Ipsos MORI
Reputation Centre

Ipsos

IPSOS MORI'S REPUTATION COUNCIL INSIGHT AND IDEAS

Council Feedback, June 2010

Contents

Introduction

Ipsos MORI's Reputation Centre has assembled some of Europe's most senior corporate communicators to form the Reputation Council. As one of its members, you will appreciate that collectively the Council brings unparalleled levels of communications expertise, and through our regular feedback sessions you provide us with insight on a wide range of reputation issues both within the corporate environment and in the wider world.

The third sitting of Ipsos MORI's Reputation Council emphasises the high profile of reputation management in conversations at **Board level** (despite the continuing tough economic climate) and in steering the strategic direction of organisations through good use of **insight** and **risk management**. This session also explores how to achieve **authenticity**, the importance of engaging **the EU**, lessons for effective crisis management, and the pros and cons of a **CEO with a celebrity profile**.

We would like to say a big 'thank you' to all our Council members – we greatly appreciate the time you have taken to participate in the Council. Once again, we hope that this report provides you with an interesting and useful insight into the issues affecting your specialist area of expertise – do let us know any further feedback you might have, or topics you would like us to cover in future waves.

Milorad Ajder
Managing Director, Reputation Centre
milorad.ajder@ipsos.com

Kirsten Colley
Reputation Council Director
kirsten.colley@ipsos.com

Headlines

- Council members bullish on the prospects for reputation management.

- 'Reputation' 'Trust' 'Brand' and 'Risk' are the main buzz words at Board level.

- Council members divided on whether the 'rock star' CEO is a curse or a blessing.

- Preparation, planning and 'practice, practice, practice' are the key ingredients to effective crisis management.

- Reputation research needs to work hard to make an impact – it's about turning insight into action.

- EU looms large on the corporate reputation radar – ignore engagement at your peril.

REPUTATION THINKING

'Reputation', 'Trust' and 'Brand' – key concepts at board level

When talking to the Board, 'reputation' is the most common terminology used by Reputation Council members, followed by 'trust' and 'brand'. Around half say 'reputation' is a term they use to discuss key strategic issues with a senior management audience, while around a third use each of the 'trust' and 'brand' terminology. There are some different perspectives on which language is most appropriate in this context:

"Reputation – people understand that. Trust is too blithe"

"I am on the Board in the UK business, and for the first time I'm hearing a lot of members of the Board saying, 'How do we improve our reputation? How do we let people know? What can we do?' So it is very much higher on the agenda"

"Trust I think is a huge word, and it's something that I think every sensible organisation is paying a great deal of attention to, the generation of an atmosphere of trust – two-way trust, that is"

"We're a strong brand, so obviously brand is a regular topic of discussion. We discuss trust at an Executive Board level every quarter because it's important to the health of our brand and our business – there is a broad and deep understanding of that amongst management"

When talking to the Board/senior executives, what key strategic issues do you most often refer to?

Reputation	51%
Trust	34%
Brand	32%
Risk	27%
Corporate responsibility / CSR	22%
Opportunities	17%
Employees	17%
Sustainability / sustainable business	12%
Environment	10%
Ethics	10%
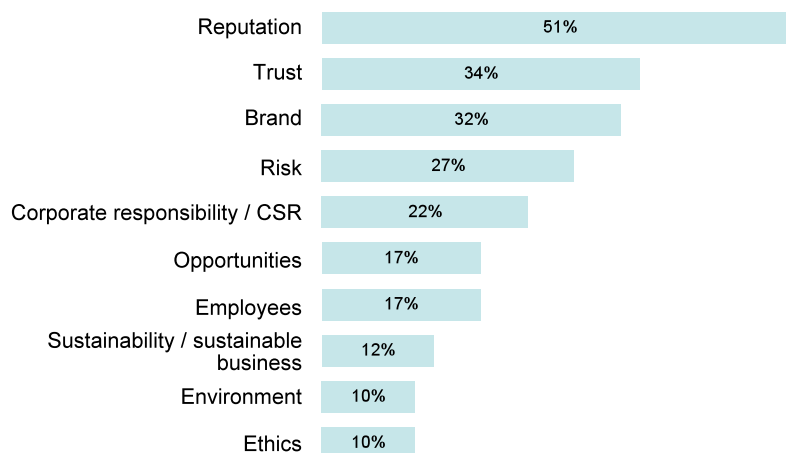
Base: Reputation Council Members, Spring 2010 (41)   Source: Ipsos MORI

Other key terms used to articulate reputation issues to senior management are 'risk' and 'corporate responsibility'. 'Risk' features more prominently than 'opportunities', although a few members do talk about 'growth', 'competitiveness' and 'thought leadership' (while conversely a few also talk about 'cost control'). 'Corporate responsibility' is more commonly used than 'sustainability', 'environment' and 'ethics' – a few also talk about 'credibility' and 'transparency'.

"We're measuring reputation against operational risk – the operational risk function is very strong internally, we have three committees which take this very seriously"

"I try to gain their interest when I say we have growth opportunities if we manage our reputation right. For me, linking reputation with the success of the company is the key … it helps make the company more successful"

"Sustainability is a huge one … not just in terms of environmental sustainability, but more broadly business sustainability, sustainable management, in which I would encompass all the aspects of corporate and social responsibility as well"

Authenticity

A critical concern in reputation management is how to show to the outside world that the company's beliefs and values are genuine – and this has been previously suggested by a Council member as a topic for further discussion. Most commonly, members underline the importance of demonstrating through the company's everyday actions and behaviour that it is living its values. The theme of consistency is a recurring one, both in terms of aligning actions and communications, as well as behaving consistently over time.

"By doing what it says it's going to do, that's a fundamental one. Don't over-promise and under-deliver, do the opposite – always deliver on promises"

"It isn't something that is done easily or overnight, it's a journey, a continual process of reinforcing your commitment to your values in your words and actions – so consistency is very important"

"Ultimately, the job of comms is made all the easier and more credible when you're not trying to communicate how you'd like your company to behave, you're communicating what your company is actually doing. If you're living the values, then that's by far and away the most powerful message that you can utilise … That dissonance between what stakeholders are being told and what they're actually seeing is in my view one of the most damaging things that a company can do to its own reputation"

"We're pretty clear that for us to establish trust it has to be done by deed and action, not by what we say"

Robust internal communication is important to articulate what the company's values mean in practice and ensure all employees act with them in mind.

"You need to have it so that your values on the inside and the outside are the same – you need to invest in this through management and internal communications"

"It needs to be from the top, so the CEO needs to take it seriously and set the objectives. The sustainability report should be launched by the CEO or Chairman"

Sensitive communications are also highlighted, and being clear and coherent about what your values are is fundamental. Providing demonstrations to stakeholders that you are doing what you say is often addressed through non-financial reporting (a few members mention providing evidence, case studies and external verification/assurance, others talk more generally of openness, transparency, honesty and humility).

"Case studies – we did our first corporate responsibility report last year so that's the best way, as well as our ongoing corporate responsibility activities in each market"

"Rather than just stating claims, we actually use evidence and case studies to prove it … We have made a concerted effort to discover stories across our organisation which support our desired corporate position, and to then disseminate those both internally and externally"

"It's about a very open and objective way for us to create awareness and understanding about what we do and how we do it. For example, it's giving a very open insight into our environmental performance figures … and increasingly not only giving these numbers, but also external verification about how these numbers are calculated"

Another key theme is building relationships, both in terms of attracting the endorsement of independent third parties, as well as developing direct stakeholder engagement and partnerships. Some feel that the most important point is how the company behaves when difficult issues or decisions arise, how it conducts important occasions or deals with mistakes.

"Being as transparent as possible, bringing people in so that they can see your values in action. There are techniques you can undertake to bring that to life for people. It's really about genuine engagement"

"We have to prove that there are tangible benefits, that not only are we successful but also that the wider community benefits as well … We like to engage NGOs and we certainly try to communicate things to our investors … And in terms of our relationships with governments, we certainly rely on relationships and endorsements from countries in which we operate"

"It's vitally important that companies appear to be fair and honest in dealing with difficult issues, whether they're customer issues or wider industrial issues. One has to apply common sense to these things, and I think people very easily smell a rat if there's a rat to be smelt"

Other advice mentioned by a minority of members includes:

- Embedding values into day-to-day dealings with stakeholders, such as customer communications / the customer experience and investor relations, as well as all channels, including online

- Doing activities because it is the right thing to do rather than looking for PR opportunities

- Delivering on your promises, otherwise stakeholders will pick up on any disconnects and see through unsubstantiated claims

Aligning reputation with risk management

The importance of protecting one's corporate reputation is further reinforced by the way it is managed within member companies. In this survey we explored the extent to which reputation is incorporated into company's risk management processes, and it is – both formally and informally. How it is integrated is dependent on internal structures but many Council members sit on risk management committees and/or regularly feed reputation issues into risk registers. By doing this reputational risks are treated like any other company risks – given a clear owner and reported directly to the company Board.

"We have a risk register and there's a subcommittee of the Board that looks at the risk register. We assess all the major risks to the company, reputation management is one of those key corporate risks that we constantly evaluate."

"We have Corporate Affairs Risk Committees upon which our Chief Exec sits and we have Regional Corporate Affairs Risk Committees as well, and the reputational research is actually presented to those committees and debated within those committees."

Overall, eight in ten Council members say that reputation is a formal part of their risk management processes.

Reputation and risk management

No, not part
20%

Yes, reputation formal part of risk management processes
80%

Base: Reputation Council Members, Spring 2010 (41)   Source: Ipsos MORI
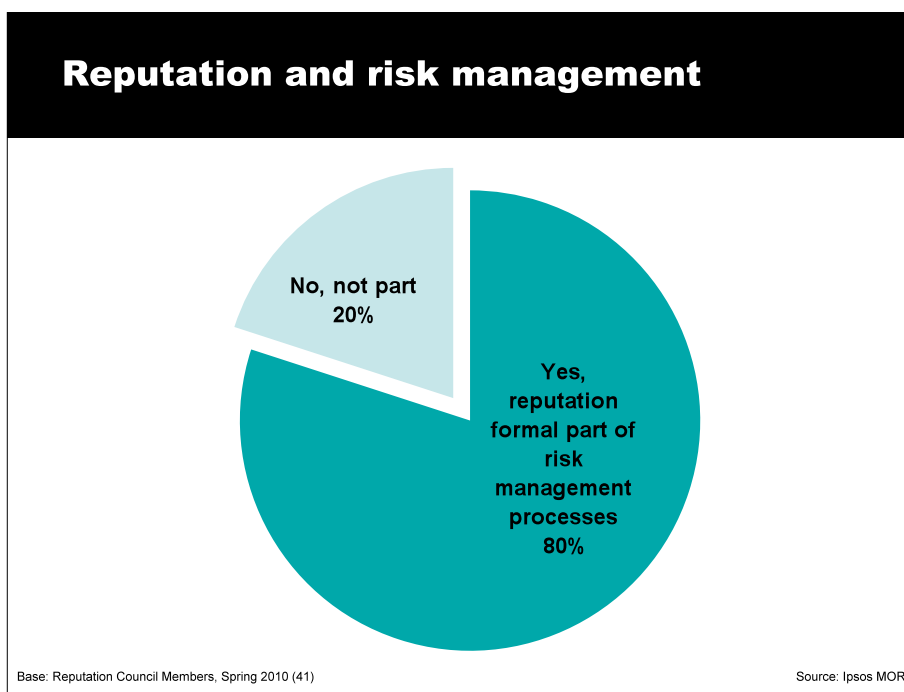
Influences on reputation thinking

Most commonly, Council members see the media as an important influence on their thinking on reputation. Other stakeholders are also prominent influences, particularly Government, customers and consultants/agencies and less commonly NGOs, investors, regulators, business partners and academics.

"I think the most important influence is the dialogue you have personally with people who are influential and form opinions in society, so I think leading figures in the media, clients, opinion formers – and it's very global, it does vary from market to market"

"The media, leveraging by pressure groups such as Which? and Sustain, and any regulatory pressures – these groups will pick up on that"

Council members are also influenced by competitors and other peer companies, as well as citing strong internal influences in many cases, ranging from colleagues and grass roots employees to the CEO/senior management. Online sources are not yet widely mentioned as influencing reputation thinking.

"What we tend to do is to just talk to other companies and get an understanding of how well they are approaching it, and then try and calibrate that and say, 'Well, what would that mean for our company? Is there something we can learn from their approach?' "

"Our customers is the most important one for us, and our partners – we have lots of business and industry partners. Our employees, they're our biggest ambassadors for the organisation, so those are the groups we're more interested in"

MONITORING REPUTATION

Using research and intelligence to help manage reputation

Member companies have a number of different processes in place to assess reputation; including media monitoring, stakeholder research, wider industry feedback, independent third-party endorsements, employee surveys, and customer and shareholder feedback. Many Council members say though that the challenge with any insight is making it relevant and actionable to maximise the return on investment.

"We're doing a lot more in gathering insight and then figuring out how to analyse that in a way that's meaningful. Haven't quite got to the bottom of that yet, but certainly we are gathering the information so that we can start to make some decisions on how our reputation is moving"

"We generate quite a lot of data around reputation research, but the challenge is actually how to generate real attributable insight out of it. And it's always that challenge of asking, 'What does this mean?' – which is always the challenge of any research, isn't it?"

Council members' ideas and suggestions on steps that can be taken to respond to this challenge are summarised below.

Have a **clear brief** - what does the company need to understand to drive reputation?

"I think if your brief is not tight you're not going to get as much value out of it, I think the onus is on both sides – research agencies who are the experts and the client – to actually make sure that we're getting full value from the research that we're doing. I think that's the biggest piece of work, and if that comes right then the information you get will be very valuable"

Get everyone's buy-in - this means having endorsement from the Board on the value of measurement, as well as cross functional support to ensure the insight is focused on relevant issues for the business. Council members believe that having this buy-in improves the quality of the output, as well as making the process of sharing and disseminating the data more successful. Most importantly of all though it allows any resulting actions to have ownership, and therefore drive, behind them.

"The Board understand what we're trying to do but then we need to take it through all the distribution channels that we have for the sales teams. If there's a challenge that we haven't quite cracked yet, it would be trying to get the same level of buy in into the other more infrastructure areas of the business"

Gaining the appropriate level of depth - in some instances member companies want a quick read on their reputation on a key issue. But if the research is to drive action it needs to be more in depth; covering performance on key issues for the business. This allows companies to understand where they have traction with stakeholders and perhaps where they do not, as well as allowing them to understand how the company's approach and view on issues converge and differ from that of its stakeholders.

A theme which emerges with a number of Council members is the need for any insight to be **forward-looking**; scanning the horizon for the issues of tomorrow.

"What we need is more insight and less measurement. 'What are our stakeholders thinking and what's driving their way of thinking about the future?' – rather than simply a way of measuring a company's performance against the past"

"Looking at what we do there is a balance between understanding something in-depth to allow enough action to take place and making sure I'm scanning the horizon, and I'm not sure that I get that balance right"

"How do stakeholder concerns and our concerns line up, and where are we credible or where can we increase our credibility to make an impact? I think that the other thing that would be really helpful to us (in research) is being much more forward looking, where are things going in the next 20 or 30 years and what are some things that companies like ours can work together on to address those issues? Because if you're in the middle of a challenge or a fight it's much more difficult to get aligned, but if we start looking together further out, I think there are some great opportunities, and I think the research could help in terms of what sort of stakeholder issues they might be"

Some Council members also highlight the need to balance **global and local issues**. In complex global businesses local markets may have differing priorities. There is agreement though that there needs to be a mechanism in place to capture the local priorities so that action planning can be locally focused. At the same time the global perspective allows for planning overall strategy, and global consistency can provide further context by looking at company performance on issues across different markets.

"We have to have the right level of connectivity to be monitoring issues that may be coming from a local level that may escalate up to a regional or group level."

"We tend to devolve it down to a very local level … The people in Mozambique are completely focused on the communities in Mozambique around where we operate and the Government and so on, in the same way it would be in Chile – but the issues would be very different. So in terms of how we manage it, it's very much evolved. There's central oversight and … basically we have a charter which provides an overall approach, a philosophy for the company, which then has to be delivered on a local level. The philosophy comes from the top down, the delivery comes from the bottom up"

If Council members and their teams are to make decisions based on intelligence and research then they want it to be **robust**. Companies need to ensure that they are talking to the right people; the ones who influence their reputation and affect the company's licence to operate.

Some Council members say it is important to take a **holistic view** of any insight; drawing on different information sources to ensure a well balanced interpretation and one that does not rely on just one element of reputation or one particular stakeholder group.

Most Council members **benchmark** their company's performance against others. Three in ten Council members look within sector for this comparison, while more than half of member companies measure performance against those both inside and outside of their sector.

Benchmarking reputation against others

No 12%

Within sector only 29%

Both inside and outside 56%

Outside sector 2%

Base: Reputation Council Members, Spring 2010 (41)   Source: Ipsos MORI
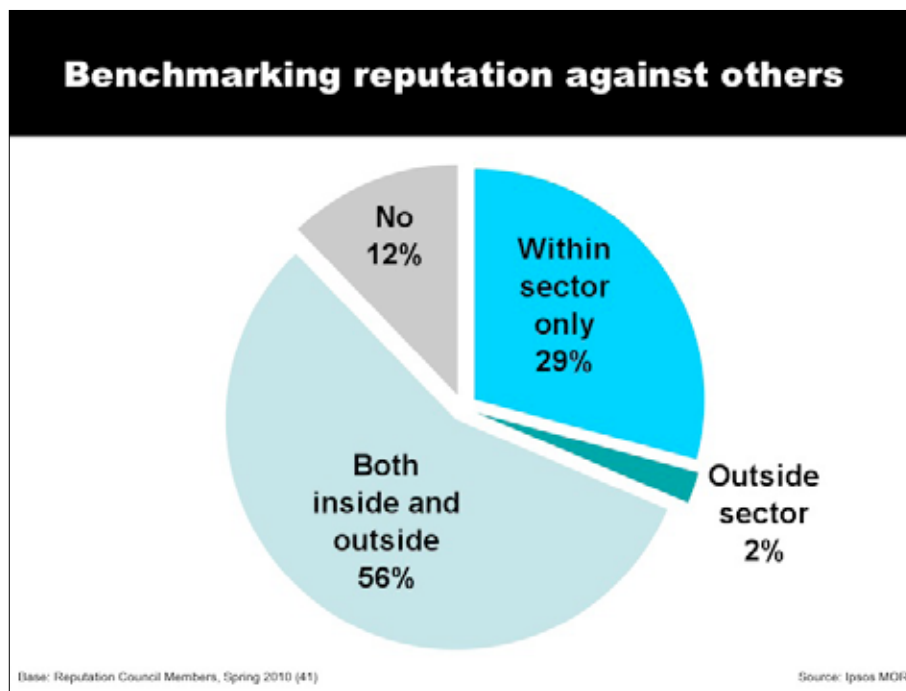
Effective sharing of the data is considered by Council members to be vital. Insight on reputation should be cascaded up the organisation to the Board, as well as down to the local markets. When disseminating information Council members agree that there needs to be a demonstrable link to company strategy so that colleagues can see the value of acting on this insight and the benefits it could bring.

"I think it's important to give findings that come from such research the right airing, and fortunately in my case I sit on the Board. It's not always the case with corporate communications functions, but luckily I do and I believe that's a vitally important thing"

"We have an insight team that are very highly skilled in ensuring we not only get the most relevant insight but that those insights are effectively communicated around the company, they are effectively built into the dashboard that the leadership of the company looks at, and they are effectively shared with decision makers who are delivering to customers, whether they're people developing products or people developing our technology capabilities"

A number of member companies **set targets** based on research insight linking it to performance objectives and bonuses. For these companies there is a clear link from the research insight to a drive to improve company performance.

"We look at the insights as part of our annual planning cycle. So the insights we're generating from our reputation research inform the forward plans of the key parts of the organisation"

"In fact one of our reputation metrics is actually also based into our bonus programme for all office based staff and management"

"There are a number of different processes in place depending on who the audience is – in terms of monitoring, and then setting a goal to improve that, and then measuring against those goals"

For others the review of any agreed actions on the back of the insight is more informal, for example through progress updates and team meetings. Council members generally agree though that some form of review should be in place to help ensure value is derived from the insight.

"We review through our business planning processes, we would reflect on what were the insights, how did we use them, is there a strategic shift, are there any new trends?"
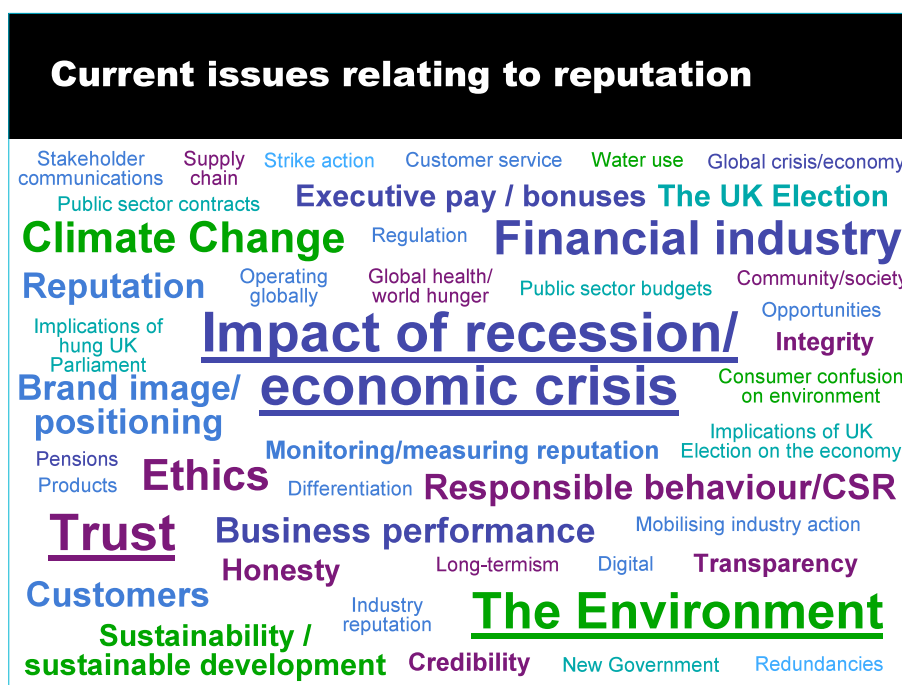
THE TRENDS

The economy is still the big issue

It is no surprise that the economy continues to dominate the concerns of Reputation Council members – the impact of the recession is the most common reputation issue on members' minds, along with trust and the environment. The economic conditions clearly continue to preoccupy Council members, with business performance and the banking crisis/financial industry also prominent.

"I am certainly focused on the recession continuing to a certain extent and the economic environment – that's decreased slightly, but it's still a major factor"

"We are a global company who's been impacted by the global crisis – our handling of that is one of the big focuses for our company. Being a company which is listed on stock markets and having to deliver shareholder value, that's something we are also very much focusing on"

"The banking sector – how many years will it take to recover? There's a fundamental issue of trust in institutions … and a greater breakdown in society – there's no trust or belief"

Current issues relating to reputation

Stakeholder communications · Supply chain · Strike action · Customer service · Water use · Global crisis/economy · Public sector contracts · Executive pay / bonuses · The UK Election · Climate Change · Regulation · Financial industry · Reputation · Operating globally · Global health/world hunger · Public sector budgets · Community/society · Implications of hung UK Parliament · Opportunities · Impact of recession/economic crisis · Integrity · Brand image/positioning · Consumer confusion on environment · Implications of UK Election on the economy · Pensions · Monitoring/measuring reputation · Products · Ethics · Differentiation · Responsible behaviour/CSR · Trust · Business performance · Mobilising industry action · Honesty · Long-termism · Digital · Transparency · Customers · Industry reputation · The Environment · Sustainability / sustainable development · Credibility · New Government · Redundancies

Other themes commonly mentioned at the moment are the environment and climate change, trust and ethics, with some mentions also of corporate responsibility, reputation and branding issues.

"The environment is always a big threat to our sector. It never goes away – you only have to pick the paper up to realize the environment is still bubbling away. There is so much scientific uncertainty about the environment at the moment, it's just a fertile breeding ground for controversy and misinformation"

"One is certainly to be behaving responsibly in the communities where we operate and also to behave ethically in the way we do business"

"We need to demonstrate our ethics, our sustainability, our corporate social responsibility … The pressure externally around reputation is much more around the evidence of what we do as an organization to give back rather than just promoting our products"

This wave some topical issues are also on Council members' minds: executive pay and the implications of the UK election (with interviews conducted before the result was known). Other than that, their concerns are fairly consistent with the findings from the last Reputation Council wave in September 2009, the main differences being that health issues are less prominent compared to September 2009, while climate change as a specific issue is more often mentioned.

"It's a period of huge change – hundreds of UK MPs are likely to leave or lose their seats. So it's how we engage with all of those new individuals and the broader implications of policy changes"

"It's really what is going to be the shakeout of the UK Election … The areas of reputation that most concern us are going to be influenced by future Government policy … Obesity … also carbon and greenhouse gas emissions reduction … There are no shortages of desire, no shortages of action, but businesses like us are now being held back by a lack of infrastructure … There is very little infrastructure to recycle food contaminated waste … In other countries we're able to buy more renewable energy than we can here"

Reputation remains a priority despite economic conditions

As we found this time last year, the overwhelming majority of Council members expect companies to continue to invest in both reputation management and corporate responsibility despite the current economic challenges. In fact, 85% of Council members agree that a company's reputation will actually be of increased importance in the current conditions. Furthermore, three-quarters reject the idea that environmental concerns will be of less importance. The economic crisis is seen to place more reputational demands on companies, as one member put it:

"There are some expectations towards business in these times. When we come out of a crisis and see some initial recovery, people are looking ahead and are looking to business to say this cannot be done like it has been in the past … There is an expectation for business to be not only a supplier of products and services, but also to deal with the problems of today's world. To mention just a few, it's to do with the environment … and it's also to do with the aging society"

Two-thirds now refute the suggestion that reputation management will take a back seat to more old fashioned means of measuring a company's value, such as sales, share price, etc. This is considerably higher than this time last year, when levels of agreement and disagreement on this statement were relatively similar (68% disagree this year, compared to 43% in Spring 2009).

There is more divided opinion on outsourcing than on the other statements – while half agree that there will be less outsourcing of reputation management services, a third reject that idea.

To what extent to you agree or disagree with the following statements?

Given the current economic challenges…

■ Agree   ■ Disagree

Statement	Agree	Disagree
Companies will continue to invest in reputation management	88%	7%
The reputation of a company will be of increased importance	85%	2%
Companies will continue to invest in corporate responsibility	78%	15%
There will be less outsourcing of reputation management services	49%	34%
Reputation management will take a back seat to more old fashioned means of measuring a company's value (sales, share price etc)	27%	68%
Environmental concerns will be of less importance	17%	76%

Base: Reputation Council Members, Spring 2010, (41)   Source: Ipsos MORI

OTHER TOPICS

The importance of the EU

The vast majority of Council members say that communicating with the EU is important; around three-quarters believe it to be 'very important' (71%).

The importance of communicating with the EU

- Very unimportant 5%
- Fairly unimportant 7%
- Neither/nor 2%
- Fairly important 15%
- Very important 71%

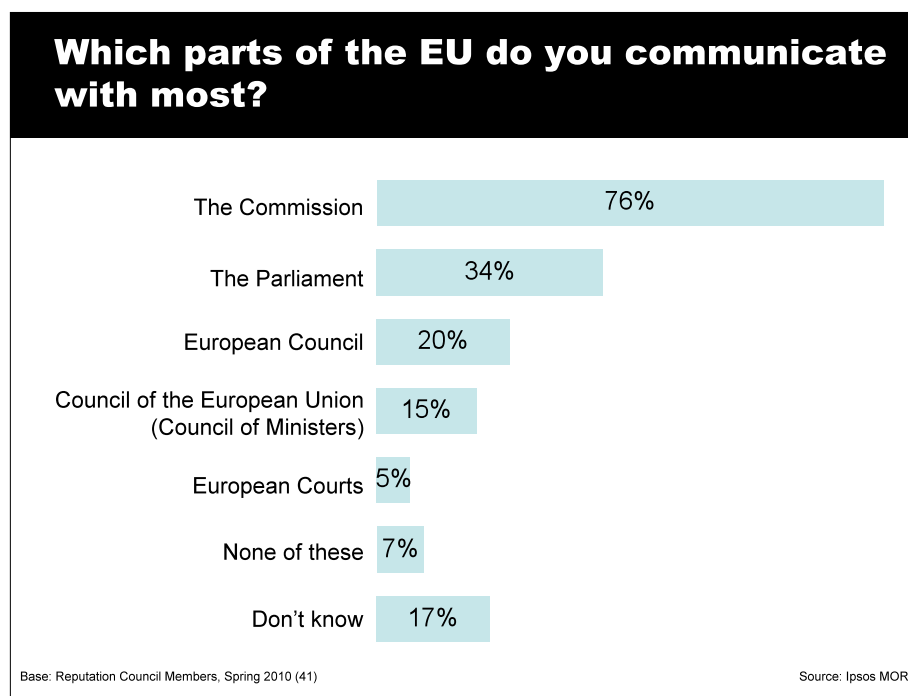Base: Reputation Council Members, Spring 2010 (41) Source: Ipsos MORI
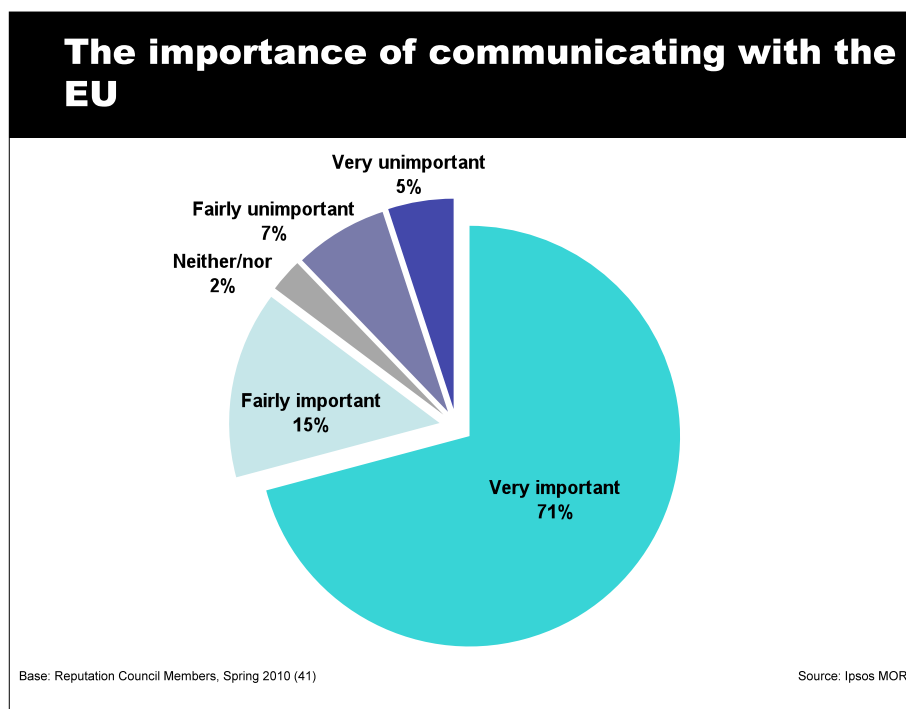
The reason is of course legislation – with so much regulation being decided in Brussels, and so many member companies having a significant presence across Europe, the EU community is considered crucial. Engaging with the EU is seen by some Council members as an opportunity to contribute to and help shape policy rather than being left merely to react to it.

"There's obviously all the legislation that's on the various different statute books and so on, so it's hugely important that our voice is heard in governmental circles, both as an individual company but also as an industry"

"Engagement in Brussels isn't an option anymore, it's an absolute prerequisite for operating effectively in terms of the governmental legislative and regulatory agendas – but I think more broadly and increasingly in terms of the broader reputational agendas as well. More and more key legislation is being driven out of Brussels. When you've got a reality you engage with it, to do anything else would be deluded"

"Because we are a regulated industry – we are a significant business within Europe and decisions made in the EU have a considerable impact on our licence to operate"

Member companies communicate most often with the Commission – as the chart below illustrates this is clearly seen as the most important part of the EU to engage with. A third of member companies also communicate with the Parliament and some do so with the European Council and the Council of Ministers.

Which parts of the EU do you communicate with most?

The Commission	76%
The Parliament	34%
European Council	20%
Council of the European Union (Council of Ministers)	15%
European Courts	5%
None of these	7%
Don't know	17%

Base: Reputation Council Members, Spring 2010 (41)   Source: Ipsos MORI

Our research suggests that the EU faces wider challenges, though. In our first Council survey in April 2009 it was discussed that the EU needed to improve its credibility with the general public and better demonstrate its effectiveness; it will be interesting to see if it can do this given its growing role in the development of European markets.

Crisis management – what's the recipe for success?

Successful crisis management cannot be boiled down to one issue, but preparation, speed and honesty are perceived by Council members to be the crucial ingredients.

1. Council members are unanimous that **preparation** is vital – they believe there should be processes in place that can be activated as soon as a crisis hits. All key personnel should know what these processes are and a number of Council members recommend that companies have physical run-throughs of these processes every few years.

"I'm very focused on crisis management, I've just had a full day session with a very large group of 50 people doing timing exercises, looking at our processes, doing practice runs, capturing gaps. So I would wrap all that into preparedness – the best way to deal with a crisis is to be prepared for how to manage it well, particularly in the first hour when it happens"

"If you don't know the steps you are going to go through before a crisis hits you're certainly not going to figure it out while you're in the middle of it, so you have to have the processes, structures, the contacts all in place beforehand. That's the key to effective crisis management otherwise you have headless chicken crisis management! And rehearsal as well is the other thing – practice, assume that something really bad is going to happen and practice it"

2. **Prevent issues escalating** – this can be done by monitoring areas of concern so that you have an early warning system to stop issues becoming a crisis. One Council member suggests that having an open culture where staff feel comfortable raising issues and concerns can stop issues escalating. Some Council members also say that its important not to have a knee-jerk reaction; ensure it is actually a crisis before putting your full action plans in place.

"When it actually happens, establish the situation, get the management systems secured and get out there and communicate. Don't allow vacuums to develop, but equally don't go out there and feed the rumour mill"

3. **Move quickly** – once a crisis hits speed of reaction is crucial. A speedy response is recommended by Council members to help gain the confidence of customers, investors, etc, and demonstrate that the issue is being taken seriously. Also, in our 24/7 culture, they believe expectations are high and that there is now no excuse for a slow response.

4. **Open and honest communications** are also emphasised by Council members to gain stakeholder confidence. Once you have opened a dialogue on the issue members say it is important to continue to give regular progress updates or risk losing any positive goodwill that has been generated.

"I think if you've created a mess, if you've created a problem, you must honestly give the facts – all the facts and nothing more than the facts. I think you have to do this very quickly"

5. **Involving senior people** is also recommended by Council members to help illustrate how seriously the company takes the issue.

"The most important thing? To get out there quickly with something, even if it's a holding statement, simply to show that one is engaged. And then it is vital to show that very senior people are personally involved in it and taking it very seriously right from the start, again even if there's no initial solution. And then constant updating and very open communication with as wide an audience as possible, but certainly with the key media. This is where digital media becomes so important, it can be very powerful but can obviously work against you as well. And that's why the speed thing is so vital because in 10 minutes you can have lost control of the story very, very easily"

6. **Offer solutions and demonstrate learnings** – Council members believe that stakeholders want to see an immediate resolution to the problem, but that to effectively manage the crisis you should also show wider learnings and how the company will change or adapt its practices in the longer term – this should prevent any crisis having a lasting impact on the company's reputation.

"I think it's always good if a company can come up with some constructive action which shows that as a company you've learnt and that you implement something substantial, new and better for the future"

The high profile CEO: friend or foe?

This wave we also investigated the relative advantages and disadvantages of having what one member dubbed a 'Rock Star CEO', a chief executive with a high profile outside the business world, such as a strong personal, celebrity or media profile – examples might be Bill Gates, Richard Branson and Steve Jobs.

On the pros side, three clear themes emerge: it can raise the profile and position of the company, be effective in getting the company's message across and provide a trusted voice on a range of media issues.

"There are clear advantages in terms of their ability to market their product more successfully by getting their messages out to customers"

"It could help in the profile of your company, your company could get a very human face … A well-known CEO, presumably he or she is outspoken, has a range of issues, and will be very visible, and that could all help you in a cushion of goodwill, I would say"

"They enable you to be more effective because they open doors for you. They understand the importance of story-telling. They get you access to places, it will help you get a seat at the tables that you need to be at"

"If it is a media personality, they're willing to say something and have a view. [The media] go to them for comment and they're believed and trusted"

Other points mentioned by a few members include:
- They can bring positive associations for the company and a leadership stance
- They can make life easier for communicators, generating coverage and making contacts
- They can make a connection with customers and employees, getting people to listen

However, several members emphasise that such a high profile CEO is not a necessity for a successful business, and others say it is more important for the CEO to have a high profile internally and the capability to lead the business than to have such a celebrity renown.

"The fact that a company doesn't have a high profile CEO to me is not per se a problem – a problem is a high profile CEO who doesn't know when to shut up!"

"I would always prefer to have somebody who is known as being a good leader in the business because of their knowledge and style and ability to unify people, rather than have somebody who on a broader basis is a 'character' … because the genie can get out of the bottle fairly rapidly if you're not careful"

A wide range of potential negatives of celebrity CEOs are also raised, and many see the situation as "a double-edged sword". Most commonly, it is seen as a risk to the company, often because the interests of the person and the interests of the company can come into conflict or misalignment, the CEO's outside activities can prove a distraction or cause loss of focus, and because of succession management issues. Some members also point to the ever-present danger of a misjudgement, gaffe or scandal within their private life impacting on the company's reputation, and the lack of respect or credibility that can be prompted by such a character.

"The risk is where the line is, and it's a tricky line to walk, it becomes particularly blurry with celebrity CEOs. It's a line between whether I am speaking as the CEO or whether I am speaking as Fred Bloggs. The organisation gets signed up by association with comments that the CEO makes in a personal capacity"

"Focus on what you are paid for, and that's developing the business … It's a question of whether you position yourself to be an important person in society, or if you position the company as being an important part of society – that's a big difference"

"People change – you should invest in the brand. If that person moves on, all that investment in building the profile of the person is wasted"
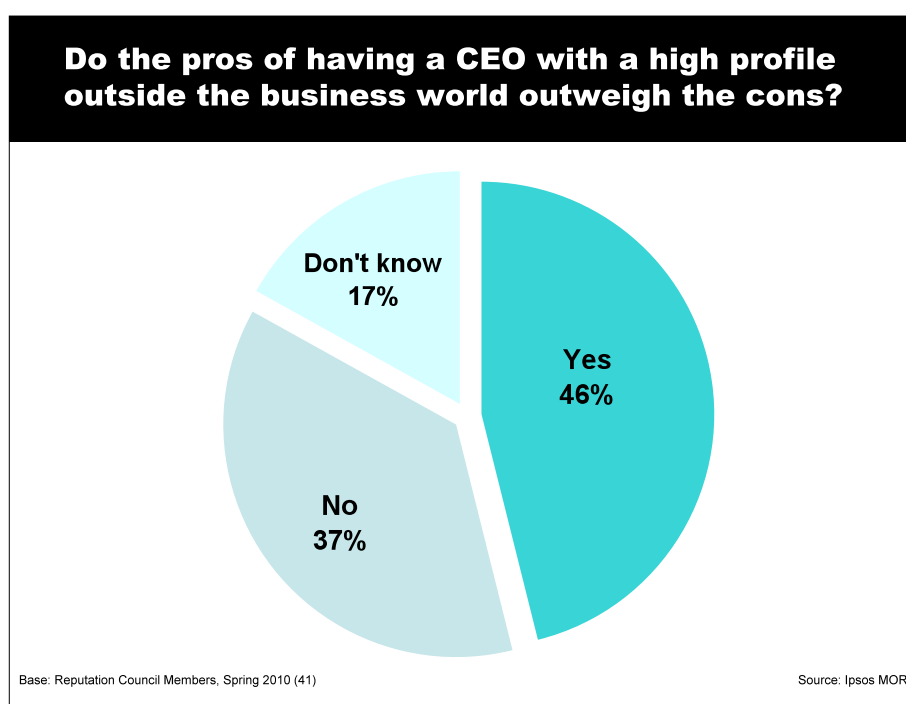
"If they get themselves in any scrapes – we're still in this country a nation that likes to build people up to knock them down"

"If you're not careful you can very, very quickly trivialise issues through having these larger-than-life personalities out there that can be viewed as flippant or can be unduly controversial"

Other points mentioned by a few members include:

- They can become a target for the press and attract controversy

- There is a risk of alienating people who can't relate to them, or they may have a polarising personality which some people love and others hate

- There can, of course, be difficulty for communicators in controlling such a person

On balance, members are likely to think that the pros of a celebrity CEO outweigh the cons (almost half say the pros outweigh the cons, whereas over a third give the opposite view).

Do the pros of having a CEO with a high profile outside the business world outweigh the cons?

Don't know
17%

Yes
46%

No
37%

Base: Reputation Council Members, Spring 2010 (41)　　　　　　　　　　　　　Source: Ipsos MORI

Nevertheless many qualify this positive response, saying that it depends on the type of company or the person involved. Several Council members comment that this kind of CEO may work better in a consumer-facing company than in a business-to-business environment.

"That's important in raising the profile of the brand if you're a branded company selling in a competitive market setting …It very much depends on the industry"

"It's not clear cut – if the individual's reputation and qualities are positive, then the more he shows up, the more the company will benefit from that; but if the individual isn't like that, then it works the other way round"

Others stress that the situation has to be carefully managed, but that there can be great rewards accompanying the risk of a celebrity CEO.

"If there is somebody with a good sense of reality who can be managed in the correct way, who is happy to listen to some suggestions, I definitely think it can be positive"

"It depends what kind of business you are – if you are a business that is looking to take opportunities then it's much more beneficial; if you are a business that is looking to avoid the negative then it's a problem"

"It's called a risk/reward equation for a reason – and the rewards are normally greater when you take the bigger risk"

Reputation Council - Participants, June 2010

Company	Name	Title
3i Group plc	Patrick Dunne	Communications Director
Aviva	Marie Sigsworth	Group Corporate Responsibility Director
Balfour Beatty	Tim Sharp	Corporate Communications Director
Barclays	Tim Cobb	Director of Corporate & Group Centre Communications
Barings	Ian Pascal	Head of Marketing and Communications
BHP Billiton	Illtud Harri	Regional Manager, Media Relations - EMEA
BMW	Graham Biggs	Corporate Communications Director
Boeing	Nick West	Communications Director
BP	David Bickerton	Communications Director
Cadbury	Alex Cole	Director of Corporate Affairs
Centrica	Simon Henderson	Director of Corporate Reputation and Internal Communications
Coca-Cola	Lauren Branston	Director Public Affairs and Communications
Credit Suisse	Charles Naylor	Communications Director
Diageo	Marco Faes	Corporate Relations Director, Northern Europe
E.ON	Guy Esnouf	Head of Public Affairs
eBay	Vanessa Canzini	Head of Corporate Communications, Europe
Electrolux	Anders Edholm	VP Media Relations and Issues Management
GSK	Duncan Learmouth	Senior Vice President, Global Communications
Heineken	Sean O'Neill	Group Corporate Relations Director
Hitachi	Hans Daems	Group Public Affairs Officer, EMEA
Kellogg's	Chris Wermann	Corporate Communication Director
McDonald's	Nick Hindle	Vice President Communications UK and Northern Europe
Michelin	Patrick Lepercq	Corporate VP Public Affairs
Nationwide	Maxine Taylor	Divisional Director for Corporate Affairs
Network Rail	Duncan Bonfield	Director of External Affairs
O2	Glenn Manoff	Director of Communications, Reputation & Sustainability
Phillips	Gerd Götz	Global Head of Professional and Public Affairs
Prudential plc	Miles Celic	Head - International Public Affairs
QinetiQ	Nicola Marsden	Group Communications Director
RBS	Roger Lowry	Head of Group Public Affairs
Reed Elsevier	Patrick Kerr	Director of Corporate Communications
SAB Miller	Nigel Fairbrass	Head of Media Relations
Sanofi-aventis	Cressida Ward	Director of Communications, CSR
Shell	Bert Regeer	Head of Global Communications
Standard Chartered Bank	Tim Baxter	Head of Corporate Communications
Standard Life	Rhona Cameron	Group Brand Director
Syngenta	Sarah Hull	Head of Global Public Affairs
Telefonica Europe	David Nicholas	Director of Communications
Tetrapak	Rupert Maitland	Environment & External Affairs Director
Xerox	Kevin Perlmutter	Head of PR and Internal Communications

Ipsos MORI interviewed 41 Council members between 22 March and 30 April 2010. One Council member asked not to be identified.

Further information

For more information please contact:

Milorad Ajder
milorad.ajder@ipsos.com
Kirsten Colley
kirsten.colley@ipsos.com

Ipsos MORI
77-81 Borough Road
London SE1 1FY

t: +44 (0)20 7347 3000
f: +44 (0)20 7347 3800
www.ipsos-mori.com

About Ipsos MORI

Ipsos MORI is one of the largest, and best known research companies in the UK and a key part of the Ipsos Group, a leading global research company. With a direct presence in 60 countries our clients benefit from specialist knowledge drawn from our five global practices: public affairs research, advertising testing and tracking, media evaluation, marketing research and consultancy, customer satisfaction and loyalty.