

A close-up photograph of a hand moving a dark chess piece on a checkered board. The lighting is dramatic, with strong highlights and deep shadows, creating a sense of focus and strategy. The background is dark, making the chess pieces and the hand stand out.

Thinking Differently about Reputation

Losing your Good Name is Risky!

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Introduction

- What is a Company's Greatest asset and yet, it's biggest risk?
- Something which we treasure only when we have **lost it**
- What do people **say, think, see or feel** when they hear your Company's name?



Understanding Reputation

What We Know so Far



Why is it a Hot Topic?

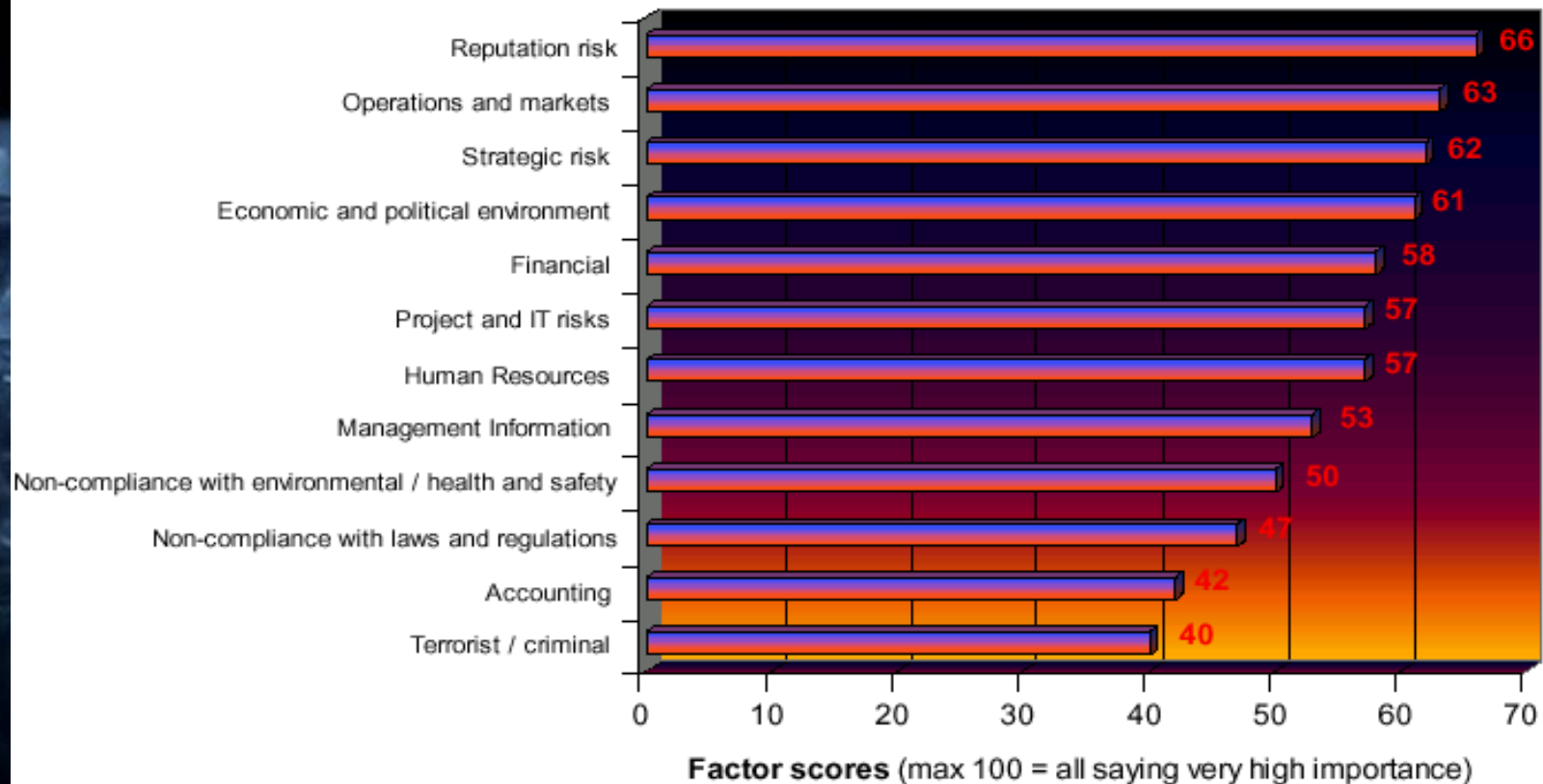
- The impact of 9/11
- Corporate Scandals
- The focus on **liability & responsibility**
- **Growth in consumerism** and interest in “what lies behind the label”
- Corporate governance and regulatory requirements impact



Never trust a company
with an ugly logo

Reputation Risk is the Highest - Order Risk

Perceived importance of risks



Why would the world's richest man say...



- “It takes 20 years to build a reputation and 5 minutes to ruin it and **if you understand this you will do things differently**”
- “If you lose dollars for the firm by making bad decisions, I will be very understanding. If you lose reputation for the firm, I will be **ruthless.**”- Warren Buffett



Increasing scrutiny and activism by stakeholders



The New Ethical Environment

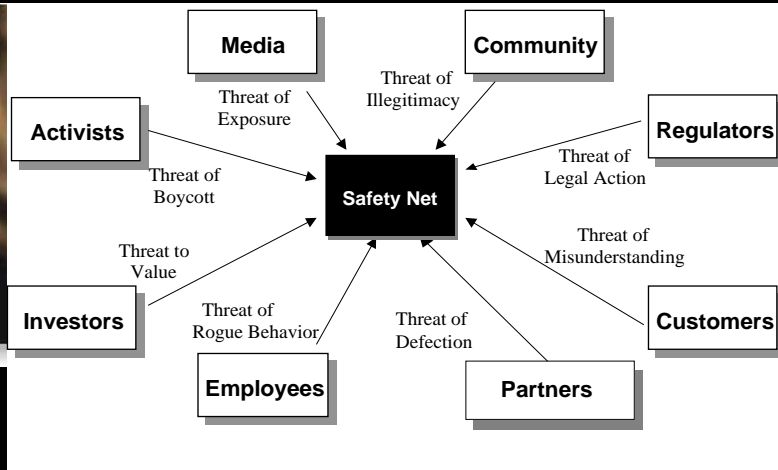


An Era of Communication Change

- Profound Changes in the way we *do things and communicate*
- An increasingly borderless world with 24/7 Media
- A World with more active, *informed and sophisticated* stakeholders with tools to communicate, share and do damage



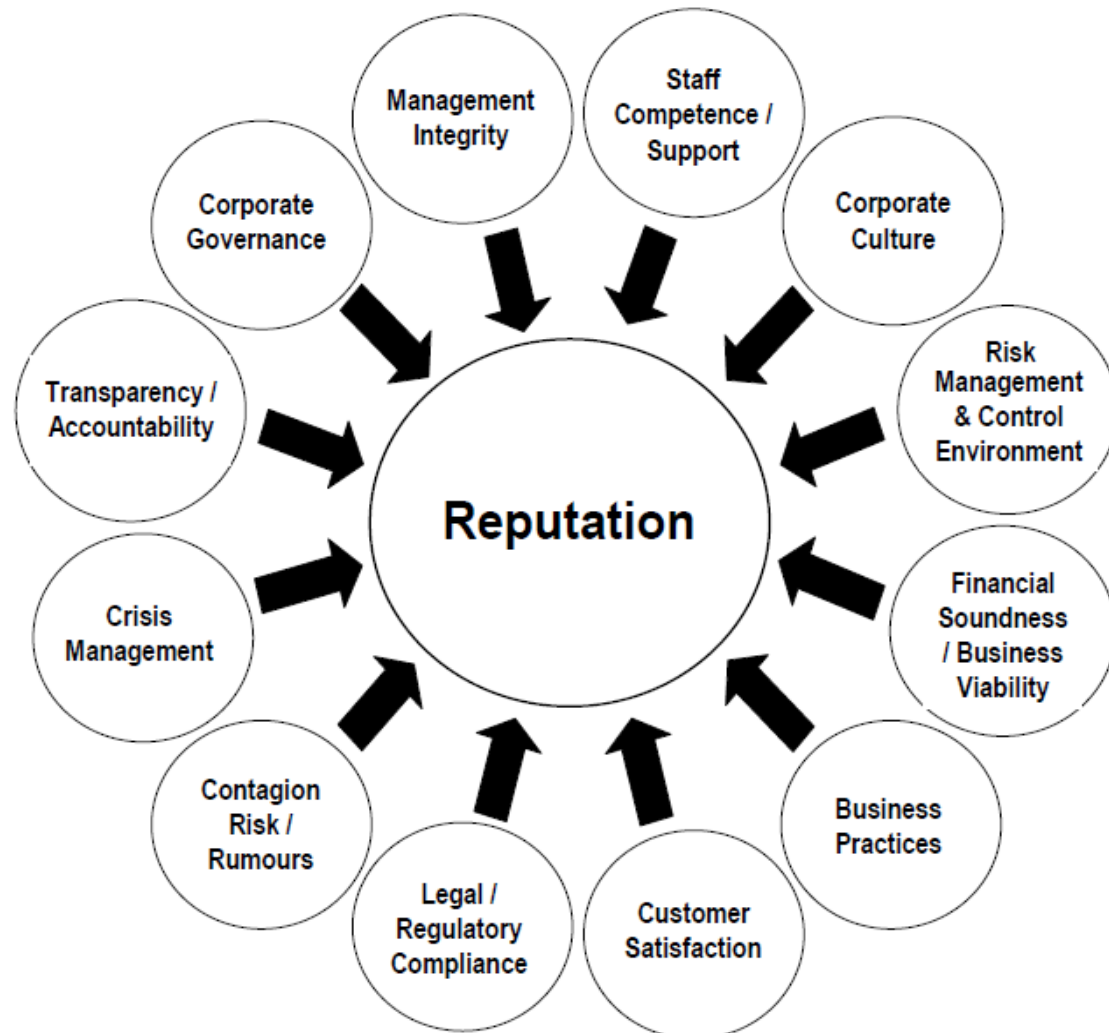
THE REPUTATION ICE BERG



Tiger Woods – No longer No.1



The many factors that can affect reputation



Understanding Rep Risk

What We Know so Far



dribbleglasses.com

RISK

Twenty-dollar hooker. Year-old condom.




Reputation Risk

DANGER

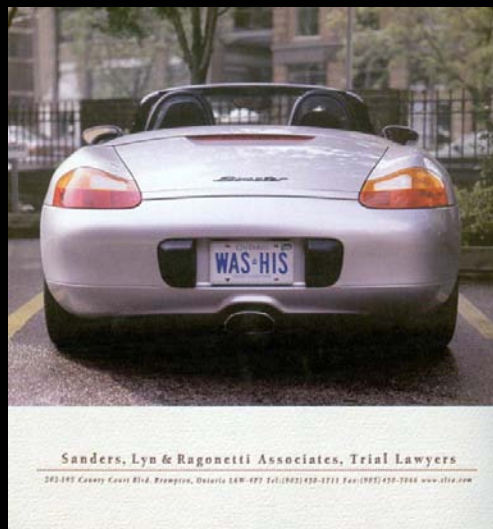


What is Reputation?

- All that is generally believed about your **character**, respectability, credit, **integrity** or notoriety. (Latin: *reputatio* reckoning)
 - What is generally **said or believed** about a person or thing or school
- 

What is Corporate Reputation?

The *reflection* of an organisation/person over time as seen through the eyes of its stakeholders and **expressed** through their **thoughts, words, and actions.**”



What we know about Reputation in Business


- Reputation is an **Asset*** and always at **Risk**
- Reputation is an asset – invested in for years
- Based on **perceptions, experiences and expectations**
- **Trust** – the key concept

* The sum of all the intangibles





Reputation Concepts

- **Rarely properly understood or managed**
 - Difficult to quantify or value
 - **Stakeholder derived**
 - Very volatile - Long time and investment to build – **EASILY DESTROYED**
 - Don't know which way it will implode
 - Impacted and affected by many factors
- 

What is Rep Risk?

- Reputation risk means the risk that an institution's reputation **is damaged by one or more than one reputation event**, as reflected from negative publicity about its business practices, conduct or financial condition.
- Such **negative publicity**, whether true or not, may impair public confidence in the company, result in costly litigation, or lead to a decline in its customer base, business or revenue.



Definition : Reframed

- is the risk that **an activity, action or stance performed or taken by a company** or its officials will impair its image in the community and/or the long-term trust placed in the organisation by its stakeholders, resulting in the loss of business and/or legal action.
- (This definition illustrates the importance of policies, procedures, communication and training in an organisation).



Definition 1: (Stakeholder Perspective)

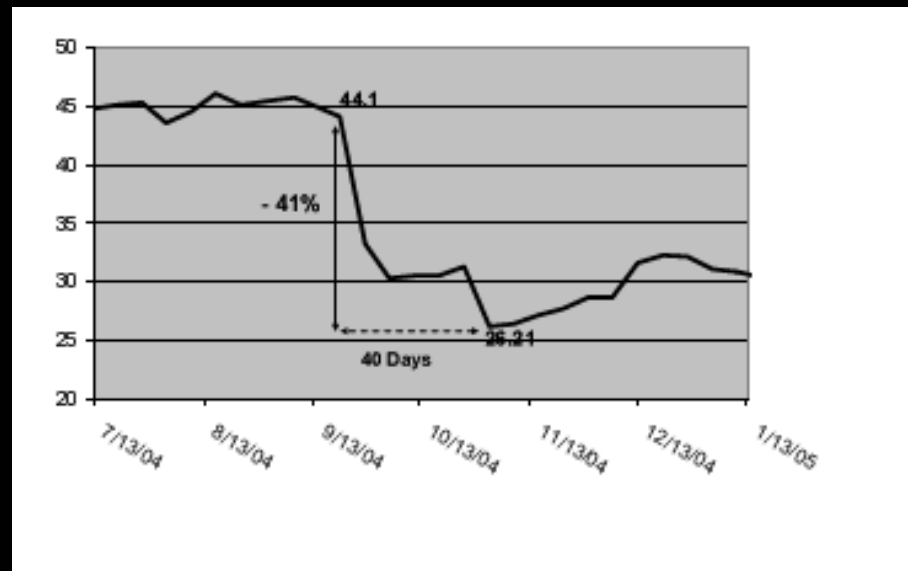


- Reputational Risk emerges when the reasonable expectations of stakeholders about an organisation's performance and behaviour are not met.
- (Mitigating this risk means developing and **maintaining strong stakeholder relationships**, ongoing monitoring, communication and management)



Definition 2: (Asset Perspective)

- Reputational Risk is defined as the loss of earnings that occur in a situation of **negative public opinion**.



Definition 3: (Incident Perspective)

- Reputational Risk is the **exposure incurred** from unexpected incidents, or from unanticipated response to the institution's initiatives, actions or day-to-day activities.



Definition 4: (Compliance Perspective)

- Reputational Risk can also be defined and viewed as the loss or negative publicity that can arise from failure to meet regulatory or legal obligations.



A vertical strip on the left side of the slide shows a close-up of chess pieces on a board, including a white king and a white pawn, with a dark blue background.

Financial Industry Fallout & Impact

- Huge amount in fines
- Share price decreases
- Credit rating downgrades
- Impact on competitive position
- Potential for litigation and increased scrutiny
- Ultimate damage - **REPUTATION**

The negatives of Reputation Risk

Reputational loss has negative consequences:

- It generates **extra costs**
- It is a source of competitive disadvantage
- It **destroys market value**
- Reduced or delayed access to finance



The negatives of Reputation Risk

- **Less flexibility** with the regulators
- **Less societal licence** to operate
- Delays and other managerial costs
- Higher worker costs and ***retention issues***, etc
- **It raises questions** about the company's standards of compliance and attitudes



Reputation Risk Mitigation

The Survival Guide



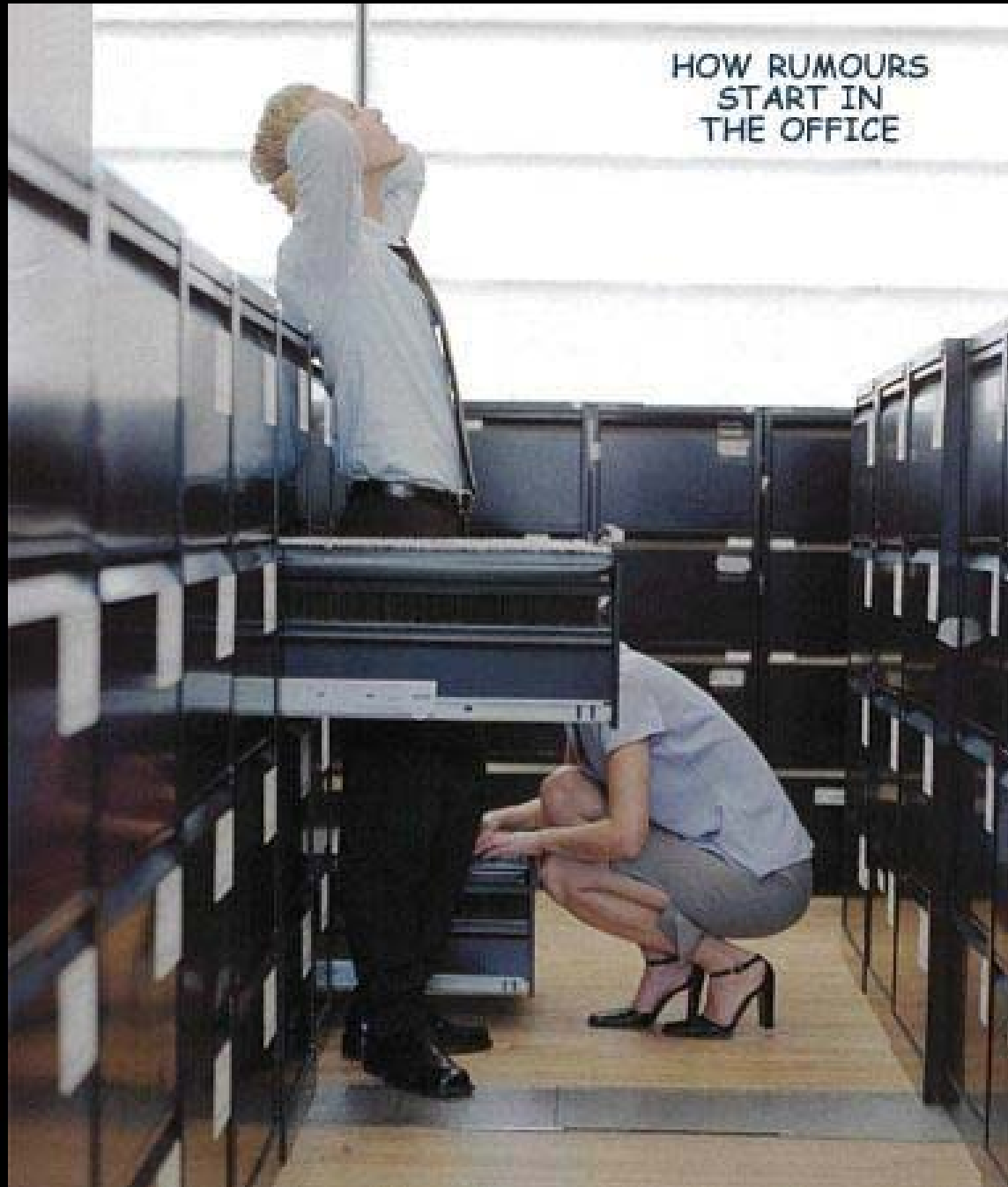


Realize that it can be complex

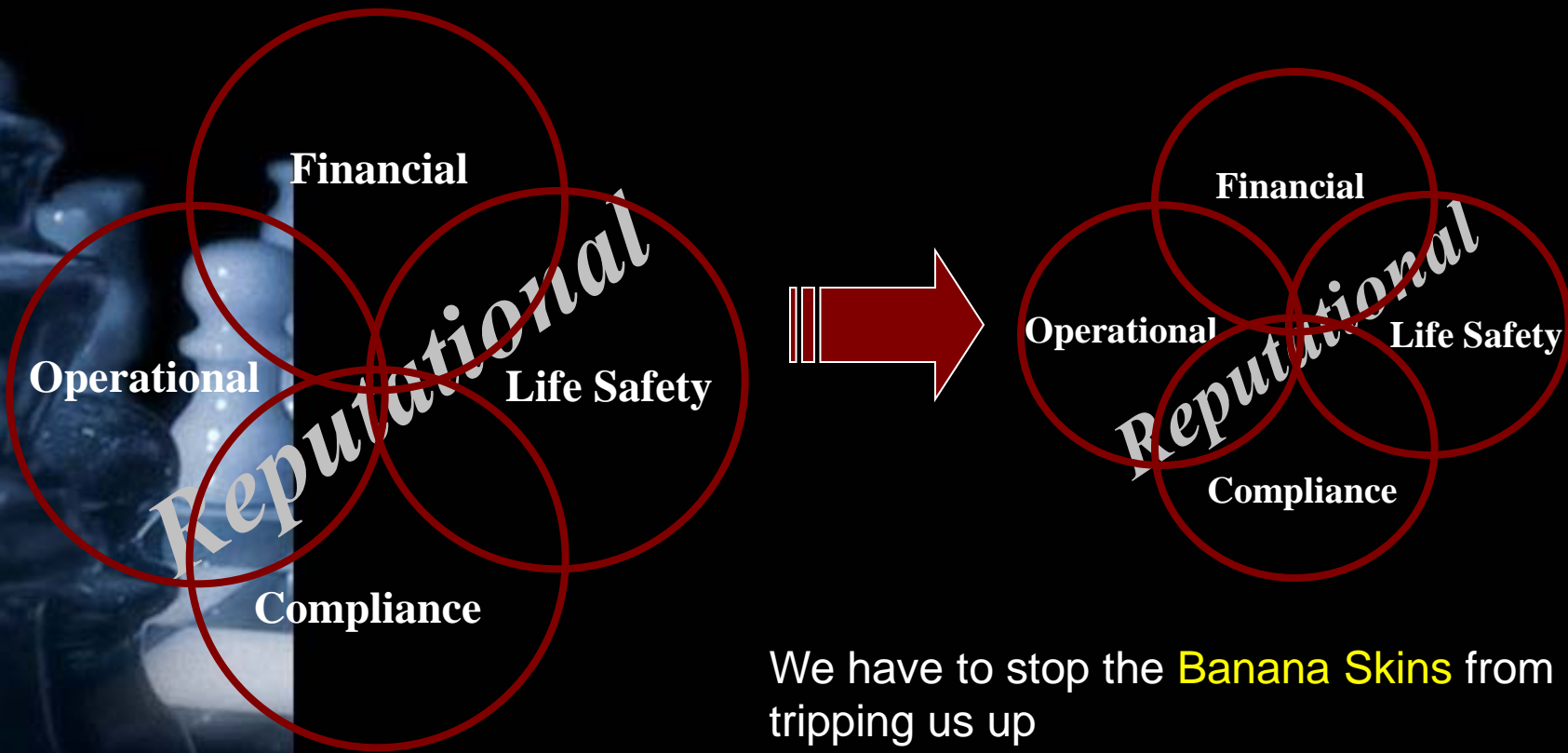
- Why? Rep Risk manifests itself through:
- **Direct experience**
- **The Media** – These days rumours fly in what is really a small community - 24/7 Communication
- RR normally has **perceptual and actual reality** parts – this implies action prior to a crisis and communication strategies
- **Too much** RR activity focuses on **post-event** crisis management

Worst case – PR's problem

HOW RUMOURS
START IN
THE OFFICE



The Aim: Managing Risk, Minimize Exposure (Pre-Event Management)



We have to stop the **Banana Skins** from tripping us up

Four Blocks



Use these four to build a framework:

- **Identification** – Vulnerability Analysis*
- **Prevention & Compliance** -Starts with published policies, guidelines and procedures
- Implement an early-warning system (**Communication** Loops)
- Implement a **Crisis Management and Crisis Communication Action Plan**

Reputation Building Tools

- **Build Relationships** with Stakeholders – personal and online
- **Benchmarking** your Reputation and Corporate Communication practices
- **Communicate Strategically**



Quote

“A reputation is an incredible asset,
one you can't appreciate until you lose it.
And when you do, every aspect of
business
gets harder and more costly.”

Steve Miller, former CEO, Waste Management.

Quote

Our people must understand that, even in the most remote corner of the world **a small incident can have massive repercussions**. So if you think you are unimportant when it comes to Unilever's reputation – you are not. Everyone is important.

Antony Burgmans, Unilever



Make it a Mantra

Always ask one question **If we do this, will it hurt our reputation?**

- "Reputations reflect behavior you exhibit day in and day out through a hundred small things. The way you manage your reputation is by always thinking and trying to do the right thing every day," - Ralph Larsen CEO Johnson & Johnson.





Contact Details

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