

**The choice is not whether to use new media.**

**The choice is how to use it well.**



With the right strategic and tactical advice from the people who deliver change, any business issue can be addressed and a positive outcome achieved.

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## Web 2.0

“The Web will be understood not as screenfulls of text and graphics, but as a transport mechanism, the ether through which interactivity happens.”\*

“The web was going to be the great educator, but the cult of the amateur is now devaluing knowledge.”\*\*



1. Potential global audience that can be accessed and harnessed almost instantaneously.
2. Wider and greater access to data due to faster download speeds
3. User-generated content that is not subject to the rigours and restraints of traditional media.
4. Architecture of participation as opposed to static Web 1.

**JH** The media landscape for individuals and companies has been transformed in the last decade. That change is still underway and as yet its potentially profound impact on society has not been measured or studied in depth - it is just too soon to say. This is hardly the time to make too many predictions but it is fairly safe to say that the pace of change will increase and no one - individual or business - will be unaffected by it.

The challenge for society is to embrace change and make positive use of it. For the young demographic, of course, it is nothing is new, it simply is and they use the technology and tools naturally. It is vitally important for business to understand the way in which they do so. The young will teach the old. And the old had better learn pretty quickly.

The 90s was the decade of the internet - Web1, as it has been dubbed and the change it wrought has been profound already. It is perhaps chastening for those of us of a certain age to reflect that many of our children will simply have no concept of a banking hall. They will operate their accounts online and have opened them that way. They use cash machines and have probably never written a cheque.

But that's just old stuff. In the twenty first century it is Web 2 that is driving force

**ER** We all think we know what Web 2.0 is about and respected research has been able to demonstrate that application of Web 2.0 technology and platforms has delivered measurable benefits to business in terms of increasing access to customers, employees, markets and revenue, whilst simultaneously lowering the cost of doing business. However, for too many businesses, consideration of Web 2.0 is only about realising potential benefits with scant attention being paid to risk. They are discovering that their erstwhile, one-way control of brand and communication is now being shared, or even lost, in the immediacy and scale of a social environment dominated by the principle of participation and which can change in a matter of hours.

The greatest challenge posed by Web 2.0, is to find and manage the balance between quantity and quality of information. If businesses fail to meet this challenge, there is a danger that the lunatics may take over the asylum.

\* DiNucci, D : Print: Design & New Media : Fragmented Future : <http://www.cdinucci.com/Darcy2/articles/Print/Printarticle7.html>

\*\* Keen, A : Thinking is so over : [http://technology.timesonline.co.uk/tol/news/tech\\_and\\_web/personal\\_tech/article1874668.ece](http://technology.timesonline.co.uk/tol/news/tech_and_web/personal_tech/article1874668.ece)



**Never explain-  
Your friends do not need it and your enemies will not believe you anyway.**

Elbert Hubbard



In February 2010 a woman reported that she had been ejected from a FirstGroup bus in Bristol for breastfeeding following a complaint from another passenger. She claimed that the driver had threatened to call the police, that she had been left humiliated by the roadside in the rain, and she had been forced to take a taxi at some cost. The passenger did not just report the matter to the company, she also made simultaneous reports to the press.

The driver refuted the passenger's version of events.

FirstGroup's communications team swung into action with an apology, vouchers, flowers to the passenger and a press statement declaring that FirstGroup entirely respects the rights of mothers to breastfeed. Despite the company's rapid response, within hours the story was making headlines on television, newspapers and social media sites such as Netmums and Twitter.

All buses are fitted with CCTV, but examining CCTV material has to be performed under evidentiary conditions and it can take several hours to remove each camera and view the content in real-time. In due course, having sat through hours of CCTV, FirstGroup was able to prove that the woman's version was complete fiction. She had boarded the bus, but had breastfed without hindrance and far from being thrown off the bus, alighted of her own free will at the terminus. The CCTV entirely corroborated the driver's version of events.

FirstGroup issued a further statement, but despite the media interest in the "bad news," the "truth" was only printed in the Bristol Evening Post and whilst First's communications team did an outstanding job of getting the story removed from all reputable online media sites, a Google search on the incident still produces 100,000 links.



*"I would like to apologise to First, and in particular to the driver, Mr Rob Stone, for the allegations I made in the media last week. I had no idea the story would become so big so fast and cause so much damage. I genuinely believed the incident took place as I described. However, I now accept that on the clear evidence First has that it did not.*

*I am now starting treatment for severe postnatal depression and would ask for privacy and understanding, particularly for the sake of my family who were never actively involved in the incident or the story. I will be sending a personal apology to Mr Rob Stone and returning the vouchers to you. Once again I fully apologise and regret not taking the opportunity to do so sooner. I hope that First and Mr Rob Stone will accept my apology."*

## So why did FirstGroup apologise before it had the facts?

The following are extracts from an online discussion held on a blog run by a senior FirstGroup Director. Jonathan and Elka have different views about the company's response.

**JH** It is very important to put the record straight. While there are certainly questions for the young lady it would also be interesting to know why First apologised if your driver said the story was incorrect. Reputation management is vital and one applauds a company being prepared to admit it got things wrong. However, there is also reputation with your staff to consider and so in this case you have suffered a double hit. Moreover, of course, if you have already apologised it is not surprising that the media might say that First is the author of its own downfall, making it harder to get a retraction.

**ER** The issue is surely that of the speed in which reputational damage can occur. In this sort of incident, organisations face a balancing act between responding to allegations (which may or may not be true / he said / she said) and losing the initiative to appear as a responsive organisation. I would suggest that had the company responded with a "we are investigating" response, the media outcome would have been exactly the same albeit without the "responsive organisation" message. The effect on the driver would have been the same in the Court of Public Opinion. Furthermore, had the company suggested that Ms Wootten's version of events did not match the driver's version, and had the company later been proven wrong, the reputational risk (and media frenzy) could very well have been greater.

The full investigation should give the employees confidence and assurance of the company's commitment to employees as has been demonstrated by the outcome of this incident. It should also give the media confidence and assurance in the future, that the company takes all complaints extremely seriously whilst having a case study available to demonstrate that not all complaints are what they seem. Lastly, it should also, I suggest, provide a clear message to those who are intent on making false claims, that this company is not an easy target.

**JH** I take a different view based on 30 years' experience of media management. The media would have had very little to go on if the company had taken a line on finding out what actually happened. The media are stretched these days but they do need more than a single source for a story. They could run this story because the company apologised. A commitment to investigate and report the findings openly to the media is hard to argue against. Of course the internet is fast, but I still have a problem about apologising when the facts aren't clear. If the media then run something they are open to PCC action - a bit toothless maybe, but it is still there - or sterner action. And you can always shake a lawyer at the media lawyer to remind them of their responsibilities.

control

## Corporate suicide or stroke of genius?"

# Sainsbury's

To an accompaniment of rolling drums and musical fanfare, the voiceover to the opening credits of Channel 4's four-part series *"I'm running Sainsbury's"* poses the question *"Corporate suicide or stroke of genius?"*

The programme follows four Sainsbury's shop floor employees, or colleagues as they refer to themselves, as they attempt to roll out new ideas across the business. Cringe-worthy in places, as one journalist cynically pointed out, the Chief Executive Justin King had already had the best idea of all – convincing C4 to give him four hours of free, prime-time advertising, all of which underlined Sainsbury's commitment to low prices and quality products. C4's head of factual entertainment Andrew Mackenzie proffered a more cerebral perspective, "It's a look at the psychology of shopping and an opportunity to understand the institutions where we spend our money." We are informed that Sainsbury's had no editorial control over the broadcast content.



Programme 1 : "Feed your family for a fiver" based on Sainsbury's Basics range and Sainsbury's biggest growth area. Becky's idea is to put all the ingredients in one pace, in a bag, so customers can pick up bag and take it straight to checkout.



Programme 2 : Despite £000's spent on in-store advertising, the average customer will take in just seven words per trip. Barbara's idea "It's not stalking, it's targeting" tackles issue of customers "sleep shopping"



Programme 3 : 70% of customers admit they'd ditch a supermarket because of poor service, but few bother to make a complaint. Niall's idea was to set up Customer Surgeries in store to deal with complaints.



Programme 4 : With a new store opening every week, a new fleet of managers is required who can consistently deliver the company's brand values in every store. Sainsbury's idea was trial a fast track management programme in which a Convenience Store Manager was mentored by managers from its largest stores. Could this provide a model for intensive training, shaving years off the normal management training process?

## *I'm running Sainsbury's?*

What is notable about this television series which is "old media" and therefore subject to broadcasting governance and standards, is the quantity of comment generated on a network of social media sites, "new media," which allows free reign for viewers' comments. Channel 4's linked commentary page has just a hundred responses, but a Google search of "*I'm running Sainsbury's*" displays almost a quarter of a million links to the programme with all sorts of blog sites generating comment and participation. The programmes themselves can still be viewed online.\*

**ER** I find myself torn over the benefits of this exercise. The potential benefit of four hours of prime time television is not to be sniffed at, even without editorial control over the outcome. On the other hand, four hours cannot provide McKenzie's promised insight into the complexities or challenges of running one of Britain's largest businesses.

For many companies, the downside of allowing cameras into their world would outweigh the benefits and in many respects, the series bore out this view. In the social media landscape, the two programmes that generated the most comment were Programme 2 and Programme 4. Programme 2 had bloggers threatening to boycott Sainsbury's if hard selling was introduced into their stores (indeed, Sainsbury's own research had already told them that customers dislike this) so why did they allow the idea to progress?

But most negative comments were reserved for Programme 4—many of which compared the programme with "The Office" and the manager of Sainsbury's flagship store with Ricky Gervais. In this respect, I completely agree with Jonathan's comment below.

**JH** The Sainsbury case elicits a number of responses - admiration at the bravery of a corporate inviting the cameras in to film it, interest in what the company felt it was going to get from it, fascination at the amount of comment that the programmes generated on the web and amusement at the speed at which consumers got into discussion of the latest recipes.

Perhaps the question is two-fold. What do we remember of the series? And for the future what will remain? I can't answer the first, but the answer to the second is for the future whenever someone puts in 'Sainsbury' into Google there is a good chance that a lot of negative comments about the programme will appear. What is important is that the comments do not appear to be matched by comment from Sainsbury putting its point of view.

The web provides the public an opportunity to make its point of view. From a corporate reputation point of view it is vital to engage. Advertising is talking at the consumer. With the web companies have to engage in a dialogue and the communication task has suddenly become more complex. The web, social media, Twitter - they are all new channels with the public and their management has introduced a new dynamic into the way brand reputation is maintained and protected.

\* <http://www.channel4.com/food/on-tv/im-running-sainsburys/>

## CONCLUSION

**The choice is not whether to use new media.  
The choice is how to use it well.**

New media is here to stay and soon we are not even going to call it 'new media' any more than we refer to 'Web2', as happened so slavishly for a couple of years. We have new information distribution channels and new challenges to the management of reputation. In the past the consumer voice might be heard in a letter to a paper, on a radio or TV consumer programme. Now the web provides a platform for any unhappy customer to get his or her voice heard on what is becoming a default first choice for information about products and corporate reputation.

The internet is not a nerdy sideshow, it is mainstream and if it is not front of mind for corporate boards you should be reconsidering your investment portfolio. We suggest that this becomes one of the elements to consider when you read annual reports, together with the analysis of how the internet is managed and the resources given to to it.

Haslamedia and Chervall Group have extensive experience of using new media well and of working with organisations to anticipate and avoid some of the pitfalls set out in this discussion paper.

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## Jonathan Haslam CBE

Jonathan Haslam was formerly Chief Press Secretary to then Prime Minister John Major and worked in No 10 for more than six years altogether. His twenty year Government career involved a wide range of Whitehall departments including the Department of Trade and Industry, Home Office, and the Department of Education and Employment, where he was David Blunkett's first Director of Communications.

He was a member of the Scott Inquiry Unit at the Cabinet Office and was responsible for designing the Government's communications response to the Arms to Iraq inquiry.

In the private sector he took the lead role in rebuilding the reputation of the London Metal Exchange following the Hamanaka copper fraud. He led the mission to explain the Jarvis plc turnaround story from near bankruptcy to the debt for equity exchange of 2005.

Jonathan is Managing Director of Haslamedia Ltd, a specialist communications consultancy dealing with complex financial, corporate and governmental affairs and has just completed the Aviva reattribution project on behalf of the Office of the Policyholder Advocate. He has wide experience of the private equity/venture capital sector. He is joint managing director of Pitch-Perfect, a presentation and media training business.

## Elka Carn-Raine

Elka Carn-Raine trained as a banker but moved into the commercial property and development sectors in the 1980s, when she project managed a number of complex transactions on behalf of a number of well-known developers and investors in the UK and US. She progressed into managing major infrastructure projects in the UK and Far East on behalf of the public and private sectors including the MTRC in Hong Kong, Kuala Lumpur Mass Transit, Singapore Light Rail, Guangzhou Urban Planning and the Jubilee Line Extension.

Since 2000, Elka has been the Managing Principal of Chervall Group and is retained by a wide range of Partnerships, SMEs and FTSE 100s operating in most sectors, to advise and / or project-manage a range of complex transactions. With an emphasis on human capital and change management, transactions include discrete projects, mergers and acquisitions or disposals during periods of economic expansion, or turnaround during contractions.