



FIRESTORM[®]

PREDICT. PLAN. PERFORM.



WHAT IS A CRISIS?

A crisis is the **outcome** of a risk event which one has not fully examined, has no plan for, and therefore can not control or mitigate the result.



ATTRIBUTES OF A CRISIS OR DISASTER

- Escalating Flow of Events
- Insufficient & Inaccurate Information
- Intense Scrutiny
- Loss of Command and Control
- How you respond can create a second crisis
- Brand & reputation are under attack
- Every crisis is a human crisis
- Silence = Guilt
- Surprise



THE ROI/ROMI OF CRISIS: BUSINESS AS "UNUSUAL"

A crisis is not business as usual.

A crisis is business as unusual.

How you answer the questions:

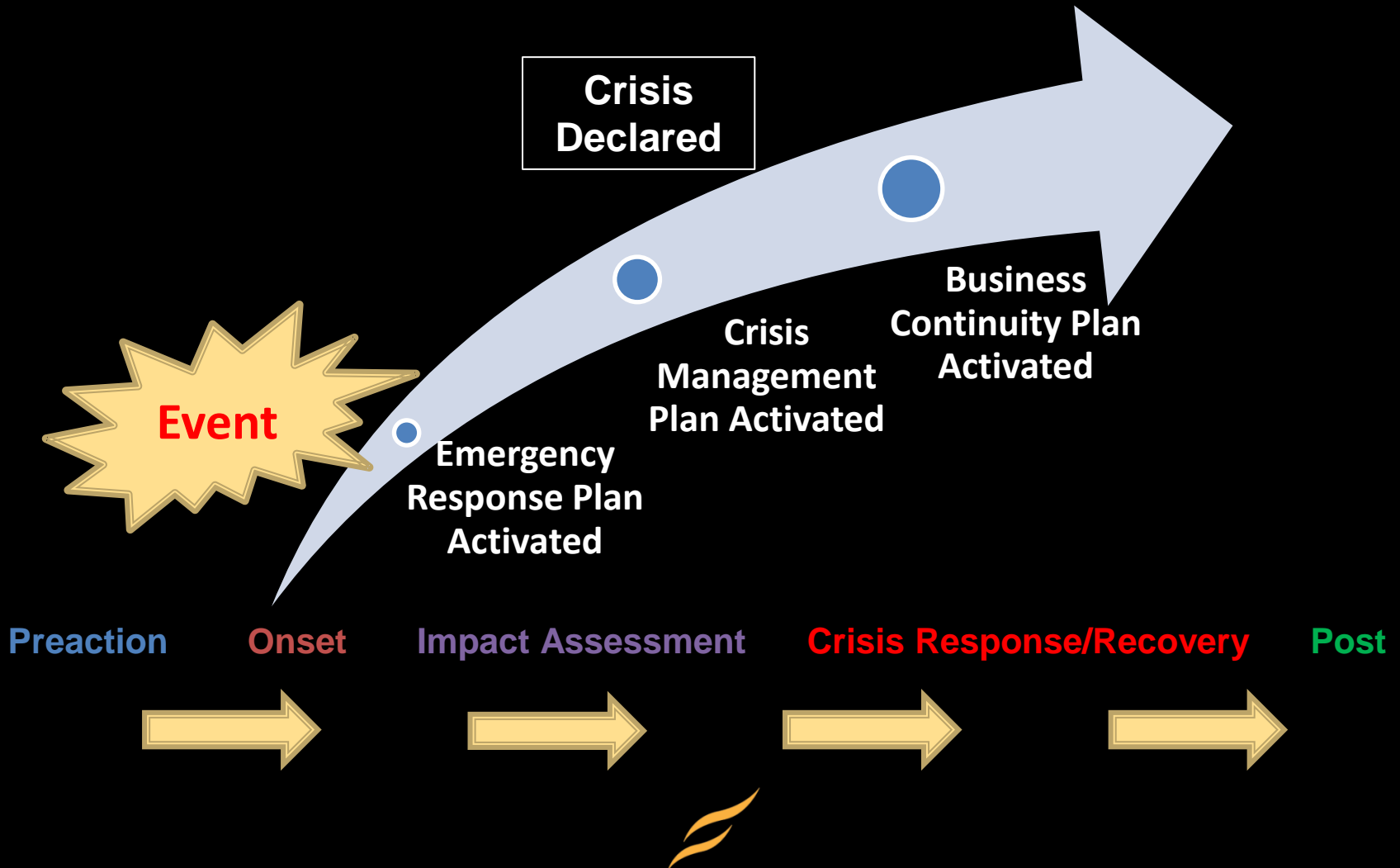
"What should we do now?" & "What should we say now?"

can have far reaching implications for your company.

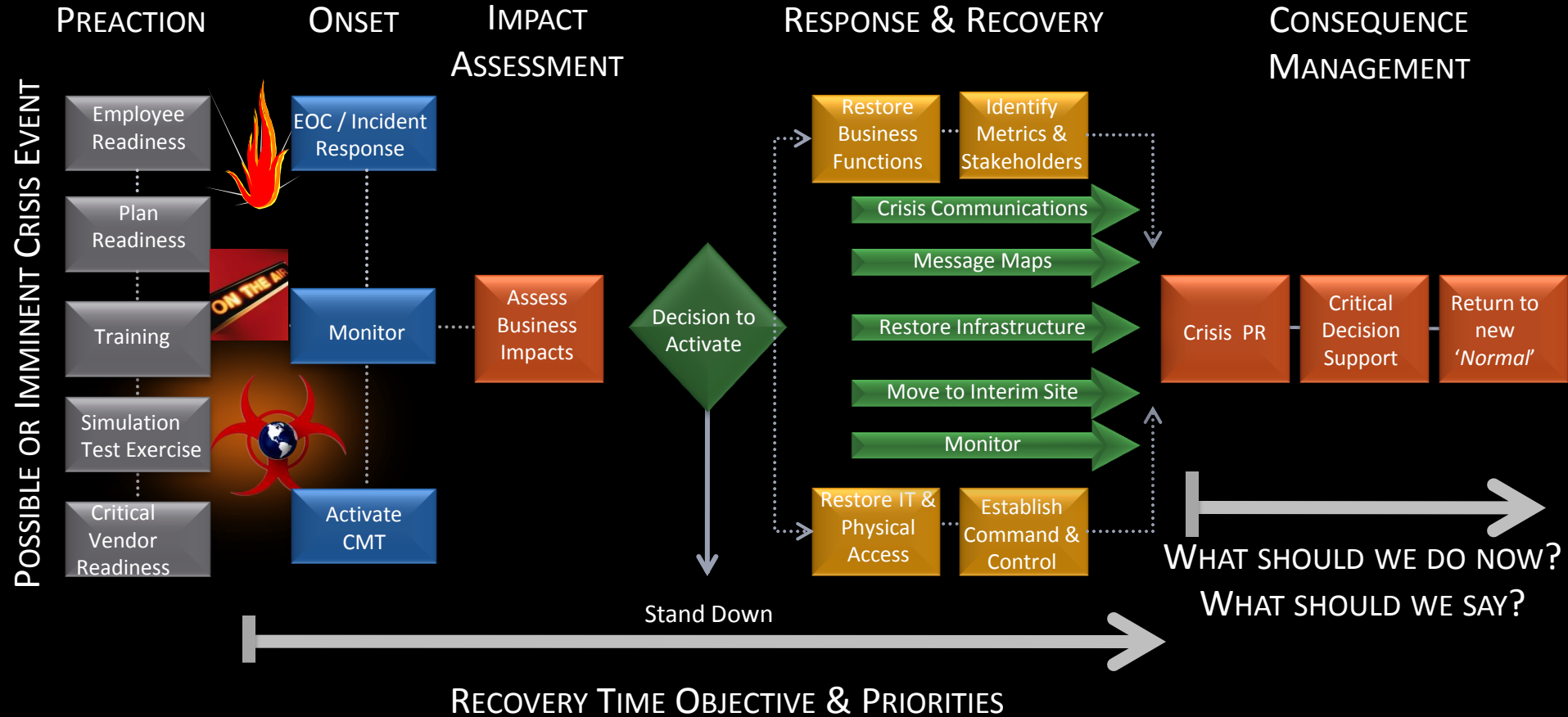
Often, these questions are complex and require far more than insurance claims or legal responses.



STAGES OF ESCALATION

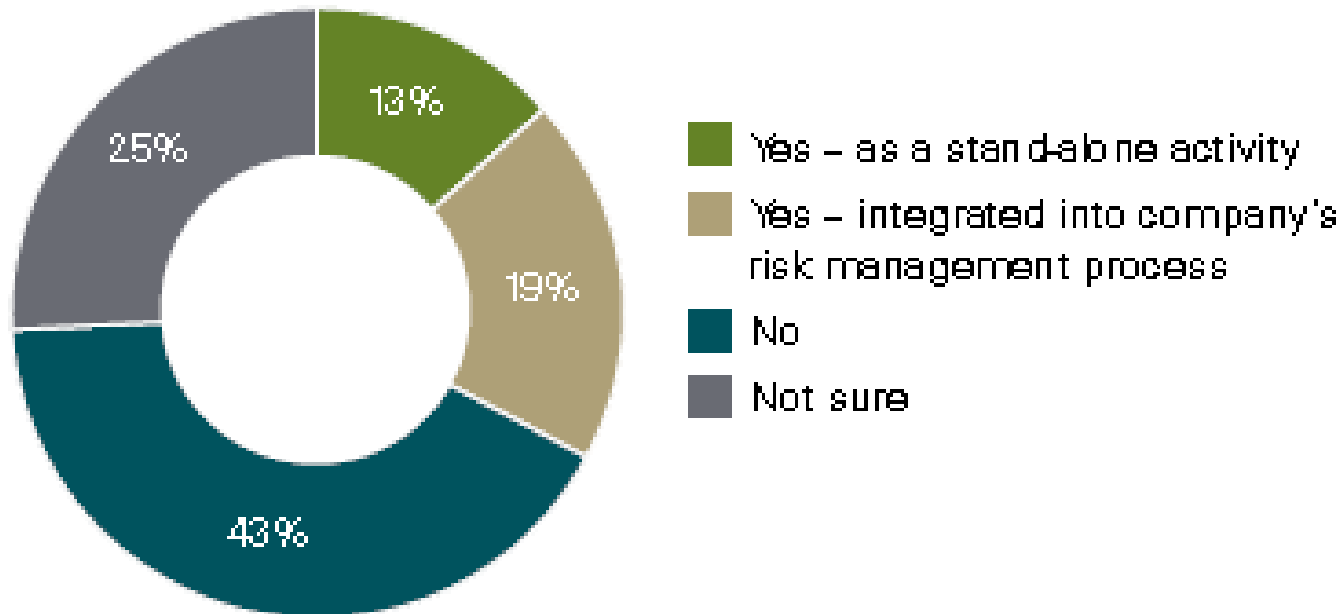


CRISIS MANAGEMENT PLAN



KPMG SURVEY

Q24. Does your company have an external social media monitoring program in place to identify emerging risks in the marketplace?



SOCIAL MEDIA CHANGES THE WAY YOU COMMUNICATE

More Than 75 % of Businesses Use Social Media.
Nearly Half Do Not Have Social Networking Policies

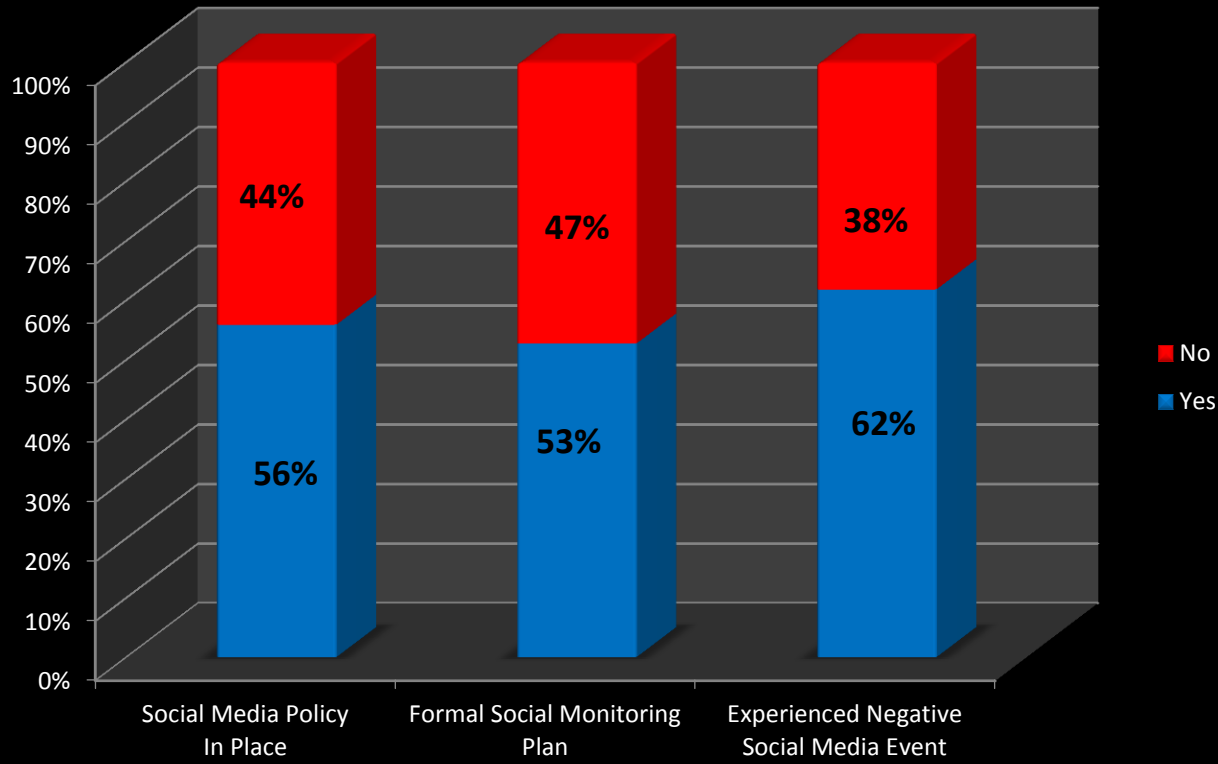
In addition, **43 %** of the respondents have reported
employee misuse of social networks.

Source: Proskauer's International Labor & Employment Group



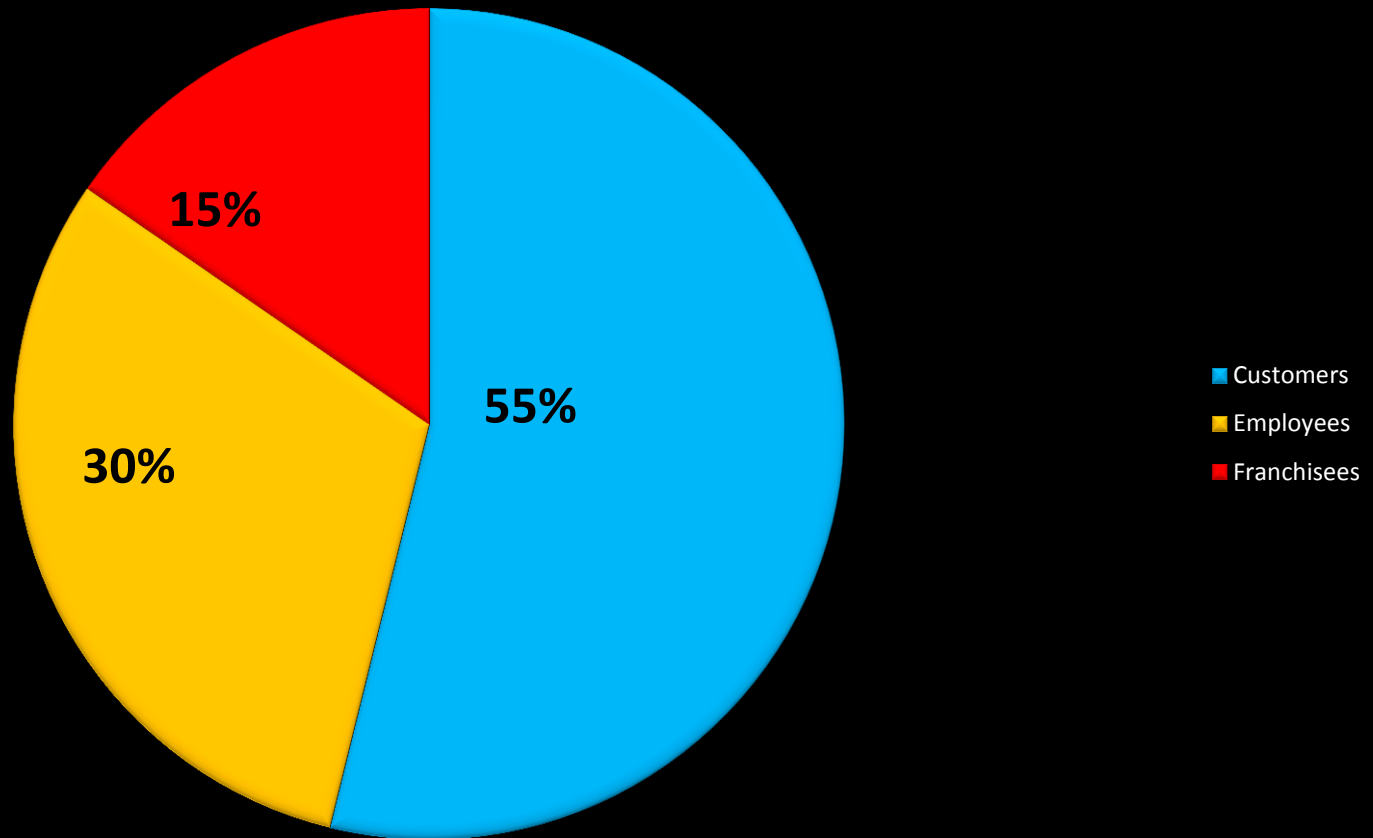
IFA BUSINESS ROUNDTABLE ON SOCIAL MEDIA MONITORING

Social Media Risk Profile



IFA BUSINESS ROUNDTABLE ON SOCIAL MEDIA MONITORING

Source of Negative Event



MONITORING

- **Gazopt.** It is the act of having your reputation, your brand, your message, your identity, or a confidential communication co-opted by an unauthorized person or by one who is violating a confidence or trust.
- It is no longer enough to think of social media as solely another medium to market your business.
- In fact, the failure to monitor social media may mean the end of your firm.
- Companies that have adopted social media without a clear monitoring plan are not truly using social media.



MONITORING

- Discover the sentiment and opinions of people
- Discover what people think of your brand or products
- Identify emerging issues/ threats
- Identify opportunities to develop message maps
- Reinforce corporate messages
- View the main influencers of your brand
- View trends over days, weeks, months and years



SOCIAL MEDIA CHANGES THE WAY BUSINESSES ARE REGULATED

Regulatory Notice

11-39

Social Media Websites and the Use of Personal Devices for Business Communications

Guidance on Social Networking Websites and Business Communications

Executive Summary

In January 2010, FINRA issued [Regulatory Notice 10-06](#), providing guidance on the application of FINRA rules governing communications with the public to social media sites and reminding firms of the recordkeeping, suitability, supervision and content requirements for such communications. Since its publication, firms have raised additional questions regarding the application of the rules. This *Notice* responds to these questions by providing further clarification concerning application of the rules to new technologies. It is not intended to alter the principles or the guidance provided in [Regulatory Notice 10-06](#).

Questions concerning this *Notice* may be directed to:

- ▶ Joseph E. Price, Senior Vice President, Advertising Regulation/Corporate Financing, at (240) 386-4623;
- ▶ Thomas A. Pappas, Vice President, Advertising Regulation, at (240) 386-4553; or
- ▶ Amy Sochard, Director, Advertising Regulation, at (240) 386-4508.

August 2011

Notice type:

- ▶ Guidance

Suggested Routing

- ▶ Advertising
- ▶ Compliance
- ▶ Legal
- ▶ Operations
- ▶ Registered Representative
- ▶ Senior Management

Key Topics

- ▶ Communications With the Public
- ▶ Personal Electronic Devices
- ▶ Recordkeeping
- ▶ Social Networking Websites
- ▶ Supervision

Referenced Rules & Notices

- ▶ NASD Rule 2210
- ▶ NASD Rule 2211
- ▶ NASD Rule 3010
- ▶ FINRA Rule 4511
- ▶ NTM 05-48
- ▶ Regulatory Notice 08-77
- ▶ Regulatory Notice 10-06
- ▶ Regulatory Notice 11-14
- ▶ SEA Rule 17a-3
- ▶ SEA Rule 17a-4

FINRA

SEC

NLRB

NAIC

FFEIC

CFPB

More to Come.....

FINRA: CLARIFICATION

- **ADVERTISING**
- Registered Principal Responsibility
- Policy/Plan
- Recordkeeping : **3-Year Document Retention**
- Trained
- Signed Annually
- Prior Approval
- Co-Branding: **ADOPTION** - Responsible for Postings, Links, & Feeds
- Entangled with Postings
- **Monitoring**
- Red Flags Triggers



FFIEC - DOCKET No. 2013-0001

- FINERA / SEC / NAIC / NLRB
- FFIEC: OCC / FRS / FDIC / NCUA / CFPB / SLC
- Documents: How & Why
- Identify, Measure, Monitor, & Control
- *“Expectation of management of risks”*
- *“Financial institutions must manage potential risk associated with social media use & access.”*
- Failure leads to enforcement activities & civil lawsuits.



RISK PROFILE

“*MUST* MANAGE SOCIAL MEDIA RISK”

- Risk of Harm to Consumers (CFPA)
- Compliance & Legal Risk
- Operating Risk
 - Account Takeover
 - Due Diligence
 - Oversight
 - Control
- Reputation Risk
 - Fraud & Brand Identity
 - 3rd Party Contractors
 - Consumer Complaints
 - Employee Use



SOCIAL MEDIA RISK PROGRAM

- Governance Structure (Board or Senior Management)
- Policies & Procedures (What & How)
- 3rd Party Contractor Due Diligence
- Employee Training (Provide Guidance)
- Oversight For Monitoring (Negative Comments & Employees)
- Audit Compliance (How do you know? / Are you sure?)
- Reporting to Board or Senior Management
- Periodic Review



SOMETHING NEW TO WORRY ABOUT

Michael Dell, the eponymous billionaire founder of the computer company Dell, has been in the news for all the wrong reasons this week.

Despite spending millions each year on security for his family, Dell's children don't seem to have the hang of online safety. His daughter has apparently been [suspended from Twitter](#) for being too open with details of the family's activities and whereabouts.

But what about *your* children? Do they have their social networking behaviours under control? For that matter, do you?



Michael Dell

**Dell tycoon's teen daughter has Twitter
account shut down after father spends
\$2.7million on security... and she tweets
family's EVERY MOVE**



Brand advocates are consumers who support specific brands and use in-person and online conversations to share their opinions, recommendations and thoughts about a company's products and services.

**BRAND ADVOCATES WILL COME TO
YOUR RESCUE**

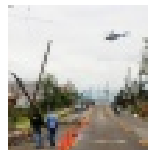


Brand detractors are - people who want to deny the brand's credentials even when offered the chance to communicate with the brand.

BRAND DETRACTORS WILL NOT COME TO YOUR RESCUE



Pray for the Tornado Victims of April 27, 2011's Profile



Pray for the Tornado Victims of April 27, 2011

As Joplin victims call Direct TV to cancel their service due to homes completely wiped off the map, they are being told to send in a box or remote control or pay a fine of \$500+ to cancel service. DirectTV should be boycotted. Tell their employees to go to these former HOMES and find their remote controls... REPOST!

June 1 at 2:08am

Within hours, Facebook, Twitter, blogs and others had repeated the message. A Facebook page popped up: Boycott Direct TV for Charging Joplin Customers \$500

Boycott Direct TV for Charging Joplin Customers \$500



Community

Wall Boycott Direct TV for Cha... · Top Posts ▾



Boycott Direct TV for Charging Joplin Customers \$500

Provide some back up to this page well. Thanks to all <https://www.facebook.com/pages/DIRECTV-SUCKS/129876000387936?sk=wall>, Im not the admin or creator of this page.

The Auto Insurance Case That Blew Up on the Internet

The New York Times



PROGRESSIVE[®]

My Sister Paid Progressive Insurance to Defend Her Killer In Court



Progressive robo-tweets spark social media crisis

CNNMoney

68 comments

By Brian Patrick Eha @CNNMoneyTech August 16, 2012: 11:59 AM ET

Tweet 219

Share

+1 11

Email
Print

Tweets All / No replies



Progressive @Progressive

16h

@mbeckler This is a tragic case, and our sympathies go out to Mr. Fisher and his family for the pain they've (cont) tl.gd/iqv5qi

Expand



Progressive @Progressive

16h

@alexblagg This is a tragic case, and our sympathies go out to Mr. Fisher and his family for the pain they've (cont) tl.gd/iqv2sf

Expand



Progressive @Progressive

16h

@pkollar This is a tragic case, and our sympathies go out to Mr. Fisher and his family for the pain they've (cont) tl.gd/iqv253

Expand



Progressive @Progressive

16h

FROM: TWITTER.COM

Progressive's stiff official statement on the Katie Fisher case didn't play well with the Twitter audience.



[Progressive Settles After Terrible Insurance Tale Goes Viral](#)

Truthdig - Aug 17, 2012

Progressive has settled with the family of a policyholder that claimed the insurance company defended her killer, but the deal came about only after the truly awful story made its way around the Internet. Matt Fisher, the policyholder's brother, blogged about his ...

[Progressive settles with accident victim's family after tale went viral](#)

CNNMoney - Aug 17, 2012

NEW YORK (CNNMoney) -- Insurance company **Progressive** felt the wrath of the Internet this week after the brother of a policyholder who died in a car crash posted a startling missive about how the family's claim was handled. **Progressive** has now reached a ...

[Progressive settles with family of deceased policyholder](#)

KKCO-TV - 11 hours ago

MAYFIELD VILLAGE, Ohio (AP) The settlement comes just three days after the policyholder's brother, Matt Fisher, took to his blog to say that the other driver involved in the fatal accident "was defended by **Progressive's** legal team" when his family sued the ...

[Insurance Spat That Went Viral Ends in Settlement](#)

Wall Street Journal (blog) - Aug 17, 2012

Progressive Corp. has said it reached a settlement with the family of a deceased policyholder after the family's complaints about the company ignited a firestorm of criticism about the way it handled her car-insurance claim. The settlement comes just three days ...

[Progressive Insurance Plays Word Games In PR Disaster](#)

The Moderate Voice - Aug 17, 2012

More than two years ago, a young woman in Baltimore was killed when her car was struck by another car. The guy's insurance paid up immediately; he had run a red light. He was underinsured, but the woman carried underinsured motorist insurance.





Mark Frost @mfrost11

17 Aug

Don't go with the Flo. RT @nytimes Progressive Insurance seems to have done everything wrong in Katie **Fisher's case**

nyti.ms/NMYI6t

Expand



The New York Times @nytimes

17 Aug

Progressive Insurance "seems to have done absolutely everything wrong" in Katie **Fisher's case** says @ronlieber

nyti.ms/NMYI6t

Expand



Liz Heron @lheron

17 Aug

.@Progressive to pay "10s of 1000s" of dollars to Katie **Fisher's** family after insurance **case** went viral on.wsj.com/N8YLpj

Expand



Celebrate Woman @DiscoverSelf

17 Aug

Shame on #Progressive #Insurance & their actions in the **Fisher Case!** ow.ly/d2PQT

Expand



Celebrate Woman @DiscoverSelf

17 Aug

Understanding #Insurance - Update on the Kaitlynn **Fisher Case**. Would U have this company as your insurer? Never will !!

ow.ly/d2PJX

Expand

**PROGRESSIVE INSURANCE
SETTLES AFTER ONLINE UPROAR**

**POLICY
FIGHT**

**PROGRESSIVE INSURANCE
SETTLES AFTER ONLINE UPROAR**

JOIN THE CONVERSATION ON



@NEWSNATION





**EVERY
CRISIS
IS A
HUMAN
CRISIS**

**Penn State president
Rodney Erickson**

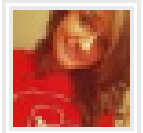
"Penn State has general liability coverage like any similar institution. The university is adequately covered to handle lawsuits arising from the sexual abuse scandal that has rocked the country."

"In addition to that, we hope to be able to settle as many of these cases as quickly as possible."

“ School in lockdown. Kid with a gun. Oh shit.

 9 days ago

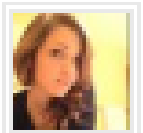
KarliSensi



“ Shots in the school. What the heck. This is messed up.

 9 days ago

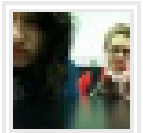
Seanna sicher




“ #Prayforus Gunman in the school.

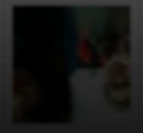
 9 days ago

Goergen1

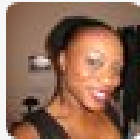


 9 days ago

Goergen1



#Prayforus Gunman in the school



Janelle Griffin @janellegCNN

.@Sagittins >> CNN would like to chat w/you about what you experienced today.



Stephen Gittins @Sagittins

@janellegCNN when and how

← Hide conversation

12:37 PM - 27 Feb 12 via Twitter for iPhone · Details

← Reply ↻ Retweet ★ Favorite

← Reply ↻ Retweet ★ Favorite

12:37 PM - 27 Feb 12 via Twitter for iPhone · Details

SANDY HOOK ELEMENTARY



Social media users spreading false information about Sandy Hook massacre could face charges, say police



Hillary Hartley @hillary

"Gov agencies don't need social media experts, they need to get their experts on social media." @jedsundwall @measuredvoice #civicstartup



Doris Lin @DorisLin

2m

OEM please send out texts with information, not links! We have no Internet! #Sandy #NJ

Expand



Simone Swink shared ABC News's photo.
5 minutes ago

Subscribe

Stunning closeup of the hurri-crane here in New York.



NYC Construction Crane Snaps in Hurricane Sandy, Prompting Evacuation Orders. The Story: <http://abcn.ws/TqPE9E>

>> Tweeted @SaraR0se: "My cousin in trapped in his 2 floor apartment in Hoboken with a broken leg in crutches so we're going on a family mission to save him #sandy"



Getty Images

>> Home-bound Instagram users logged photos of trees blocking the entrances to their driveways.

>> "Please help! My parents trapped in ManhattanBeach-Exeter Street bet Sheepshead Bay/Hampton Ave.," tweeted **Sandi DuBowski** of Brooklyn. "Water overtaking house they need rescue."

DuBowski's 140-character message, in fact, was tweeted and retweeted as he

waited for hours for emergency services to arrive to aid his parents.

He pleaded repeatedly with the New York Fire Department Twitter account, reading messages of support from other users as he waited.



With #Sandy it has become clear that everybody is now a reporter but we need journalists to curate and fact check what's real or fake.



Xavier Damman

8 days ago



Christine Lu

@christinelu

Follow

Hey @americanapparel people have died and others are in need. Shut up about your #Sandy sale.

pic.twitter.com/srlPY4y5 (via @whitneyhess)

“In case you’re bored during the storm, just Enter SANDYSALE at Checkout.”



I Heart Heels

@iheartheels

Follow

Trying to make a SALE off of a terrible disaster is just terrible. Stop it with your cutesy puns, brands. #notcute

29 Oct 12

Reply Retweet Favorite



FACTORY PR @FACTORYPR

30 Oct 12

How do we feel about companies advertising #sandy sales?



Maria Cartagena

@Fashionista622

Follow

@FACTORYPR NO, NO NOT COOL! #SandySales

30 Oct 12

Reply Retweet Favorite



FACTORY PR @FACTORYPR

30 Oct 12

How do we feel about companies advertising #sandy sales?

FIRESTORM CRISIS MANAGEMENT PERFORMANCE MATURITY RATING™

	STAGE 1 LIABILITY	STAGE 2 BASIC	STAGE 3 SUPPORTIVE	STAGE 4 STRATEGIC
	SURPRISE	REACTION	PREACTION	CULTURE
DECISION PROCESS	Process developed as a reaction to the situation, lots of debate on process, experts called in late	Generic process, decision rights not completely clear, some degree of confusion	Defined process structure, defined decision rights with little debate,	Clear playbook for major crisis types, clear and known decision rights
ROLES AND RESPONSIBILITIES	High levels of confusion and changing assignments, decision processes not clear, some areas overlooked	Roles and responsibilities clear but defined as needed, support resources not defined, most issues covered	Clearly defines roles and responsibilities, aligned with processes and event types, support resources defined	Clearly defined and established roles and responsibilities, predefined by event type, support resources identified and trained, all areas covered well
INFORMATION CLARITY	Difficult to obtain good data, slow to identify needed data and slow response from organization	Required basic data defined, delayed response from organization, difficult to obtain precise information	Basic data predefined, event specific information quickly identified, fast organization response for data and input	Basic and event type information predefined and information processes pre-established, fast response for unique data
SPEED OF DECISION MAKING	Slow process, events outpace leaders, serious confusion, consumes executive team	Some lack of timely decision making, reacting to events, highly resource intensive	Generally timely decision making, adequate response to events, efficient process	Highly efficient and timely decision process, anticipates events and needs, consumes only resources needed
COMMUNICATIONS EFFECTIVENESS	Confused messages, highly reactive, key channels missed, messages not timely	Established message development process; most major channels addressed, reactive messaging	Defined messaging process and channels, effective and timely message development, some messaging standardized	Proven messaging process, predefined messages for major event types, message content standardized and refined as appropriate

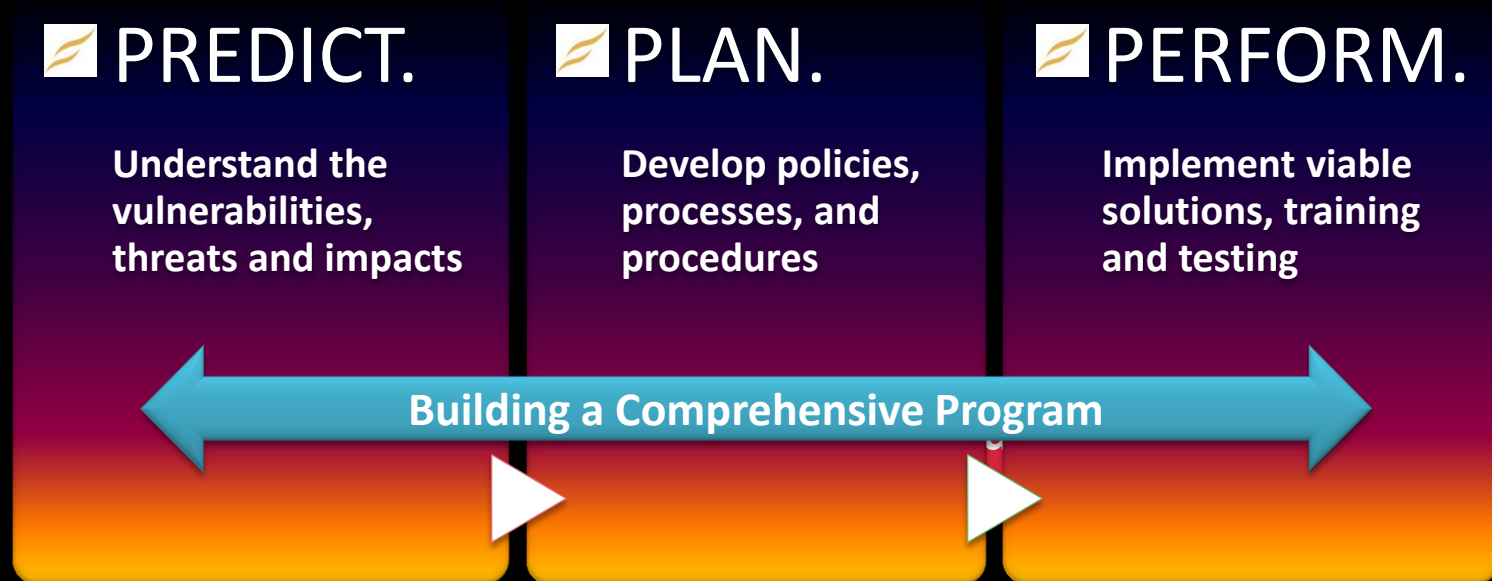


CRISIS MANAGEMENT TAKEAWAYS

- Tell the Truth
- No Spin
- Credibility is Paramount
- Identify a Spokesperson (Have 2 Backups)
- Train the Spokesperson
- 3 Messages
 - *Not Defined by Event*
 - *Invent the Future*
 - *Embrace the Families*
- Monitor & Adjust
- Social Media is Media
- Speed is Quality
- Brand/Reputation Impact



PREDICT.PLAN.PERFORM.®



CRISIS MANAGEMENT

What are the metrics to assure that your management team, would be ready?

How do you know? Are you sure?

DISRUPTION OR DISASTER?

GAZOPTED!

PREDICT. PLAN. PERFORM.®



POLICY CONSIDERATIONS

Employee Code of Conduct for Company Representation in Online Communications

- Recruiting
- Separation/Outplacement
- Employee Blogging Policy
- Facebook Usage Policy
- Personal Blog Policy
- Personal SN Policy
- Personal Twitter Policy
- LinkedIn Policy
- Corporate Blogging Policy
- Corporate Blog Use Policy
- Corporate Blog Approval
- Corporate Blog Commenting
- Corporate Facebook Usage
- Corporate Facebook Comment
- Comment/Messaging Policy
- Corporate Twitter Account
- Corporate YouTube Policy
- Corporate YouTube Public
- Comment Policy
- Company Password Policy

Social media policy after NLRB, Facebook settlement

accused of terminating an employee because she had posted negative comments about her supervisor on her personal Facebook page in violation of the company's blogging and internet posting policy. The policy prohibited

On Feb. 7, the National Labor Relations Board announced that it had reached a settlement with an employer it accused of terminating an employee because she had posted negative comments about her supervisor on her Facebook page. The NLRB alleged that the employee's termination violated §8(a)(1) of the National Labor Relations Act, which prohibits an employer from interfering with, restraining, or coercing employees in the exercise of their rights guaranteed under §7 of the NLRA. Section 7 permits employees, regardless of whether they are represented by a union, to engage in protected concerted activities, which are usually group activities (two or more employees acting together) to improve working conditions such as wages and benefits. The complaint alleged that the employer's policies, standing alone and irrespective of the discharge, interfered with the employee's right to engage in such activity.

home computer and posted, "Love how the company allows a 17 to be a supervisor," referring to the employer's code for a psychiatric patient, and called her boss a "scumbag as usual." Her post drew favorable comments from her work colleagues. The employer subsequently terminated the employee. While the employer maintained that the termination was performance-based, the NLRB believed otherwise.

