



## The Reputation Debate

### Introduction

Throughout the Chime Group, we are focussed on helping our clients to understand, build and manage their reputations based on the straightforward premise that reputation is governed by three things: What you say, what you do and what other people say about you.

The Reputation Debate on 24<sup>th</sup> April 2007 brought together around 100 of our most valuable clients and friends to collaborate in engaging discussion about how we can best understand and evaluate reputation. This document summarises some of the insights from what was a lively, stimulating and enjoyable debate.

### What is reputation?

Reputation is the most important asset for any organisation, brand or individual, and also one of the greatest risks. This view was widely held by participants in the Reputation Debate, with 81% identifying reputation as one of the strongest drivers of market value for an organisation, and 86% agreeing that reputation is the biggest single risk that organisations need to manage.

But what is this phenomenon called reputation and how can organisations understand whether they are succeeding or failing to manage their reputation effectively? The first half of the Reputation Debate was concerned with unpicking what reputation means and what contributes to it.

Participants felt that reputation is to a significant extent 'earned' in the sense that it is judged by 'what you do and how you do it'. Consistency of performance is therefore seen as important, but so is the bravery to do something new or different.

Authenticity and integrity are also seen as key. It's about 'being true to thyself'. This means knowing what you stand for and where you fit in today's world. Or as one participant more colourfully expressed it: *"Avoid being the disco dad, don't try to be something you're not"*.

Reputation can depend on the weakest link and how an organisation handles crises and deals with mistakes is perceived to be critical. Stakeholders expect honesty and accountability – *"to own up and clean up if you do something wrong"*. Leadership and leaders can also have a significant impact. True leaders share charisma and flair, as well as a preparedness to say what they believe.

But reputation is about 'winning hearts as well as minds'. The emotional element, particularly a belief in the brand promise, is also seen as critical. Engendering this belief means being in touch with key audiences, listening and responding to them, and meeting people's own emotional needs. This two-way approach to reputation management represents a new paradigm. As Chris Satterthwaite wrote in his recent article, *"we are no longer living in a world of messages, but in a world of conversations. Those conversations can lead to new levels of intimacy and greater corporate response."*<sup>1</sup>

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<sup>1</sup> 'Why Brands live and die by their reputation' by Chris Satterthwaite in Campaign, 2 February 2007

## **It's the outcomes that are important**

One of the clear messages from the Reputation Debate is that what really matters is the tangible outcomes of reputation.

Reputation is described as “*a dynamic force which can drive perceptions, behaviour and decisions*”. A strong reputation can lead to increased product use, higher investment, and the capacity to attract the best staff.

The halo effect of a positive reputation can also result in greater trust, advocacy and a sense of pride in being associated with the organisation. Importantly, it can also lead to a greater preparedness to forgive mistakes. In the words of participants, you will be more likely to give an organisation, individual or brand with a favourable reputation “*the benefit of the doubt if things go wrong*” and to “*forgive it after bad experiences*”.

## **Reputation and brand management need to work more collaboratively**

The discussions highlighted the extent to which the reputation of organisations, their brands and their leadership are seen to be closely linked. Given this, it is seen as essential that different parts of organisations work together collaboratively to manage their reputation in the most holistic way possible. For example, 96% of participants believe that in a modern environment, reputation and brand management need to work more closely together.

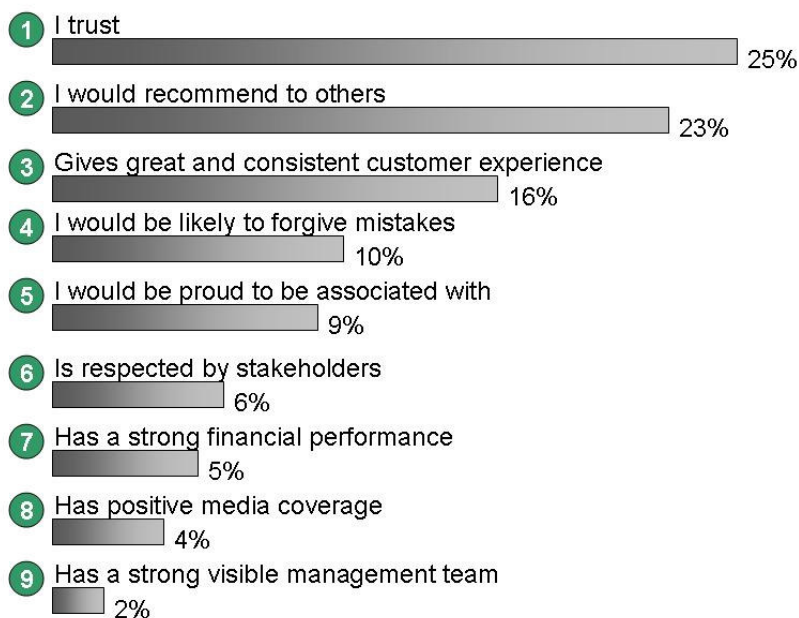
It is our view that this collaboration will become even more important as technology develops. Web 2.0 has already created a huge social impact – it is now a world where deference has given way to reference, where people trust people like themselves more than figures of authority. Social media introduces a host of opportunities to connect with, comment on and upload points of view about brands. So while a brand's image might belong to a brand, a brand's reputation belongs to the public. In the words of one participant: “*you don't own your reputation, it is given to you*”. At Opinion Leader, we describe this as brand democracy and have developed a range of approaches for brands to truly engage with their customers and stakeholders to build and enhance brand reputation.

## **What are the really useful and important measures of reputation?**

There is a real appetite for some definitive measures of reputation that will help organisations to understand what they need to pay attention to and how to improve their reputation management. 83% of participants agree that a single, easily understood measure of reputation would be a significant advance.

Based on their initial discussions at the Reputation Debate, participants developed their own measures of reputation. These were then collated into a set of options and there was a vote towards the end of the event where participants chose which measures they felt were most important overall. The chart over the page shows the options that were developed and the outcome of the vote.

# The organisation that.....



The priority given to **trust** as a measure of reputation chimes with Opinion Leader's own work on the much publicised issue of declining trust in authority and what can be done to rebuild it. In research conducted last year, we found that 88% of opinion leaders believe 'we can no longer assume that a figure of authority is trustworthy, they have to demonstrate it'. So organisations, brands and business leaders clearly have their work cut out for them. The key to regaining trust, according to our research, is for organisations to strive for transparency and openness, and demonstrate clarity of purpose, values and ethics. Increasing evidence demonstrates the importance of deliberative engagement as a means of building trust.

Recommendation is seen as another key measure, which shows the importance of advocacy as an indicator of reputation. We believe that recommendation is a particularly powerful metric because, as an article in the Harvard Business Review famously put it, the act of recommending requires the customers or stakeholders to put their own reputations on the line.<sup>2</sup>

Including the **customer experience** in the measurement of reputation is also seen as important. This is the 'what you do' element of reputation and people are judging on both quality and consistency of performance.

In addition, the preparedness to **forgive mistakes** represents an interesting new way of testing the resilience of an organisation's reputation. We already know that reputation is a fragile commodity which takes years to build but can be lost in seconds. On the other hand, a strong reputation can allow organisations to withstand crises by falling back on an established 'bank of goodwill'. The key here is to be truthful, admit to any wrongdoing and set out a course of action to correct this.

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<sup>2</sup> 'The One Number You Need To Grow' by Frederick F. Reichheld in Harvard Business Review, 1 December 2003

Another interesting new idea for quantifying reputation is to look at the extent to which customers and stakeholders are proud to be associated with the organisation, brand or individual. We have already talked about how important the emotional elements of reputation are seen to be. We believe that **pride in association** could be an effective new way of measuring emotional proximity.

## **Conclusions**

The findings of the Reputation Debate highlight the importance of reputation to the individuals who lead organisations and manage brands. Some interesting thinking emerged on new metrics for helping measure the reputation of organisations, brands and potentially also individuals.

We would like to thank all participants for their extremely valuable contribution. We will be drawing on the discussion to hone our thinking and, in particular, to contribute to the development of a single reputation metric that we hope will become as crucial a tool of management as PBT. Given the high level of interest in such a measure, we will be keeping in touch as our work progresses.