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Online Exclusive

A Director's Digital Life May Be a Liability

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A director's online presence is inextricably linked to corporate reputation and value. Here's how directors can proactively oversee their digital footprints.

The court of public opinion has shifted from a largely offline presence to being entirely online over the last decade. Online reviews, news stories, trends, and discourse on social media shape the perspectives of consumers and investors alike. Content available on the Internet about an organization, whether objective reporting or subjective opinion, shapes brand perception.

In this digital age, the <u>online reputation</u> of a company is important for goodwill and sustained growth. The perception of a company is shaped by the values that the organization upholds through proactive actions, the causes it addresses, and the issues it chooses to avoid.

Directors and executives, as the public faces of the organizations they serve, are also integral to their reputations.

Why Directors' Digital Footprints Matter

A footprint comprises the information that is publicly accessible about an individual online, especially through search engine results for the person's name or related keywords. With the advent of

artificial intelligence, anyone can access a summary of a person's background—which may contain errors introduced by the AI tool—in a matter of seconds. For directors, this comprehensive footprint includes social media posts, media interviews, conference appearances, bylined articles, online comments, and past affiliations that can be uncovered by search engines.

A director's digital footprint can affect not only the individual's social standing but also the perception of the company the director is associated with. A director's views and actions in public are often seen to reflect the values of the organization and be endorsed by the board, irrespective of the actual connection.

Recent social media movements led to calls to boycott certain companies to showcase disapproval of a board director, executive, or other stakeholder. Moreover, since digital content rarely disappears, older news can resurface and elicit similarly strong public reactions.

Many of these cases involve C-suite and board leaders. In 2024, the gambling company

<u>DraftKings was charged</u> by the US Securities and Exchange Commission for making material statements about the company on the CEO's social media in violation of Regulation Fair Disclosure, which controls the release of public information.

Additionally, Jeff Bezos, executive chair of Amazon.com and owner of The Washington Post, faced backlash over what appeared to be political censorship at the newspaper. The controversy sparked trending boycott hashtags against both Amazon and the newspaper, leading to a major reputation crisis.

Directors' digital visibility can be an asset or a liability. For example, Indra Nooyi's LinkedIn page, with nearly 1.6 million followers, over the years strengthened PepsiCo's public image.

However, negative associations are often made faster because scandalous news gets more clicks. Examples of when a director's digital footprint may adversely affect company value include controversial or fraudulent past statements, political stances, affiliations with disreputable entities, and privacy breaches made or expressed online.

For instance, in 2023, Trevor Milton, founder and executive chair of Nikola Corp., was sentenced to four years in prison for securities and wire fraud after making false claims about the company's vehicles' capabilities on social media. This digital trail was used by short-seller Hindenburg Research to claim fraud, which, on top of Milton's sentence, led to the company's loss of stock value and reputational



Five Ways Directors Can Shape Their Digital Brand

Directors should take a proactive approach to shaping their digital image, as well as protecting against negative media coverage and stories. Often, building a brand while overseeing company affairs may not be a priority. That is where agencies and reputation management firms can help directors shape their brand perceptions.

On an individual basis, directors can take the five foundational actions below to ensure a positive and clean digital image.

- Practice digital hygiene. Directors can begin by auditing posts, older comments, and current search results on their brand profiles to ensure alignment with their ideal public image. Online reputation management companies can help directors create a comprehensive report and flag any issues. From there, directors should routinely check their accounts and tagged content at least once per month. Additionally, directors should secure all accounts with two-step verification to avoid hacks or data breaches that may result in personal information being used against them.
- **Set alerts.** Directors can set Google alerts for their names and associated keywords, including the names of the companies they serve. This allows directors to be aware of online mentions and take necessary action swiftly. However, the response to these mentions, especially negative ones, should be measured; sometimes, the best action is no action. Directors should not respond to hyperbolic comments or ad hominem accusations. However, when a genuine mistake has been made, taking accountability and action to fix a mistake can protect against negative sentiment.
- Reflect company values. Directors represent the companies they serve to the public. As a rule of
 thumb, directors should align public behavior and reactions with organizational principles and
 values, even when serving on multiple boards. When in doubt, and to make a clearer distinction,
 including a disclaimer about private views is helpful. That said, in the world of social media, such
 disclaimers are easily overlooked, so directors should act with caution.
- Create thought leadership. Board members should consider proactively creating a strong public
 image by publishing expert articles on industry topics, representing the organizations they serve
 on credible industry platforms, or being featured for their work in the field. It is advisable to
 comment on relevant topics and build a brand based on expertise, rather than commenting on
 each trend.
- Manage social media wisely. Directors should use platforms such as LinkedIn to engage with
 industry peers, share insights, and support company initiatives. When interacting with others on
 social media, avoid making divisive remarks, sharing unverified posts, or overt self-promotion to
 maintain a professional and trusted persona.

Reputation as a Boardroom Priority

Whether positive or negative, reputation can impact a company's prospects and success. As such, it is a tive board responsibility to maintain an unblemished image of themselves as individuals and

the company.

Preventive measures for full boards to take include the following:

- Set clear reputational guidelines for directors and other leaders of the company with recommendations for how to manage their digital footprints.
- Conduct regular audits, including media and Google search engine result page scans, sentiment analysis, and internal interviews to stay informed of current public sentiment about the organization and ahead of risks.
- Work with legal, public relations, and other key leaders to develop crisis management and communication strategies to prepare for situations when a director's online actions threaten company value.
- Build a stable online presence for the organization, including through visibility and participation in industry events, promotion of thought leadership by directors, and sponsorship of positive impact work.

In the digital era, a director's reputation does not remain personal. Its impact and perception follow the individual into the boardroom and directly affect the perception of the company and its existing brand capital. Directors have a dual duty: They must manage their own brand and safeguard the company's reputation.

As reputation becomes an increasingly relevant factor in company profitability and valuation, digital reputation management should extend beyond a public relations task to become a central consideration for boards.

The views expressed in this article are the author's own and do not represent the perspective of NACD.

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