

BETWEEN THE LINES

March 22, 2024

No Regrets? No Apologies!

Introduction

Executives make mistakes and sometimes they must apologize for them. When they do, the reaction of employees, customers and the public can have enormous implications. That's why the recent public apology from Meta CEO Mark Zuckerberg caught our attention. During the January 31, 2024 Senate hearing on children's online safety, Mr. Zuckerberg was pressed by Committee member Senator Josh Hawley to directly apologize to audience members whose children and families have been exploited and harmed via online social media platforms. While we at BIA typically test the veracity and completeness of company executives' comments about business strategy and company performance, we decided to apply our proprietary Tactical Behavior Assessment® (TBA) methodology to Mr. Zuckerberg's apology to assess what the implications of his statements might be. In this edition of *Between the Lines*, we also look at recent apologies from Snap CEO, Evan Spiegel, who also apologized during the Senate hearings, and Ying Liu, CEO of baby apparel company Kyte Baby, after she denied a request from an employee to work remotely while her newly adopted baby was in the NICU. In addition, we dig into our archives to find an example from last fall and examine an apology from former White Sox Tim Anderson to illustrate, from a behavioral perspective, what a good apology can look like. Finally, this *Between the Lines* would not be complete without giving you BIA's take on Princess Kate's March 11 apology surrounding the edited photograph of her with her children which was released by Kensington Palace on Sunday, March 10. Below is what we discovered.

Sorry, Not My Problem.

https://www.nbcnews.com/tech/social-media/mark-zuckerberg-apologizes-parents-online-child-safety-hearing-rcna136578

Mr. Zuckerberg, at the aggressive prompting of Mr. Hawley, turned to the audience and made his impromptu statement. He begins by expressing his sympathy for the terrible things these families have gone through. However, at no point does he take any responsibility for what has happened to them. (Indeed, after Mr. Zuckerberg makes his statement, Sen. Hawley's very next question was whether Mr. Zuckerberg will take personal responsibility, and Mr. Zuckerberg does not answer the question). Furthermore, his failure to specifically apologize for the fact that what happened took place on Meta's Facebook platform reflects an effort to distance the Company from culpability for the harmful activities that occurred there. Mr. Zuckerberg goes on to say, "this is why we invest so much and are going to continue doing industry leading efforts to make sure no one has to go through [these] types of things." On the surface, this appears as though Mr. Zuckerberg intends to implement further changes but, in fact, the statement merely highlights what Meta has already been doing — measures which clearly have not been successful. Admittedly, Mr. Zuckerberg was browbeaten into making his statement and had no time to think carefully about what he said to these families; he also no doubt had to consider, on the fly, the legal consequences of his words and so created distance between what happened to these families and Meta's role in it. Nevertheless, our assessment of this apology leads BIA to believe that Mr. Zuckerberg's company is unlikely to voluntarily make meaningful changes in its approach to protecting children on the Facebook platform.

https://www.youtube.com/watch?v=CVjv2Yqbg_A

Note that Snap CEO, Evan Spiegel, also makes an apology during these hearings. He is asked by Senator Laphonza Butler what he has to say to the parents of children who accessed illegal drugs on Snapchat. In his response, unlike Mr. Zuckerberg, Mr. Spiegel specifically apologizes for the fact that these events happened on his company's platform, saying, "I'm so sorry we

have not been able to block those tragedies." Even so, like Mr. Zuckerberg, Mr. Spiegel merely enumerates what measures Snap has already taken to prevent illegal activities on the platform; he expresses nothing about implementing further changes. Mr. Spiegel's apology is more contrite than Mr. Zuckerberg's, but nevertheless **indicates to BIA that Snap may be at a loss for how to improve child protection on its platform**.

If at first you don't succeed...

https://www.wfaa.com/article/life/parenting/kyte-baby-controversy-social-media-bad-publicity-cancel-culture-public-relations/287-ea998b8c-4aed-4042-a65e-7b639a89b62f

When the news became public of Ms. Liu's denial of the request from Marissa Hughes, the Kyte Baby employee at the center

of this controversy, to work remotely so she could be with her newly adopted baby in the NICU, the outrage of customers prompted Ms. Liu to issue an apology on January 18, 2024 via TikTok. However, her apology was deemed "canned" and "insincere" by customers

Just what is Ms. Liu apologizing for?

and engendered even more backlash and threats of boycotts. Later that same day, Ms. Liu issued a second apology which did not fully quell the public outcry. Here we examine, through our lens, why her first apology felt contrived and to what extent her second apology appears more genuine.

Ms. Liu's initial remarks are meant to apologize to both Ms. Hughes, and to Kyte Baby's customers. However, the focus of her apology is on how the company communicated with Ms. Hughes, not on the impact the company's decision had on her. Ms. Liu states that she apologizes "for how [Ms. Hughes'] parental leave was communicated and handled" and that "respect and good intentions were not fully communicated to Marissa." These phrases literally say Ms. Liu is sorry for how the company informed Ms. Hughes of their decision and do not express remorse or regret for the decision itself. By not addressing the impact the company's decision had on Ms. Hughes, it is BIA's opinion that Ms. Liu's initial apology does not demonstrate genuine regret for denying Ms. Hughes' request to work remotely while her child was in the NICU.

Ms. Liu's statement "It was my oversight that she didn't feel supported" similarly falls short. First, the phrase "my oversight" psychologically keeps Ms. Liu distanced from

Will Kyte Baby truly change?

the decision to deny Ms. Hughes, subtly implying that it was not her decision alone. This suggests to BIA that in her initial statement of apology, Ms. Liu does not truly take full responsibility for the impact the decision had on Ms. Hughes.

In an effort to show the company is going to make amends, Ms. Liu states that "as offered to [Ms. Hughes] originally, we will find her a position whenever she decides to return to work" and "I will be reviewing our HR policy and procedures to make sure to avoid hurting our staff and our community in the future." However, the phrase "as offered to her originally" merely reiterates what the company had already proposed to Ms. Hughes which was clearly unsatisfactory to her needs. Additionally, the phrase that she "will review" falls short of saying the company will actually make changes to its HR policies and procedures; also, the phrase "make sure to avoid hurting our staff and our community" is not the same as saying she will ensure that new policies

will help company staff. These original statements suggest to BIA that, at the time they were made, Ms. Liu had little intention of making meaningful changes to her company's parental leave policies.

Ms. Liu's revised language portrays a different mindset. But will there be meaningful changes in policy?

Try, try again...

Ms. Liu's language in her second apology does indeed appear more sincere than her first apology. From BIA's behavioral perspective, this is because in the second apology, she directly expresses regret for the decision itself to deny Ms. Hughes' request (vs. how the decision was communicated) and takes personal responsibility for the decision. For example, in her initial apology, she says, "it was my oversight that [Ms. Hughes] didn't feel supported" while in her second apology she states, "I was the one who made the decision to veto her request" and "I own 100% of that." Ms. Liu's previous language "it was my oversight" reflects an effort to avoid direct accountability whereas the revised language "I own 100% of that" reflects a desire to take responsibility for her actions and any

NOTICE ©2024 BIA. All rights reserved. All rights to the content of this report are strictly reserved to BIA. No portion of this report may be reproduced, published or circulated externally to your firm without the express written consent of BIA. See "About this Report" for additional restrictions.

subsequent consequences. Furthermore, Ms. Liu's language surrounding her review of Kyte Baby's HR policies in her second apology is more specific and concrete. While in the previous apology her language hinted that any changes, if they occurred, would be minimal, her statement in the second apology that "I'm going to go through the policies and HR stuff and come up with a better policy for all our employees" is committal and would psychologically be difficult for her to make if she did not truly intend to make changes. Even so, while she gives the impression that she wants new policies to go "above and beyond," her statement "give me some time" to come up with "better" policies **limits expectations for HR policy changes to be implemented anytime soon and hints, to BIA, that changes may not be as meaningful as Ms. Liu implies.**

Tim Anderson Hits an Apology Home Run

"I want to apologize to the entire White Sox organization, my teammates, manager and coaches and to the fans for my part in the altercation which took place in Cleveland. This has been an incredibly disappointing season for me personally and for our team. I will not get into the things that were said to me by Cleveland players both Friday night and Saturday, but those comments do not excuse my language or conduct, and I take full responsibility for my emotions getting the better of me. The Cleveland players are free to say whatever they want, but I will just say that no one has more respect for the game of baseball than me. I look forward to returning after serving my suspension and finishing the season playing the best baseball I can to help my team." --Tim Anderson, former White Sox shortstop

Former White Sox short stop Tim Anderson, in his apology for his involvement in an on-field skirmish with Cleveland Guardians' Jose Ramirez in August, clearly expresses regret and takes full responsibility for his actions. He directly says, "I want to apologize ... for my part in the altercation which took place in Cleveland" and unequivocally states "I take full responsibility for my emotions getting the better of me" and that comments from Cleveland players "do not excuse my language or conduct." The direct, focused delivery of his message of contrition, and the lack of qualified or distracting language, implies to BIA that Mr. Anderson's apology is genuine.

The Princess and The Phony Photo

"Like many amateur photographers, I do occasionally experiment with editing. I wanted to express my apologies for any confusion the family photograph we shared yesterday caused. I hope everyone celebrating had a very happy Mother's Day." – Catherine, Princess of Wales

Princess Catherine issued an apology on March 11 in response to public reaction to the edited photograph of her with her children, which was released by Kensington Palace on Sunday, March 10 in celebration of Mother's Day in the U.K. The photo was pulled by the Associated Press after an inspection revealed it had been manipulated at the source in a way that did not meet their standards. The public retraction to the doctored photo heightened ongoing speculation about the Princess's health after two months of silence and no public appearances since she had abdominal surgery in January.

Kate's apology appears to get right to the point. Even so, the sentence "like many amateur photographers, I do occasionally experiment with editing" downplays the significance of the fact that the photo was edited and fails to address why it was edited in the first place. Further, Kate's statement apologizes only for "any confusion" the photo caused, not for editing the photo. Indeed, it falls short of admitting Kate actually made the edits herself, weakening the sincerity of the apology (by not fully taking responsibility) and tangentially lending credence to the notion that she is not well. To be sure, touching up photos is not necessarily a bad thing, but it is notable that the statement omits an explanation of why the photo needed to be edited. Also, given that the doctored photo reignited swirls of rumors about Kate's health, it is notable that the statement lacks any assurance that she is in good health. So, while there is little behavioral evidence to suggest that the royal is not genuinely sorry for stirring up public confusion, this statement of apology provides some behavioral evidence to suggest to BIA that public speculations that Princess Catherine is not well have merit.

Notice and Disclaimer:

BIA does not make investment recommendations, and nothing contained in the BIA marketing content accessed via this link should be considered a recommendation to take any investment action with regard to any company referenced in any BIA analysis or sample report. By clicking the link and accessing the referenced material, you are acknowledging that you have read and understand that, while designed to illustrate the application of BIA's analytical methodology to corporate disclosure, the unpaid content may be considered investment research.

About this Report:

This report represents the application of BIA's Tactical Behavior Assessment® methodology and reflects BIA's assessment of the completeness and responsiveness of statements made during earnings conference calls, television interviews and other presentations. In each case, our assessment represents the opinion of BIA applying the Tactical Behavior Assessment® methodology and does not purport to indicate that any individual is in any specific instance being truthful or deceptive. BIA does not make stock recommendations. Under no circumstances is BIA's analysis intended to be a recommendation to buy or sell the securities of the company which is the subject of this report.

About BIA:

Business Intelligence Advisors (BIA) is the leading Intelligence Solutions research and advisory firm. Founded in 2001 on the principle that Intelligence techniques originally developed for the national intelligence community could be powerfully applied to the private sector, BIA has developed a ground-breaking suite of service offerings to provide clients with an edge in collecting and evaluating information critical to their success – whether that means making a more informed investment decision, identifying hidden risks, or enhancing due diligence efforts. BIA's services, which include proprietary Behavioral Intelligence Research, Expert Advisory, Investment Intelligence, and Learning & Development Solutions, are delivered by a team of in-house experts from the national intelligence and finance fields.

www.biadvisors.com