is a big shift for many businesses, in terms of processes, IT systems and, not least, culture.

Both Swiss Re and IBM initiated their social business culture internally, developing platforms encouraging cooperation and collaboration between employees. IBM even went as far as having its employees draft its user guidelines for social platforms and only then asking the lawyers to sign off on them. The key underlying metric was to follow existing corporate guidelines in the virtual world. If you wouldn't write it in an email, don't write it online.

Establishing an online internal social platform experience helps align employees to external platforms. These platforms can either be exclusive and protected—for



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example, Swiss Re created RiskConnect to interact with external risk experts—or companies can utilize existing platforms, such as Facebook or Twitter. This should be on the same open, honest and credible way in which internal interactions are undertaken. Companies should resist the temptation to manage, top-down, their social media presence. Such an attempt undermines authenticity and will arouse suspicion.

MANAGING THE RISKS

“For lawyers, social media is an abyss,” stated Ivan Mijatovic, senior intellectual property counsel for Swiss Re. “It is an uncontrolled space where anyone can say anything. But here’s the thing: You’re on there whether you like it or not.”

The Internet age has also brought a boom in activity for intellectual property lawyers. Rip-off merchants do not even have to be particularly sophisticated to produce a faked mirror company site. This activity ranges from brand infringement to outright criminal fraud. Such sites take a lot of monitoring—but can be shut down once discovered.

Say, however, that an individual has a bad experience chasing an insurance claim. It could feature something very emotive, maybe a sick child. The individual writes about the experience on Twitter, explicitly criticizing the insurer. A news agency picks up on the story, and

it quickly goes viral. Others join in with their criticism of the insurer, citing similar experiences. A Facebook campaign is launched. Newspapers send reporters to get the full story. Some customers cancel their policies. The whole thing happens within days, maybe even hours.

Lawyers are of little use here. Panicky denials, drafted news-release style, let alone legal action, are only likely to inflame the situation. The insurer is better served by a three-pronged approach. It needs to know what is going on and monitor its social media presence to respond as quickly as possible. It must have employees adept with Twitter or similar social media sites. But the company should also be able to accept and quickly respond to criticism—not merely shutting it down. The decision maker in the particular case should be ready to address individuals directly on a person-to-person basis. Social media savvy and etiquette is vital. Lastly, companies should have contingency plans for the worst. They need to think and plan for difficult social media situations that can escalate in an uncontrolled way very quickly.

The potential risk to reputation in an online world can be considerable. However, the potential damage of ignoring the online sphere and not engaging as a social business can be even greater. ■