

# **BUILDING REPUTATION RESILIENCE BEFORE A CRISIS**

**Ipsos Corporate Reputation**

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## INTRODUCTION: BUILDING REPUTATION RESILIENCE BEFORE A CRISIS

How do you prepare for a crisis like no other? What unifies companies that survive and thrive when disaster strikes? One thing is clear; the role of corporate communicators in building resilience has come into sharp focus in 2020. The COVID-19 pandemic is undoubtedly one of the biggest crises in a generation.

Organisations soon earned plaudits for their response to the crisis, fast springing into action to support customers, communities, suppliers and their employees. Other organisations across a range of sectors adapted supply chains to support frontline workers in the fight against the virus. From personal protective equipment (PPE) production to hand sanitiser, organisations from a diverse range of industrial sectors rapidly switched production to join the fight against the virus, often in the face of plummeting revenue as lockdowns came into force.

[Havaianas](#) and parent company Alpargatas temporarily repurposed and adapted their factories in Brazil to make protective equipment for healthcare professionals. In March, RBS quickly converted the conference centre at its Gogarburn HQ into a food bank and charity hub, staffed by RBS volunteers, to support local charity initiatives.

However, some organisations eroded reputation and business value through wrong-footed responses or the COVID-driven exposure of business practices that fell short of public expectations. As the pandemic evolves, more corporate crises will no doubt come to the fore. However, corporate scandals have never been far from the headlines. Well-publicised crises over the years shed light on what makes for a successful resolution to a crisis and the responses that destroy business value. Aside from effective responses during a crisis itself, our experience consistently shows that organisations that have built up strong reputations are better able to weather the storm than those who've neglected to nurture their reputations and align their behaviour with stakeholder expectations.

So, what can organisations do to build reputation resilience to protect themselves in times of crisis? We've drawn upon the experiences and perspectives of the Ipsos Reputation Council, which is made up of over 150 senior corporate communicators from some of the world's largest organisations to understand best practice in reputation resilience. Based on conversations with our members, we've identified five essentials that we can share.





## 1. UNDERSTAND AND INVEST IN STAKEHOLDER RELATIONSHIPS

A programme of consistent, flexible and meticulously planned corporate communications and stakeholder engagement is crucial. An organisation's ability to recover from a crisis relies on the goodwill and positive relationships it has fostered among a broad range of stakeholders. Over half (54%) of our members see this as one of the top two determinants of reputational resilience.

This structured approach to stakeholder engagement is about investing in relationships of trust. This goes beyond just confidence that a company will keep its promises and be reliable. It requires an element of 'active' trust, demonstrating to stakeholders that it behaves responsibly, that it is open and transparent and that these attributes emanate from the top. Perhaps most importantly, businesses need to understand stakeholder's expectations and develop feelings of mutuality among those who impact their licence to operate. This means delivering shared value and ensuring stakeholders know that the company has their best interests at heart. Reputation value will quickly erode if stakeholders feel they'll be taken advantage of.

To understand stakeholders, and build trust and goodwill, organisations need to understand who their stakeholders are, what they think, and what impact they can have on the business. This enables communications resources to be targeted consistently and effectively over time.

Making this happen requires engaged employees. Reputation Council members routinely highlight the importance of employees as a lynchpin stakeholder group for reputation building. If employee behaviour and culture do not align with the values you communicate, building trust and reputation resilience will be impossible. In the words of one Reputation Council member:



***If there is a dichotomy between what you say and what you do, you are going to come a cropper. So, in the end, the messaging has to be authentic and the stories have to be authentic and if you are saying one thing and doing another you will end up in Private Eye, which is a bad thing.***



## 2. MONITOR AND MANAGE REPUTATIONAL RISK

Many Reputation Council members see issue monitoring as a key factor in their ability to respond effectively and appropriately when issues arise, especially if an issue has the potential to become a crisis. Indeed, one in five Reputation Council members believe that every issue must be treated as a potential crisis.

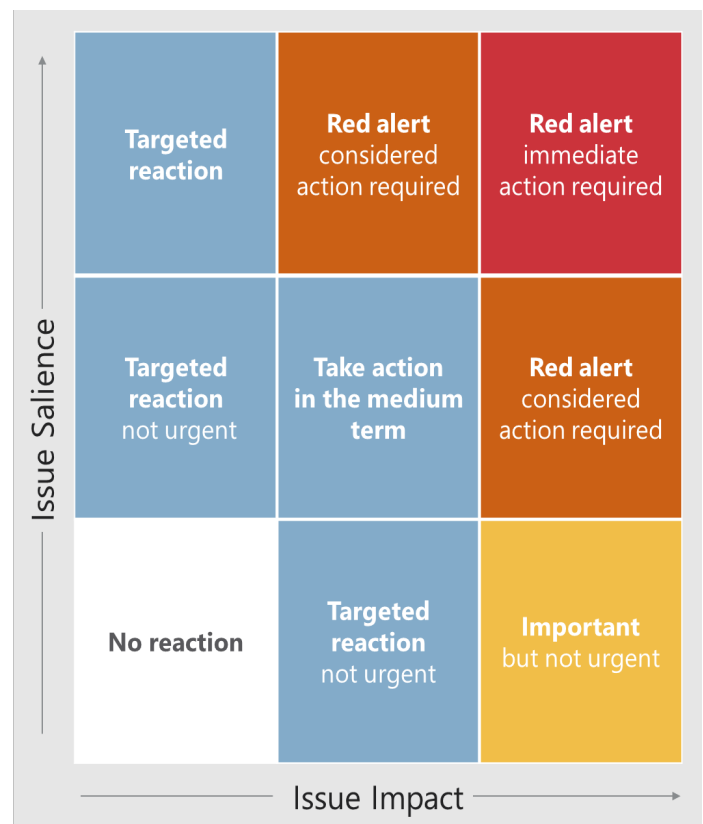
Members have many tools in place to monitor and manage issues and recognise how to distinguish reputation ‘turbulence’ from genuine crises. Crisis management ‘bibles’ and playbooks provide structure to guide a response to a crisis, but also help separate minor issues from more serious problems. One example of this is a reputation risk matrix. This allows communicators to determine the impact of an issue relative to its importance to the business which then helps them respond appropriately.



***“We put anything we can imagine on that risk matrix and we assign different portions of our brain space, people and resources to the different risks.***

***It is reasonably rare, not unheard of, but reasonably rare that something happens that is a material reputation event that wasn’t foreseen on that matrix.”***

Reputation Council member





### 3. RESILIENCE BEGINS AT THE TOP

It has become increasingly clear that reputation management is a board-level concern; 93% of members agree this is the case. Furthermore, a majority of Reputation Council members regard strong leadership as one of the most important factors in resilience.

In the UK, for example, the expectation that reputation management is a key part of corporate governance is reflected in the Companies Act.

There are now requirements for corporations to show how they have considered the views of key stakeholders and how this has informed their decision making. Importantly, the tone needs to be set by leadership that drives consistent behaviour and engagement with the values an

organisation communicates both externally and internally.

To build credibility and improve reputation, it's vital that there isn't a gap between what a company says and what it does at a senior level, as well as among rank and file employees.

The COVID-19 pandemic and an increased focus on diversity and inclusion, thrust into the spotlight by the Black Lives Matter protests, has brought corporate authenticity into sharp focus. The growing enthusiasm for ESG investing is also a further catalyst for real action from industry leaders.

Senior leaders are increasingly expected to demonstrate they take issues such as these seriously, and are at the forefront of positive, authentic change at the organisations they lead.

We are now seeing whether the ambition to serve all stakeholders, as agreed by the 180 CEOs in last year's Business Roundtable, is simply spin or the new reality.

The latest crises have given leaders the opportunity to showcase authentic, purpose-led corporate governance, with CEOs such as Unilever's Alan Jope and Goldman Sachs' David Solomon taking a lead on these issues.

**58% of Reputation Council members think leadership is one of the most important factors in resilience.**



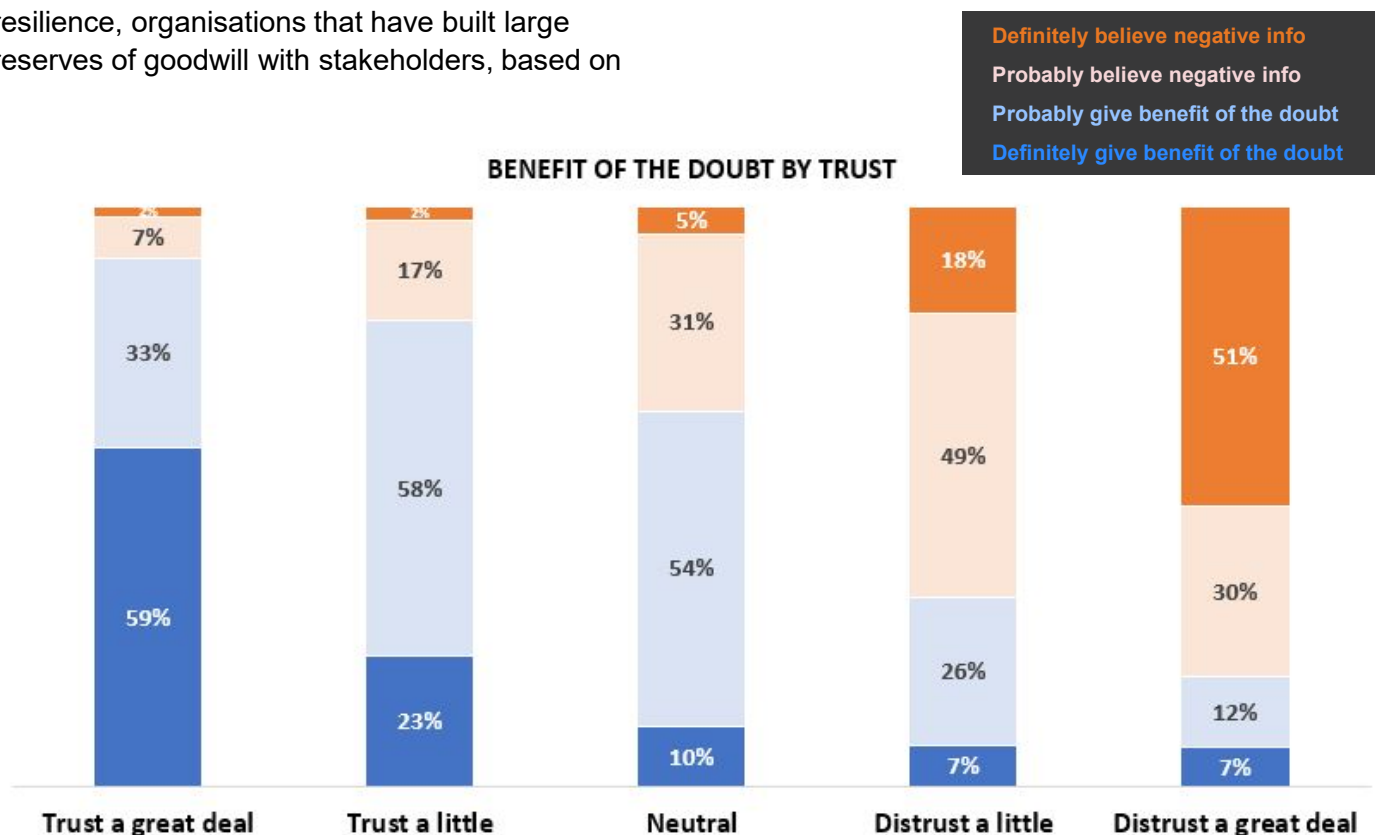
## 4. THE KEYSTONE OF RESILIENCE IS A STRONG REPUTATION

We know from our research that a strong reputation provides myriad benefits. It drives stakeholder advocacy, underpins bottom-line behaviours such as purchase intent, advertising believability and consumer recommendation. It helps to attract the prospective employees that enable a company to deliver on its promises.

In the case of crisis management and reputational resilience, organisations that have built large reserves of goodwill with stakeholders, based on

relationships of trust are in a much better position to weather crises when they arise.

Stakeholders are more likely to listen to an organisation's point of view, give it the benefit of the doubt or offer support when it is needed if they trust it and have a strong sense of mutuality with that organisation.



BASE: 23,000+ ADULTS AGED 16-64, 31 COUNTRIES SEPT - OCT 2017 | SOURCE: IPSOS GLOBAL REPUTATION MONITOR 2017

However, there are no short-cuts to a strong reputation. From the smallest organisations to large conglomerates – aligning promises with delivery is no mean feat. Internal communications need to align with internal behaviour. External communications need to be realistic and mirror the external behaviours that underpin stakeholder experiences of a company. In short, organisations need to ensure there isn't a gap between what they say and what they do. One Reputation Council member referred to the advice that Steve Jobs gave his CEO:

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***“What you do is either a brand deposit or a brand withdrawal, and you need to have a lot more brand deposits than brand withdrawals. The simplicity of that is, the consumer will give you the benefit of the doubt if you have been making consistent brand deposits.”***

As noted by a Reputation Council member, ‘you can’t communicate your way out of a crisis you behaved your way into’. Indeed, it is often in cases where an organisation’s measurable behaviour is at odds with what it says to the world where most reputational damage occurs.

The current pandemic is uncovering many examples, such as sub-optimal working conditions in factories being in sharp contrast to promises of rewarding jobs and zeitgeist-driven HR policies. Other current issues, from #MeToo and #BlackLivesMatter provide daily reminders that many organisations haven’t put their money where their mouth is, leading to social media storms that chip away at reputation value.

Crises also enable organisations to make changes for the better. Learning from mistakes and using crises to course-correct processes and behaviour can strengthen reputation in the long term.

Crises outside organisational control – such as the pandemic – also provide an opportunity to rethink long-term reputation building strategies. We recently spoke with Reputation Council members on their views on the pandemic and it is clear that many communicators are seeking to learn from corporate responses to the challenges of COVID-19 to rethink their communications planning.

The pandemic is also shining a new light on the role of corporate communications as a key business function. There is increased recognition of the importance of well-planned, professional internal and external communications as companies navigate the crisis and its fall-out.

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*The way we behave and engage with stakeholders during the crisis is going to reframe how we’re perceived when we come out of it.*

Reputation Council member





## 5. IF THE WORST HAPPENS...COMMUNICATE

Organisations that seek to obfuscate and avoid blame for crises rarely come off well. Some of the best textbook examples of companies that have overcome crises are those that took responsibility for a situation, communicated clearly and often with stakeholders and strived to mitigate impact on their stakeholders and customers. Often, it requires a trade-off between the approaches sometimes recommended by lawyers to avoid financial liability (often being that an apology could be seen as an admission of guilt) and the potential loss of business and reputation value should an organisation get its response wrong – particularly when there is a risk to life or deaths have already occurred.

We also know from our research with key stakeholders such as MPs and Business and Financial Journalists that admitting responsibility, acting with openness and transparency and being straight with people is how the most impressive companies recover from reputational issues. In an era where information travels fast, and misinformation even faster, this very much seems like common sense.

## CONCLUSION

Organisations that seek to understand their stakeholders, invest in these relationships, manage risk and have a clear roadmap for reputation building are likely to be in a strong position to successfully deal with crises when they arise. Combined with strong leadership, when a crisis hits, organisations will be prepared to take ownership of a situation and most importantly will have a receptive stakeholder audience that can help them navigate through tough times.

We recently presented at PRWeek's Crisis Communications Conference – content can be found [here](#)

For more information about our work on reputation management and resilience please get in touch.

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