

To Blog or Not to Blog

A blog is a Web site on which items are posted on a regular basis and displayed in reverse chronological order. The term “blog” is a shortened form of weblog or web log. Authoring a blog, maintaining a blog or adding an article to an existing blog is called “blogging.” Blogs use a conversational style of documentation. In the early 21st Century, blogging has quickly emerged as a popular and important means of communication.

Wikipedia, The Free Encyclopedia (http://en.wikipedia.org/wiki/Main_Page)

By Laura Bernstein

At a recent meeting of the NIRI Virtual chapter (held on the Web, of course), Louis M. Thompson, CEO and president of NIRI, moderated a panel titled “Hardblog.” The title was an amusing takeoff of the popular TV news show “Hardball with Chris Matthews.” But for the panelists, it was a serious topic they were about to tackle — blogs. What are they? Should public companies encourage them? What are the positives? Negatives? Are they a legitimate form of communication?

Thompson said he came to this panel with some skepticism. As a trained journalist, he had some doubts about blogging in general and about bloggers becoming legitimate sources for information. Joining him on the panel to sort things out were Pam Agnew, a principal with Clarity! Communications; Paul Arne, a partner in the law firm Morris, Manning & Martin LLP; and Charlene Li, a principal researcher for Forrester Research.

To put the impact of blogs in perspective, Li cited recent statistics that found 18 percent of households read daily newspapers; 10 percent read a blog. For younger adults, the statistics were neck and neck between newspapers and blogs. “People are turning to blogs to get specific information,” said Li.

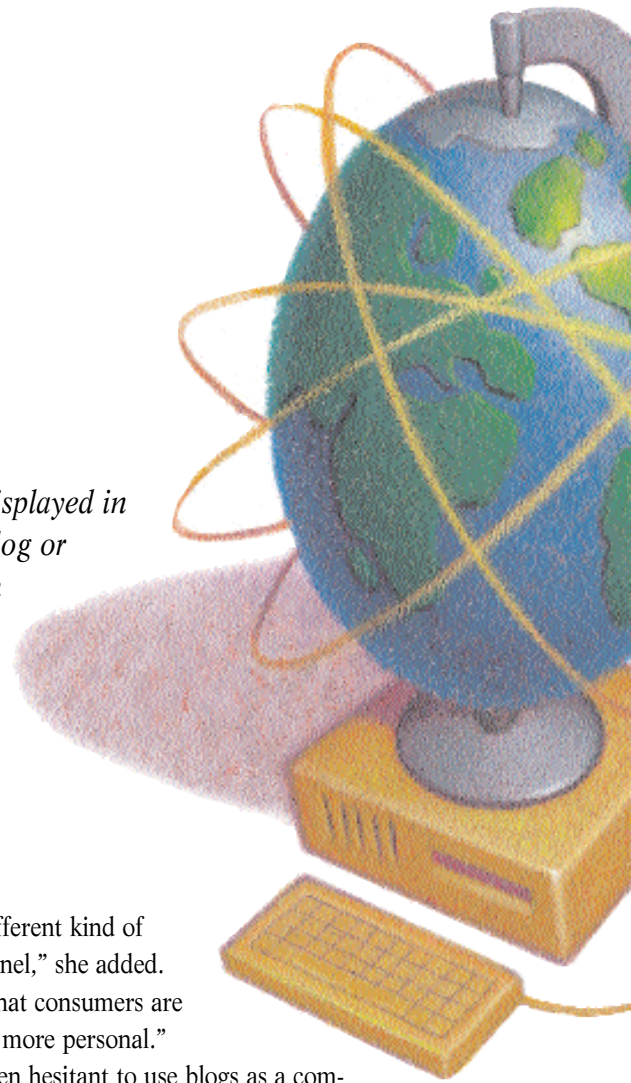
According to Li, some companies use blogs internally for collaboration among employees and externally to connect with

consumers. “It’s a different kind of communication channel,” she added. “It’s understanding that consumers are expecting something more personal.”

Companies are often hesitant to use blogs as a communication tool because they fear they’ll lose control — that employees or executives will say something bad or their brand will suffer. But Li said she sees this medium as important, suggesting that companies should start small to establish a positive mindset around blogging.

Clarity! Communications’ Agnew agreed, noting that early adopters of blogging were analysts, hedge fund managers, financial and specialty journalists, academics and special interest groups. “They are innovators and influencers,” said Agnew.

Investment bloggers, Agnew found, discuss company strategies and prospects, market and industry trends, disclosure and financial reporting practices and investor relations. “We benchmarked 500 of the world’s largest companies. Only 7 percent of U.S. companies are providing full transcripts to quarterly calls. If you’re not providing this on your Web site, but people are getting it in the blogosphere, then there is a potential danger,” said Agnew. “Bloggers have strong opinions and continue to be motivated to blog to secure new information.”



Which is not to say that most blogs shouldn't be taken with a pinch of salt. "No analyst is going to share information they get paid for; they're floating balloons," she said.

But Agnew added that there is really no reason for an IRO to maintain a blog — he or she already has an IR Web page on the company's site. But IROs should understand the medium; monitor blogs about their company, competitors and industry; and use blog technology — RSS feeds, for example — to enhance their IR Web site offerings.

If you are considering using a blog as a communication tool, make sure you are up-to-date with various rules and regulations, including Reg FD, privacy, trademark and copyright laws and truth in advertising.

Then it was time for a lawyer to weigh in. Always the voice of caution, Arne sees blogs as another communication tool, along with press releases, e-mails, Webcasts, etc.

But when a company considers the different uses of blogs, both internally and externally, there are lots of laws that can apply to them. For instance, if you say something in a blog about a competitor that turns out to be false, this could result in a slander or libel suit. So if you are considering using a blog as a communication tool, Arne said, make sure you are up-to-date with various rules and regulations, including Reg FD, privacy, trademark and copyright laws and truth in advertising.

Questions from Virtual chapter members shed additional light on issues to take into consideration if you are considering a blog for your company or evaluating and/or monitoring existing ones.

1 The "blogosphere" tends to be self-regulating. If there are few links contained in them or if you see identical links, you may not put much credence in what is being said.

2 Hedge fund managers, among others, may use blogs to float trial balloons or garner new sources of information.

3 If you are concerned about Reg FD and blogging, make sure you disclose only material information on a blog that has previously been disclosed. On the other hand, a blog is typically not a means for full and fair disclosure because it's often expressing one person's opinion. But that doesn't mean a blog couldn't become part of a company's Web site.

4 Bulletin boards are still around, but the difference between them and a blog is that anyone can chime in on a bulletin board discussion, and often there is no one clear topic — people tend to veer off, and it's hard to maintain momentum. But a blog is constantly fresh, helping to keep its momentum.

5 Attorney Arne said he was able to monitor 28 different blogs on one page through Yahoo, adding that you can't get that kind of functionality out of a discussion group on the Internet.

6 Analysts often find new sources of information by searching the blogosphere, sometimes garnering information they can then take back to the company for confirmation.



Thompson summed up the discussion by saying that some of his uncertainty about blogs had been dissipated: "The panel, through their presentations, moved me a little bit along the line of being a great skeptic to a much lesser skeptic, now that I have a better understanding of what blogs are about." IRU

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Editor's note: A complete transcript of the meeting is available on the Virtual chapter's Web site at www.nirivirtual.org/phoenix.zhtml?c=142203&p=irol-calendarPast.