

REPUTATION COUNCIL FINDINGS

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 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 better when the issue of reputation lies at the heart of the day-to-day decisions they make.

These highlights from our first Reputation Council survey examine: the greatest internal barriers to achieving effective reputation management, how reputation management is measured internally to show its impact on the financial bottom line and which organisations are currently admired by the Council for management of their reputation.

What's most important in reputation management?

Our first session with the Council indicates that trust is the key building block of reputation capital and that going forward clarity and openness will lie at the heart of stakeholder expectations. There was a view among members that this process could only be achieved by aligning communications with corporate and individual behaviour. In other words a strong reputation is built from the inside out and begins with employees living the values of the organisation that they are a part of.

The short hand for all of this is of course: corporate culture. The premise being that truly held beliefs that are visible and credible in an organisation will be recognised by external stakeholders as they come in contact with it.

Achieving employee buy-in

Council members agree that buy-in to reputation management is determined to a large degree by the example set by the leadership team. Whether leaders truly engage in reputation management or simply pay lip service to it will resonate throughout the organisation and influence wider employee behaviour.

However, even where leaders are setting a good example and are committed to reputation management there can still be a disconnect with employees deeper in the organisation. This is often because they cannot see the connection between their own actions and the promise the company is making to the outside world. Members were clearly concerned that this could occur where discussions around reputation and reputation management were entrenched at senior management level and not present throughout the organisation.

The communicator's challenge is therefore to ensure that all employees understand what the organisation stands for and how they can specifically contribute to the positive development of its reputation.

"I think it is about getting people to understand that reputation is owned by everybody within the organisation. Reputation cannot just be owned by the senior management team. And that means getting it high up on senior management's list."

"Whilst lots of people at a senior level are focused on reputation management, there are people within our business units that just don't get the fact that what they do is important to the company's reputation."

So how do our experts achieve success? Clear communications from the top are vital to avoid *"mixed messages and conflicting priorities"*. Providing real examples of how a good reputation can benefit both individuals and the organisation is also important, along with helping employees to understand how they can contribute to its values. In addition, organisations need to ensure that there is consistency between the values they expect their employees to live up to and how the company and its leadership behave.

Engaging all levels of management in looking after the company's reputation is also essential. Feedback from Council members suggests that those in senior marketing and HR roles have an acute understanding of the importance of reputation management – perhaps seeing first hand the benefits of being able to recruit and retain high quality staff and increasing marketing efficiencies based on the strength of a good reputation. These staff members should be utilised in the internalisation process.

“It can help attract better people, keep better people... It makes it easier to introduce new products, there's a willingness to listen and a trust there. It also makes it easier to keep customers buying the products they're already comfortable with.”

Our own experience and that of our Council members also shows that reputation management takes significant time and effort before it becomes embedded into an organisation's psyche – so don't expect immediate results!

No common approach to measuring the impact of reputation management

In terms of internally evaluating corporate reputation's contribution to the financial bottom line, the Holy Grail of ROI is still beyond reach. Leading communicators are still struggling to find a clear and unambiguous link between reputation and the bottom line, and so the elusive litmus test for reputation management remains undiscovered.

Most Council members' organisations do not directly measure the impact and contribution of reputation on the company's bottom line; instead it is measured by proxy. As well as awards and recognition, media monitoring and measures of return on specific marketing spend, Council members look at opinion research among stakeholders, measuring favourability and advocacy scores, and modelling the drivers of reputation. Others

do not look to quantify the effect and feel it is simply self-evidently worth investing in reputation management. Some use more informal engagement and indeed anecdotal evidence.

By not attempting to measure the effect on the financial bottom line, questions are raised about how an organisation can realise the benefits that effective reputation management is affording them? Furthermore, how does an organisation assess and control reputation or indeed justify the advantages to those who believe it is superficial?

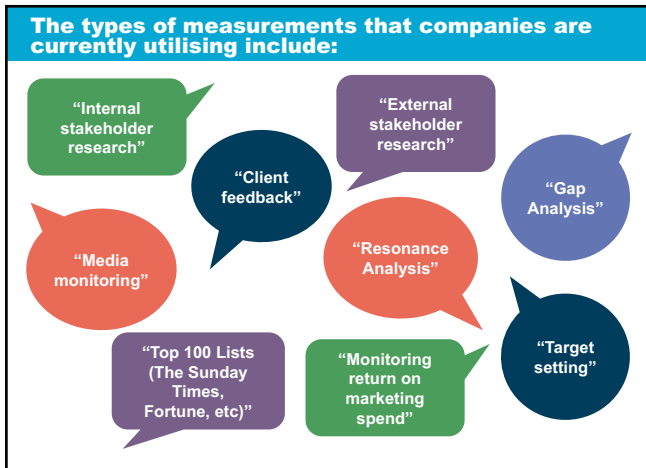
“We don't measure it [against the bottom line] – it is a failing and in an ideal world we would.”

“I think we certainly feel that our reputation helps us to gain things, but I'm not sure if we ever really measure it.”

“The simple answer is it's difficult ... We try and track our reputation, but we haven't yet developed a good enough model, a robust enough model, that would actually point to the real financial benefits. And it's [measurement] by proxy.”

Among those organisations that do make an attempt to measure reputation management, there is a plethora of methodologies being utilised, from *“investigative tools with an academic institution”* through to a *“wet finger in the wind”*.

Moreover, those organisations who are taking the measurement of reputation management seriously are tending to use more than one measurement, acknowledging that *“it's quite hard to have a single dashboard or one kind of measure.”*



M&S's commitment to show leadership on key issues puts them in number one spot

Taking the initiative and investing in key responsibility issues has made Marks & Spencer stand out from the crowd. Initiatives such as 'Plan A' are highly respected by the Council's members.

"[Some other organisations] pretend that they care about the planet but in actual fact as soon as they get the opportunity to let legislation relax what they're doing they'll take it. Whereas M&S have been quite outright with their customers, they say 'this is the requirement, this is what we're doing'."

Other well-established retail companies such as Tesco, Sainsbury's, Wal-Mart, Waitrose, The Co-operative and Boots are also recognised as taking reputation management seriously (in several cases for many years) and having a *"deep level of care for their customers embedded in their brand principles"*.

Oil companies BP, Shell and Exxon Mobil, who over the years have perhaps needed to be proactive in embracing reputation management due to their areas of business, are also highly praised. They are viewed as having coped with and learned from problems and turned their reputations around in difficult times. Diageo and Nestlé are also mentioned as leaders in challenging sectors.

"Some of the best work is done in the toughest sectors. If you look for a company that has lots of challenges and lots of issues but is still well thought of, that's probably where somebody is doing a very good reputation management job."

Innovative companies, such as Apple and Google also *"command global respect"*. This type of organisation is felt to see reputation as part of their *"business DNA"* and appears to be *"more real and more sustainable because of that"*.

A number of organisations in the automotive industry are also recognised for their approach to reputation, Toyota, Honda and BMW are all mentioned by Council members.

In essence, it is organisations which are willing to deal with their reputation challenges head-on, embrace the issues and embed reputation management into the business strategy and operations that are likely to be respected and admired.

Final Thoughts

As one would expect, the benefits of effective reputation management are clearly understood by Reputation Council members and in the main embraced by their individual organisations. However, in a wider business context this is not always the case.

To ensure that reputation management is not viewed merely as a PR fig-leaf, individuals at all levels of an organisation need to have a shared understanding of it. As with so many issues related to reputation, trust lies at the heart of this. Before internal stakeholders are able to take ownership of reputation management they need to understand and believe in the concept and its related activities; providing proof of reputation management's impact on the bottom line via objective measures such as stakeholder research is one way to instil this.

Those organisations that have hardwired reputation management into their business and truly embedded it into their brand values stand as testament to what effective reputation management can achieve: the trust of customers and the respect of peers.