

## 6 steps every financial professional should take before using LinkedIn

Use the tools while observing the rules

By Clara Shih, CEO of Hearsay Social, provider of social media solutions for financial services. She wrote *How to Make Money Marketing Your Business on Facebook* (Financial Times Press, 2011) and *The Facebook Era* (Prentice Hall, 2009.) A sequel to this article by Shih addresses 6 steps bankers should take before they get started on Facebook .

A decade ago, we had to learn search and email. Today, commercial bankers, wealth advisers, asset managers, investment bankers, and other financial professionals are finding themselves having to quickly master status updates, connection requests, and social media etiquette. With more than 100 million active users, LinkedIn is becoming an increasingly important communication channel and competitive differentiator for financial representatives to connect with clients and prospects.

In researching and writing my books, and in my subsequent work with thousands of financial professionals, I have developed these six steps to help make you both safe and successful on LinkedIn:

1. Understand the regulatory requirements (even if they don't directly apply to you today).

SEC Rule 17a-4 and NASD Rules 2210, 2211, and 3110 require records retention for a minimum of three years on all incoming and outgoing business-related electronic communications, including correspondence (e.g. messages sent via LinkedIn) and sales literature (e.g. LinkedIn status updates and posts to LinkedIn Groups and Discussions).

The Financial Industry Regulatory Authority (FINRA) enforces these SEC regulations as they apply to broker-dealers and last year issued Regulatory Notice 10-06, "Guidance on Blogs and Social Networking Sites, to underscore the importance of extending good governance and compliance practices to include social media.

"There is no easy way to separate personal from professional when it comes to your LinkedIn messages or status updates"

—Clara Shih, Hearsay Social

Officials have hinted that such rules governing broker-dealers today may be extended to include other kinds of financial professionals such as financial advisers, asset managers, and commercial bankers. [Editor's note: In a recent community banking meeting, a CEO said examiners told her that federal banking regulators will soon publish guidance concerning use of social media.] In the meantime, the recommendation for anyone dealing with sensitive financial information is to err on the side of caution and adopt sound records retention and review procedures now so that even the strictest regulatory compliance guidelines never become an issue. Check with your compliance officer to determine what your firm or company's current compliance policy is.

2. Undergo requisite training on social media risks, and make sure this training is documented. Regulatory rules referred to earlier require that firms adopt social media policies and plans "reasonably designed" to ensure that employees are supervised and trained on communications policies and do not otherwise violate their fiduciary duties to investors. If you do undergo social media training, make sure to document when and where it took place.

3. Identify where to draw the line between your personal and professional identity. Many of the most successful client-facing professionals develop lasting relationships and a personal bond with clients. The lines can easily blur, especially if you take on personal friends as customers, or you invite customers or prospects to a social function, such as dinner at your home. Today, there is no easy way to separate personal from professional when it comes to your LinkedIn messages or status updates. Until LinkedIn's capabilities change in this regard, the regulatory recommendation followed by most financial firms is to err on the conservative side and archive all messaging.

Beyond the need for records retention, you should take the time to adjust your privacy preferences on LinkedIn and social networking sites so you are aware and in control of what information is shared with close friends versus all connections or members of the public.

To see a larger version of this illustration, [click here](#) or on the image.

4. Keep your profile current so you are not at risk of misrepresenting your affiliations.

Updating your LinkedIn profile may be the last thing on your mind when you are undergoing a job transition. But from a legal liability standpoint, it is very important to keep your profile and information current so as not to misrepresent your services and affiliations. It's much easier to take a few minutes to update your profile than to deal with any potential fallout later.

To see a larger version of this illustration, [click here](#) or on the image.

5. Use LinkedIn to strategically grow your

business.

Social media can provide a tremendous competitive advantage in growing your book of business. Not only can you research customers' and prospects' work history, interests, and background, you can also find the ways in which you intersect. For example, you can use LinkedIn to see whom you might know in common with a prospect, in order to ask for a warm introduction from your mutual friend. You can also research your prospect's company so you can understand what issues might be top of mind.

Leverage real-time updates from social networking sites to continually prioritize your prospecting and relationship-building activities. Employer or job title changes, joining a board, moving to a new city, growing a family, or being involved in a merger or IPO often presents opportunities to sell or up-sell. A significant life change can signal that an individual may be ready for additional financial services or require a new set of financial services. 6. Educate clients and prospects with helpful information.

Your LinkedIn profile is a public representation of your professional brand and provides an ideal platform for you to share your knowledge and expertise on financial matters. A sales pitch rarely works in social media. Rather, posting valuable, informative content builds credibility. Examples include providing a link to the latest research report on a particular asset class or sharing a point of view on market developments.

In particular, LinkedIn Groups offer an excellent opportunity to establish your expertise. As a financial professional, you can win followers and build trust over time by providing quality answers to posted questions or initiating interesting dialogues of your own where you may present a unique angle. Like the Internet a decade ago, social networking sites such as LinkedIn offer a wealth of opportunity and time savings for financial professionals. Of course, LinkedIn is not a replacement for traditional prospecting and relationship-building methods like a face-to-face meeting, phone call, or handwritten note. The best social media strategy is one used in conjunction with offline interactions.

Good luck and see you on LinkedIn!