Ipsos MORI
Reputation Centre

THINKING REPUTATION

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THE NEWSLETTER FROM IPSOS MORI'S REPUTATION CENTRE

CALLING THE SHOTS
AN INTERVIEW WITH GLENN MANOFF, O2

MANAGING REPUTATION
IN AN AGE OF AUSTERITY

CORPORATE BRAND COMMUNICATIONS
A POWERFUL REPUTATION TOOL

LONG-TERM SUSTAINABILITY VISIONS
IN THE CONTEXT OF A TOUGH ECONOMIC CLIMATE

THINKING REPUTATION IN THIS EDITION:

Jenny Dawkins
Research Director

Welcome to our new-look newsletter, **Thinking Reputation** - including news, views and updates on our latest research findings, from Ipsos MORI's Reputation Centre.

CALLING THE SHOTS: GLENN MANOFF, O2

Glenn Manoff, while Director of Communications, Reputation and Sustainability at O2 (part of Telefonica SA) talks to Milorad Ajder, Managing Director of the Reputation Centre, about why trust is vital to O2's future plan, why the company's social media activity is within his remit and tips for dealing with senior colleagues.

REPUTATION COUNCIL: MANAGING REPUTATION IN THE AGE OF AUSTERITY

Martin Kane reviews the findings from our last session of the Reputation Council, a group of senior corporate communication experts in leading European companies, including their thoughts on managing reputation in the age of austerity, the benefits of managing reputation, the value of corporate values and pros and cons of celebrity endorsement.

CORPORATE BRAND COMMUNICATIONS A POWERFUL REPUTATIONAL TOOL

With increasing demands to know the personality of a company beyond its brands, Helen Lamb investigates companies actively building their corporate brand reputation in an arena that has traditionally been dominated by product and service related messages.

LONG-TERM SUSTAINABILITY VISIONS IN THE CONTEXT OF A TOUGH ECONOMIC CLIMATE

As leading companies focus more on the sustainability challenges and opportunities facing their businesses, Jenny Dawkins discovers that our Reputation Council members are thinking more long-term, and expect companies to continue investing in corporate responsibility despite the challenging economic climate.

Do **contact us** for further information, and give us your feedback on what you would like us to cover in future editions of **Thinking Reputation.**

CALLING THE SHOTS
GLENN MANOFF, 02

GLENN MANOFF, WHILE DIRECTOR OF COMMUNICATIONS, REPUTATION AND SUSTAINABILITY AT O2 (WHICH IS PART OF TELEFONICA SA) TALKS TO MILORAD AJDER, MANAGING DIRECTOR OF THE REPUTATION CENTRE, ABOUT WHY TRUST IS VITAL TO O2'S FUTURE PLAN, WHY THE COMPANY'S SOCIAL MEDIA ACTIVITY IS WITHIN HIS REMIT AND TIPS FOR DEALING WITH SENIOR COLLEAGUES.

Can you tell me about your role at O2?
My remit is corporate affairs which includes corporate reputation, public relations, public affairs, community relations and sustainability - the whole gamut. While in the past I wouldn't have had much direct contact with customers per se, in the world of social media my team is now in constant conversation with thousands of customers over any given week. That's big change. I manage a full time team of people, the 'real time team', who do nothing but interact with all sorts of customers ranging across all sorts of topics via all sorts of digital media channels.

Does Social Media belong in Communications?
There are lots of models and it will be different in different companies. But generally I believe social media does fit in the communications department because we look right across the business and touch everything. Social media doesn't naturally fit in a functional silo like other things because over the course of an hour, you might be interacting with press, fans, angry customers, politicians, your own employees. This list goes on. But as a company we've agreed to revisit our social media strategy regularly and in particular the question of where in the organisation social media should sit because the pace of change is so great that whatever the answer is today, that may not make sense in six months' time.

So how is social media changing your role?
Digital and social media does change everything because all of a sudden everything happens in real time. Most of us are having to adapt to this, it's not something we've grown up with. In my team, all the people on social media full time are under the age of 30 - in fact one of them turned 29 recently, but he's the old man of the team! They think and behave in a different way. I go to them for insight - I'm not that old but I'm not a 'digital native' in quite the same way.

In a mass market consumer brand like ours, everybody in the business is interested in opportunities like this where you can reach and engage large numbers of people. That includes the online team, marketing, customer service, sales, retail, regulatory, public policy, communications - everybody can see the power of this medium. So it's my job to worry about how we use social media in the right way to present a common

"IT'S MY JOB TO WORRY ABOUT HOW WE USE SOCIAL MEDIA IN THE RIGHT WAY TO PRESENT A COMMON VIEW OF OUR BRAND."

view of our brand. The head of social media for the company sits in my team and coordinates a cross-company strategy, keeps us all aligned and ensures that we have one view across social media - as far as possible.

So how do you try and ensure that consistency?
It can be an uncomfortable feeling, but the reality is that you can no longer control everything. It doesn't work anymore just to have a document that says 'this is the communications bible'. And it's not as easy to divvy up stakeholders neatly between different functions any longer either. You have to accept this reality and see it as an opportunity. At the same time, you need structures and rules to achieve consistency. I think most companies are still working through how to get this right and we're no different. The company values become very important in this context. If there's an underlying set of values that underpins all your people's work, you worry less about different people having different conversations with customers and stakeholders.

With social media, there is also a challenge in how you draw the line between employees' personal comments and what they say on behalf of the company. A good example of that was when we launched a new service, Priority Moments, which is an app that offers customers great deals based on their location. Thousands of our own employees had been trialling the app before launch and when it went live on the Apple app store quite a few of these employees stumbled onto it before the product was announced to the public and started to make positive comments. None of them were told to do this, but the marketing press picked it up and all but accused us of trying to bump up our ratings by having employees pretend to be regular punters. In the end, it's not such a bad problem to have, in that our people actually behaved like real fans and ambassadors for this new product, but it was a useful lesson in transparency and giving clear guidance to your people. Conversely, though, the danger is that you get over-excited about this type of thing and say internally 'no one can blog about our products'. I've seen this happen too. The pendulum swings too far the other way. In a social world you have to accept some lack of control and believe that if you are honest and value driven, the net impact will always be strongly positive.

“MY ADVICE IS DON’T FEAR IT, BUT UNDERSTAND IT AND LOOK BEFORE YOU LEAP”

How do you think companies can best engage with social media in a credible way?
I think that the key thing is that you have to deeply understand the medium. The folks in my team who are engaged in this medium all the time are very important people in our business. They have crucial insight and they understand how reputation moves quickly online. Corporates and brands have permission to engage in social media, and there are norms and practices that have evolved and developed, but you have to have a clear understanding of what is and isn’t acceptable, and the role that corporates can and can’t play. And it will be different for different brands. My advice is don’t fear it, but understand it and look before you leap.

How much importance does the business ascribe to reputational issues?
A huge amount. One of our brand values is ‘trusted’, another is ‘open’ - and I think that is partly why I have permission to challenge anything and anyone in the business. We have gone in five years from a laggard, the worst operator and least respected brand, to number one in nearly every metric including brand metrics. And one of the ways we’ve done that is by having a very clear sense of what our brand stands for and, equally, what we would not say or do. We’re not fool proof by any means. But when we’ve had issues we’ve always tried to go back and explore if and how our values could have worked harder for us.

So what other advice do you have for reputation managers when dealing with their senior colleagues?
You can never be afraid to stand up and make the tough call - you need to be bold. In one instance a few weeks ago, I had to give advice on something which meant leaving a real commercial opportunity on the table. In this case, it proved to be the right thing to do, but it was a very robust conversation with the top team!

The thing you have to avoid is crying wolf - if you’re too conservative you can lose credibility. I feel that I need to be seen as someone who takes ownership of the commercial outcome of decisions - that I own the P&L, and what we deliver back to shareholders, just as much as anybody else. If you stand on the side in your silo and say ‘don’t do this, don’t

"IF WE'RE GOING TO CONTINUE TO GROW, THE PRODUCTS WHICH WE'LL BE SELLING IN THE FUTURE SHOULDN'T BE JUST THE PRODUCTS THAT WE SELL TODAY."

do that', and you don't take responsibility for the commercial outcome, then you don't always earn a full seat at the table. If you don't naturally have that commercial outlook, my advice would be to consider your own personal development plan, go and spend a day in your stores or with your sales force or finance team and really learn the financial and commercial drivers of your business. It helps you have a more rounded view so that you're not just seen as the Nervous Nelly that's always telling everyone to 'stop' and 'don't'.

Looking to the future, how is the company changing focus?
We are famous for being a mobile phone company, and more recently for being a broader communications company that sells things like broadband, fixed line, wifi and IT services for business and corporates. But if we're going to continue to grow, the products which we'll be selling in the future shouldn't be just the products that we sell today.

Where we're not yet so famous is in digital services, but it's actually where most of our ongoing innovation happens. For example, our Priority Moments service is going to head-to-head with Groupon and Vouchercloud. We are a very substantial media business. We're in financial services now. Our big thought is that your mobile phone can become the remote control for your life. That's because today's smartphones give you the whole internet right in the palm of your hand.

We don't go into financial services or media or anything else because we think that's a market where our brand is relevant - it's not a strategy like Virign. We go into these businesses because combining those services with mobile communications makes them better.

What are the implications for trust in your brand?
One challenge that's obvious is earning the right to enter new markets and have customers trust you. That is a classic challenge of any brand trying to extend its product range and extend its offering - how do you communicate the new direction whilst staying strong in your core markets too? Everyone company faces this.

In our case, the evolution of digital technology is very rapid and this enables new services which we are very well placed to deliver. But this is also opening up areas of corporate risk that people didn't think about previously. I would broadly define these under the heading 'digital confidence'. The thing that we cannot afford to lose is customers' confidence that they can trust us with crucial data and information about them. There are lots of examples of brands who have been pioneering in social and digital services and have got things wrong and had to rethink. We're writing the rule book as we go - and that's exciting.

Glenn Manoff has recently taken on a new role as Director, Social Business & Sustainability, at Telefonica Europe.

REPUTATION COUNCIL HIGHLIGHTS, WAVE 5

IPSOS MORI'S REPUTATION CENTRE HAS ASSEMBLED SOME OF EUROPE'S MOST SENIOR CORPORATE COMMUNICATORS TO FORM THE REPUTATION COUNCIL. ITS MEMBERS BRING UNPARALLELED LEVELS OF COMMUNICATIONS EXPERTISE AND THROUGH OUR REGULAR FEEDBACK SESSIONS PROVIDE INSIGHT ON A WIDE RANGE OF REPUTATION ISSUES WITHIN BOTH THE CORPORATE ENVIRONMENT AND THE WIDER WORLD.

THE FIFTH SITTING OF IPSOS MORI'S REPUTATION COUNCIL INCLUDES THINKING ON MANAGING REPUTATION IN THE AGE OF AUSTERITY, THE BENEFITS, BARRIERS AND PERCEPTIONS OF MANAGING REPUTATION, THE VALUE OF CORPORATE VALUES AND PROS AND CONS OF CELEBRITY ENDORSEMENT.

REPUTATION MANAGEMENT IN THE AGE OF AUSTERITY

In this difficult economic climate, businesses are faced with a number of challenges. Some appear to have ridden this storm better than others, but almost all Council members have had to adapt to the new economic reality in some way.

The most obvious impact has been a reduction in operational budgets meaning businesses have to do more with less, acting in 'cleverer' ways to ensure that the data flow to their stakeholders continues. However, clever thinking cannot always overcome budgetary reality and some projects have been unable to proceed.

"Operational budgets have been cut by around 30%. Do less and do things more effectively"

In austere times there has also been an increase in the scrutiny applied to projects, and many initiatives including research, need to be approved by increasingly senior managers. The sense of autonomy many members once enjoyed has gone with 'nice to have' projects a thing of the past.

"Budgets are being reduced - activities are being questioned more closely"

On a more positive note, some Council members believe that their organisations have achieved a greater sense of focus as a result of the challenging economic environment. Increased competition for business has meant an increase in the importance of reputation - and its standing among senior management.

"It has probably created more work in the reputation management arena because clearly in difficult times those with the best reputation will probably get a better result"

DEFINING THE TERM REPUTATION ITSELF CAN BE CHALLENGING AS PEOPLE PERCEIVE IT IN MANY DIFFERENT WAYS

BENEFITS, BARRIERS AND PERCEPTIONS OF REPUTATION MANAGEMENT

Effective reputation management is seen to offer a number of benefits. It supports an organisation's licence to operate as well as its marketing activities - opening the door to commercial success and a healthier bottom line. Its absence can make building strong stakeholder relationships a much more difficult proposition resulting in everything from tighter government regulation to erosion in customer loyalty. A good reputation can also improve staff morale and assist in attracting the cream of the crop when recruiting.

"It allows you to differentiate yourself in the marketplace and be an attractive place to work. In the end, salary, role and package are all the same, so individuals will choose the organisation with the better reputation"

In itself, a good reputation does not guarantee success, but a poor one that is badly managed can act as a significant hindrance. As one member puts it, "it opens the door":

"I think it opens doors... so whilst it won't necessarily make a sale, it will give you permission to actually try and do that"

Given the potential benefits on offer, a strong reputation management programme would seem a necessity; however, members report that a substantial proportion of management and colleagues are still not buying in to the concept.

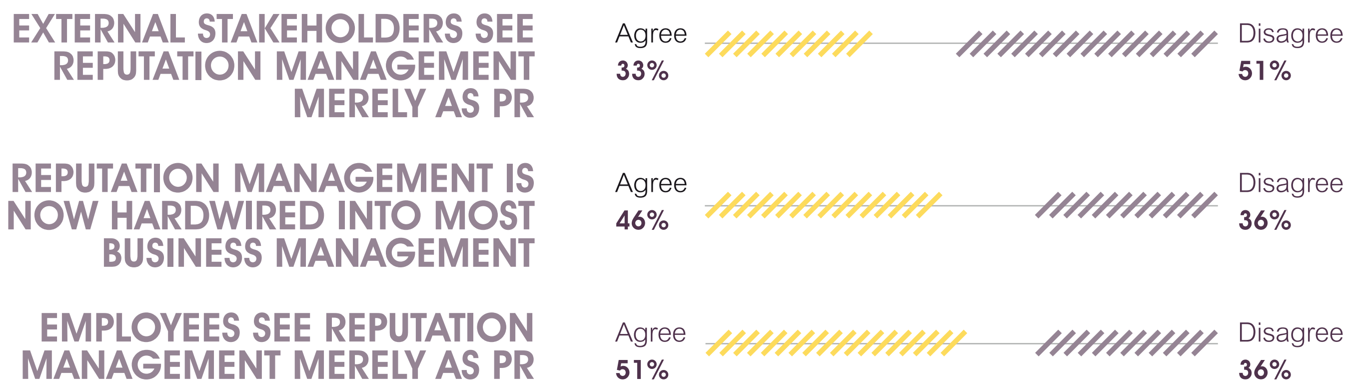
A major issue is explaining exactly what reputation management is, and why it matters. This is not helped by the fact that defining the term reputation itself can be challenging as people perceive it in many different ways - some find it hard to understand how reputation can directly underpin and benefit business activities.

"The greatest barrier is that probably most people, a lot of senior people, don't have time to consider it and consider the value. They're so wrapped up in other issues, that it's often a topic that is ignored"

As the chart below shows, only half of Reputation Council members believe that reputation management is hardwired into most business management, and more agree than disagree that employees see reputation management merely as PR.

MIXED OPINION ON WHETHER REPUTATION MANAGEMENT IS VIEWED 'MERELY AS PR'

Q: DO YOU AGREE OR DISAGREE THAT...?



Base: Reputation Council Members, Summer 2011, (40)

It therefore seems that employees in particular need educating as to the benefits a good reputation can bring as there are few better ambassadors for an organisation. To achieve this, an organisation needs to publicly demonstrate that reputation underpins all its operations, activities and objectives.

Ultimately, reputation management has to compete with issues that management and other divisions consider more pertinent. As some members point out, bonuses are more likely to be linked to sales, or overall company performance rather than reputation standing relative to the competition. At a time when financial issues and the economy have been at the forefront of most people's minds, it can be difficult to interest people in what might be perceived as more 'woolly' issues. Even when evidence is available, it needs to be carefully positioned with senior managers to have maximum impact and overcome personal prejudices.

THE VALUE OF VALUES

Most companies have a set of core values that are designed to guide all corporate behaviour including how employees are treated, environmental policy, choice of business partners and corporate governance. Given that they cover so many subjects, and given that almost all companies now have them, what are the characteristics of companies that truly 'live' their values? What are the barriers to showing that organisational values are genuine intentions rather than rhetorical statements? Council Members have identified a number of factors that will determine whether a company's values will gain traction and credibility:

WHAT ARE THE BARRIERS TO SHOWING THAT ORGANISATIONAL VALUES ARE GENUINE INTENTIONS RATHER THAN RHETORICAL STATEMENTS?

- Values may not be respected if they are not embedded deep within an organisation - actions and behaviour at all levels must reflect the corporate values
- Values must be more than just messages - they need to be credible, consistent and above all believable, if they are to be of any use.
- Management behaviour is a key driving force. CEOs and other senior managers must lead by example - regularly demonstrating and highlighting the value of their values.
- Values must reflect the reality of an organisation - internal processes and short term business goals should not be allowed to ride roughshod over corporate values.
- Language should be simple, clear and easy to understand…
- ...although if they are too simple and broad, it can be hard to achieve differentiation. Indeed such homogeneity can lead to cynicism among both employees and the public at large.

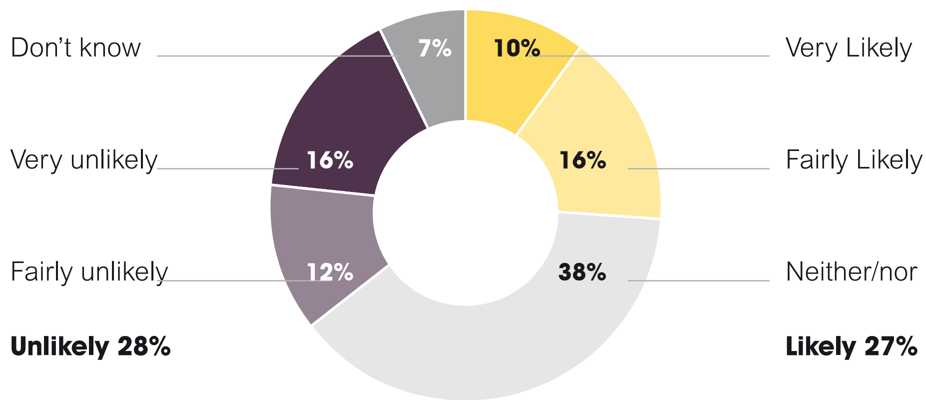
CELEBRITY ENDORSEMENT: PROS AND CONS

As our recent article in **Brand Republic** showed, sporting icons, movie stars and other famous faces have long been associated with leading global brands. However, while a celebrity can enhance the profile of a product, misbehaviour in their private lives can potentially damage the reputation of a sponsor. But do any of these incidents actually lead to a change in purchasing behaviour amongst consumers? And do sponsors really need to worry about what their celebrity endorsers are up to?

Global @dvisor data published in October 2011 showed that one quarter (26%) of global online citizens say they would consider no longer buying a product if a celebrity that endorses it is reported to be engaging in personal misbehaviour.

ONE QUARTER LIKELY TO STOP BUYING PRODUCT BASED ON CELEBRITY MISBEHAVIOUR

Q: TO WHAT EXTENT WOULD YOU CONSIDER STOPPING BUYING A PRODUCT IF A CELEBRITY THAT ENDORSES IT IS REPORTED IN THE MEDIA TO BE ENGAGING IN PERSONAL MISBEHAVIOUR?



Base: All respondents (18607)
Source: Ipsos MORI Global @dvisor

A quarter of the population is clearly a lot to lose - but should businesses really be concerned about these figures?

Council Members agree that celebrity endorsement is more feasible for some sectors and products than others. In the right circumstances, celebrity endorsement can raise awareness and increase attention towards a product.

"I think there are cases where you can find a really great fit between an organisation or a product and an individual, and that can often lead to awareness, loyalty and positive perception"

Others feel that a good product and brand should be able to stand on its own merits, rather than benefit from associations with celebrity, and there is almost universal agreement that involving a celebrity always adds an element of risk. While negative effects caused by celebrity misbehaviour are not thought to be long lasting, celebrities must be chosen with care. Some Council members see greater potential if the celebrity plays an active role in contributing to wider social issues, or better yet, if the organisation receives an endorsement from an influential third party organisation, rather than a celebrity figure.

There are obvious benefits to be gleaned from involving a celebrity in a product's marketing campaign. As long as the individual is chosen carefully, the risk should be minimal, but the possibility of a PR disaster is sufficient to make several of our members think twice about going down the endorsement route.

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CORPORATE BRAND COMMUNICATIONS A POWERFUL REPUTATIONAL TOOL

ONE OF MANY IMPACTS OF THE DIGITAL ERA HAS BEEN THE GROWING EXPECTATIONS BY STAKEHOLDERS TO KNOW THE PERSONALITY OF A COMPANY BEYOND ITS BRANDS AND NAME. CONSUMERS AND ELITE AUDIENCES ALIKE NOW EXPECT MUCH MORE TRANSPARENCY AND INTERACTION THAN EVER AND WANT TO SEE BEYOND THE CORPORATE NAME. NOT ONLY IS THIS AN EXPECTATION, COMPANIES ARE MORE VULNERABLE THAN EVER AS THEY AND THEIR ACTIVITIES ARE DISCUSSED IN CYBERSPACE.

One of many reactions is that companies are increasingly talking about their corporate brand promises in an attempt to explain not only what they sell, but who they are and what they stand for. They are actively building their corporate brand reputation in an arena that has traditionally been dominated by product and service related messages.

So what are the benefits of a strong corporate brand reputation? Quite simply, reputation is a company's most important intangible commercial asset. It can affect everything from sales, ability to recruit good people, being seen as a good investment as well as ultimately retaining a license to operate. We know from our own global data that individuals who trust a company are more likely to believe its marketing communications, feel good about using its products, and are more willing to pay a premium. However there is also a reverse to this: below a certain level of trust companies find it hard to make headway in growing their business. In other words, a low level of trust in the corporate brand is a barrier to maximising return on investment on sales and marketing activity – particularly where there is a clear connection between the corporate and product brands.

In addition, the extent to which a company can **recover** from an adverse event or negative news coverage, magnified as it is likely to be these days by social media, will naturally depend on the severity of the event, but also on how much goodwill or latent 'trust' the company has on which to draw. A strong reputation relative to competitors will have a longer term influence on the likelihood of a business to succeed, and be given the benefit of doubt in the face of adversity.

There are numerous examples of well-executed corporate communications campaigns, where companies seek to build brand values around the entire corporation that can cascade down, and add value and differentiation to their sub-brands and products. Sub-brands benefit from desirable associations linked to the corporate brand as campaigns build trust across the entire product portfolio and new products are far more likely to be accepted. Tried and tested research techniques to evaluate product brand campaigns can be adapted to test corporate campaigns, alongside key reputation metrics, to provide a holistic tool.

MAINTAINING A COMPANY'S REPUTATION

IS A HUGE AND MULTI-FACETED TASK; IT IS NOT SIMPLY A MATTER OF STRONG COMMUNICATIONS AND PR, BUT INVOLVES EVERY PART OF THE ORGANISATION

A great example of a corporate campaign is Honda's 'the Power of Dreams', which positions Honda (and therefore its products) as leaders in innovation. The Power of Dreams was launched ten years ago, as a multi-channel integrated communications campaign that went global, hinging on the message 'do you believe in dreams?'. But in 2012, it is still relevant and remains an integral part of Honda's corporate identity. It is still going strong as an advertising concept and has been successfully stretched way beyond traditional media into documentaries, short films, competitions, an 'experience' at the Sundance Film Festival and the world's most advanced robot 'Asimo'. Honda has been highly successful at finding ways to engage its consumers and inspire us as individuals, tapping into our personal goals and aspirations.

Other companies' focus has been building their relationship and emotional engagement with their key audience. For example last year, P&G launched its first consumer facing corporate campaign 'Proud Sponsors of Mums'. This, P&G says, "puts mums at its heart, recognising, celebrating and thanking them for the important roles they play in their families' lives". The campaign itself has been built directly from authentic family photos, portraying mothers as taking a pivotal but often unsung role in family life. This is a clever idea, as it not only taps into the desire of many mothers to be acknowledged but also demonstrates that the company understands and empathises with its consumers. The range of products from multiple categories lined up beside this concept should not only benefit from the link with the corporate P&G brand positioning, but equity from the different product brands can also cross-fertilise, with the aim of strengthening the brand 'family' as a whole.

However maintaining a company's reputation is a huge and multi-faceted task; it is not simply a matter of strong communications and PR, but involves every part of the organisation. Each and every individual (particularly in a Web 2.0 world) within the organisation is potentially able to impact on corporate reputation, and it is therefore imperative that all employees are aligned to their organisation's mission and values. Furthermore, corporate reputation is a function of **everything** that a company **does** and therefore not only includes communicating with journalists, lobbying MPs and how

MUCH OF OUR RESEARCH INTO CORPORATE REPUTATION TENDS TO BE ABOUT RELATIVE STRENGTH: A COMPANY'S COMPETITIVE POSITION, THE POSITIVES FOR WHICH A COMPANY IS KNOWN AND THE WEAKNESSES THAT IT NEEDS TO ADDRESS

call centres interact with customers, but also how employees talk about the company online, the performance of products/ services and the way that an operation demonstrates that it lives by its principles. Once damage occurs in any of these areas, it can take a huge amount of time and effort to recover.

So how does this all affect the bottom line? We are often asked 'What is the relationship between reputation and sales'? Generally, you cannot calculate a simple relationship along the lines of 'a reputation of x will underpin sales by y', because there are so many other elements in the mix which will also influence sales (probably more directly). As a result, much of our research into corporate reputation tends to be about relative strength: a company's competitive position, the positives for which a company is known and the weaknesses that it needs to address. Such research can be vital for demonstrating progress internally, setting targets, as well as developing corporate brand positioning and monitoring communication campaigns. It can also be used at the highest levels within an organisation, with reputation and 'trust' being terminology that is of particular interest at Board level.

We have observed an increasing trend of companies investing in corporate brand-building activities and adding this to their armoury of reputation tools. As the company behind the product becomes more important in consumers' minds and preferences, the line between Marketing and Corporate Communications is becoming more and more blurred, and increasingly these channels cannot be viewed and monitored in isolation. Now it is necessary to take a holistic and integrated approach to corporate reputation research, investigating the interplay between corporate and product brands, in order to see the whole reputation picture.

For more information, please contact: **helen.lamb@ipsos.com**

LONG-TERM SUSTAINABILITY VISIONS IN OF A TOUGH ECONOMIC CLIMATE

"IN THE BUSINESS WORLD, THE REARVIEW MIRROR IS ALWAYS CLEARER THAN THE WINDSHIELD."

WARREN BUFFETT

Leaders in sustainable business often have one thing in common: their ability to look to the horizon and make bold decisions not solely based on how things look today, but also on a vision of how things may be tomorrow. As leading companies focus more on the sustainability challenges and opportunities facing their businesses, the perspective lengthens and the thinking becomes more long-term. So how is this longer-term outlook changing companies and the way they approach their key issues?

The comments from our recent session of Reputation Council interviews certainly back up the rising prominence of long term considerations. Ipsos MORI's Reputation Council comprises interviews about topical reputation matters with a group of senior corporate communication experts in leading European companies, most of whom have corporate responsibility or sustainability issues as part of their remit. In the 40 interviews conducted in July/August 2011, in terms of the things most on the minds of Reputation Council members at the moment, of course the economic climate is among the most commonly mentioned themes. While understandably, the focus of the top-of-mind concerns here is predominantly on short term performance, there is the sense from some members that 'uncertainty is the new normal,' with the consequent challenges for long term decision-making that this implies:

"The banking crisis obviously has put more pressure on [us] to try and communicate more transparently and clearly to the market … The impact will be long term"

"[The challenging economic climate] reinforces the importance of managing reputation effectively when there's uncertainty in the wider environment. I think it will be more long term than short lived"

"It usually manifests itself in tighter budgets, and you have to find cleverer ways of doing things … I can't really think of anything ever being 'normal' because everything's always changing, to be honest"

"IT'S AN INTERESTING DILEMMA

BETWEEN THE SHORT TERM.. [ECONOMIC] CRISIS... AND THE REALLY LONG TERM ISSUES OF SOCIETY"

The concepts of sustainability and longer term thinking are also mentioned as growing themes by a handful of Reputation Council members. One Council Member sums it up by saying:

"It's an interesting dilemma between the short term, when you see the [economic] crisis, liquidity, credibility of the banks, whatever … and on the other hand, the more really long term issues of society, which are for me environment, climate change, affordability of pensions, migration, IT security. It's an interesting dilemma how companies can manage these two in terms of their reputation. I think the ones who ultimately focus more on the long term, not forgetting the short term, will be better placed to deal with this."

The responses to this dilemma are mixed. While some Reputation Council members are finding it difficult to make sustainability issues resonate in the context of short term economic pressures, for others the crisis has provided opportunities to move to a longer term mindset and sell the benefits of sustainability issues:

"It is a very contentious issue at the moment given the current economic crisis. Some of the things that we're doing for the long term are paying some degree of dividend at the moment, but hopefully when people are on a surer footing and the economy is a bit more buoyant, sustainability issues will come again to the fore and we will start to see a little more collateral value added than we're currently enjoying."

"It has actually provided us the opportunity to make a case for non-financial goals, and the benefit of taking action and investing in those things, i.e. sustainability or reputation, when the going is tough. As a result, we have been able to increase budget and headcount across all of our activities, which is surprising … It's allowed us to make a case for things which are not seen as being focused on 'only making money', because that's what was seen to be at the cause and the root of this [financial crisis]."

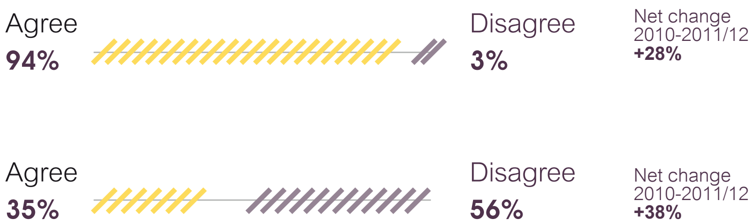
NINE IN TEN
COUNCIL MEMBERS AGREE THAT COMPANIES WILL CONTINUE TO INVEST IN CORPORATE RESPONSIBILITY DESPITE ECONOMIC CHALLENGES

Overall, the outlook from council members is positive about the future of corporate responsibility (so suggests the interim findings from our latest Reputation Council wave of interviews, conducted in Winter 2011/2012). Nine in ten Reputation Council members interviewed agreed that companies will continue to invest in corporate responsibility despite the challenging economic climate, and they now seem more confident on this point than members did in 2010. But a third of council members now agree that environmental concerns will drop down the corporate agenda given the economic backdrop (while half still reject this idea, this is lower than in Spring 2010 when we saw three-quarters disagreeing).

RESPONSIBILITY VS ECONOMICS
GIVEN THE CURRENT ECONOMIC CHALLANGES...

COMPANIES WILL CONTINUE TO INVEST IN CORPORATE RESPONSIBILITY

ENVIRONMENTAL CONCERNS WILL BE OF LESS IMPORTANCE



Base: Reputation Council Members, answering Winter 2011/2012 (interim data: 33-34 members); Spring 2010, (41)

We have picked up a number of other long-term trends being discussed by the senior practitioners in our Reputation Council, in terms of the way their companies are handling sustainability issues. It is not evident in every company, but many practitioners are talking in these terms, and demonstrating an awareness of recent changes in their outlook or the mood of their company.

Integrated into the Board's thinking: it seems that sustainability is finally present at the top table and contributing to decision-making in a meaningful way – at least in some companies. Increasingly, senior managers are articulating the importance of sustainability considerations to the future success of their business, and putting these at the heart of their business strategy and values. As one

Reputation Council member puts it:

"A few years ago we became quite concerned that our senior colleagues weren't really taking account of the world in which they were doing business, in a wider sense … I think they've become aware [that] their responsibility as senior managers goes beyond just managing the business and the P&L, it now extends to a real understanding of what stakeholders are thinking and what's driving them."

Some Reputation Council members see this as a move away from a compliance mindset, or doing what is requested by stakeholders to manage the risks to the company, and a move towards owning the sustainability vision within the business, embedding it in how all employees act and think:

"'Licence to operate' suggests that we are doing it because we want to continue working in the way that we have [in the past]. And actually we don't. Frankly, the way that we do these [sustainability] activities should be the norm … We do it because it should be just part of the way that we work and think and operate."

This also means that in many cases sustainability and communications practitioners are enjoying a understandably closer relationship with the senior decision makers:

"I'm closer to the heart of decision making, I am trusted more in terms of delivering the business, I am expected more to be a true business partner around the Board table, and I'm not regarded as a fluffy addition."

Social mission/purpose: a notable theme running through the Reputation Council interviews is that increasingly companies and industries are seeking to define their role in terms of the societal benefits their activities bring, "making the case for the value of the industry", as one puts it. Many companies now talk about aspirations to contribute to the public good, particularly in the areas of health and wellbeing, and also in responsible finance provision.

"Changes are happening and impacting on what we do as a business … We have an opportunity to play a role in society that we may not have had in the past"

"How do we demonstrate that we add more to society, to customer and client service, [and] to the community more broadly? What is it that we can do in terms of how we behave as a company, our mainstream business, not just what we contribute through philanthropy?"

Marketing and innovation: there are also examples of companies using sustainability as a source of innovation and competitive advantage, creating new revenue streams and new kinds of business models, and also de-materialising their offerings to sell services rather than products.

"We have repositioned the company around health and wellbeing and created new spaces such as home healthcare or new technologies such as LED lighting. And you'll see more and more of this coming up … We went through a big cultural change over the last ten years – and so now we focus on the space of health and wellbeing, a space that is very much linked to societal trends and relevance."

As the sustainability discourse enters into communications with consumers and customers, it is clear that sustainability practitioners are working more closely with the marketing and brand functions of many companies.

"There's a very close relationship between the corporate responsibility unit … and brand strategy"

"OUR NEW STRATEGY DEMANDS

A COMPLETELY NEW MINDSET... STAKEHOLDER ENGAGEMENT NEEDS TO BE SEEN AS ABSOLUTELY INTEGRAL"

"Moving forward you cannot have your brand being looked after in a tactical way … Global brands now need to be dealt with strategically … The story that brings it all together, the pack story, the environment story, the bigger corporate story – that comes from us. So we're going away from the products per se, and away from the operations per se … We have a more strategic communications relationship [with our customers]."

Of course, these trends are also having an impact on how companies are engaging with their stakeholders. Several companies say that putting sustainability at the heart of the company means that there is more of an imperative to consult stakeholders on key issues. It's also seen by some as an entry level requirement to allow the company a voice in the debates about the future of its industry.

"One of the inconvenient truths of our new strategy is that it demands a completely new mindset. Instead of treating stakeholder engagement almost as an accidental occurrence, … it needs to be seen as absolutely integral to achieving our company goals"

"[It] allows us to be part of the conversation with our stakeholders and that is really, really critical when it comes to dialogue and engagement with WHO, national governments, and NGOs … [being] part of the conversations that shape the future of our industry and our business. Because it's a door opener, and without that reputation [for sustainability], the door is firmly shut."

Further pressures are now facing companies as stakeholders make increasing use of channels such as social media, and of course we're seeing that employee whistleblowers and campaigning NGOs can reach a wider audience than ever before. Reputation Council members signal that companies are having to be more transparent about their standards of behaviour to maintain their credibility.

"The social media space is the most wonderful tool for the cash-strapped social organisations. You don't need to have thousands and thousands of pounds to be able to take a message. And it doesn't matter that [a multinational company] turns over a hundred billion … [The] vocal advocates against them … probably collectively have got an annual salary of only say a couple of hundred thousand – and yet they can hold [the company] to task."

The Reputation Council interviews underline the shifts in the corporate mindset that sustainability issues are prompting, and the effect this is having on their stakeholder dialogue. A few leading companies are articulating their long-term vision of business success, seeking to address the threats to the sustainability of our current way of life, even aspiring to de-couple business growth from environmental impacts, or committing to engage with huge societal challenges such as access to water in emerging markets, the fight against HIV, or expanding the availability of finance in the poorest communities. These visionaries are clear that there is no time to lose for companies in raising their eyes to the future and facing the long-term issues heading our way. As one Reputation Council Member puts it:

"If we want to still have a viable business which we are in control of ourselves in 20 years' time, 30 years' time, then we need to be acting now in order to be seen as a responsible, sustainable organisation"

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