

The Debating Group



A Parliamentary forum for Media and Marketing Debate

“Social media in the hands of employees offers the possibility of a completely new form of governance – total transparency, in which every employee has a direct relationship to the public and there is no expectation of concealment”. These were the words of Mark Goyder, Founder Director of Tomorrow’s Company. He was proposing the motion ‘You don’t need compliance rules when your employees have social media’ at the Debating Group debate on 27th October 2014. The debate was sponsored by The Chartered Institute of Public Relations and Tomorrow’s Company and chaired by The Rt Hon The Lord Black of Brentwood.

Mark Goyder presented two groups of evidence to support the motion: from research on what makes companies successful and from anecdotal discussions on the topic.

He maintained that the research evidence was overwhelming. In Japan there are companies which have lasted over 1000 years. Those which have lasted 200 to 1200 years are closely in touch with the society they serve and have trust in their people. This is embedded in their culture.

A report from the US *Built to last* highlighted the most admired companies. These were visionary companies, which though different from each other, had the same core ideology and sets of values which provided a purpose beyond profit. They had no strong rules, but a cult-like culture with a strong sense of what the company expected. Visionary companies were significantly more decentralised and granted greater operational autonomy than comparison companies even though they imposed more ideological control/were more cult-like. He cited the employee handbook of the retailer BTL Nordstrom with its one rule “ ‘Use your good judgement in all situations’ . There will be no additional rules”.

The Adams Group has allowed social media to spread and as it did so, the company encouraged the sharing of good practice. The only rule the company had was that employees should not say anything on social media that they would not say to the Chairman’s face.

Nick Linney, Chairman of the digital and advertising company, Linney Group, which in the last 5 years, has doubled in turnover from £50m to 100m, says “The only rule is ‘be responsible. Don’t kill the business’ . This is a business where we have lots of discipline and no rules”.

Mark Goyder concluded that terrible things happen if things are suppressed. If you have too many rules, you won’t stop the idiots but you will stop innovation.

The end of illusion

Opposing the motion, **Sally Sykes, Executive Board Director, Parliament and Health Service Ombudsman**, admitted that in thinking about the motion, she found herself agreeing with it, but with the big proviso ‘not yet’. She was on the opposing side for the following reasons:

It is too early in the use of social media for complete trust and confidence in all users. She had worked in a global FTSE top business, where, when the CEO was asked what kept him awake at night, his reply was the fear that someone amongst his 68k employees was doing something wrong. Nowadays that something can be incredibly public in a swift and changing way. That company, a pharma company, indeed had a sales manager who stated on his internal blog that ‘going into a doctor’s surgery was like helping yourself to a bucket of money’. This went viral and damaged investor confidence, the company’s CSR credentials and, more importantly, damaged the morale of the majority of hard working employees proud of their work.

Sally Sykes cited Bob Flaherty, CEO of Ketchum in the Maggie Nally lecture this year, who argued that social media heralded the ‘end of illusion’ making it incumbent on us as professional to make sure that the public and private personae of our organisations were congruent and aligned. It was the end of the opportunity companies had to manipulate their images. So when Virgin sacked 13 employees for calling customers ‘chavs’ on social media, it sent a strong signal about what would be tolerated on social media and what would not. We are not yet ready for social media without rules. We have to embrace transparency, unite the public and personal and mind the gap.

Reason two for not having a free-for-all for employees on social media is the lack of a global or coherent legal framework. There are few rules in the social media Wild West. So there are risks that compliance with regulatory and legal rules will be unenforceable. Think of when you go to another country and see medicines advertised on TV, a practice we don’t allow in Europe. Many senior managers in US markets have no conception of how strict UK and European rules are regarding direct-to-patient advertising. The same applies to banking, stock markets, intellectual property and what you can say about people. Giving carte blanche with social media in regulated and compliance-related businesses is too big a risk.

Thirdly, Sally Sykes questioned whether you would trust your greatest asset (your reputation) in the hands of your other great asset, your employees. In many cases, emphatically yes. The timely and human Twitter response to a customer service complaint, the carefully planned philanthropy Facebook or Just Giving campaign where your employees and customer work together for a good cause. Yes. So why not have no boundaries and norms at all? If you are a good employer, why do you need policies and procedures? Why don’t you let those 1,000 comment flowers bloom and if you are good to your people they will pay it back and forward. Their linked-in contacts will save you hiring fees, their social clout will add immeasurably to your brand. Yes, but not yet without norms and boundaries.

Sally Sykes quoted Baroness O’Neill who, in the Ashby lecture in 2009 spoke of trust. “It requires those whom we trust to be trustworthy, to do something we know they are competent to do. Trust on its own is meaningless – we have to be confident that people know what they are doing”. Sally Sykes concluded “So you might say, leave it to employees’ common sense, strip away compliance and be totally transparent. Yes, but not yet”. As her mother used to say, “The trouble with common sense is that it is not that common”. She called upon the audience to oppose the motion because we still need frameworks and rules.

Radical transparency

Seconding the motion, **Amelia Torode, Director of Strategy, The Good Relations Group**, pointed out that, ready or not, we are in this world. We used to talk about the changes after Gutenberg. We now talk about Zuckerberg. The Internet, social media, smart phones, wi-fi – those incredible forces of technology – have unleashed an unbelievable amount of disruption, both positive and negative, in a way that has probably not been seen since Gutenberg’s printing press. Technology has changed everything, altered every industry from education to fashion, to healthcare, to politics. We live in a hyper-real time, in an era of radical transparency, a world where people are empowered to engage, share, report, as never before. And this is only the beginning.

“But sadly” according to Amelia Torode, “the world of compliance has lagged, dare I say dimmed, behind the technological revolution that we are living through”.

- It is the opposite of hyper-real time – it is slow; it is retrospective, looking back rather than forward to future value; It takes time to audit and investigate.
- Companies concentrate on the minimum they can get away with, rather than thinking of future potential.
- The starting point is that companies are bad and external bodies, such as government, know best. This is an old-fashioned view.

What has this led to?

- Death by KPI
- Compliance and CSR telephone-directory-sized reports that no-one reads
- A tick-box culture, rather than fundamentals at the heart of the business
- A lot of noise without much signalling
- Lots of compliance rules

But as compliance rules and bureaucracy increase, trust levels in business decline.

Amelia Torode went on to discuss the role of social media:

- Networked communities
- Real Time – in a 24 second news cycle or a one second tweet cycle.
- The ultimate in authenticity aka radical transparency. It leaves no stone unturned – it is impossible to hide uncomfortable facts online.

What can social media do for companies? Certainly, one person out of 6,000 can say something stupid. But companies have to trust – to ensure that employees know the standards for which the company is accountable, what is acceptable and what is not. It is everybody’s company. Tesco created a culture of fear – the revelation of the black hole was not social media but whistle-blowing. About a year ago Tesco started a lab, but it disabled comments. Instead it created a closed community. This is a company which does not understand social media and has suffered accordingly.

The supporters of the motion believe that compliance rules belong to the 20th Century. It is an analogue metric for the digital world.

Amelia Torode cited a company which had been the darling of the CSR and compliance world – it hosted Earth Day events, its personnel were honoured speakers at Kyoto, it was a winner of countless CSR awards, as well as being cited in a 1999 publication among ‘Cool Companies’. Enron did everything right, but was fundamentally wrong.

She stressed “We believe in standards, but in trust not tick-boxes, and empowered and open conversations with employees who are engaged fundamentally in the action and behaviour of their own company”.

Communication differences

Seconding the opposition, **Jenni Wheeler, Head of Internal Communications UK, Ireland, and Group, SSP Ltd**, argued that rules are not connected with fear. She stated “Find me one other channel of communication that does not have rules. Rules that are linked to the culture of the person or organisation or legal rules that we have to abide by. ‘You don’t need rules when’...Now finish that sentence in any other area of society today. I doubt you can come up with one. Everything we do comes with a rule book, and that’s OK”.

She went on talk of the different levels of social forums. Some organisations have very open forums. But in some this does not work and is inappropriate. You have to look at each organisation individually and have a system that is fit for purpose. We need to understand why we come to work in an organisation. Twitter may be damaging to the business we are trying to achieve.

This issue is not about the next generation, the Y and Z. When research indicates that over 67% of generation Z prefer email as a channel for communication, you have to think that even they are not comfortable with the openness that social media often brings. The research suggests that where they receive information and where they have a voice is very different. Just 22% wanted to be on an online space where everyone can see them.

Internal and external communications are very different. Internally social networking is about teamwork and very different from rubbishing a company on an open site. Jenni Wheeler stated that the company she works with does not have a social media policy but there are rules. As Bate wrote in 1994, organisational culture is a “human product that people create and sustain”. We need to create and sustain a culture inside our organisations and to do this, we need rules that we can follow so that society can function as it does.

Compliance is not too slow. Perhaps it needs to catch up, but we would all be uncomfortable if there were no rules. But there is no need for a blanket approach. We need to recognise different products of external and internal communication.

Discussion from the floor

For the motion:

- Social media is there and is very hard to control. There may be lots of rules but there is no way of enforcing them. The starting point should be ‘do no evil’, rather than rules.
- The motion is not to do with keeping happy but about successful companies being value-driven. Allowing employees to embrace social media gives them power to embrace the organisation and use it confidently. Employees who care for the organisation will not hurt it.
- The contributor was experienced in re-writing bye-laws for professional organisations and attempting to formalise good and bad behaviour. He pointed out that bye-laws can be circumvented. What makes companies successful is good leadership. If you have vision, you do not need compliance rules.
- Rules are there for protection. We should not look for rules to prevent authentic engagement of employers with social media.
- Every organisation wants to give its employees a voice and social media does this.
- Compliance rules cover your back if things go wrong. If there is strong leadership, they are not necessary. You need good leadership and a Code of Conduct.

- External rules are determined by a Board but the public and stakeholders can make things happen in spite of the Board... There is a need for informal Codes of Conduct.
- The contributor cited a company whose Code of Conduct had been reduced from 175 to five pages. A plea was made for trust and empowerment of employees and making things simple for the business and the consumer.
- Some schools are paranoid about social media. Fear is far worse than the reality. In schools which are open to social media, the fear goes away. Children are often more severe on their peers than adults.

Against the motion

- Mistakes are inevitable without rules. But the rules should be flexible and simple.
- The contributor raised the topic of porn and pointed out that employees are sacked for sending porn or for tweeting inside information which is not true. You have to have transparency and you have to have rules. However, these should not be old-fashioned rules. No rules at all are a minefield in employment law.
- No compliance rules at all would affect employment contracts. Engaged employees are very important.
- It depends on where the company is in the business cycle. At the moment we need loose rules.
- One test of appropriate behaviour on social media is whether you could look the managing director in the face the next day.
- The contributor distinguished between written and unwritten rules. The latter make for a freer culture but they can cause confusion. Rules have a certain perception problem, often implying gagging. But they can provide guidance and structure. Everybody knows what they can do. The reputational aspect of rules is very important. There is a need for them.
- Body Shop has rules about how email should be used in the company. We are not quite ready for no rules. At the moment there is an over-arching and compelling need for rules, compliance and Codes of Conduct.
- In previous generations this discussion would not have taken place. There was no social media and people accepted what was happening. They did not question forms of communication or values as happens today. The contributor believes in some kind of discipline. It is essential in this world.

Undecided/ambiguous

- Media compliance rules are out of date, but that can be good. Retrospective analysis is necessary to avoid dark paths.
- How does the customer know how companies respond to social media? Most IT policies cover the use of technological devices within a company. Let's think about the customers and what they can expect.
- Nurturing of brands comes from what is right.

Summing up

Summing up for the opposition, **Sally Sykes** stressed that it was not advocating a tick-box culture. She cited Baroness O'Neill who said in 2009 "In an effort to ensure the worthy goals of accountability and transparency we may cause social transactions to be so hedged about with bureaucratic requirements that even for honest people the resulting 'tick-box culture perversely encourages gaming the system". The opposition is certainly not arguing for 176-pages of rule-book compliance. But the important maxim is 'we are not going to put our organisation into disrepute'. The opposition is arguing for positive discipline not rules. It is not enough to pass the 'red-face' test. Employees like a degree of certainty. There is a need for guidance and discipline. The opposition would advocate about five principles rather than a Wild West free-for-all that a lack of compliance would indicate.

Summing up for the motion, **Mark Goyder** argued that we had to look at several issues in relation to this topic: management versus leadership; change versus constancy; compliance and behaviours; discipline and rules.

He cited the occasion of the terrorist attack on the Taj Mahal Hotel where young employees, fresh from their training after recruitment from some of the poorest villages in India risked their lives to save hotel guests. It was embedded in their training, and in the culture of the hotel group to put the customer first. Other hotel groups saw more deaths among customers and less among staff. This was the power of a culture in which every employee absorbed the right behaviour. It could never be achieved by compliance with a staff manual.

He then referred to a report produced by Tomorrow's Company in 2004 entitled 'Restoring trust - financial services in the twenty-first century'. Sadly its warning to the City about the risks of operating without strong values had gone unheeded. The mentality associated with the City's failure, with all the huge costs that followed, was a mindset that said: 'what are the rules so that I can learn to obey them or get round them. We must have rules so that we know where we stand'. Mark Goyder pointed out, what can be measured can also be manipulated. If you want to make things easier for lawyers and HR vote against this motion.

He said that every company director he spoke to was drowning in a sea of corporate governance rules. Compliance was swamping judgement and killing innovation.

From Enron onwards, the story was the same. Someone in the organisation knew what was going wrong – what would have saved the organisation was a culture of openness in which it was OK to challenge. The tone would be set by examples such as the openness the organisation showed to challenges offered through social media. He therefore argued for a completely open organisation in which the formal distinction is no longer made between 'official tweets' from the corporate account and 'personal tweets' from individual employees. In this radical model, the organisation would be entirely transparent and 360° responsive to external stakeholders.

Think how many disasters in the NHS might have been avoided if these channels had existed and the people who knew about patient mistreatment had been emboldened to use them.

We all know what happens when we leave it to government. More rules. More red tape. More energy and cleverness wasted on how to bend the rules, at the expense of time spent trying to do better for the customer, and society.

He described the Sanskrit concept of Sanskar – the motivation that comes from within and quoted his Tata friend Anant Nadkarni, talking about the Sanskrit concept of Sanskar:

“Good behaviour’ is precious.... It cannot be brought out through a system of ‘encoded’ rules to deliver justice or bring equity to reduce poverty or build trust in relationships and transactions. The natural aspect of behaviour can only remain voluntary and gradually acquires maturity of habits that build the cultural-memory of a community”.

He concluded with his own definition of good governance, taken from his 2002 piece 'Lessons from Enron':

“The company is a living system. Employees are its life-blood. Management is the heart which keeps the blood pumping. Strategy is the brain and measurement and communication the central nervous system. Culture is the DNA. Leadership and continued entrepreneurial energy are its soul and spirit. Governance and accountability are its rhythms and disciplines, like exercise, a means of keeping this

living organism fit and lean. Unless we understand governance in this wide context, we will continually fail to manage risk, sustain performance and earn trust”.

The result

The motion was carried.

Next debate

The next debate will take place on **Monday 24th November 2014** sponsored by the Outdoor Media Centre. For more details contact Doreen Blythe, Debating Group Secretary, e-mail: doreen.blythe22@btinternet.com