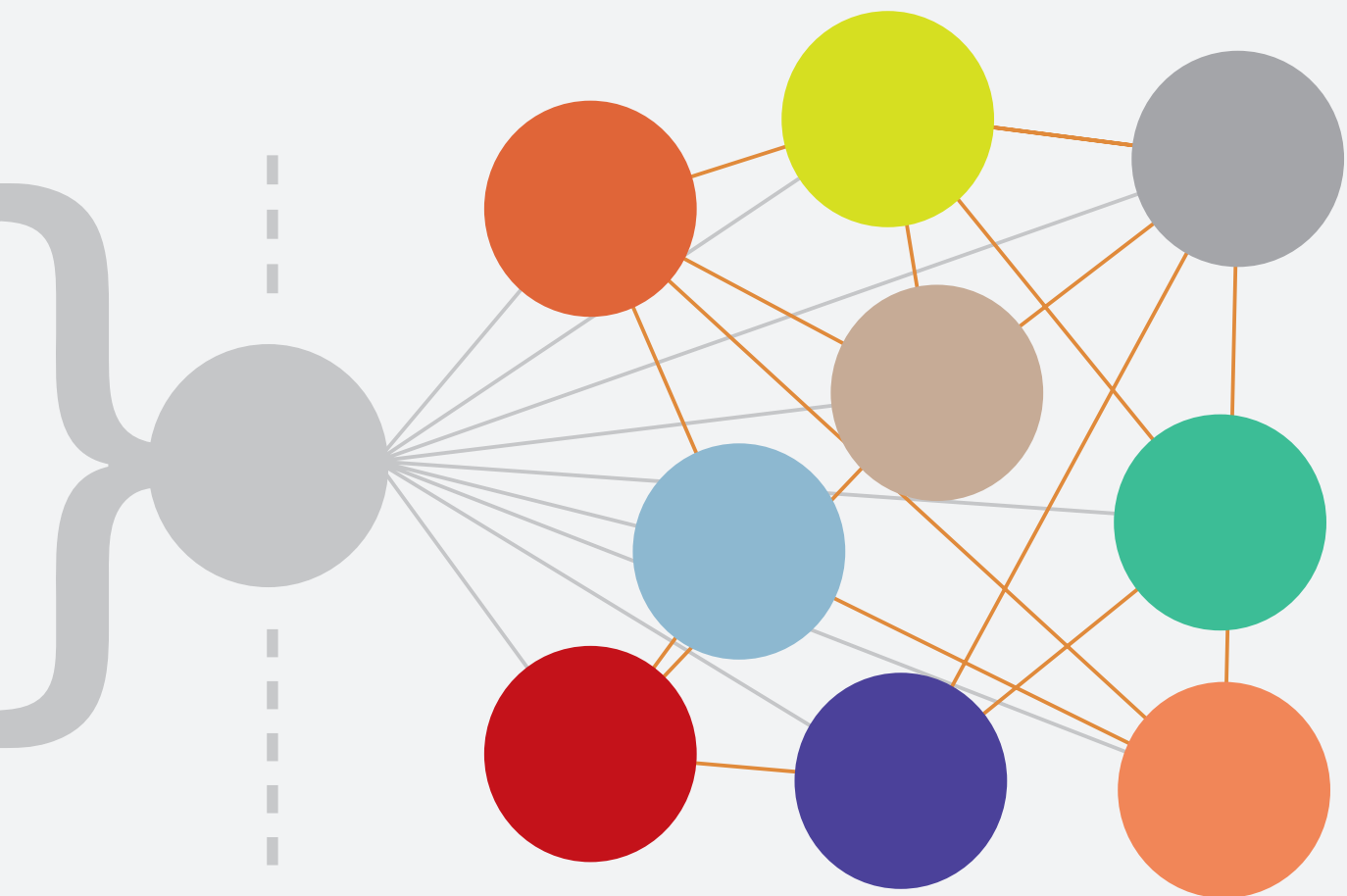


BUILDING RESILIENT CORPORATE REPUTATIONS

A GlobeScan Brief on Reputation Best Practice



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As society becomes more globally interconnected and expectations of business increase and expand into new areas, the pressure for companies to have strong, resilient corporate reputations continues to build. And yet, many executives at large companies have reservations about the business value they receive for their investment in reputation management.

We at GlobeScan believe that much of this disappointment relates to the narrowness of the standard approach, which to date has focused too heavily on simple benchmarks and positioning. Given the growing importance of stakeholder relations in the development and execution of corporate strategy, it is time for leading companies to broaden their understanding of the value and impact of reputation on success, and work toward a more holistic view of corporate well-being. Thinking about corporate reputation within a more inclusive and proactive framework is the key to enduring corporate success.

For the last 15 years, GlobeScan has been providing reputation advisory services to a large array of global B2B

and B2C companies and non-profit organizations. In partnership with our clients, we have shown how a proactive corporate reputation strategy becomes an important component of business success by enhancing leadership positioning, driving brand equity, influencing the regulatory environment, improving stakeholder relationships, attracting human capital, and ultimately delivering to the company's bottom line via market share, and customer and employee loyalty.

In order to help organizations achieve the value-driving potential that a fully-evolved reputation system can deliver, we have identified seven best-practice solutions to common challenges and shortcomings of corporate reputation management. From our experience, the seven goals outlined in this brief form the pillars of a robust reputation framework for global companies, leading to greater resiliency in times of crisis and overall corporate success.

Whether you need to begin, to evaluate or to redesign your reputation management system, we believe you will find some good learning here.

GOAL 1 Understanding the issues context

The challenge of managing reputation is often underestimated. While reputations can be deeply harmed almost overnight, significantly improving a company's reputation requires much time and effort, especially in a world where consumers have little trust in large corporations.

The graphic below shows the comparatively low levels of trust the public around the world affords global companies. Given this reality, only a long-term commitment to building trust will accomplish anything of real business value.

To effectively build trust, it is critical to understand the context within which your corporate reputation currently resides. For example, an extractive industry leader would examine elements relating to its 'social license to operate', understanding that having the ongoing approval and social acceptance of its activities by local communities and other stakeholders is at the heart of its business success. Without ongoing support from the communities where it operates, an extractive leader can easily be displaced and lose access to valuable resources. For companies operating in a strong regulatory context or with a heavy social and environmental

footprint, understanding the importance of retaining and renewing social license, and the impact it can have on business outcomes and perceptions of trust, is critical to a well-designed reputation management strategy.

In many other companies, from ICT to FMCG, where reputation is driven primarily by product and service quality and innovation, trust resides in the company's contribution to consumer well-being and, increasingly, in how it can enable a better world.

Every industry has its own set of unique issues and challenges. To properly manage reputation, it is necessary to understand the economic, social and competitive context, and how the company is positioned relative to emerging or ongoing sectoral issues and opportunities.



BEST PRACTICE

Deeply understand the context within which stakeholders interpret your company's actions and decisions: the current dynamics of business and society, the relevance and potential impact of key issues, and the relative performance of competitors.

GOAL 2 An integrated and aligned approach

The strength of a company's reputation is rooted in the business itself – its vision, values, actions, and communications – and is predicated on the sum of thousands of actions and decisions made across the enterprise. Successful and sustainable reputation strategies require engagement with key functions and employees across the business.

A cross-functional team effort is required to fully realize the value of a strong corporate reputation framework – one that goes beyond the traditionally-assigned Communications or Corporate Affairs functions. The ultimate strategy must also align with important business goals and corporate strategies, in both planning and execution.

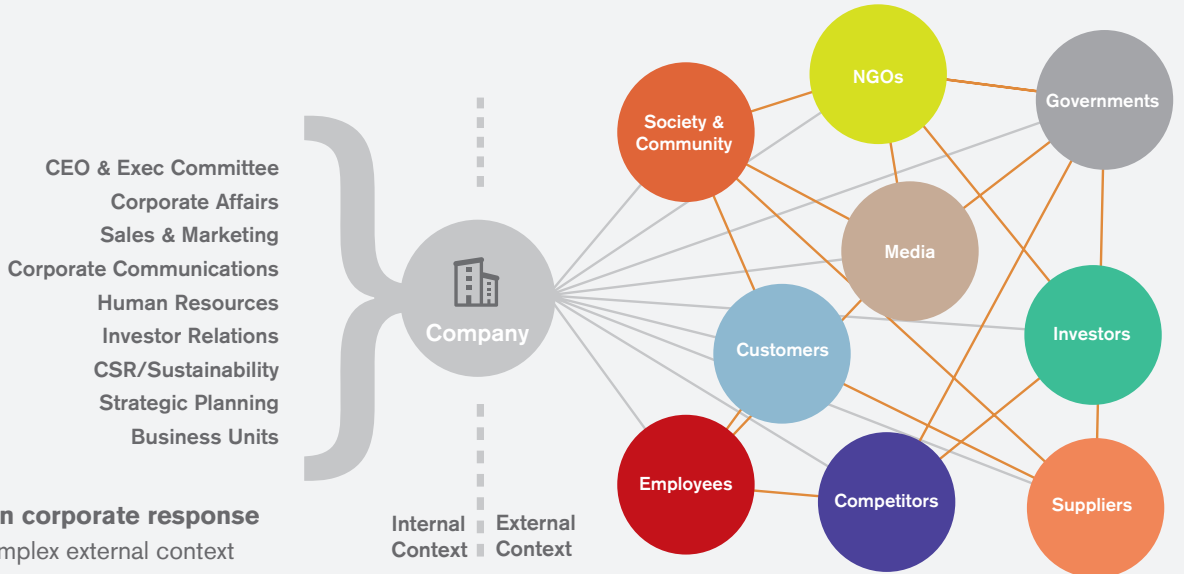
This integrated approach needs to manifest across a company's multiple geographies and business lines. The most successful reputation management systems extend 'ownership' of the organization's reputation by effectively engaging relevant colleagues across the enterprise, from head office to the business units. Importantly, this collaboration needs to happen at an early stage in the system design process.

Leading companies have reputation-related messaging originating from the CEO, and include reputation as part

of the KPIs of key functions across the organization. This show of strong commitment to reputation from above is an important first step in creating a 'reputation-centric' culture.

If fully integrated within the corporate strategy, reputation can strengthen the more tangible drivers of corporate value by deepening market positioning and loyalty among customers and investors, increasing brand equity, growing market share, enhancing regulatory freedom and smoothing strategic market entry, building stronger partnerships, attracting and retaining top talent, and forging enlightened thought leadership positions to further competitive advantage, among others.

Demonstrating the positive relationship between reputation enhancement and improvements to the more tangible drivers of corporate value will help ensure widespread 'buy-in' to reputation management.



How to better align corporate response to a dynamic and complex external context

BEST PRACTICE

Build an inclusive 'reputation-centric culture' by involving key functions early on, including corporate affairs, communications, corporate brand, CSR/sustainability, human resources, investor relations, and business units, to ensure stronger enterprise-wide alignment and integrated corporate responses.

GOAL

3

Customizing the approach for a better fit

While most companies understand the importance of having data-driven evidence to help guide business decision making, a surprising number choose not to invest in a customized intelligence gathering approach.

Large “off-the-shelf” benchmarking surveys examining many corporate brands provide general comparative metrics, but do not necessarily include the views of your key stakeholders, nor identify your company’s unique drivers as they relate to the company’s history, current performance, business operations, and strategy.

The limitations imposed by a generic approach to reputation measurement prevent a company from deeply understanding the dimensions and variability of its reputation among the stakeholders who shape it.

Reputation is a unique reflection of stakeholders’ interactions with or perceptions of the business. A custom reputation model gives the specificity and flexibility required to identify the business-specific reputation drivers that are required to develop strategies that will improve your company’s reputation. Reputation management works best with a precise and nuanced understanding of a company’s reputation among all its stakeholders, in the markets that matter most.



BEST PRACTICE

Develop a highly customized approach to measuring corporate reputation – one that assesses existing associations with your company and brand, identifies robust corporate reputation drivers that the company needs to manage, and helps develop a set of precise reputation KPIs that align with the company’s business and strategy.

GOAL 4

Obtaining a 360 degree perspective

Many companies shortchange their reputation strategies by focusing too strongly on particular stakeholder audiences or countries – or by excluding some key stakeholders out of concern that their viewpoint may be too critical. To truly understand reputation risks and opportunities, it is important to have a wide and inclusive perspective that reflects your business reality in a comprehensive way.

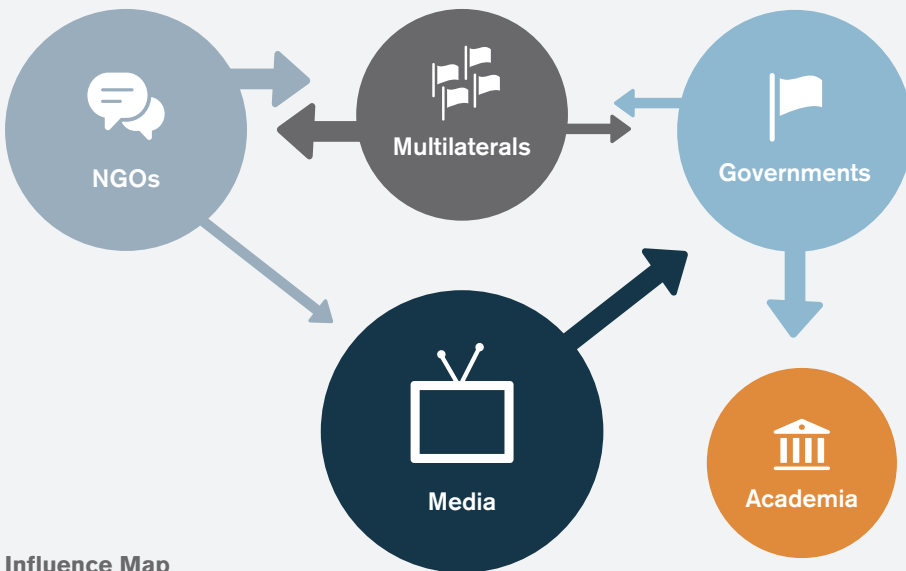
An important first step in developing a reputation management framework is to identify the primary markets and stakeholders to include, with a mix that reflects the diverse views and issues across key parts of the enterprise. Ultimately, the aim should be to capture the complexity of the company as much as possible, starting with the most important markets and audiences, and then scaling up over time.

With market selection, consideration should be given to regions where significant operations exist, where brand recognition is strong, where issues are particularly challenging, and where future growth is likely to occur. Ideally, one country would not stand in for another or for a continent

as a whole – each region has its unique viewpoint and understanding this viewpoint will allow the company to tailor its strategies accordingly.

Choosing stakeholder audiences is even more nuanced. Companies should not only consider who can currently affect the company's standing, but also how one type of stakeholder can influence the views of another. Stakeholder influence mapping may show that a particular stakeholder audience has limited direct interaction with the company, but that their influence on others is strong. In that case, an audience that may have been overlooked actually requires a proper engagement strategy in its own right.

Furthermore, including those who are critical of the company or who are aware of it only from an arm's length perspective is as important as including stakeholders who are well disposed to the company and know it well. This peripheral vision – which should also include employee views – is essential to maintaining a good grasp on reputation risks and opportunities.



Influence Map

BEST PRACTICE

Invest in a 360 perspective of your reputation, to ensure a complete diagnostic of your current state across geographies and audiences. Gather stakeholder intelligence from audiences that can have a material impact on your reputation, including those who know you well and those who don't. If a stakeholder can impact your reputation, they matter, regardless of their proximity or actual knowledge of your company.

GOAL 5

Integrating intelligence streams

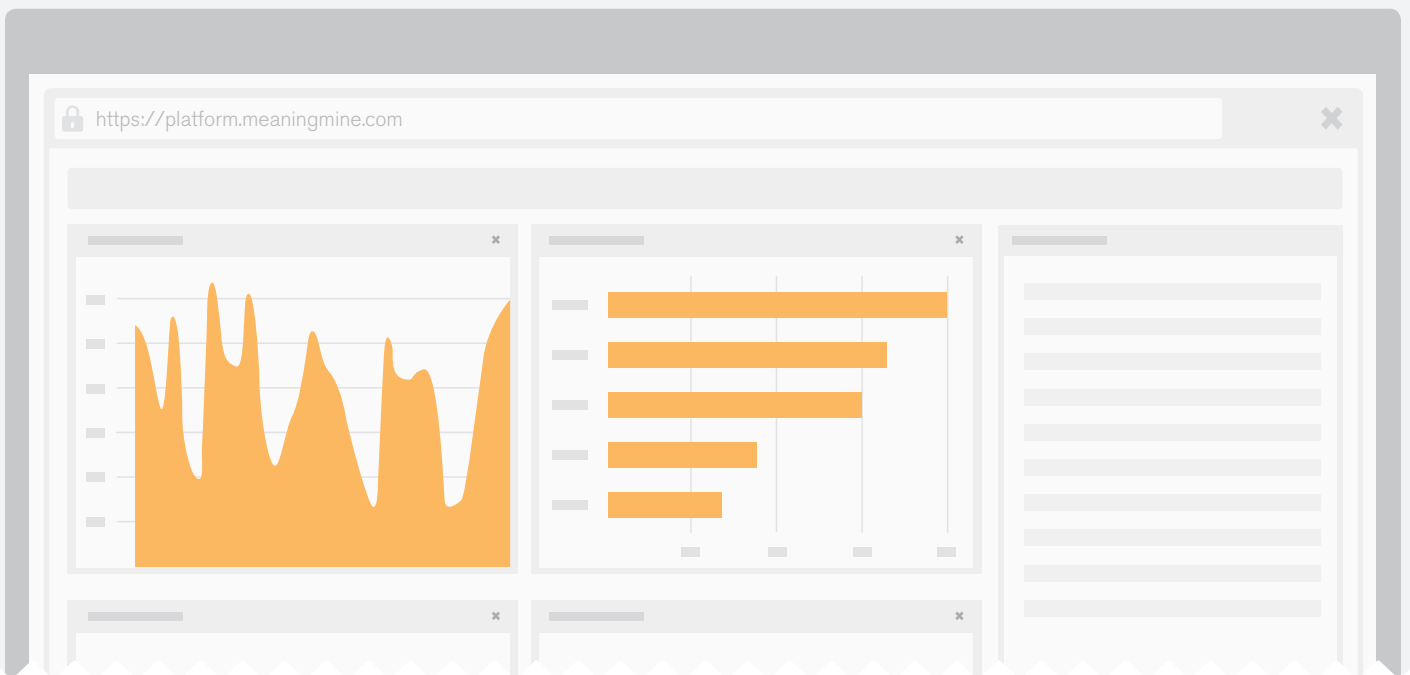
With the massive popularity and impact of online and social media, companies need to frequently monitor how the world is interacting with and discussing a company's brands and actions. Most companies have already developed sophisticated monitoring systems to track their reputation online, however, this often results in another silo of information rather than being integrated with other intelligence streams.

Few companies have managed to develop an integrated framework that includes key indicators across primary research, secondary research and media monitoring.

An integrated approach to data collection offers benefits from both a methodological and insight point of view. For example, outputs from a customized analysis of stakeholder research can help identify the key dimensions and terms for directing media monitoring online searches, and can also determine which digital coverage or events will have a lasting impact on reputation rather than creating a quick uptick in conversations. Much precious C-suite time is wasted dealing with media coverage or other signals of reputational harm that may not be material. Unfiltered and unfocused monitoring can lead to inaccurate interpretations, which in

turn can lead to inappropriate decision making. The first goal of a reputation management system should be to understand exactly what factors and which stakeholders are key to the corporate strategy, so that executive management time can be used effectively.

Putting in place real-time 'digital dashboards' that integrate primary stakeholder research with media monitoring metrics creates an instrument which reveals the internal congruence, focus and talent needed to protect and enhance the organization's reputation. Ideally, these electronic dashboards contain only the most strategic metrics and indices, are made available to key functions across the organization, and are continually updated to reflect the current consumer and stakeholder landscape.



BEST PRACTICE

Ensure that media monitoring data and primary stakeholder intelligence are being analyzed in concert; facilitate the sharing of information by providing the organization with customized, relevant, electronically available "dashboards" of integrated metrics and indices.

GOAL 6

Going beyond data to ensure better decision making

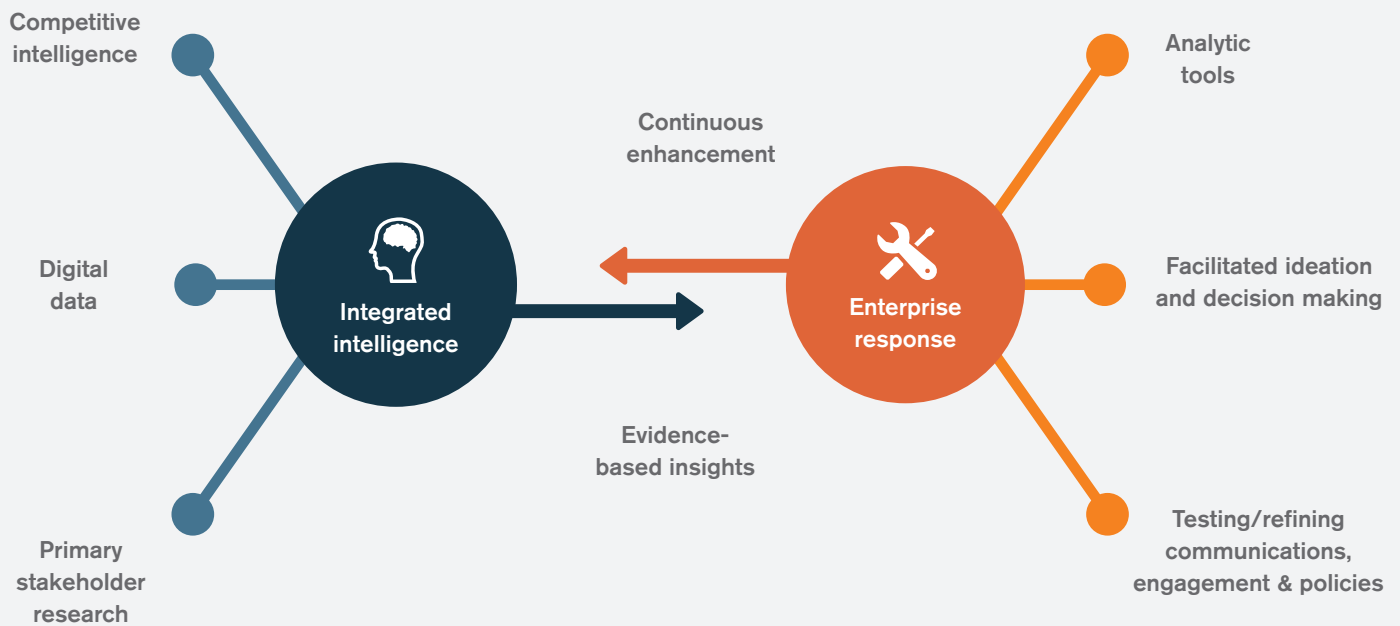
Simply collecting benchmark metrics and monitoring changes year-on-year does not take full advantage of the information available. Converting data into true business intelligence tailored to the organization's specific business priorities is the ultimate goal of reputation research.

A properly calibrated reputation management system helps a company fully understand the business implications of data intelligence, thereby helping it respond to issues, rectify problems, and operate more effectively.

Evidence-led decisions may rest on numerous data-driven insights: modelling the key dimensions of an organization's reputation to understand what areas require attention and what areas can be leveraged, to track how an issue is evolving in the marketplace, to examine how reputation impacts business metrics like market share, and to identify which

stakeholders have the most significant influence on reputation. Reputation data is only useful if it is translated into business intelligence that leads to different and better corporate responses.

Only through a facilitated discussion and guided interpretation of the results can data lead to better communications and engagement strategies, brand positioning, issues management, policy development, operational decision making, and corporate responsibility strategies. Fundamentally, it is about using rigorous evidence to feed into strategic discussions, which in turn will lead to better business decisions.



BEST PRACTICE

Ensure that reputation research and intelligence are being gathered in ways that facilitate better decision making, and that sufficient time is invested in discussing the quantitative assessments in order to develop actionable corporate responses.

GOAL 7 Moving from stakeholder intelligence to proactive engagement

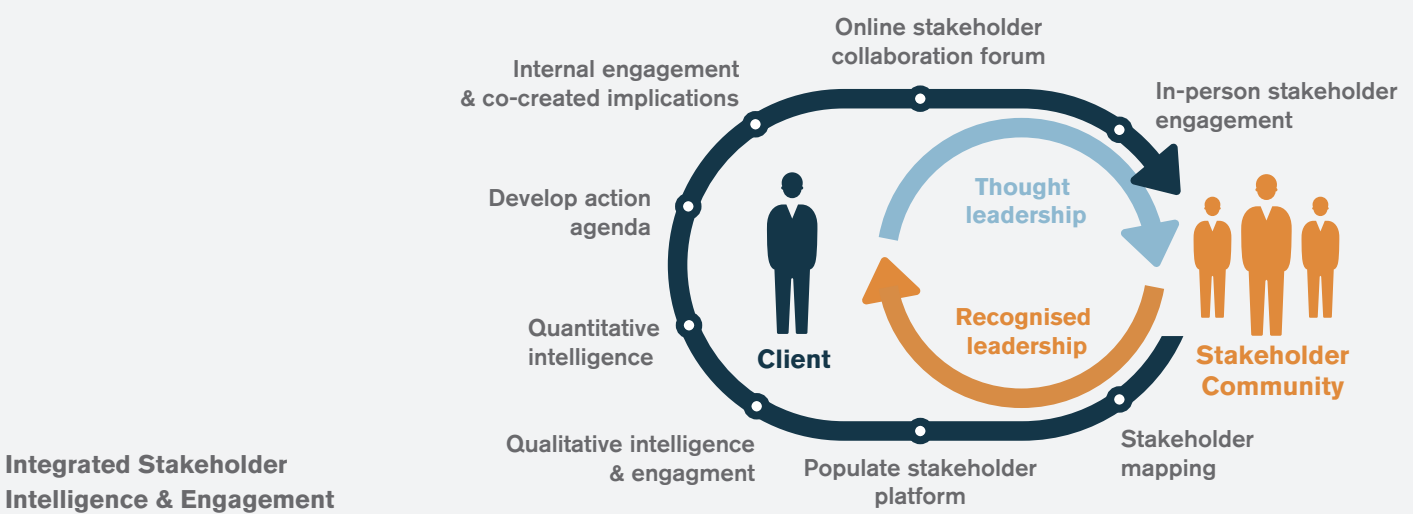
Many companies fail to fully capitalize on their reputational investments. Once they have understood the insights and ideas generated by researching their stakeholders, they settle for simply managing the risks instead of exploiting the opportunities.

Opportunities are most effectively unlocked by increasing the company's proactive engagement with important stakeholders. By reflecting back to stakeholders what you have heard from them and inviting their further involvement in pursuing mutual interests, you can set in motion a circle of feedback and responsiveness. This is how trust is built, leading to reputational benefits.

Engagement can take various forms. It can be a partnership between a company and a government or NGO to advance a particular issue or a cross-industry initiative to change business practices holding back the reputation of an entire industry. It can involve hosting a series of meetings or roundtable discussions with

participation from a range of corporate executives and external stakeholders. Scaling this type of personal interaction is also possible via online mass collaboration forums, where interested stakeholders develop fresh solutions to a particular challenge and then work together to set the solutions in motion.

Successful stakeholder engagement requires a level of transparency and trust and a degree of collaboration few global organizations can deliver on their own. However, a growing number of leadership companies are gaining the reputational lift that true partnerships with engaged stakeholders can deliver. Perhaps more importantly, these companies are learning how to thrive in an increasingly collaborative world.



BEST PRACTICE

Once data is gathered, do not lose sight of the importance of effective stakeholder engagement; stakeholder intelligence is a vital part of any strong corporate reputation system, but corporate responses will require stakeholder engagement strategies to help build social capital and trust.

IN SUMMARY...

Given the rapid development of issues in the corporate landscape, growing transparency, the rise of disruptive technologies, and growing expectations of companies, we at GlobeScan believe the role of Corporate Affairs has never been more strategic. A critical area for lasting corporate success in this increasingly complex world is building a strong and resilient corporate reputation. Despite significant investments, few large organizations are achieving the value-driving potential that fully-evolved reputation management processes can deliver.

The best-practice ideas presented here are some of the keys to harnessing this potential, all of which have been demonstrated by leadership companies. Our hope is that this brief helps to deepen the understanding and alignment of Corporate Affairs teams and their colleagues, to ensure a greater commitment to the cross-functional effort required to tangibly strengthen corporate reputation.

It is never too late for a company to start, rethink, refine, or rebuild its reputation management system. This brief was intended to enable you to compare your reputation management system to industry best practice. We hope it has helped you to evaluate how fit-for-purpose your current reputation approach might be.

If you would like more information on any of the topics covered, or on GlobeScan's own customized reputation services, please contact:

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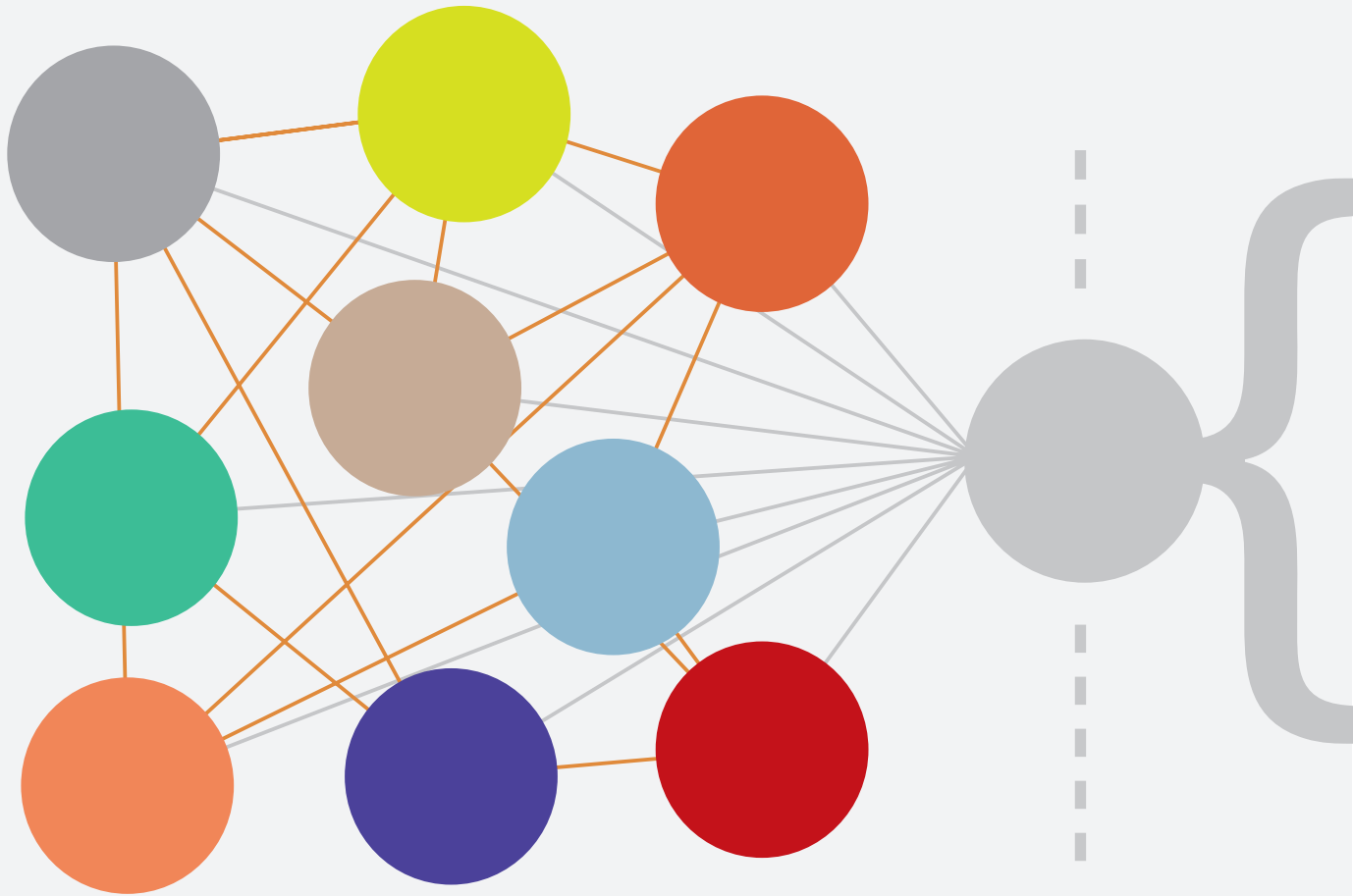
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evidence and ideas. applied

GlobeScan helps clients measure, understand and build valuable relationships with their stakeholders, and to work collaboratively in delivering a sustainable and equitable future. Uniquely placed at the nexus of reputation, brand and sustainability, GlobeScan partners with clients to build trust, drive engagement and inspire innovation within, around and beyond their organizations.



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