

New Legal Wrinkle Developing with Social Media

By Kelly Scanlon, *KC Small Business*

As if employers don't have enough to worry about, businesses are now being cautioned that employees who make exaggerated claims about their company could put the company at risk for violating the FTC's guidelines for endorsements and testimonials in advertising.

In the past, businesses have scrambled to address customers who ranted against them, chronicling bad service and poor quality products. Defensive posturing has also been necessary when employees have tarnished the company brand (remember the Dominoes fiasco?). Businesses have also had to deal with productivity issues associated with employees who spend their working hours on social media sites. But the latest caution will catch many businesses by surprise – it's a bad thing for employees to say good things about the company?

Well, yes, sometimes. The Federal Trade Commission (FTC) has issued **updated guidelines** to protect consumers from deceptive endorsements and advertising. And those guidelines clarify that employees who make remarks about their company's products or services via social media (blogs, Facebook, Twitter) can set their employer up for legal trouble, even if the company hasn't authorized the comments.

If you're concerned about whether your company may be at risk, contact a human resources professional or attorney to establish a social media policy for your company.

About the Author:

Kelly Scanlon is the publisher for *KC Small Business* magazine. Her blog provides commentary on local and national issues impacting small businesses, insights on entrepreneurs, and tips for thinking bigger and more creatively.