

# Every Company Is a Media Company

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Directors today face a business environment transformed by the adoption of wave after wave of digital media. A majority of Americans are now actively using social networking sites like Facebook and LinkedIn, while 8 out of 10 adults have cell phones. Analysts and opinion leaders get their news about your company and industry from blogs and Twitter. Activist shareholders take their own message to social media.

The balance of information control has shifted to outside, unaffiliated parties, away from directors, boards and companies. Customers themselves have a strong hand in shaping brands today. This can be a blessing for a business – such as the incredibly popular Facebook page for Coca-Cola, which was started by two enthusiastic customers between jobs as actors in L.A. It can also pose a risk to corporate reputation – such as the customer complaint video, “United Breaks Guitars,” which caught the attention of millions of viewers before drawing a response from the airline.

Just as directors focus on financial, governance and compensation issues to advance shareholder value, so they must also focus on media issues. Today, every director and company needs to learn to think like a media company.

## The Effective Director

No matter the industry, whatever

goods or services a company produces, it also needs to be in the business of producing media. But not just in the old way, of broadcasting advertisements to consumers, and using press releases and phone calls to talk to a handful of individuals in the industry press.

Thinking like a media company requires a fundamental shift in perspective for businesses, which directors must understand in order to serve effectively. These four guidelines are essential to making the shift.

**1. Make media, not (just) advertising.** Customers today enjoy an ever-increasing array of media options, and ever more opportunities to avoid unwanted advertising. To reach your elusive audience with your desired message, businesses need to learn to create content that customers will actually find interesting and want to share with others. Companies can do this by producing, sponsoring, or curating content that customers will seek out and want.

**2. Use a wide variety of media technology tools.** Customers’ attention today is fragmented across countless channels, media, and devices. To reach them, companies need to create media for a variety of platforms: from mobile apps, to online video, blogs, Twitter, social networks, and even gaming. The content needs to work on every screen, from mobile phone to tablet to PC.

**3. Always be communicating.** A decade ago, PR professionals spoke of the 24-hour news cycle. Today, it is minutes. The speed of news has accelerated in a world where Twitter carries word of the latest corporate scandal, alongside the latest earthquake or celebrity gossip. To keep up, companies need to be ready to communicate and put their point of view across on a moment’s notice.

**4. Make media for every stakeholder.** Directors know that every business relies on relationships with a variety of stakeholders: end consumers, business customers or partners, investors, the press and opinion leaders, employees and even the board itself. In the new paradigm of social media, each of these audiences forms a customer network that shares and spreads content and ideas (see the book *The Network Is Your Customer*). To thrive in the digital age, businesses need to produce media suited for each of these networked audiences.

By taking a look at each of these stakeholder types, we can identify distinct goals and best practices for creating media for each of them.

## Media for End Consumers

**Goals:** Build consumer buzz, and demand for brands, goods and services. Influence the customer close to their point of purchase.

**Examples:** Home Depot

created a YouTube channel with more than 200 videos that give millions of viewers the instructions for simple projects around their home, and the motivation to stop by Home Depot for the materials required. Kraft built its iFood Assistant mobile app to help busy grocery shoppers plan meals on the go, and direct them to recipes that called for Kraft brand ingredients.

#### Media for Business Customers

**Goals:** Show thought leadership within your industry. Move business leads “down the funnel” from consideration to purchase.

**Examples:** IBM has built an interactive videogame to educate business leaders about the role of business process management software; the game has become the number one lead generator for IBM’s top business software. The American Express OPEN Forum is an online magazine for small business owners, with targeted content on everything from marketing to franchise management. Amex also develops a variety of content around their entertainment ticket offerings.

#### Media for Employees

**Goals:** Attract and retain top talent. Communicate organizational values. Use your own employees as the best face of your brand.

**Examples:** Fedex has used its “I Am Fedex” video blog to spotlight the faces and voices of its own employees and serve as an employee branding and marketing tool. The Cleveland Clinic features its doctors in over 300 videos on its Facebook page. Hospitals like Methodist University in Memphis find that social media outreach helps them to attract recognition and donors, and recruit top doctors.

#### Media for Investors

**Goals:** Put out corporate news in a way

that’s more relevant and compelling than a series of press releases. Engage bloggers and respond to stock manipulators or activist investors who are already using social media to influence companies.

**Examples:** News sites like “G.E. Reports” and Cisco’s “The Network” combine blogging, video, and expert interviews to offer analysts and investors a broad array of content on their strategy, business innovations, and view of their own industry. On the other side, investor Carl Icahn used the “Save LionsGate”

### Five Questions for Directors to Ask Their CEO

Directors and their CEOs must understand and acclimate to the increasing role of digital media in determining their business success. Here are five questions that directors should ask their CEOs.

1. How is our company shifting from just making advertisements, to creating content that customers will seek out and spread?
2. How are we using new media to strengthen our relationships with our key business partners, distributors, and customers?
3. How are we using today’s digital tools to better communicate with investors and analysts, and put forth our point of view?
4. How are we protecting our corporate reputation against the risks of blowback in consumer-generated media? What crisis plans do you have in place to fight media fire with fire?
5. How are you measuring the impact of both your digital and your traditional media communications, to see the ROI from each, and whether they are working well together?

website to promote his takeover bid of that firm. A shareholder who was also a blogger initiated the push for the unseating of Yahoo’s CEO, Terry Semel.

#### Media for the Press

**Goals:** Protect corporate reputation and mitigate risk. Respond to an accelerated news cycle by responding to opinions of both mainstream and new media opinion leaders.

**Examples:** Companies such as BP who have relied on slow, traditional response styles to communications crises have found they are quickly outpaced by the social media tsunami of customers and critics. By contrast, Domino’s Pizza’s president responded to a crisis in 2009 with an immediate video response and apology on YouTube, which helped to quickly turn the news story back towards the company’s favor.

#### Media for Board Members

**Goals:** Keep board members engaged and fully informed of the details of a global business, despite competing demands for their own attention

**Examples:** Business software maker SAP is developing an iPad app for directors to help them prepare for meetings by using progress bars and leader boards. Academic studies have shown videogame elements like these in training can boost skills-based knowledge by 14 percent, and retention by an additional 9 percent.

#### A Key Responsibility for Directors

Your director responsibilities are affected by media technology more than ever. The media component of your business can impact share price more than any other factor. Grasping this new reality will open the door to new ways of building shareholder value. Ask the questions, inform yourself, lead your board—and your shareholders will thank you. 