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## Product Focus

### The impact of Social Media on your Company

What do Facebook, Twitter, YouTube, Vimeo, LinkedIn and Instagram (to name a few) have to do with your company? Blogging, hash-tagging, posting and tweeting... does it hold any risks or opportunities for your company?

If you are of the opinion that social media is irrelevant to your company... think again... just look at what happened to Nestlé in 2010.

#### Nestlé’s Kit Kat brand

(based on an article by Aileen Ionescu-Somers and Albrecht Enders)

On 17 March 2010, environmental group Greenpeace launched a social media attack on the Nestlé’s Kit Kat brand. In a YouTube video imitating the “Have a break; Have a Kit Kat” slogan, it highlighted the use of unsustainable forest clearing in production of palm oil. This is used in the Swiss food group’s products including Kit Kat.

Nestlé’s initial response was to force the video’s withdrawal from YouTube, citing copyright. This led to a viral outbreak of criticism on social media – Facebook users, for example, were irritated by its threats to remove posts on its fan page containing Kit Kat logos that had been altered to read “Killer”. (The video was reposted on 21 March 2010 on YouTube, and can still be found today on YouTube)

Nestlé did ratify this matter and implemented “digital acceleration team” as part of its efforts to monitor social media sentiment 24 hours a day.

Nestlé discovered that engaging with its critics and addressing some of their concerns was more effective than trying to shut down discussion on social media. Unfortunately this lesson was learnt only after the brand suffered reputational harm.

### THIS COULD HAVE BEEN YOUR COMPANY, YOUR BRAND AND YOUR COMPANY’S REPUTATION.

Social media, as indicated in the above mentioned case study, could hold unanticipated risks for your company. Some of the more known risks are:

1. Negative publicity.
2. Public platform for customers, employees and service providers to voice dissatisfaction.
3. Time spend by employees on social networks during office hours.
4. Opens an entrance point for hackers, computer bugs/viruses/worms and spy ware.

Social media is not just a risk but also an opportunity, for example websites such as Facebook, Twitter, LinkedIn and Pinterest represent a huge opportunity for businesses to grab the attention of customers while simultaneously building a brand image.

### The real question is: What should you, as a company, do about the risks involved with social media?

1. Identify the potential social media risks relating to your business.
2. Include social media risks as part of your risk register.
3. Review the potential social media risks annually.
4. Draft and implement relevant policies and procedures to prevent/control/ minimise social media risks.

In conclusion I leave you with this thought by Sam Fiorella as quoted in Forbes “A successful business cannot lay in fear of risk but embrace the rewards it can achieve. Brand negativity by those few you speak about will occur even if your business never logs into a social network. In fact, there’s a greater risk since that negativity will be the only content feeding social proof around your brand. Social media does embolden haters but it also provides a new soapbox for great experiences. If anything, social media has increased the importance of building positive customer experiences online and off.”

## Meet the Team

Ditiragalo Ntuli. I have a national diploma in Cost and Management Accounting obtained at Vaal University of Technology. I completed my diploma in 2004 then joined ABSA the same year in September as a Sales Support Officer. I was specialising in opening bank accounts for small and medium businesses and for platinum clients. I resigned in 2010 to join CIPC (previously CIPRO) to advance my qualification. Working for CIPC opened a new door for me. I recently joined the iThemba family as a statutory administrator to utilise the experience I got at CIPC. My job description here at iThemba entails preparation of special resolutions, manual and electronic submission of documents, reconstruction of records, preparing of all CoR forms including resignation and appointment of directors, processing of name changes and updating of the company secretarial database.

I am a mother of two and take pleasure in raising my kids and teaching them the core values of life which I believe strengthen one’s ability to focus on life. That is to put God first, respect themselves and always strive to do their best in whatever challenge they are facing then leave the rest to God.



### Our Tip for the month

“Governance and leadership are the yin and the yang of successful organisations. If you have leadership without governance you risk tyranny, fraud and personal fiefdoms. If you have governance without leadership you risk atrophy, bureaucracy and indifference.”

– Mark Goyder (Director of Tomorrow’s Company)

## Interesting Article

Shareholder primacy theory is suffering a crisis of confidence. In *The Shareholder Value Myth: How Putting Shareholders First Harms Investors, Corporations, and the Public* Lynn Stout discusses how the traditional managerial focus on the shareholder’s interest can be harmful to the corporation and even for shareholders themselves and how it is more valuable to spread the focus over several objectives. To read more on this matter click here, [read more...](#)

## Keeping you up to Date

- As from 1 May 2014 CIPC will implement a prescribed fee for the conversion of a close corporation to a private company. Close corporations that wish to convert to a private company are urged not to wait until the last moment as this might negatively affect processing times.
- During the month of May iThemba will be celebrating its 6th birthday.