



Activism goes digital

Strategic use of social media such as Twitter and LinkedIn can provide a company with a powerful campaign advantage, says Brunswick’s MIKE KREMPASKY

Carl Icahn loves Twitter – and you should too. On Tuesday, August 13 2013, Icahn’s camp tweeted that he had taken a “large position” in Apple, calling the stock “extremely undervalued.” That audacious challenge lit up the web in seconds. Within an hour, Apple’s \$425 billion market cap rose 4 percent, adding \$17 billion. The move gave Icahn an important advantage, tilting discussions with CEO Tim Cook, board members and shareholders in his favor for weeks afterward.

But smart companies learned they can give as well as they can get. In 2014, Icahn approached eBay privately, with an interest in breaking up the company. Rather than wait for Icahn to make his move, the company went on the offensive, announcing the activist’s interest on its earnings call. Tweets from executives and board members touted the advantages of keeping the company whole. The pre-emptive strike put Icahn on the defensive before he could make his ideas public. *The Wall Street Journal* ran the headline, “Did Carl Icahn Get Out-Tweeted by eBay?”

Prodded by the eBay fight, the Securities and Exchange Commission blessed the use of Twitter

“**Not every activist is preparing a bombshell tweet with your name on it, à la Icahn – but they could be**”

in a proxy fight. Digital media is now possibly the most important channel open to company leaders to gain and maintain control of a public discussion.

Of course, the best impact for any message will be its effective integration into a broader communications strategy. But the significance of digital can’t be overestimated. Twitter, LinkedIn, blogs and other digital channels can help provide context, and can activate a broad base of support either for or against the company.

TWITTER HAS OFTEN been described as the new “first draft of history,” a phrase used throughout the 20th century to describe professional journalism. According to one recent study, 78 percent of journalists now regularly use Twitter and other forms of social media to keep up with breaking news and more than half of those surveyed use it to find ideas and conduct research for stories.

Brunswick research shows that 77 percent of surveyed buy-side investors and sell-side analysts have investigated an issue based on information from blogs and social networks. When news

breaks, a company's social media channels are often the first place that observers and stakeholders look for information.

Employees are one of the best amplifiers of company information and can provide important help in the critical moment. Workers are already using social media for work purposes and talking about work with their contacts outside of the office. Networks of friends and contacts see those employees as a legitimate source of information about your company. A 2014 report published by Indiana University noted that organizations able to guide the employee voice on social media have a clear competitive advantage.

At the same time, your workers are important stakeholders in your business. Appealing to them in the context of an activist defense can help reassure them about the company's long-term prospects. Supportive employees, in turn, will boost overall confidence in your company among investors and other stakeholders. Involving them could also help lift employee engagement generally, well into the future.

GIVEN THE IMPORTANCE of these communication channels and the high stakes in an activist fight, no company should be willing to cede the digital battlefield. The time to array your forces is long before the first digital salvo from the other side strikes home.

When considering the possibility of an activist attack, it is best to regard it as a certainty – not an if, but a when. Likewise, you don't want to roll the

More than just a clever meme

MAP YOUR FOOTPRINT

Work toward creating a diagram of the entire range of influence of your executive leadership, including any high-profile backers of your company. Make sure you know exactly which leaders can reach which audiences.

YOUR PLAYBOOK SHOULD BE A SONG BOOK

The social media message of your leadership team must be convincing. Coordinate the timing and cadence of the content they share, not just the facts. Make it sing.

LOOK BEYOND THE BRAND

Closely monitor digital and social channels for early signs of activist investor interest and as a real-time insights tool during an engagement.

GET THE C-SUITE ON TWITTER

The voice of the executive is the most effective way to cut through the clutter and chaos of a crisis, but it is challenging to launch a digital presence from scratch during an engagement. Get your executives comfortable in the space, well before you need them.

REMEMBER THAT SOCIAL MEDIA IS HUMAN MEDIA

In social channels, it is often not enough to be clear and precise. Messages also need to be personal and approachable, even emotional. Along with confidence in your business strategy, show the passion you have for the company, its people and your vision.

dice about how an activist will use social media. Not every activist is preparing a bombshell tweet with your name on it, à la Icahn – but they could be. In the end, what matters is how well prepared you and your company are to control your message in the digital sphere.

MIKE KREMPASKY, a Partner based in Brunswick's Washington, DC office, leads the Group's digital offer.

eBay: out-tweeting Carl Icahn

Starting out as a corporate raider, more than 30 years and 100 campaigns ago, Carl Icahn has had one of the longest careers of today's activists.

He is also one of the most social media savvy. Joining Twitter in 2013, Icahn has used it in more than 10 campaigns.

In 2014, Icahn threw down the gauntlet to eBay, proposing that it split off PayPal. eBay decided to

fight fire with fire and, no stranger to digital communication, launched an aggressive, multifaceted defense that involved posts on Twitter and social media.

eBay regularly shared content directly via social channels, including company statements and infographics to highlight the strongest points of the company's story. Shown right is a

detail from one such infographic, demonstrating management's record of creating long-term value for investors.

eBay's social media campaign helped propel it to a first-round victory over the Icahn-led challenge, giving the company the time to weigh its options. Ultimately, the eBay board made the decision on its own to spin off PayPal.

— **RADINA RUSSELL**

The eBay success story

441% Increase in Share Price

Significantly outpacing the S&P and NASDAQ



Source: eBay