
IPSOS MORI'S REPUTATION COUNCIL INSIGHT AND IDEAS

Council Feedback, Autumn 2009

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Contents

4	Introduction
5	Headlines
6	The Economy And Trust – The Big Issues
6	It's the economy, stupid!
7	Tightening the belt
8	Trust is still key
10	Dealing with the cynics
12	Aligning Business Strategies
12	The benefits of alignment
14	Alignment in practice
16	Social Media

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 over-arching mission behind the Council is to highlight the importance of reputation management as an agent for positive change – both commercially and socially. The premise is that people and organisations are more likely to perform well when the issue of reputation lies at the heart of the day-to-day decisions they make.

The second sitting of Ipsos MORI's Reputation Council has confirmed that the **recession** continues to dominate the concerns of Council members and has expanded on the impact it is having on the practice of corporate communications. This session has also underlined the central place that **trust** occupies in building reputation, and covers the practical implications of this for communicators. We also cover advice on responding to **cynical stakeholders**, **aligning communications strategies** with marketing and HR, and how **social media** are playing a role in reputation management.

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.

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Headlines

- **The recession continues to dominate concerns and it is having a day-to-day impact on communications activities, with the majority of Council members reporting cost control measures already in place**
- **Trust and transparency are at the heart of reputation – and trust is becoming even more prominent for half the Council**
- **This is having implications for how organisations communicate with stakeholders, both internally and externally – particularly highlighting the need for consistent messaging**
- **Alignment of communications strategies with marketing and HR strategies is reportedly well underway. While budgets and culture clashes are acknowledged challenges, the potential benefits in message reinforcement are widely appreciated**
- **Half of Council members report that dealing with cynical responses from stakeholders is an issue for them. Advice from you and your fellow Council members includes:**
 - **Careful targeting of stakeholders**
 - **Focusing on areas of common interest**
 - **Seeking ongoing and meaningful dialogue with relevance for stakeholders (not just your organisation's)**
 - **Ensuring communications are in step with organisation behaviours**
 - **Utilising third parties to help reinforce messages**

The economy and trust – the big issues

It's the economy, stupid!

There are no prizes for guessing the top concern among communicators (or anyone in business) at the moment – the economic downturn is the most common reputation issue on Council members' minds, particularly its implications in terms of business performance, the security and stability of the financial industry, and whether we have yet seen the bottom of the slump. Of course, the recessionary environment is having a direct impact on communicators, as it is on all aspects of business life:

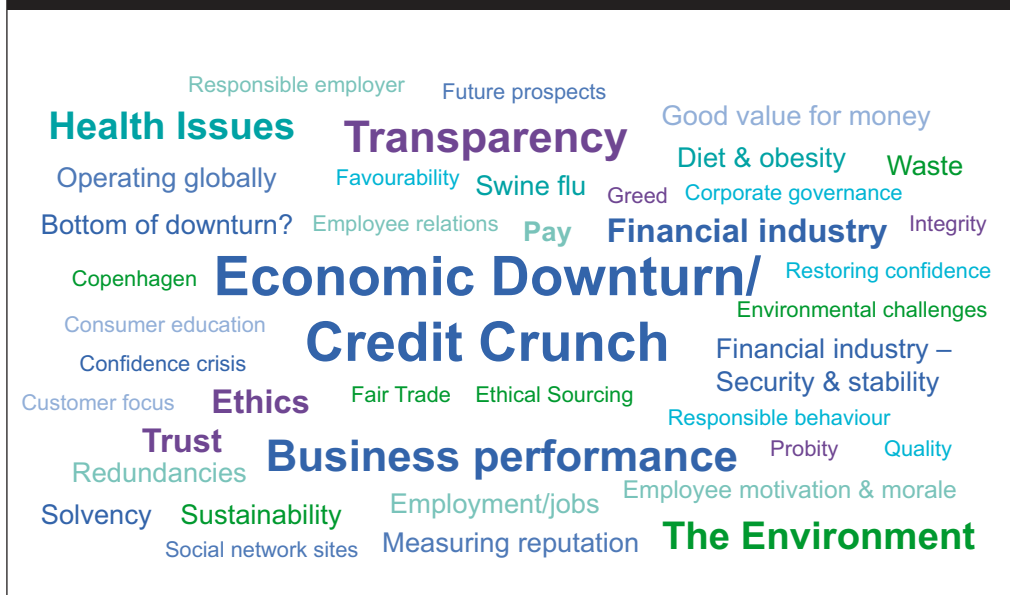
“If your business performance is in the floor then – guess what? – your reputation can go with it! If [your company is] not delivering the goods, if you're not making any money or whatever, then your reputation with investors and shareholders is going to take a caning”

Other key issues often on your minds at the moment include transparency, ethics and trust, as well as environment, sustainability and waste. Health issues such as diet and obesity, and swine flu, are also prominent. It is clear that many responsibility issues remain of paramount importance, in spite of the tough times.

“[It's about] ensuring that during a difficult economic climate we are seen to maintain our ethical standards as much as possible... The economic downturn is not affecting our commitment to environmental sustainability”

“The recession in no way should deflect business from tackling its environmental impact and consumers absolutely expect to see business doing its bit. Not only to reduce its own impact, but increasingly also to help consumers reduce their impact – and woe betide the business that decides environment is no longer important!”

Current issues relating to reputation



Tightening the belt

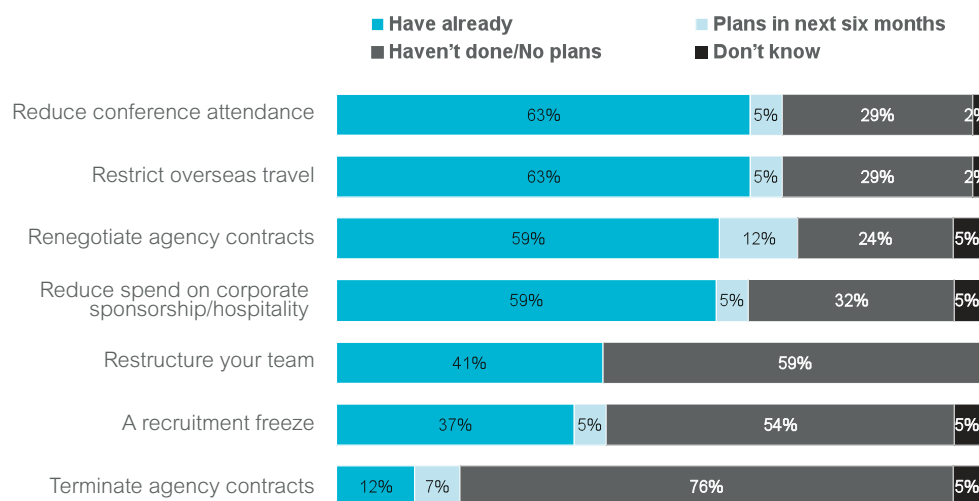
Many of you mentioned the increased pressure to control costs in the last wave of the Reputation Council, and this wave we pursued more detailed reflections on how you are coping with reputation management in a recessionary climate. This quote is typical of the mood of many Council members:

“I think we’re trying to do the same amount on a smaller budget and that just means being nimbler, more efficient, quicker, grabbing opportunities when you see them and then making sure you do the stuff that really, really matters, not the stuff which is nice to have”

Certainly the recession is having a pronounced effect on your daily work patterns, with widespread cost saving measures in force across a number of areas of discretionary spend:

- Around two-thirds of members have reduced or plan to reduce conference attendance, overseas travel and spend on corporate sponsorship and hospitality.
- Costs are also being cut with regard to external agency spend, but rather than terminating agency contracts, many are attempting to renegotiate them instead.
- Internal changes, although less prevalent are still occurring; two-fifths have or will have a recruitment freeze or a team restructure.

Which, if any, have you had to do, or do you plan to do in your own department to reduce costs?



Base: Reputation Council Members, Autumn 2009, (41)

Source: Ipsos MORI

For some this is a reinforcement of a previously frugal culture, with a stringent approach to cost control seen as a continuation of their organisation's policies rather than a particularly new chill wind.

Nevertheless, for most Council members, the recession is the preoccupation of the moment, and one that is having some very real consequences for how communicators are carrying out their day-to-day jobs.

Trust is still key

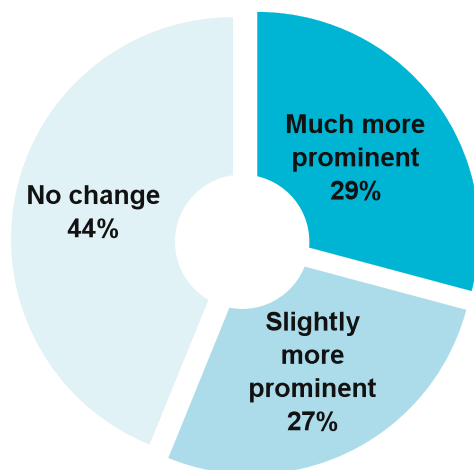
Trust, ethics and transparency remain at the heart of reputation – at a time of recession these pillars of performance matter more not less. In the last Reputation Council wave, we reported that you felt there would be a renewed focus on trust, openness and clarity due to the economic crisis, and this continues to be a priority concern for many Council members:

“Trust is, has been, and will continue to be, an essential element in how we do business”

“The current [financial] climate exacerbates it so much that [trust is] of greater importance”

Indeed, over half of you feel that trust has become more prominent an issue within your organisation recently, including over a quarter who think it has become much more prominent.

Has trust as an issue become more or less prominent or has there been no change?



Base: Reputation Council Members, Autumn 2009, (41)

Source: Ipsos MORI

Furthermore, a number of those who have detected no change in its prominence say that this is because trust has always been at the forefront of their organisation. But for many of you, recent issues relating to MPs' expenses and bankers' bonuses mean the issues of trust and transparency are of heightened importance, and clearly the credibility of these institutions has been affected. Indeed, some Council members believe this has affected organisations in general:

"I do think the financial crisis and the interventions debacle accelerated the declining trust in organisations and institutions"

In light of the difficult trading conditions, trust is not just an external issue. With many companies considering (or already implementing) job cuts and pay freezes, the importance of trust is being felt internally, and of course that can have a profound effect on reputation:

"If people internally don't believe what the company's saying about itself, externally that will start to echo and affect the external belief in the company too"

The practical implications of this are numerous. Since companies are now exposed to greater levels of scrutiny, you and your fellow Council members suggest that companies need to reconsider several aspects of their stakeholder communications, including specifically:

- the consistency,
- tone,
- transparency,
- quantity, and
- quality of communications

For example, some Council members report renewed attempts in stakeholder engagement:

“There is a concerted effort to reach out transparently to all of the stakeholders we have and explain what it is we do and explain and rationalise for people our decisions”

“We’ve tried to put more and more focus on having others talk about what we’re doing to help build that trust in ourselves...We’ve tried to not do so much of a ‘sell-job,’ but do it more as ‘we all have these common challenges and here’s what we’re doing’...We’ve tried to take a little bit different tone and tack”

Dealing with the cynics

So how widespread is mistrust, or active cynicism, among stakeholders? Council members are divided on the issue, with just over half having experienced cynicism from stakeholders at some point (56%), while slightly fewer report no problems of this sort (41%).

Many of those who have been on the receiving end of cynical stakeholders see this as ‘par for the course’ in the world of big business, since “everybody’s cynical about everything”. For some, it is a question of targeting the more receptive stakeholders in preference to committed cynics:

“We have a 20:60:20 approach. So... there’s about 20% of our stakeholders who don’t believe us and will never be on our side, the same on the positive [side], and it’s the 60% in the middle that we focus on”

Where there is a case for attempting to engage cynical stakeholders, you and your fellow Council members give the following advice. Clearly, key points include:

- seeking a commonality of interest,
- focusing on the issues of most relevance to stakeholders (rather than single-mindedly pursuing the organisation’s own agenda),
- ensuring the organisation’s communications is aligned with its behaviour, and
- engaging sympathetic third parties to tell the story on your behalf.

Suggestions for dealing with cynical stakeholders

Engagement not just one way communications	<i>"Real engagement is not one-way communication, you should be engaging the stakeholder if you genuinely want to hear what their opinion is, and then giving them access to change your business decision-making...Someone is not going to be cynical if you are genuinely asking them something which is relevant to them, interesting to them and something they can make a difference on"</i>
Ongoing dialogue	<i>"Actually seeking to engage more regularly, more frequently, so that there's an ongoing dialogue rather than just when it comes to a specific issue. There are a lot of areas where there's actually a lot of commonality"</i>
More targeted communications	<i>"We've tried to be a bit more careful about who we try to talk to. I think by being more targeted, we're able to have deeper relationships and ones which are on the stakeholders' interest area rather than our interest area"</i>
Work together	<i>"I think the most important thing is to find what's the common challenge that you are both working to solve. I do think it's important that it's something that you both agree is a challenge and that you both agree that you have something to contribute [to]"</i>
Practice what you preach	<i>"I think the only way you can deal with cynicism is to actually do what you say you're going to do, and not try and communicate one thing which is not aligned to how you're actually operating"</i>
Working with third parties	<i>"This is where the role of third parties such as NGOs is critical and I think relationships with third parties are fundamental in going forward, to building the believability of the messages [we're] trying to put out there"</i>

So while we talk about 'trust' as the prominent issue, on a practical level it is 'mistrust' and cynicism from stakeholders that many Council members are having to deal with, exacerbated by the recent crises and scandals. Against this backdrop, the struggle continues for credible communications and meaningful stakeholder dialogue.

Aligning business strategies

The benefits of alignment

Given the reported prominence of the trust issue and the challenges of engaging cynical stakeholders, it is vital for an organisation to be seen to have a consistent voice, whether it is talking to consumers/customers, employees or other stakeholders. In this context, we raised the issue of aligning communications strategies with strategies in the areas of marketing and HR.

Certainly, most of you see the benefits of aligning communication and marketing strategies – these are variously recognised as maintaining the credibility of the organisation, as well as providing a bottom-line benefit of reinforcing messages and making communications investments work harder. Well-aligned strategies are also seen to have internal advantages in terms of enhancing the efficiency and motivation of cross-functional teams:

“It increases trust and improves reputation if you are seen to be practising what you preach. So if there is a gap between what you say [to stakeholders] and what you do in your marketing activities, then you have a fundamental reputational problem [and] you instantly look to be untrustworthy”

“I think you get a ‘bigger bang for your buck’ and you have much more cohesion... As a consequence you can be much more authentic when you’re talking”

“Firstly... if you’re pointed in the same direction there should be more efficiency... Secondly, there is a team alignment – when you can get a whole group of people working to the same end there’s a motivational benefit”

The main benefits of aligning communications and HR strategies are seen as reinforcing the internal values and culture of the organisation, and also having a direct impact on employee motivation and service delivery among customer-facing staff. Here too, strategy alignment is seen as a way to avoid a gap opening between what the organisation says and what its people do on the ground. It can also help attract the right sort of people to join the organisation:

“They have to be very closely aligned otherwise the kind of values that you project to your people aren’t consistently delivered through the communications that you’re talking about [externally]”

“The reputation of our [customer facing] employees [among] our customers has a direct impact on service experience – so if people [have preconceptions and] are sometimes hostile or off with our employees it has direct impact on [the employees’] confidence which has an impact on their service ... So therefore we aim to build awareness out there amongst the general public, particularly our customer base, with the competencies that our people have”

“It means that we recruit against a profile that fits with where the company wants to be in terms of corporate behaviours. I shudder to think what it must be like to work in a place where you want to say one thing [externally] but you’re actually seeing another [internally]”

Nevertheless, there are a few organisations that have made a conscious decision not to align strategies – seeing communications and marketing/HR as distinct functions with different communications objectives:

“It’s not aligned because... the purpose of the marketing strategy and the purpose of the communications strategy are not the same”

“I just think that on a corporate level what we’re communicating is very different to HR”

Other Council members suggest that it the overall business strategy that is important, providing an overarching framework for all aspects of the business:

“It’s not about being aligned with the communications strategy, it’s about having one overall company business strategy that you enhance, you amplify for your brand strategy and that plays out for your own HR, product, finance, IT, wherever. So it’s a bit more than being aligned with your communications strategy”

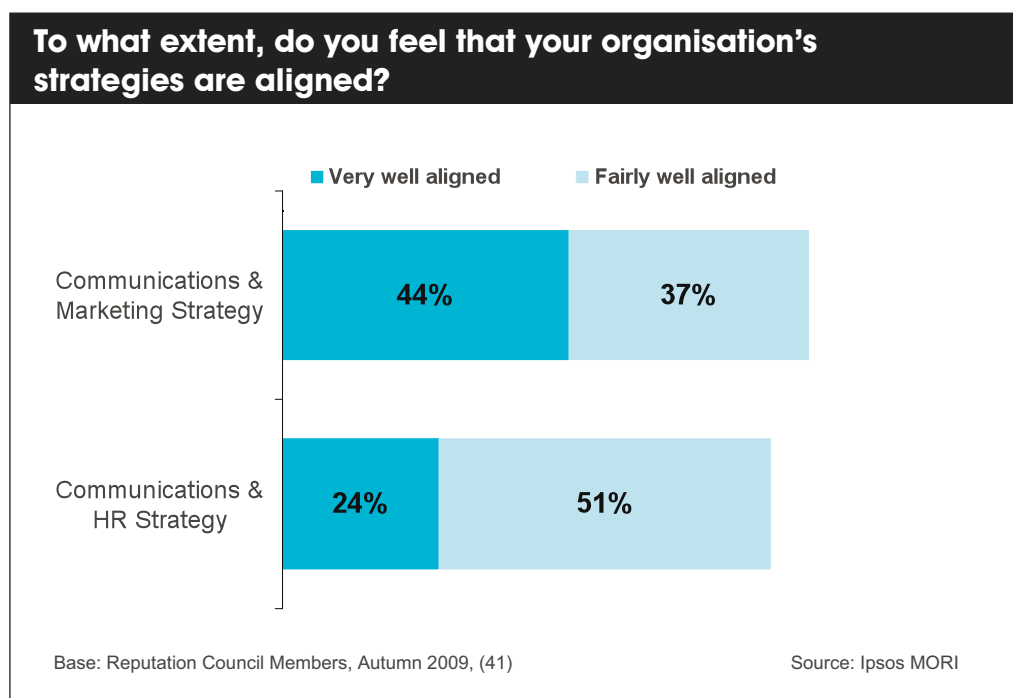
Overall, though, the general feeling is that alignment is desirable and beneficial to the organisation at a fundamental level:

“It’s consistency of purpose and the left hand knowing what the right hand’s doing”

“I see communications as a lynchpin, a central hub for collating the corporate message, and HR is a vehicle alongside internal communications to help take that message back into the organisation”

Alignment in practice

Council members report that this joined-up approach is largely happening in practice, with the vast majority of you saying your organisation's communications strategies are well-aligned with those of marketing and HR. The picture is particularly positive with regard to marketing, with nearly half of Council members giving the top rating and saying the strategies are 'very well aligned'.



But of course, the road to inter-departmental harmony can be bumpy. Reconciling strategies at the brand and corporate level can be a particular issue when trying to align communications and marketing strategies. On HR strategy alignment, international organisations with distinct cultural differences in the markets where they operate often find it hard to apply a 'one-size-fits-all approach', as do organisations which have multiple inherited structures from previous mergers and acquisitions.

Some communicators feel that they have come up against particular practical barriers on the HR side, due to the different working styles and practices between the two functions, or a lack of visibility of HR strategy:

"I don't think it's particularly a natural relationship for communications and HR, it may seem so theoretically but actually I've found in lots of companies we can rub each other up the wrong way quite a bit"

“I think there’s a difference in perceived pace, the importance of pace. Communications people tend to work in quite a pacey environment and I think HR is less so. And so sometimes it’s quite hard to actually get their input into delivery of stuff, but it’s because they work in completely different timescales”

“I’m not really aware that there is an HR strategy. I haven’t seen any evidence; I haven’t seen any recruiting campaigns”

Unsurprisingly, for both marketing and HR strategy alignment the sticking points often seem to be budget allocation and arguments over remits. As Council members, you feel that the keys to success are:

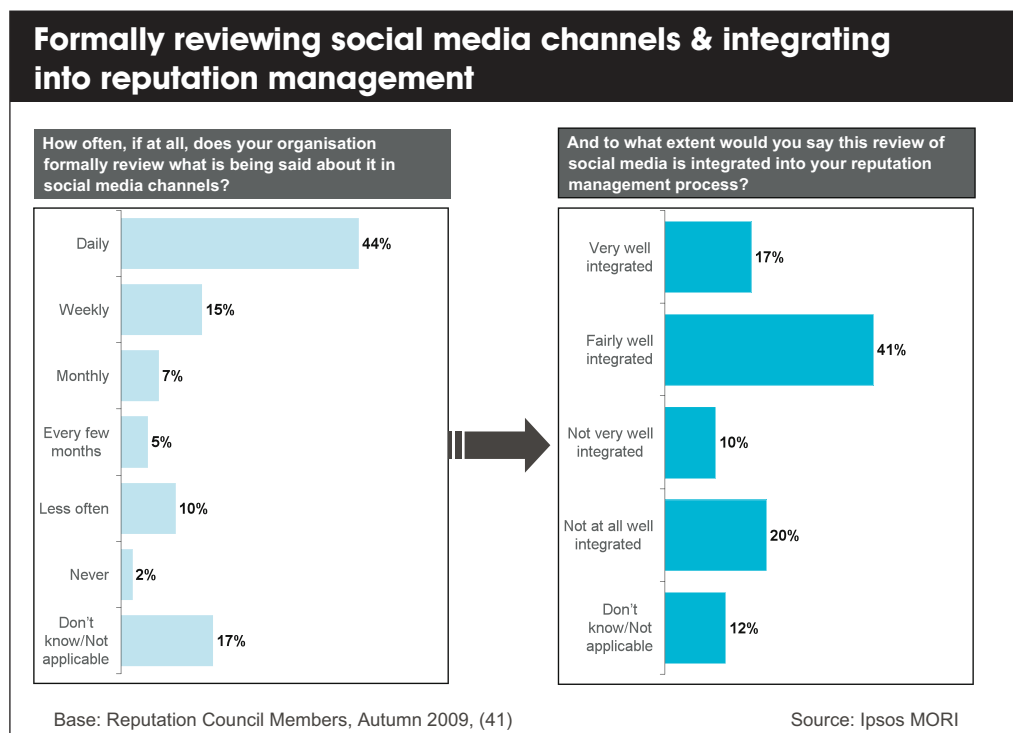
- devoting time to the issue,
- establishing a level of trust between departments, and
- getting support from above.

Therefore, the goal of aligning communications strategies with marketing and HR strategies is recognised as bringing a range of benefits both to an organisation’s reputation and to its bottom line. In practice, alignment is apparently well advanced (although several challenges are recognised under this positive surface).

Social media

Social media channels are an established part of reputation management for many organisations, with:

- nearly half of Council members reporting that their organisations are reviewing social media on a daily basis, and
- over half of you feeling that this review of social media is well integrated into your reputation management process.



Measurement varies from “fairly low key and haphazard” to hourly monitoring; indeed a small number of organisations have completely integrated social media into their reputation management:

“We’re monitoring [social media] hourly; we have full time people working on social media. Anything that’s said about the company, somebody in my team knows it almost instantly”

There is a sense, though, that many communicators are still getting to grips with how to effectively monitor this relatively recent information stream and many of you acknowledge that your organisation is still in the process of developing its strategy in this area. Among those where a formal process is not in place, a number are planning to put it in place over the next 6 months to a year.

The main challenge is, of course, the sheer volume of information in the blogosphere, and how organisations filter this to extract what is relevant, credible and significant from all the idle chatter. Some of you identify a risk of over-reacting to criticism in channels which often represent niche points of view and have limited reach. This point underlies some doubts expressed as to how significant this medium will be to reputation management in the long term:

“There are tens of thousands of new blogs turning up every day. A lot of them are just some person sat at a computer at home just downloading the first thing that comes into their heads. It’s not going to be read by more than about half a dozen people”

“You find out that actually 99% of the stuff that’s on the internet is just drivel... It’s like all these things, you need to have systems which cut through that”

“We remain healthily sceptical about the value of social media insight. If you look into the negative stuff about the brand, it’s often a personal gripe. That’s still important from one perspective, but if only three people read it... you have to [take a view on] how important it is... We think it’s still too early to say how important [social media] will be to reputation”

Nevertheless, many Council members are enthusiastic about the potential benefits of social media to reputation management, particularly those from consumer-facing companies. Some of you see social media monitoring as a valuable early warning system, allowing a company to keep an eye on growing trends (both positive and negative) and react quickly to them. Social media can also act as a cost-effective feedback tool, providing fresh stimulus alongside more traditional insight and evaluation methods, as well as a medium for corporate communications with a potentially more personal and credible voice:

“It’s keeping a watching eye, [it] can help flag up potentially difficult... reputational issues quite quickly”

“[It gives us] the ability to manage the story more effectively and manage the reputation of the business in the media more effectively”

“It gives you an insight into what people are thinking about. So it’s great in terms of a feedback mechanism, and it enables you to talk directly to people and develop a one-to-one relationship, which is something that we’re really interested in”

So the jury is still out on how best to incorporate social media monitoring in reputation management – while many see the potential, the practical challenges remain of sorting the wheat of meaningful insight from the chaff of overwhelming online babble.

Reputation Council - Participants

Company	Name	Title
3i Group plc	Patrick Dunne	Communications Director
Anheuser-Busch InBev	Christopher Burghardt	VP Corporate Affairs Western Europe
Amgen	Owen Smith	Director of Corporate Affairs
Astra Zeneca	Judith Everett	Global Head of Brand & CC
Aviva	Louella Eastman	Group CSR Director
BAE Systems	Sara Hirsch	Director of Communications and Strategy
Balfour Beatty	Tim Sharp	Corporate Comms Director
Barings	Ian Pascal	Head of Marketing and Communications
BHP Billiton		
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	Ian Wright	Corporate Relations Director
Diageo Eastern Europe	Fredrik Erlandsson	Corporate Relations Director,
E.ON	Guy Esnouf	Head of Public Affairs
Eurostar	Simon Montague	Director of Communications
Heineken	Sean O'Neill	Group Corporate Relations Director
Hitachi	Hans Daems	Group Public Affairs Officer, EMEA
Logica	Carolyn Esser	Corporate Communications 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	Communications and Reputation Director
Prudential plc	Miles Celic	Head - International Public Affairs
QinetiQ	Nicola Marsden	Group Comms Director
Reed Elsevier	Patrick Kerr	Director of Corporate Communications
Rolls-Royce	Nicky Louth-Davies	Communications Director
Shell	Bert Regeer	Head of Global Communications
Syngenta	Sarah Hull	Head of Global Public Affairs
Telefonica Europe	David Nicholas	Director of Communications
Tetrapak	Rupert Maitland	Environment & External Affairs Director
Unilever	George Gordon	Head of PR
Visa Europe	Daphne Luchtenberg	Head of Reputation Management
Xerox	Kevin Perlmutter	Head of PR and Internal Communications
Zurich	Mani Pillai	Group Media Director

* Two Reputation council members asked not to be identified

Further information

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