

IT'S THE REPUTATION, STUPID.



Summer Academy 2006, Rainer Zimmermann

Reputation: a natural human desire

- everybody is taking care of his reputation
- everybody wants to improve his standing
- everybody tries to raise his acceptance
- everybody likes to be recognized in a way he is seeing himself

→ in the event, somebody is not happy with his reputation, he starts changing his **behaviour**

→ not his **communications**

Same substance, new complexity

The necessity not only to nurse, but to **manage** reputation is a consequence of

1980

1

differentiation, diversification, atomization of target groups and communities

1985

2

international players dealing with different situations in different countries

1990

3

popularization of stock markets, rising importance of capital markets and their interpretation of reputation (justifying investments or not)

Global situation is asymmetric

Western World

20 years history of reputation management

ongoing sophistication of methodologies

strong academic influence

Eastern World

no experience

priorities of immature capitalism are marketing and branding

the game begins now

Broad range of methodologies

- Management & Measurement
- Fortune: Most Admired Companies
- Financial Times: World's (Europe's) Most Respected Companies
- Management Today: Britain's Most Admired Companies
- Far Eastern Economic Review: REVIEW 200
- Manager Magazin: Corporate Image Profiles
- Asian Business: Asia's Most Admired Companies
- Burson-Marsteller: Maximizing Corporate Reputation
- Delahaye Medialink Corporate Reputation Index
- Harris-Fombrun Reputation Quotient
- Pleon/Prof. Manfred Schwaiger: Corporate Reputation Model
- Pleon/European Institute Reputation Studies, Zurich
- Balanced Scorecard Systems (GCI)

FAQ: difference between image and reputation

IMAGE HQ



REPUTATION HQ



SOFT FACTS

- the way you are perceived
- perception management
- brand character

HARD FACTS

- how people trust you
- reputation management
- identity

Most influential quotes...

Alan Greenspan

„Over time, and particularly during the last decade or two, reputation has become the most important corporate value.“

Warren Buffet

„It takes 20 years to build a reputation and five minutes to ruin it.“

... on reputation management come from financial community

A currency that matters

Image is just PR

Reputation is Reality

Reputation: the fundament

quality

performance

responsibility

human resources

management

future/strategy

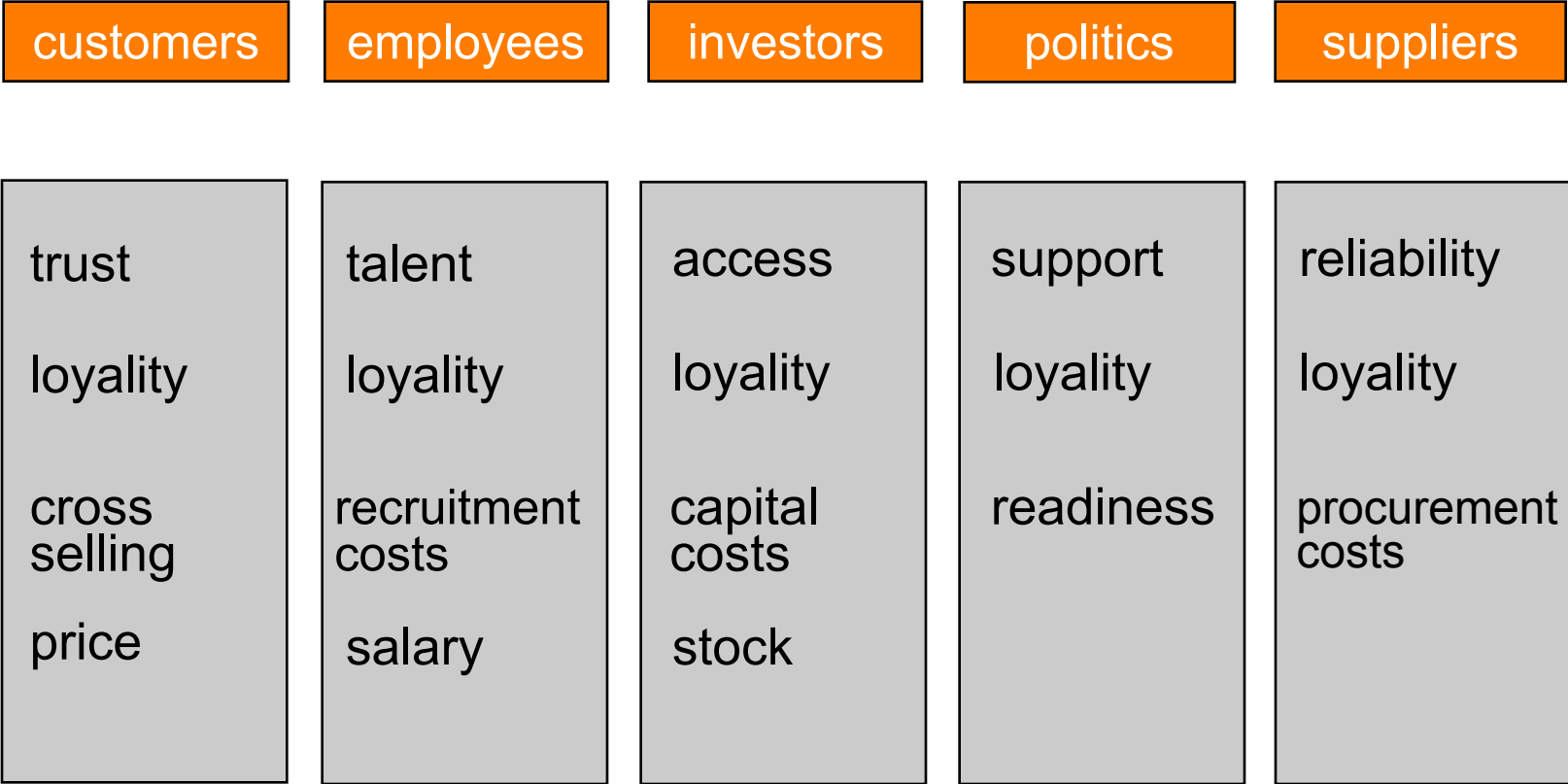
Criteria for judging companies

Q: What are the most important factors you take into account when making a judgement about a company?

	General Public	Lab	Con	Business Press	City Investors
Quality products	25	25	36	25	0
Quality management	12	5	19	63	89
Financial performance	15	12	46	72	69
Treatment of staff	20	71	38	22	0
Environmental responsibility	4	35	28	0	0
Social responsibility	2	22	15	13	0

in %, source: Stewart Lewis, Templeton College

Multiple impact of reputation



Want to have little reputation?

Want to have little reputation?



Exaggeration is not an option

You may have an image bigger than (your) life.

You can't have a reputation bigger than (your) life.

But your reputation may underscore your real life achievements and future plans. This is the moment of starting the management.

Example BP

- Top 5 most admired companies in Europe
- Top 3 reputation energy companies worldwide
- Top 5 most respected CEOs Europe: Lord Browne
- Top 1 corporate social responsibility (Germany)
- Top 10 environmental responsibility (Europe)
- Top 10 most attractive employer (Europe)

beyond petroleum



Source: Fortune, Economist, Manager Magazin, University Zurich

Intellectual and financial investments

BP has built reputation with

- 1 huge and longterm financial investments in independency of business model from petroleum
- 2 overdelivering environmental standards of public authorities and NGOs
- 3 credible human resource policy and committment to cultural diversity

Management of reputation at BP

01. foresighted positioning: beyond petroleum
02. innovation minded: solar power
03. public education: carbon footprint
04. transparency + reliability: corporate values
05. agenda setting: first mover on issues
06. ongoing dialogue: politicians + NGOs
07. environmental protection: visible programme
08. good citizen: education sponsor
09. cultural diversity: human resource programme
10. visibility: proactive communications

Shaping the future

If we picture a company as a living organism, say a tree, then half of the mass or more of that tree is underground in the root system.

And whereas the flavour of the fruit and the colour of the leaves provides evidence of how healthy that tree is right now, understanding what is going on in the roots is a far more effective way to learn how healthy that tree will be in years to come*



* Leif Edvinsson and Michael S. Malone on *"Intellectual Capital"*

RM follows strategy & situation

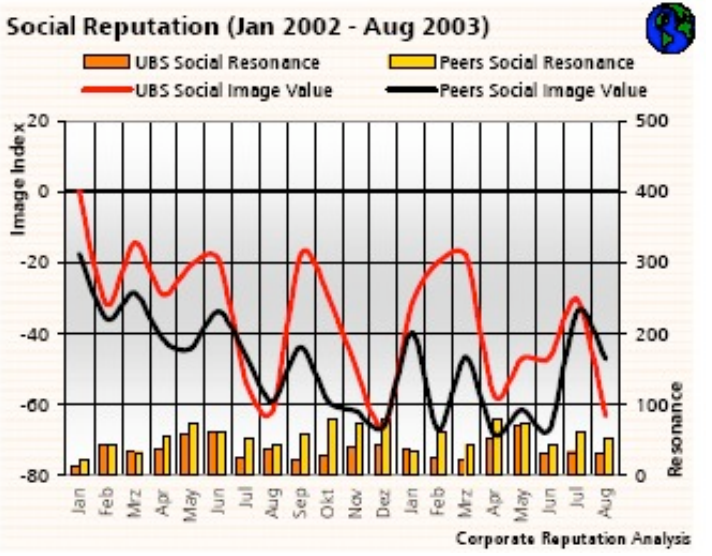
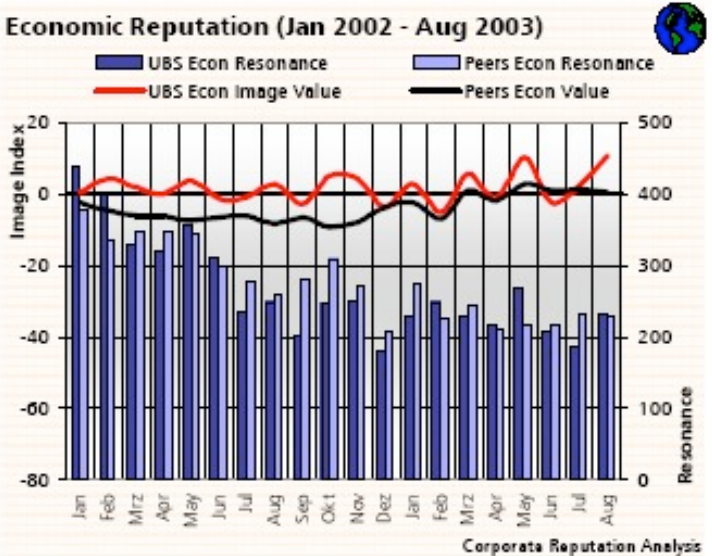
DRAMATIC CHANGE

- + Mergers & Acquisitions
- + Spin-offs, IPOs
- + massive restructuring
- + massive reorganisation
- + outsourcing
- + production close down

TRANSFORMATION

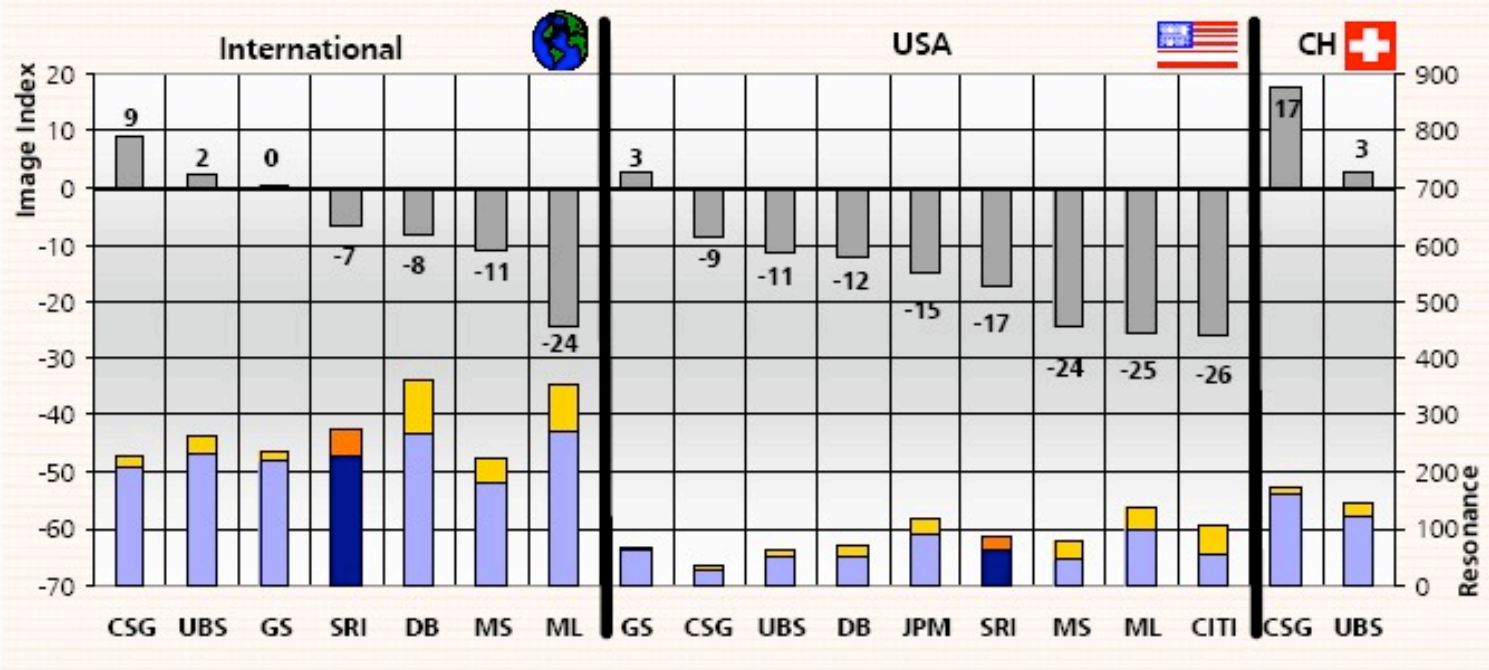
- + internationalization
- + strategic repositioning
- + new business model
- + technology paradigm shift
- + new distribution system
- + productivity increase

Reputation tracking: example UBS



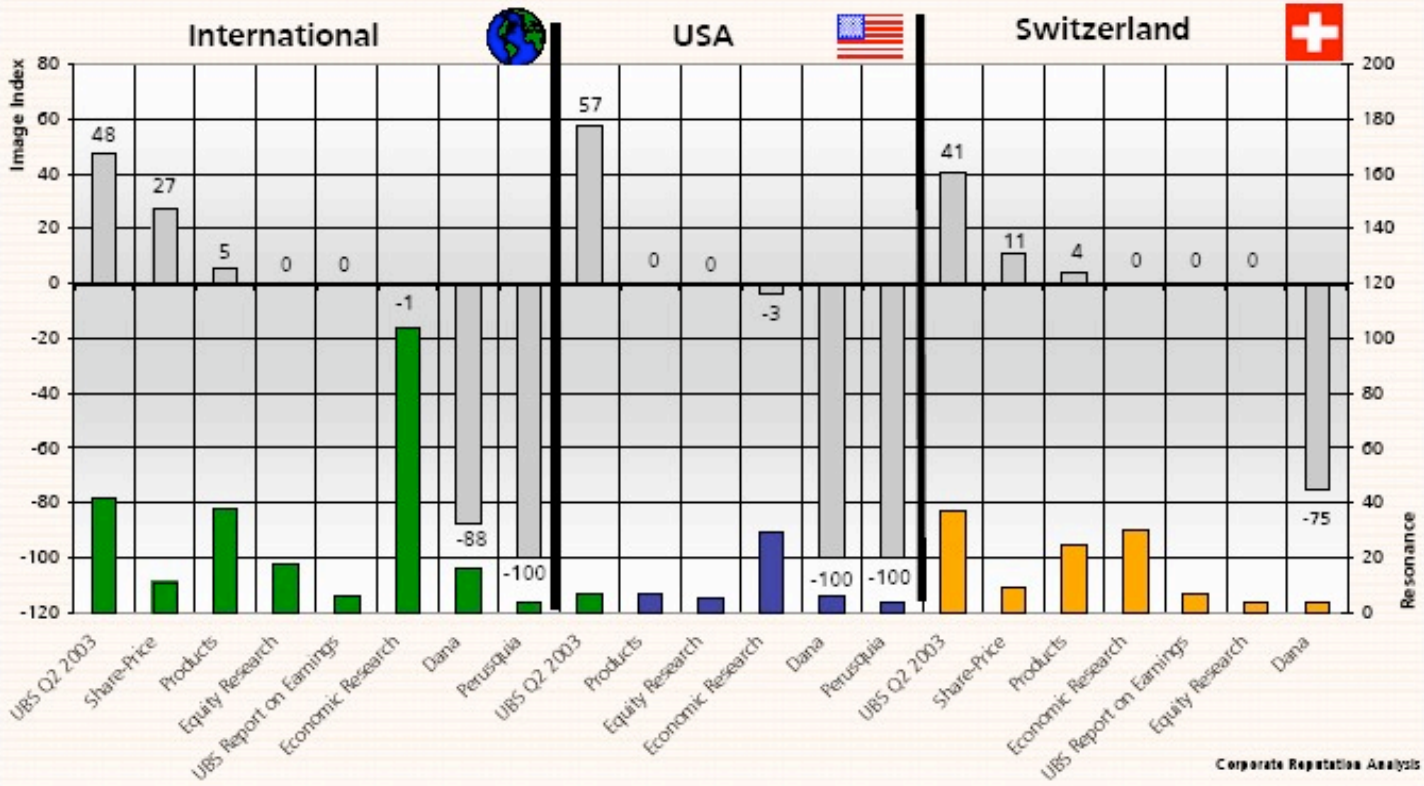
Ongoing evaluation: example UBS

Rating UBS & Peers (August 2003)



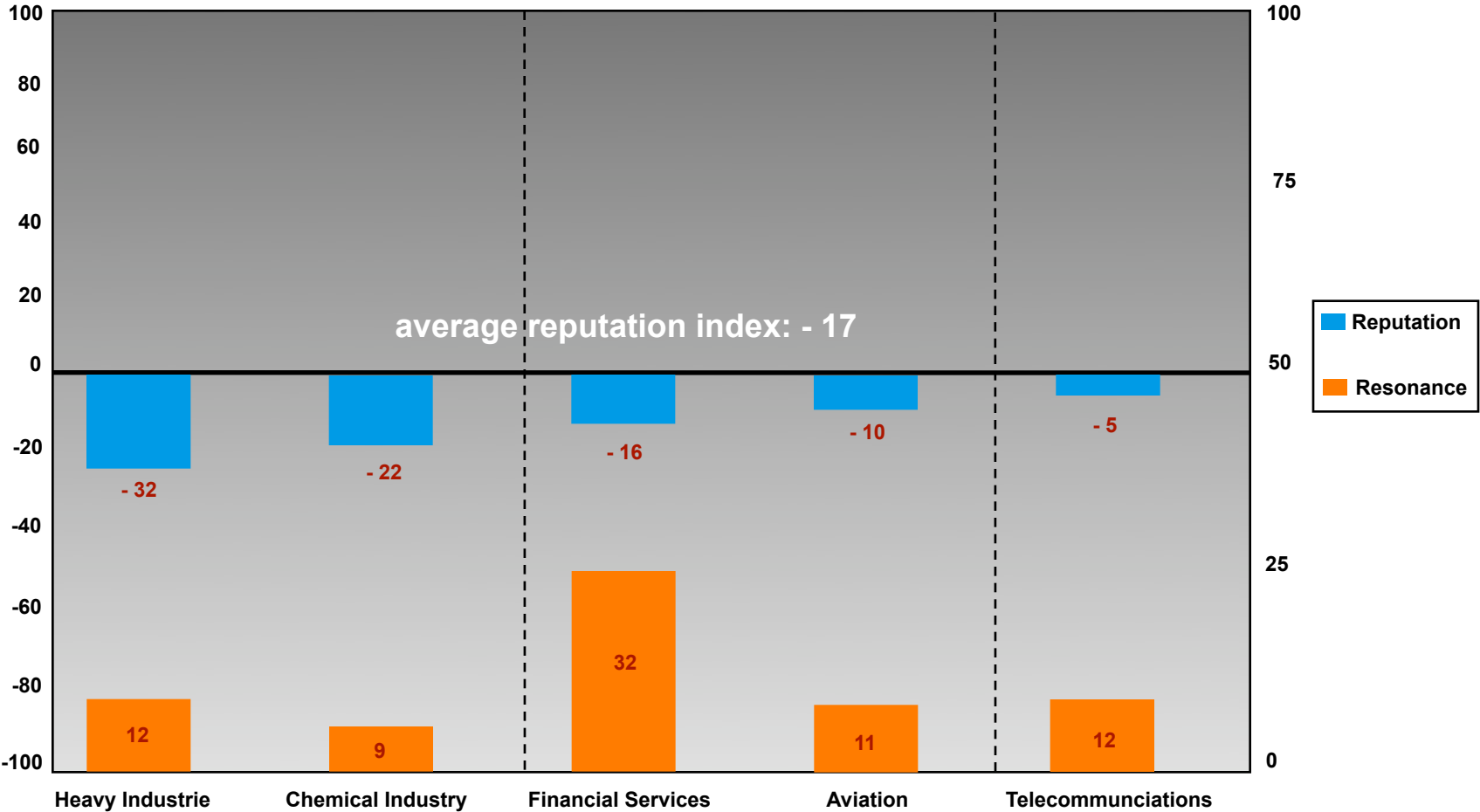
Issue management: example UBS

UBS Perception per Media Arena (August 2005)



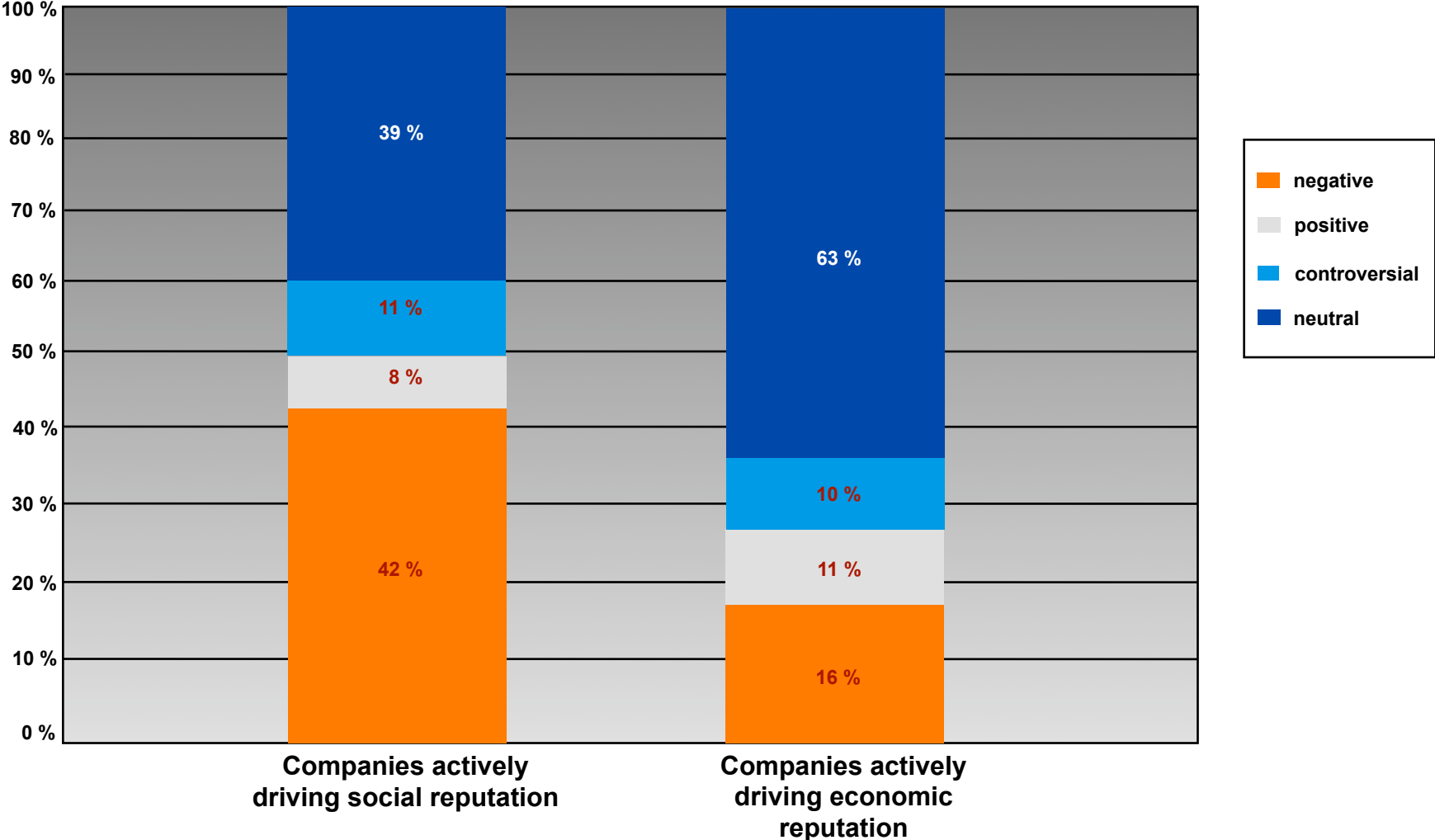
The graph relates the image-relevant resonance per UBS perception to the image value that is generated hereby. The rating focuses on those issues and topics with the highest resonance per media arena.

Media: Category reputation always negative



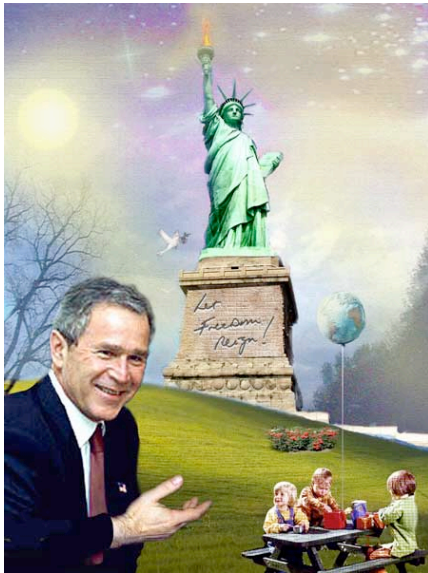
Source: European Center for Reputation Studies

Media: social vs. economic reputation



Source: European Center for Reputation Studies/Zurich

Comeback of emotions in reputation management?



- incompetence
- barbecue factor



- competence
- wooden character

Turning point

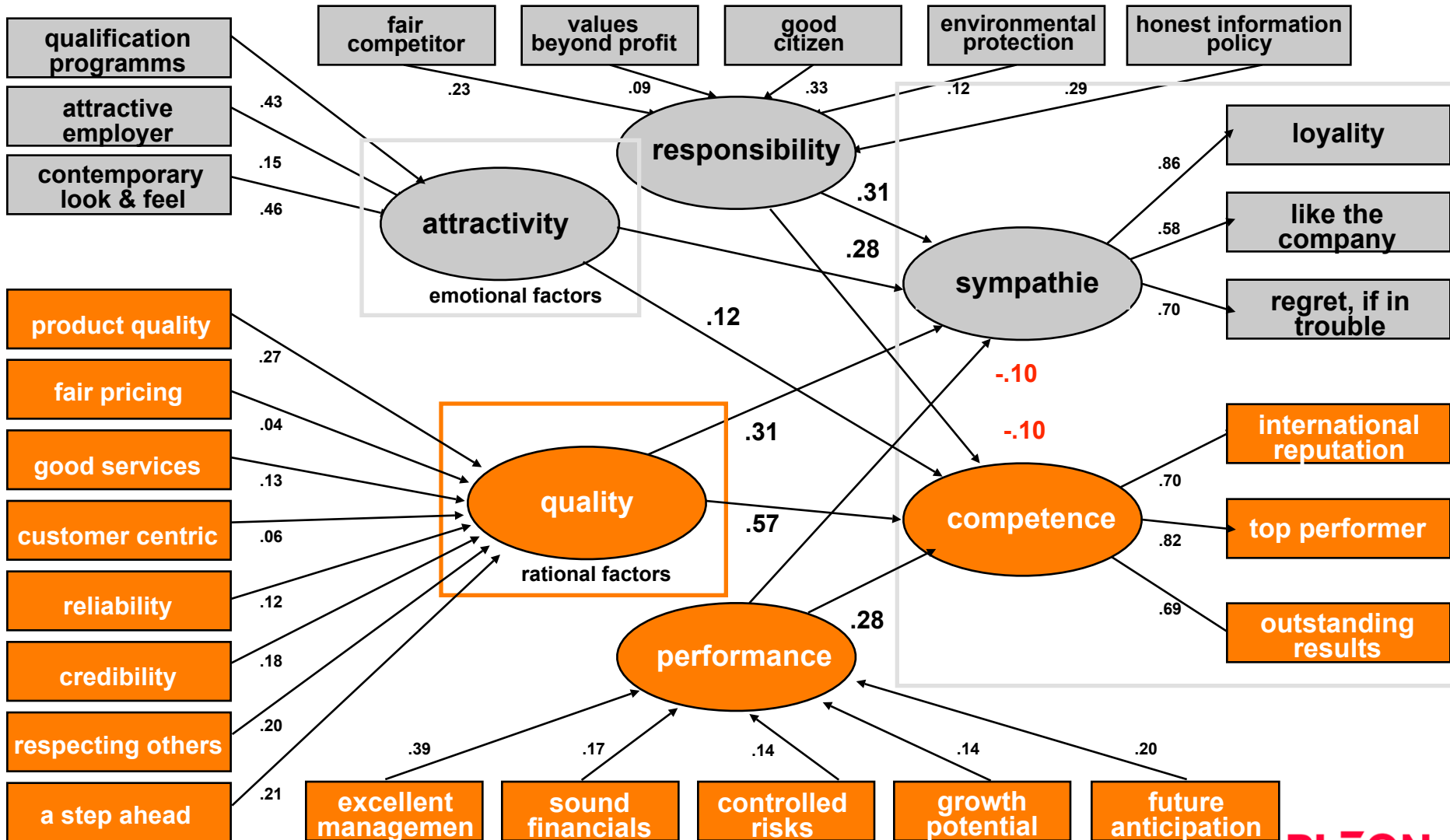
Companies with a huge number of end consumers found out:

- 1 sound and substance based reputation in financial community and opinion building environment
- 2 not translating into a broader public
- 3 causing negative back effect on financial community and opinion builders
- 4 because financial community values customer satisfaction and corporate reputation as seen by customers high and is always pricing in this factor into judgement

Case Deutsche Telekom

- reputation driving sympathie and competence
- system up and running
- conducted by Markus Hilse and team

The magic of interdependency



Stakeholder approach is key

financial community

- shareholder
- investors
- analysts
- banks

human resources

- employees
- former employees
- potential employees
- unions
- middle management

Corporate Reputation

customers

- new customers
- suppliers
- trade associations
- competitors

society

- media
- NGOs
- opinion builders
- neighbours
- political environment

RM model enabling 3 output dimensions

data consolidation

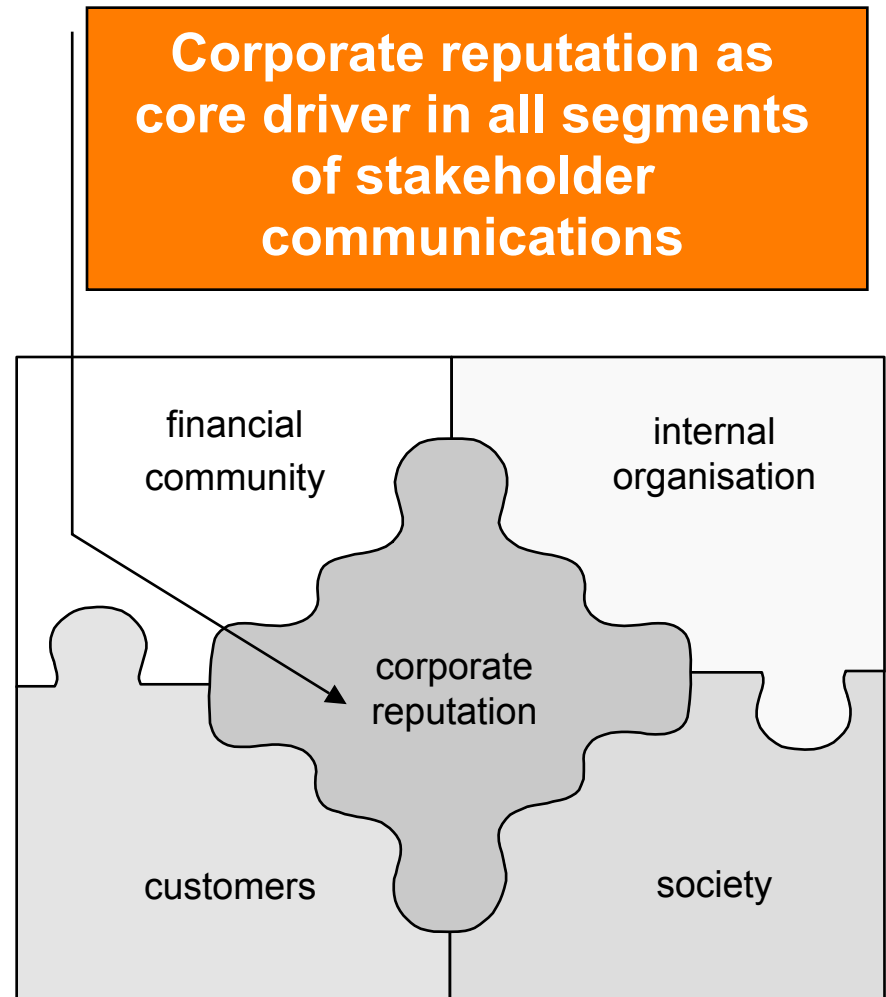
- establishing an umbrella understanding of reputation relevant aspects to be incorporated in every market research activity

activity calibration

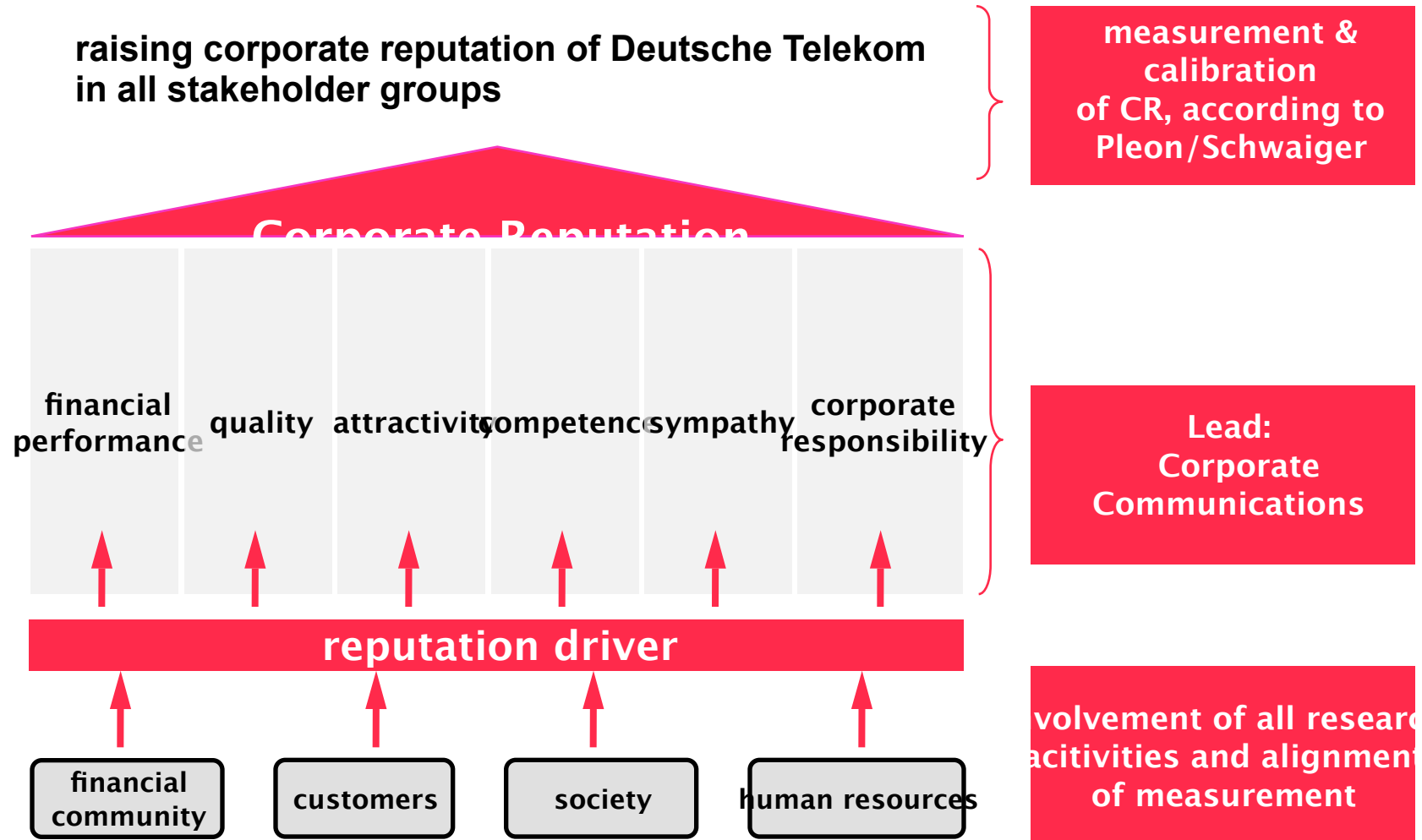
- enabling an in-depth identification of reputation drivers according to stakeholder groups

efficiency measurement

- providing a tool measuring value contribution of single activities



Entire communication focused on reputation



Deliverables (1)

exemplaric

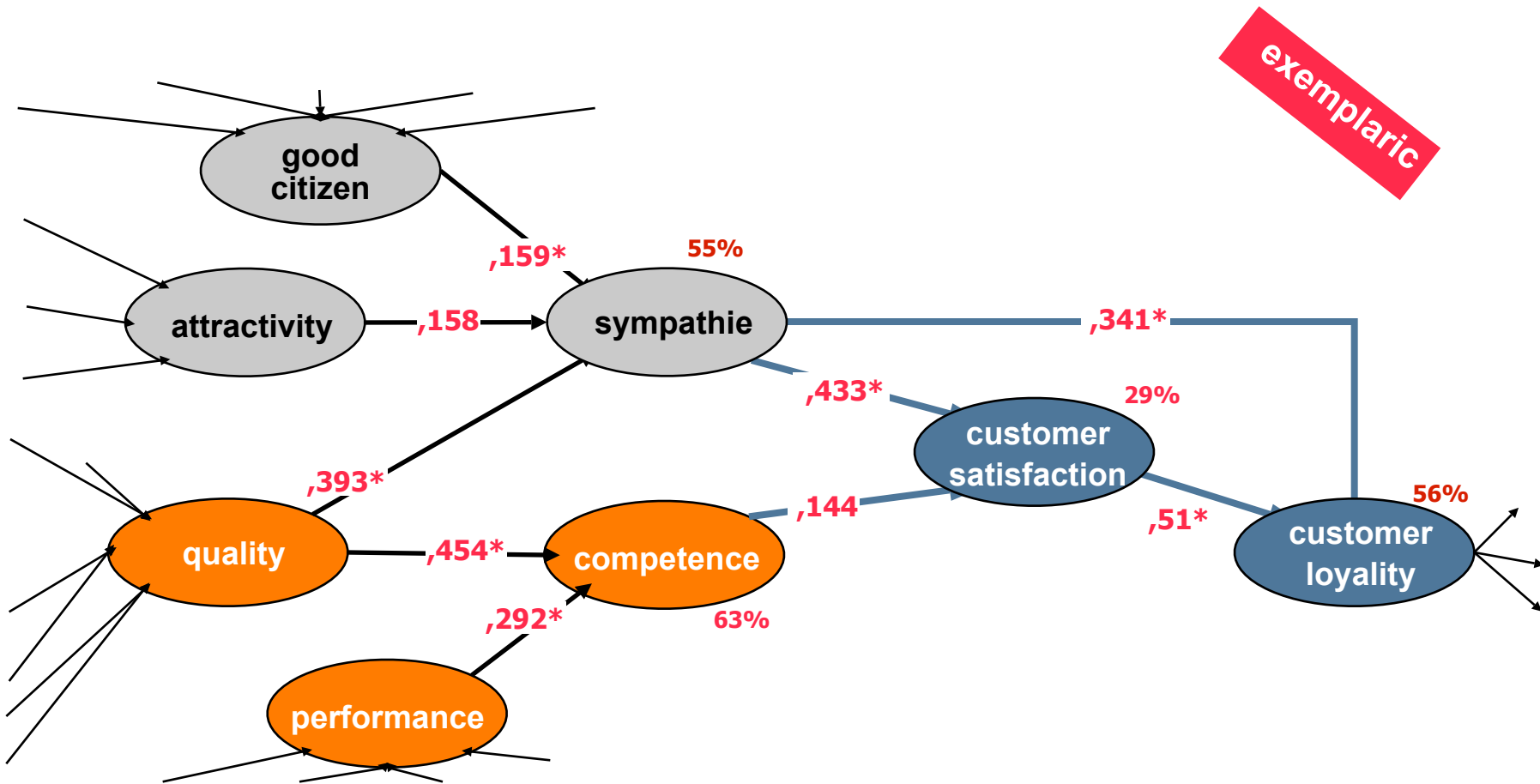
impact on competence

1. excellent management
2. growth potential
3. product quality
4. respecting others
5. first mover/step ahead
6. reliable partner
7. look & feel
8. future anticipation

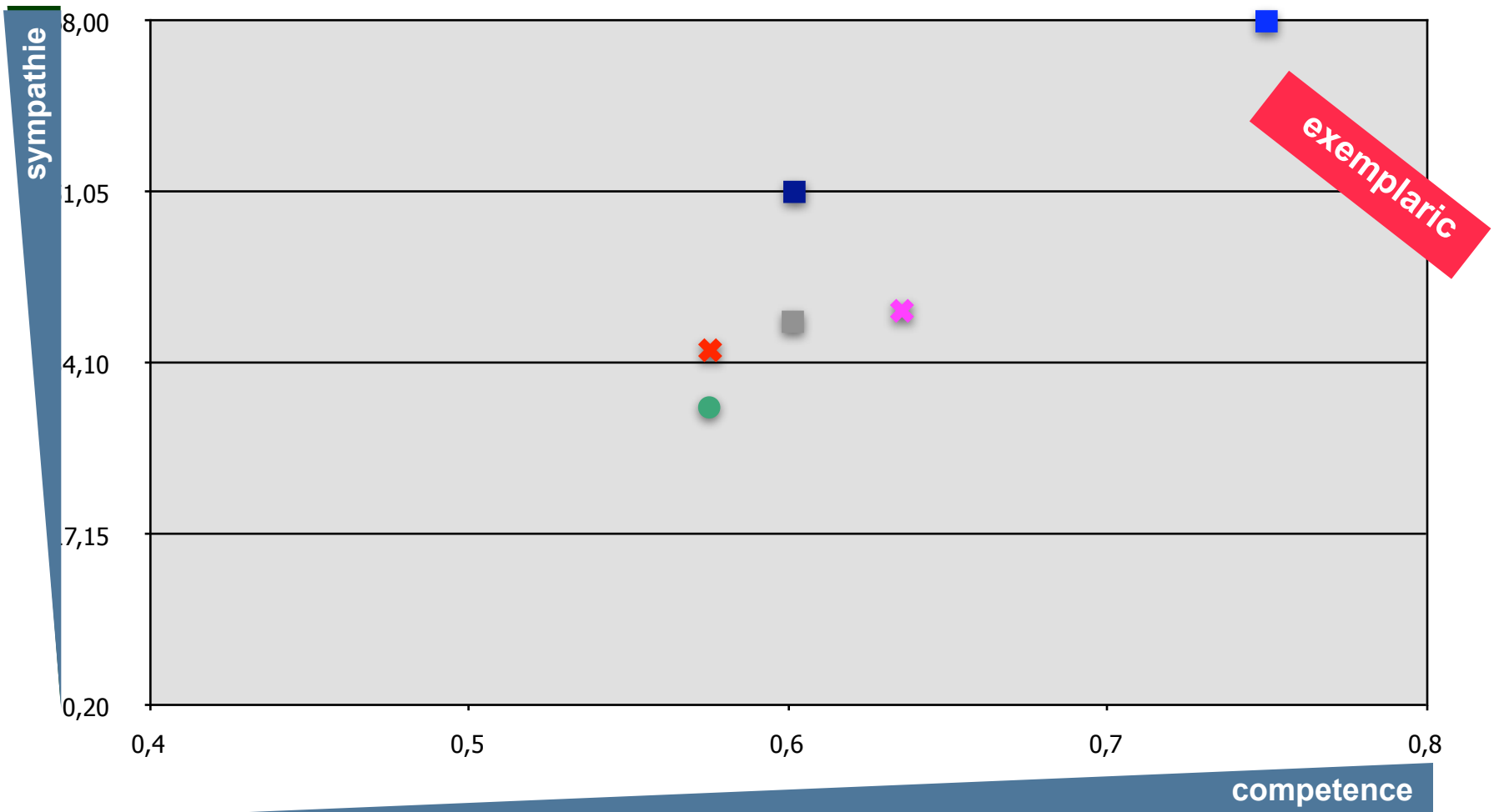
impact on sympathie

1. look & feel
2. good citizen
3. attractive employer
4. honest information policy
5. reliable partner
6. excellent management
7. environmental protection
8. fair competitor

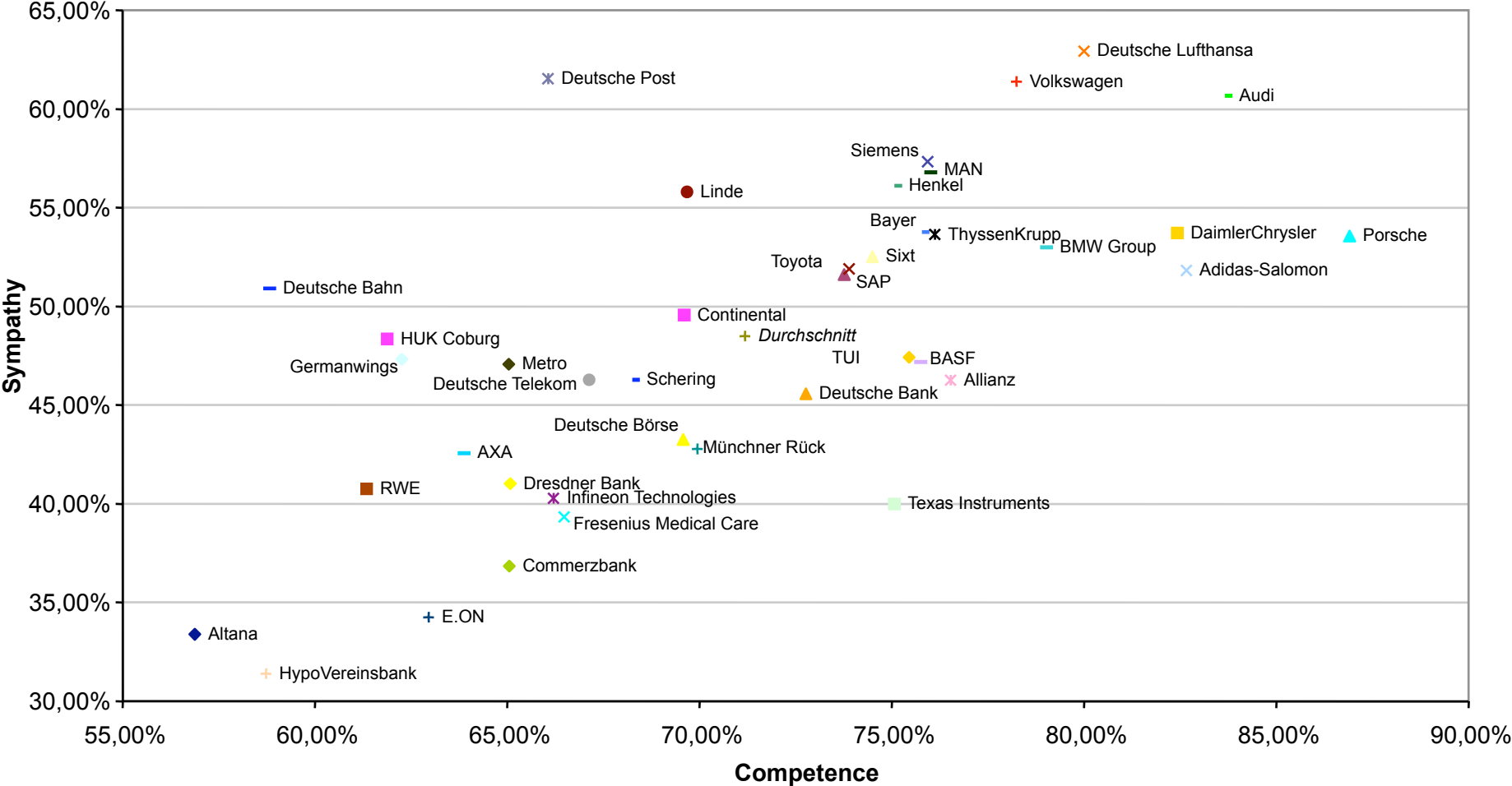
Deliverables (2)



Deliverables (3)



Reputation performance in Germany*



* General public poll, Nov. 2005, n = 1.250

Don't forget the internet

In June 2005 blogger Jeff Jarvis complained about his new Dell on his blog Buzzmachine. It appeared that despite his paying extra for the machine to be repaired by an engineer at his home, the company was not in fact able to provide this service.

Dell hell citations

Organisation

Citations

NY Times	40
Businessweek	33
BBC News	25
CNN	25
Dell	24
Guardian Unlimited	23
Washington Post	22
www.mediapost.com	21
Wired News	20
Wall Street Journal	18
Fortune	17
Forbes	16

Conclusions

- 1 Jeff Jarvis's Buzzmachine is the key online source for those who have a negative perception of Dell's customer service;
- 2 Its influence is enhanced by support from a closely-allied group of bloggers
- 3 Dell's own influence on the topic of its poor customer service is weak
- 4 Jeff Jarvis's Buzzmachine is the key source for low-influence stakeholders (normally bloggers) writing about Dell customer services in general;
- 5 If the bloggers were aggregated they would be the second most powerful influence on perceptions of Dell's customer services after Dell itself.

Pepsi: reputation swing in China

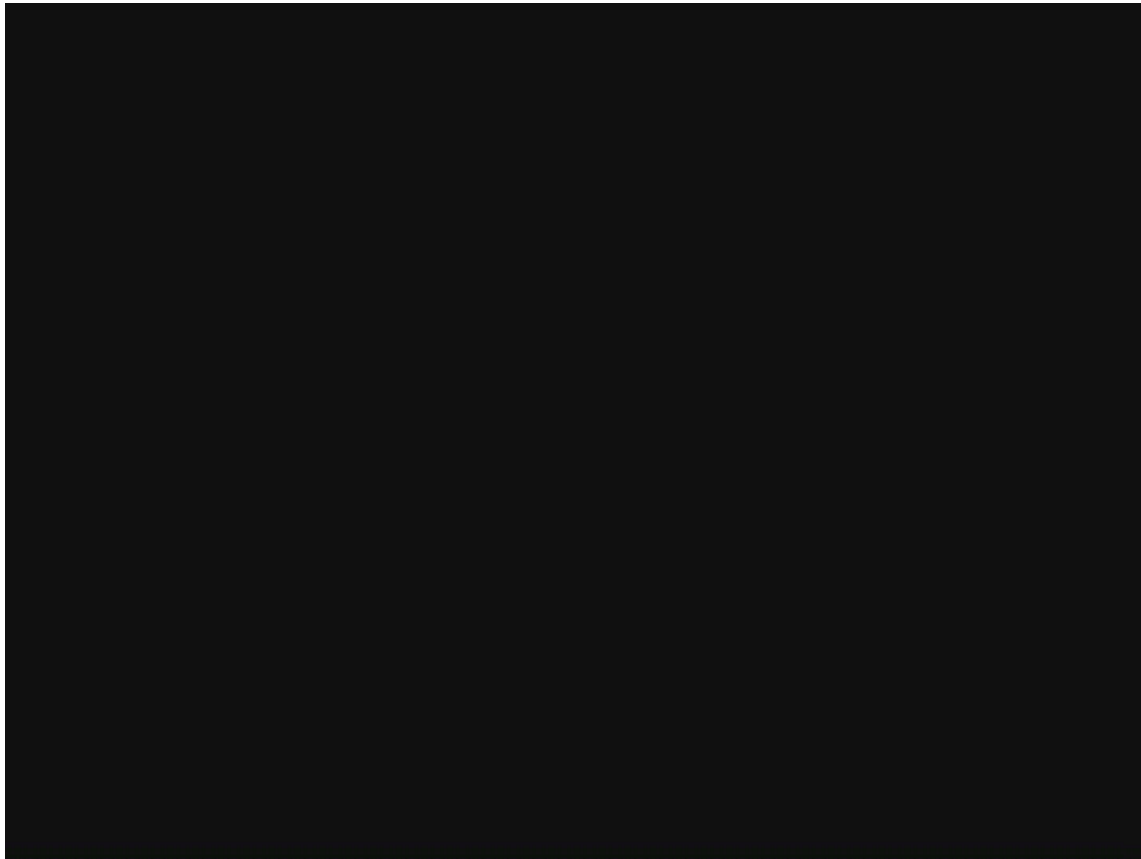
Web Clip



Poll: „Is Pepsi a company respecting cultural diversity and Chinese principles“? („yes“ rises from 16 % to 56 %)

It's not the reputation

It's not the reputation



Wrap up

1

use RM to influence corporate strategy

2

do not come up with a certain methodology

3

show solution and benchmarking consciousness and inform about history and options of RM

4

develop a tailor-made RM approach with your client

5

consider the importance of consumers and be aware, you won't change their minds with RM, but with perception management (image orientation)

6

insist on starting corporate programs and investments into better competitiveness

7

market the programs and explain, how the company will master the future