

Social media slow leap for Stephens Inc.

LR investment firm moves with the times, but carefully

JESSICA SEAMAN

ARKANSAS DEMOCRAT-GAZETTE

Stephens Inc. is joining a new thriving, albeit risky, venture: social media.

The Little Rock-based investment firm has entered the world of short messages and hashtags by joining three of the most popular social media sites — Facebook, Twitter and LinkedIn — to share news and connect with clients.

“I guess we’re entering the 21st century,” said Warren Stephens, the firm’s chairman, president and chief executive officer. “It’s a way to communicate with people in a much, much faster way.”

But Stephens Inc. is treading lightly into the fast-paced realm of social media to comply with securities regulations and avoid mistakes that can instantly result from an ill-worded tweet or post.

So while the company is encouraging the use of the three social media sites among its employees, it is also limiting how the platforms are used for business.

Stephens, 57, attributes the decision to utilize social media to his 23-year-old daughter, Laura.

Stephens said she showed him how social media is used by similar investment firms and how it can benefit the company.

“I realized maybe I’m not a consumer, but we’ve got to get into this,” he said. “We all embraced this and said, ‘hey, we’ve got to do this.’”

Stephens now has a personal Twitter account.

“I only follow,” he said. “I don’t tweet.”

Although Stephens may not be a big social media user, that’s not necessarily the case for some of Stephens Inc.’s employees.

“We had a [company] Facebook page because we had so many Stephens employees on Facebook and we didn’t even know it — and it was wrong,” Stephens said.

“Not only are our employees using Twitter, Facebook and LinkedIn, they were using them and all over the board,” Stephens said. From “a compliance standpoint, we needed to get in front of that and control that.”

He said the firm was also slow to use social media because there are many regulations to follow.

“You’ve got to be careful from a regulatory and compliance standpoint of what you say and how you say it,” Stephens said.

Stephens Inc.’s move into social media will also help the financial institution expand its brand and build on its reputation, Stephens said.

“It’s also become a lot more important in recruiting candidates to the firm,” he said.

But Stephens Inc. is taking a cautious approach to social media.

When the firm tweeted Friday from its handle, Stephens_Inc, to followers, “Stephens revises rating for #Pilgrim’s Pride Corp.” with a link, it wasn’t an on-the-spot thought tossed out into the Twitterverse.

It was a carefully written tweet crafted by Stephens Inc.’s marketing department in partnership with an outside public relations firm and approved by the investment bank’s legal and compliance divisions.

Public relations firm Rooney and Associates is guiding Stephens Inc. on using social media. Laura Stephens works for the New York-based company.

Because of securities regulations, many firms such as Stephens Inc. monitor social media posts that are made from the companies' official accounts and from individual employee pages.

"There are rules that make it really difficult," said Bruce Milne, chief marketing officer and vice president of products and marketing for Socialware, a company in Austin, Texas, that helps financial firms use social media. "It's very easy to make a mistake."

Milne said many financial companies were slow to join social media because they wanted to see how early adapters would do and adjust to the regulations. Now more agencies are joining, such as Regions Bank and USAA.

Socialware works with Morgan Stanley, which was early to adopt social media.

Financial firms and their employees endure extra scrutiny and must keep records of their communications. They can't appear to be sharing certain information to tout businesses, Milne said.

Something as simple as liking a page or article on Facebook can easily be misconstrued and interpreted as an endorsement. The same goes for a retweet on Twitter.

On LinkedIn, financial advisers aren't allowed to endorse the skills of other users — a common feature on the business networking website, said Milne.

"It's out of compliance to endorse someone because you are effectively endorsing all of their policies and skills ... and that can be a real problem for the firm," he said. "There are lots of ways you can get yourself in trouble on social media if you are a regulated employee."

A few years ago, the Financial Industry Regulatory Authority suspended and fined Jenny Quyen Ta, who was general securities principal and representative for Titan Securities at the time, for positive tweets about certain stocks, not informing the firm that she had a Twitter account and not disclosing that she held shares in the investments.

LinkedIn, Twitter and Facebook are popular among financial firms, Milne said.

"Those are the only ones viable for financial services," he said.

With other platforms, such as YouTube and Snapchat, "there's no archiving, so it's really difficult for financial services to use," Milne said.

LinkedIn is popular in the financial industry because it's a "business-to-business platform," he said.

While Stephens Inc. is allowing employees to use Twitter and Facebook to follow companies they cover, the firm has a test group of employees who will be allowed to more actively use LinkedIn for business purposes, said Kevin Burns, senior vice president and associate general counsel at Stephens Inc.

He said that, despite all the regulations Stephens Inc. must follow when using social media, the firm will still be able to produce valuable posts.

Burns said that all departments — such as investment banking and research — at Stephens Inc. are involved in the company's social media endeavor.

"It's a matter of identifying content that's useful, and I think each department is wanting to find something that's useful and not conflict with the regulation game," he said.

Burns said an employee's personal Facebook page or Twitter account that is not being used for business isn't monitored by the firm.

While Stephens Inc. is moving slowly into social media — for now the firm is posting news about companies it follows or itself and not interacting with followers — it could expand its use in the future, Stephens said.

"At this point, we'll see how this goes," he said.