

2017 Celebrating 10 Years of Shaping the Future of Corporate Communication in Norway.

## PR and Corporate Communication Measurement Summit

10./11. November 2016, BI, Oslo



*...thanks to the generous support of:*

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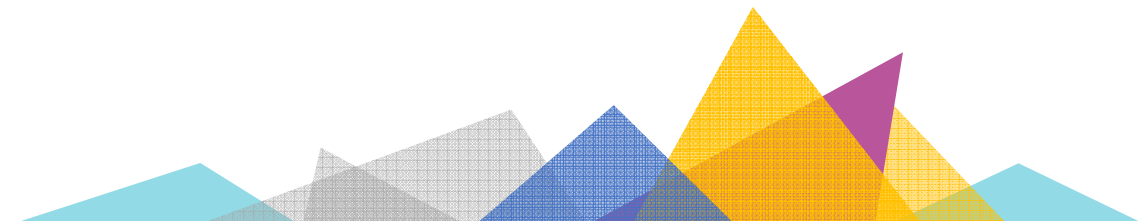
HANDELSHØYSKOLEN



# **Strategic Reputation Management: *A New Perspective***

Leonard J Ponzi, MBA, Ph.D.  
ReputationInc  
Managing Partner - US

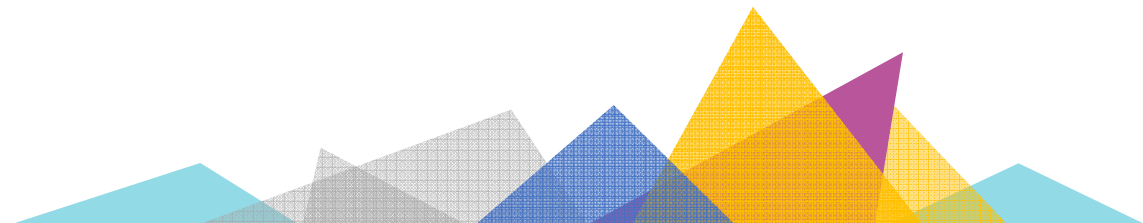
Nov. 10, 2016  
Oslo, Norway



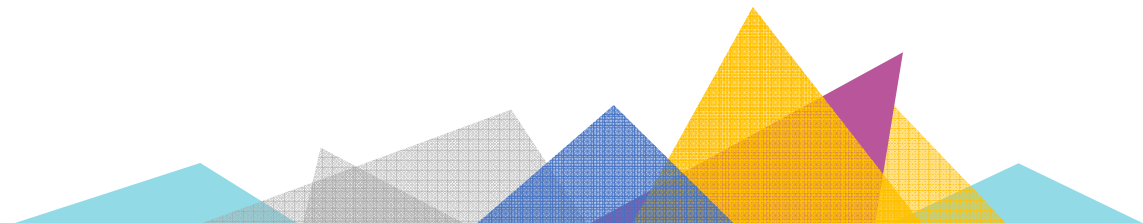
## For further information:

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Our goal today is to give you a better understanding of how firms can leverage reputation to build **resilient businesses**.





# Corporate Reputation

Is an emotional & rational connection with stakeholders based on perception built on past experiences as well as anticipated future behavior

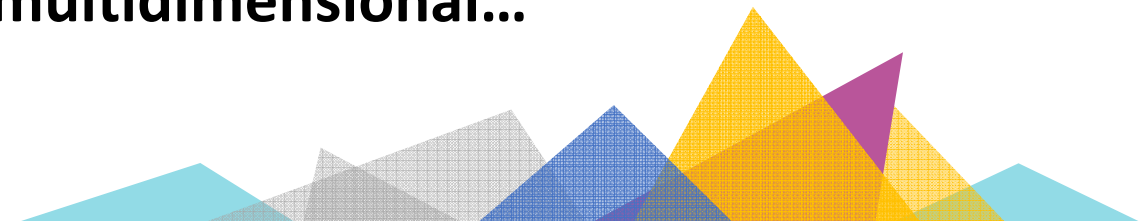
You don't **own** it... It lives in the **minds** of your stakeholders... It is built from your **interactions** with them



## Companies do not have a single reputation

You have a reputation for somethings, which can mean several different, even competing reputations

**We believe that Reputations are multidimensional...**



## From research, we know that foreword thinking firms are...

...embedding  
reputation thinking  
into business  
decision making

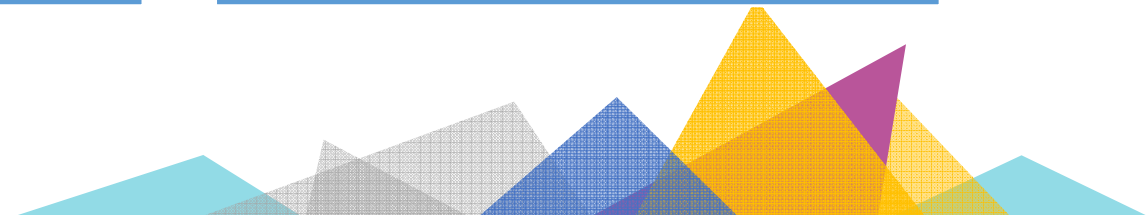
...building reputation  
capabilities  
throughout the  
business

...monitoring and  
managing reputation  
risks proactively

...taking advantage  
of reputation  
intelligence

...building thought  
leadership positions  
on material issues

...are understanding  
and engaging their  
stakeholders  
differently



## Our focus today is on...

...embedding  
reputation thinking  
into business  
decision making

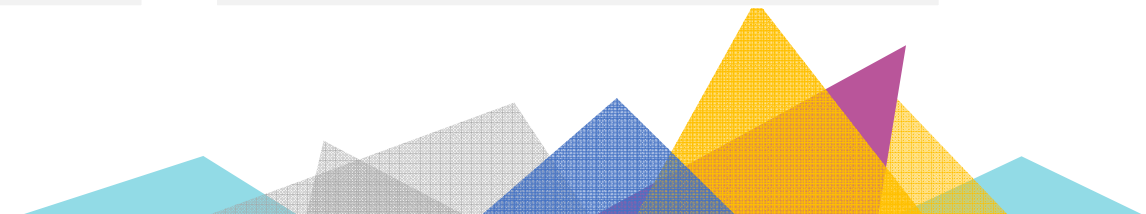
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# What is Reputation Risk?

*Reputation Risk is the potential of a negative market event that will have an impact on the company's corporate reputation*



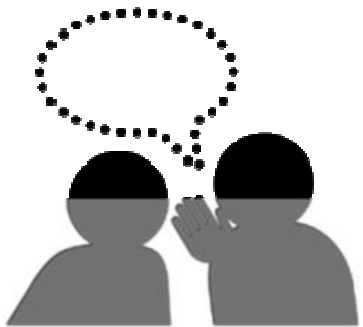


# To give you some Business Context around Reputation Risk

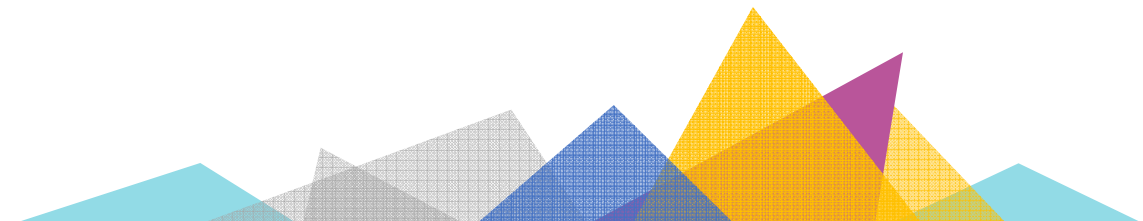


**25%** of a company's **market value** is directly related to its reputation and thus at risk (Source: World Economic Forum, 2012).

**87%** of executives rate **reputation risk** as more important than other strategic risks (Source: Deloitte, 2014 global survey on reputation risk, 2014).



**60%** of the public's willingness to buy, recommend, work for or invest is driven by their **perception of a company** (Source: Reputation Institute).



The view from the top:  
board directors say, “...stakeholders’ scrutiny is increasing...”

## Three trends driving stakeholder scrutiny



Acceleration and  
globalisation of  
standards &  
information processes

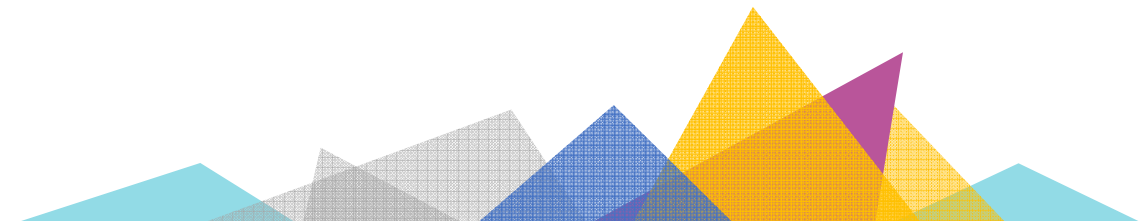


Greater  
transparency

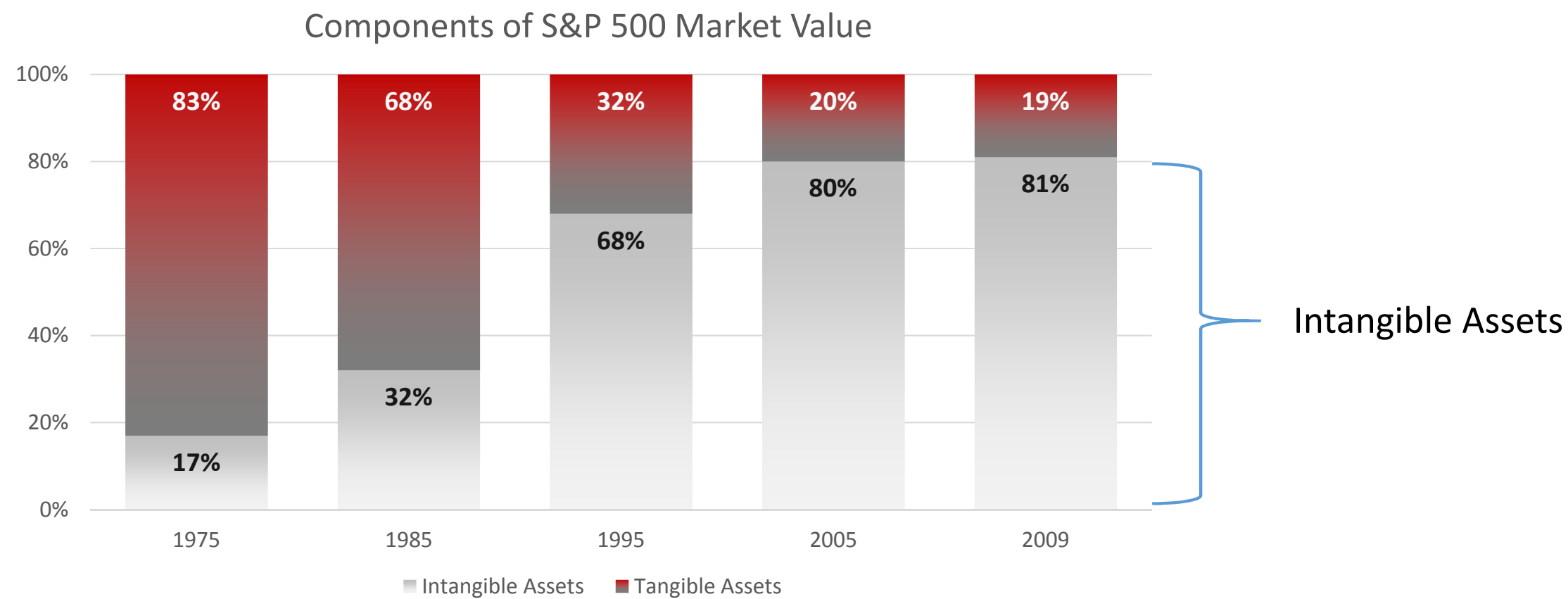


Declining confidence  
and trust in businesses

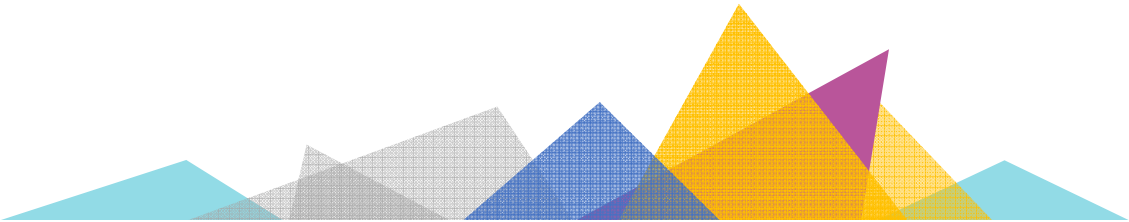
Source: ReputationInc study among 80 executives, October 2016



# There is a lot of value at stake



Source: Ocean Tomo



# The Latest in Reputation Risk Events – Three words:

## FINANCIAL CRISES



## AUTO

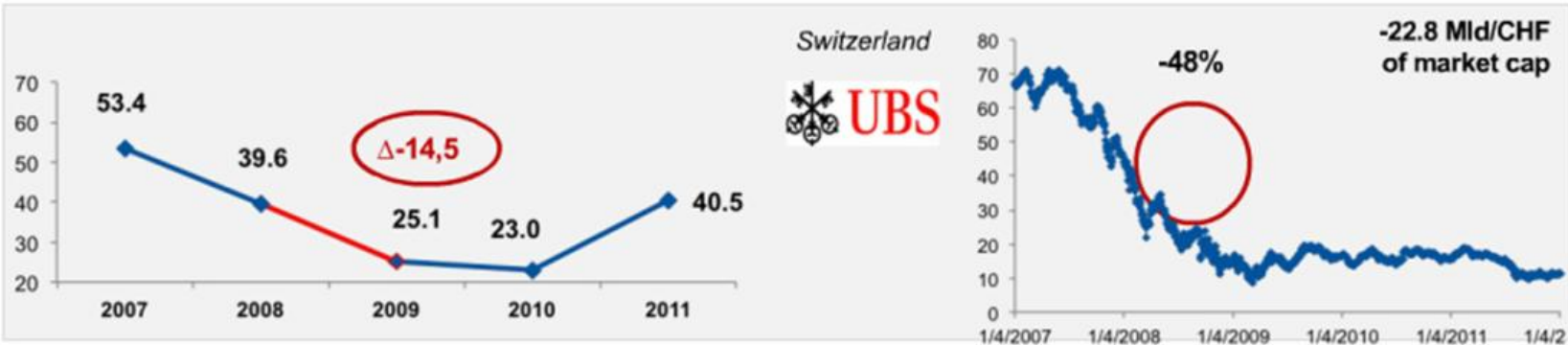
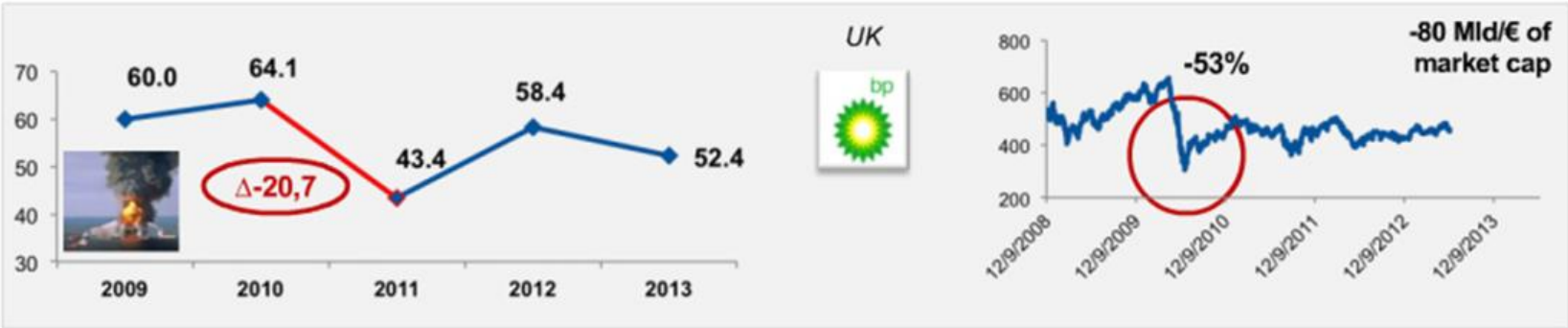
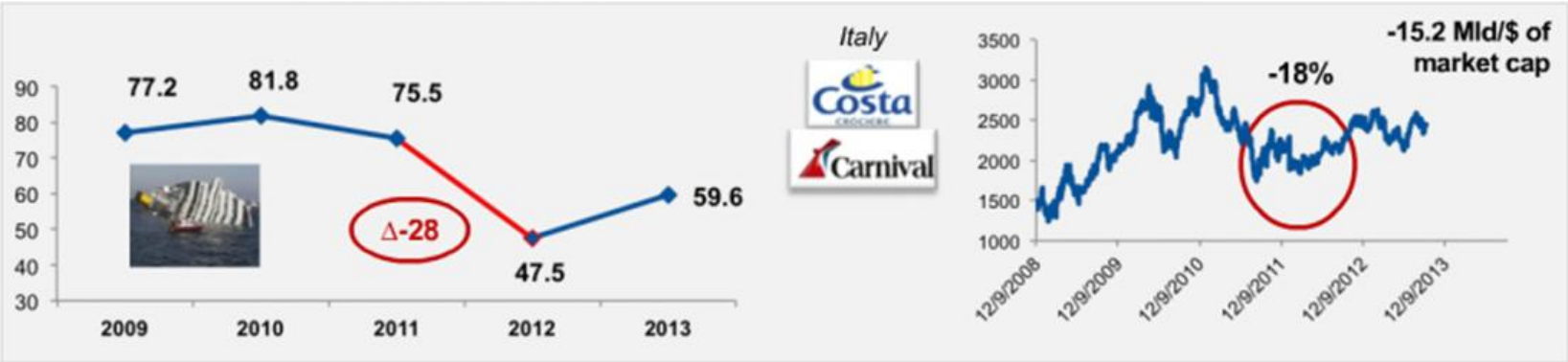


## PAPERS





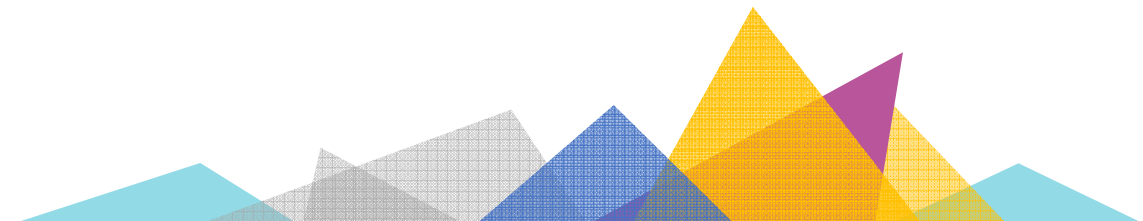
# Impact of Reputational Events on Market Value is Significant





## Key Points:

- 1. Reputation is a strategic asset that is linked to significant market value**
- 2. Today, corporate boards are asking to understand how to manage reputation and its associated management of risk**
- 3. Many forward thinking companies are looking for an approach**



# Advancing Reputation Risk Management

...embedding  
reputation thinking  
into business  
decision making

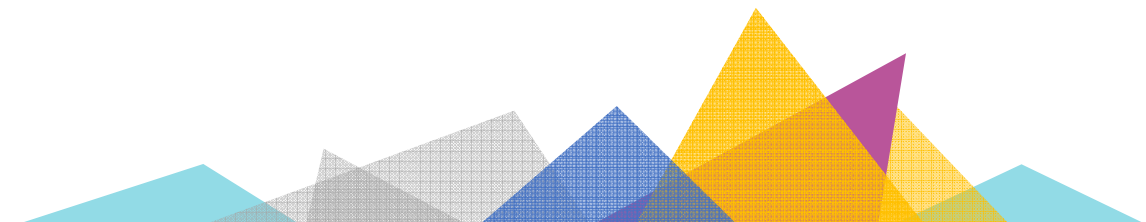
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# Recent Set of Reputation Risk Briefs

ReputationInc



### Understanding Reputation Risk: PART I

Andrea Bonime-Blanc, JD/Ph.D. - CEO and Founder, GEC Risk Advisory  
Leonard J. Ponzi, Ph.D. - Managing Partner, ReputationInc



*"A good reputation is more valuable than money".*  
*Publilius Syrus - 1<sup>st</sup> Century BC*

#### Introduction

The concept of "Reputation Risk" is relatively new - it has been around for about a decade and only more seriously examined in the last 2-3 years.

Prescient as always, the Economist called reputation risk the "risk of risks" in 2007.

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October 2016

### Understanding Reputation Risk

2016

### Understanding Reputation Risk

May 2016

### Understanding Reputation Risk

2016

### Understanding Reputation Risk

#### REPUTATION VALUE

*...possibly be repaired, but the world will always keep their eyes on the spot where the crack was."*  
-- Joseph Hall, English Bishop  
(1574-1656)

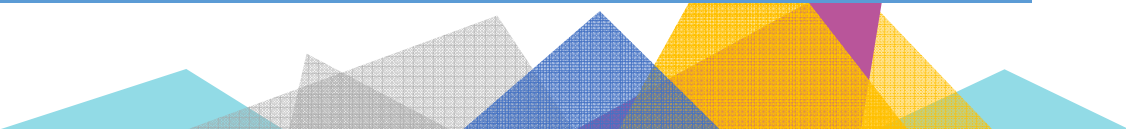
*...possibly be repaired, but the world will always keep their eyes on the spot where the crack was."*  
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English Bishop and satirist  
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to describe the elements of a robust reputation risk management  
the quantitative framework for visualizing an organization's  
as a key input into developing the strategy and tactics of addressing

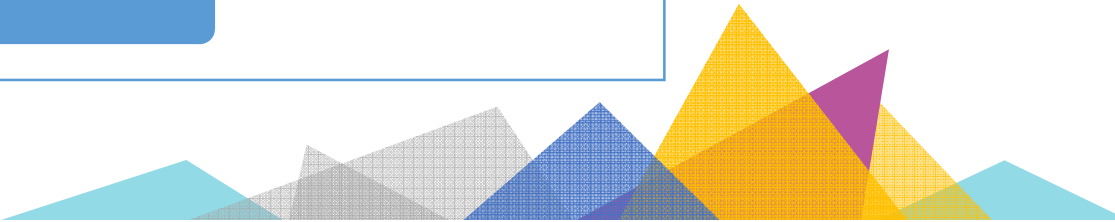
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# 1st Brief: “Risk Management” is not crisis management

REPUTATION RISK MANAGEMENT	CRISIS MANAGEMENT
<ul style="list-style-type: none"><li>• Long term planning</li></ul>	<ul style="list-style-type: none"><li>• Short term execution</li></ul>
<ul style="list-style-type: none"><li>• Assess &amp; predict which issues will hurt the company reputation the most (likelihood &amp; impact) before they happen</li></ul>	<ul style="list-style-type: none"><li>• Unclear how the issues will affect organizational reputation unless good reputation risk management has been deployed in advance</li></ul>
<ul style="list-style-type: none"><li>• Identify which reputation attributes should be addressed to mitigate the risk issue</li></ul>	<ul style="list-style-type: none"><li>• Lack of control over the issue unless good reputation risk management has been deployed in advance</li></ul>
<ul style="list-style-type: none"><li>• Ability to manage the issue through a robust enterprise risk management approach</li></ul>	<ul style="list-style-type: none"><li>• Driven by the media and other uncontrollable events and reactions unless good reputation risk management has been deployed in advance</li></ul>



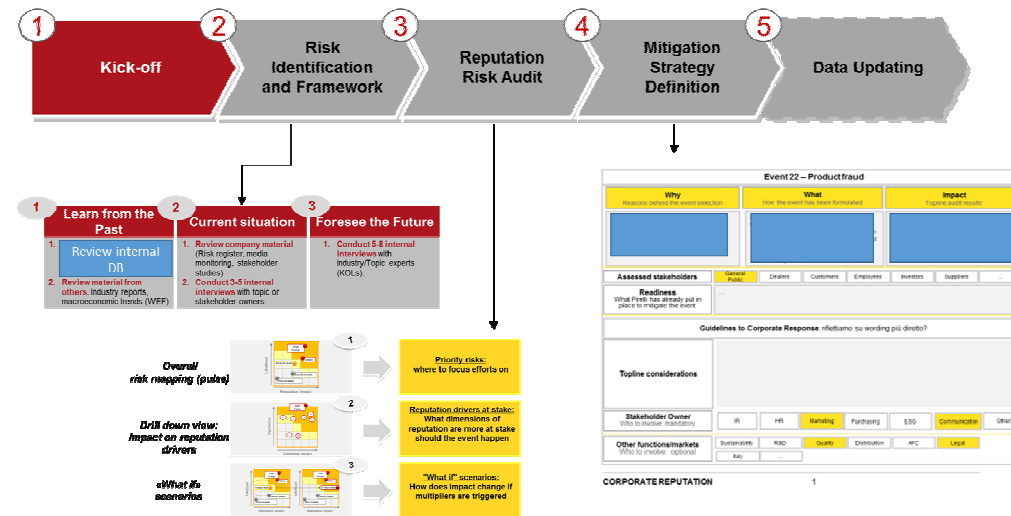
# 2nd Brief: Aspects of best in-class reputation risk management





# 3&4<sup>th</sup> Briefs: Current approach to Reputation Risk Management...

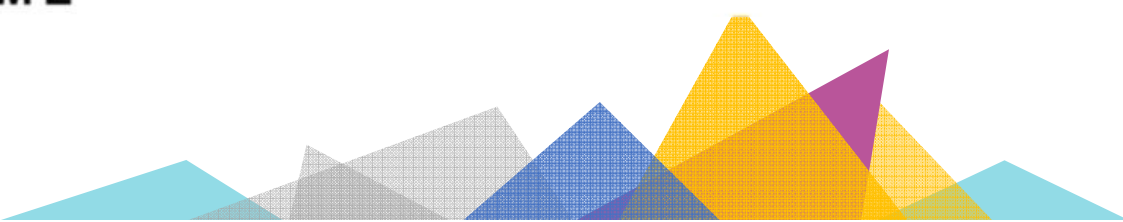
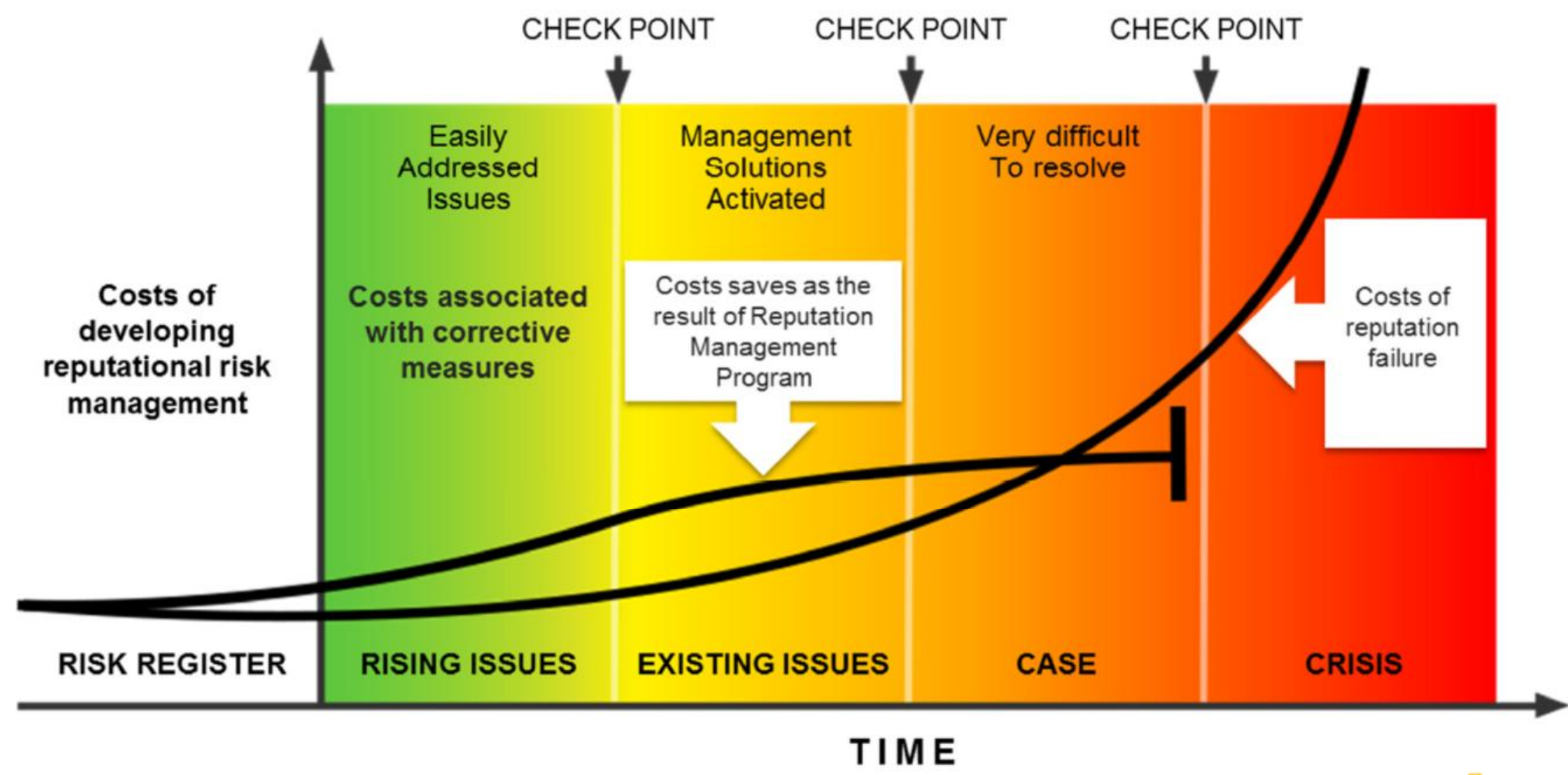
ReputationInc



...But, in this approach, there is something missing... Our research addresses these questions

- 1) What is the Total Value of Reputation Risk to our company?
- 2) For each specific risk, what is the reputation value at risk?
- 3) What should be our budget for mitigating a risk?
- 4) Can we determine the ROI?

# 5<sup>th</sup> Brief: Case Studies & Cost Reduction



## Key Points:

- 1. These briefs cover the elements of reputation risk management**
- 2. And enriches the typical qualitative approach with quantitative method to setting dollar values to reputation risk(s)**
- 3. The briefs are free – and on our website**



## Advancing Reputation Intelligence

...embedding  
reputation thinking  
into business  
decision making

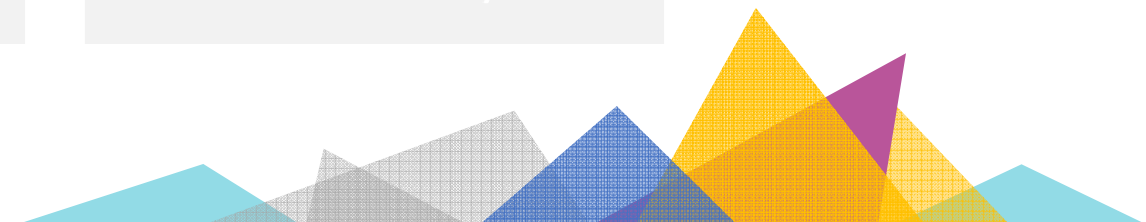
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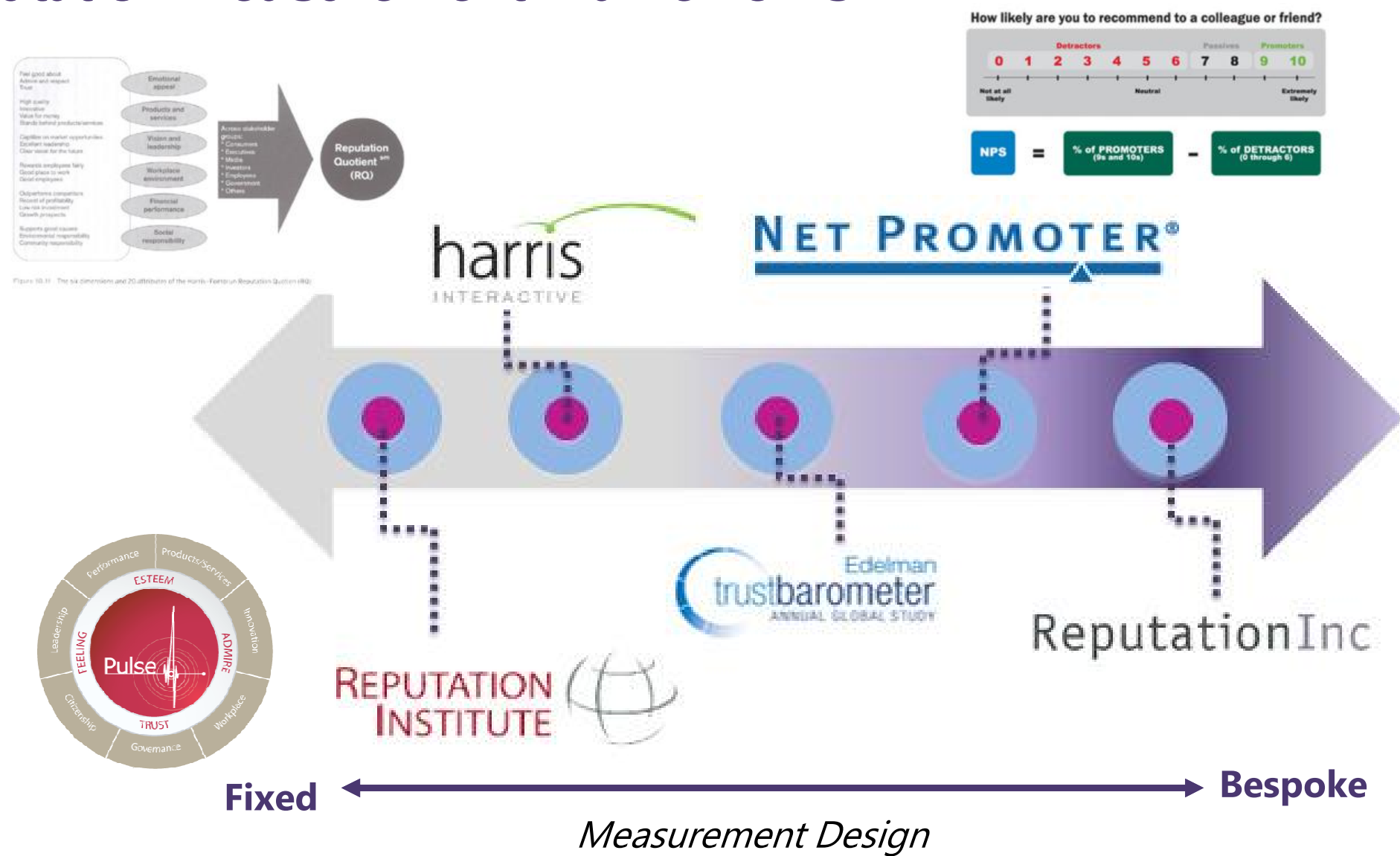
**...taking advantage  
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# Reputation Measurement Frameworks



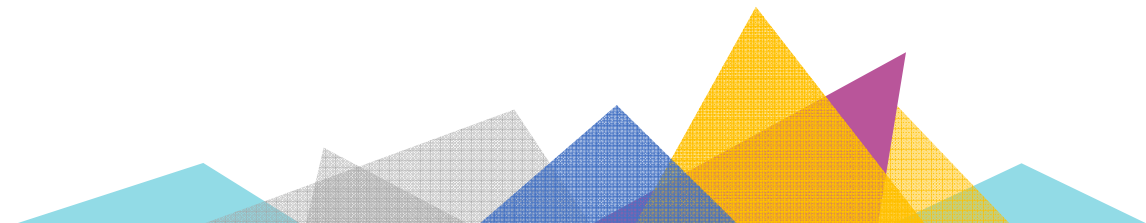


# The view from the top: new times are requiring new demands

**85% agree**  
managing corporate  
reputation is more important  
and challenging today

**LESS  
THAN 50%**  
feel confident that the Board has  
the understanding and tools to  
effectively oversee reputation

Source: ReputationInc study among 80 executives, October 2016



# THE DYNAMICS OF REPUTATION HAVE CHANGED

**The bar is being raised as stakeholders  
expect more of companies than before**



# FUTURE ORIENTATION NEEDED

Simply tracking performance is no longer adequate



# The way that Reputation Creates Value: An Equation



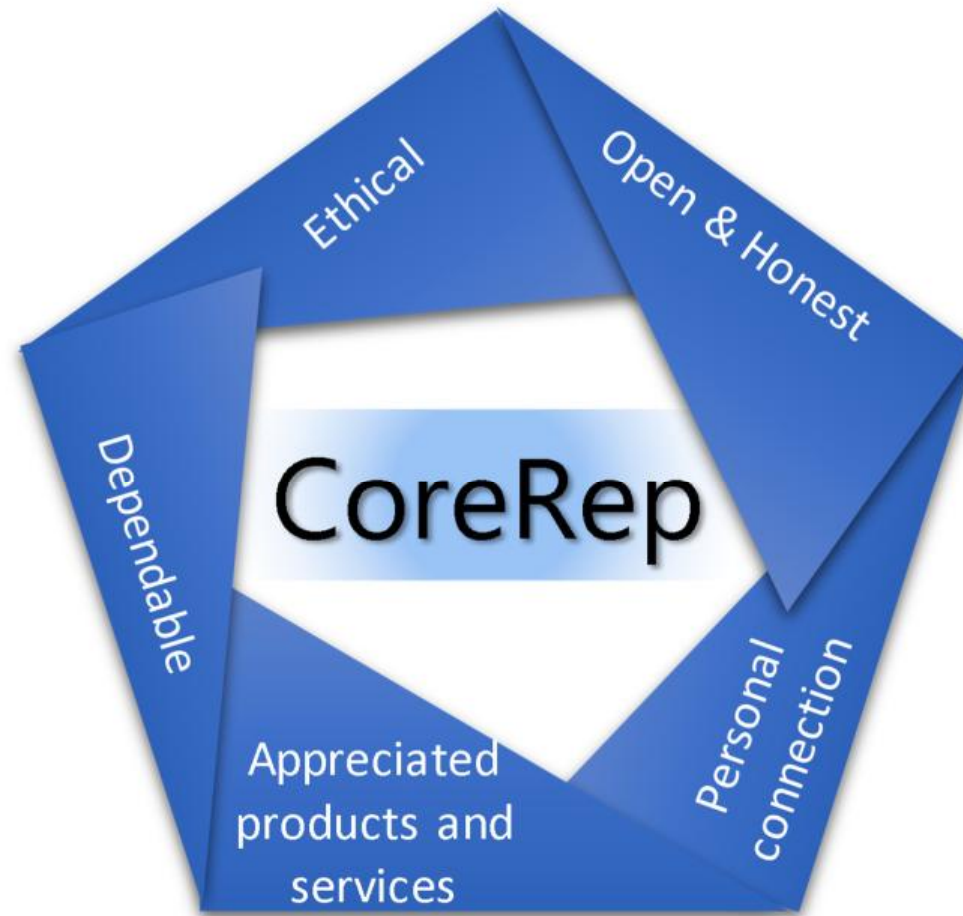


# Reputation Intelligence = A new framework





# Introducing CoreRep



These the essential  
**core** drivers of  
corporate reputation\*

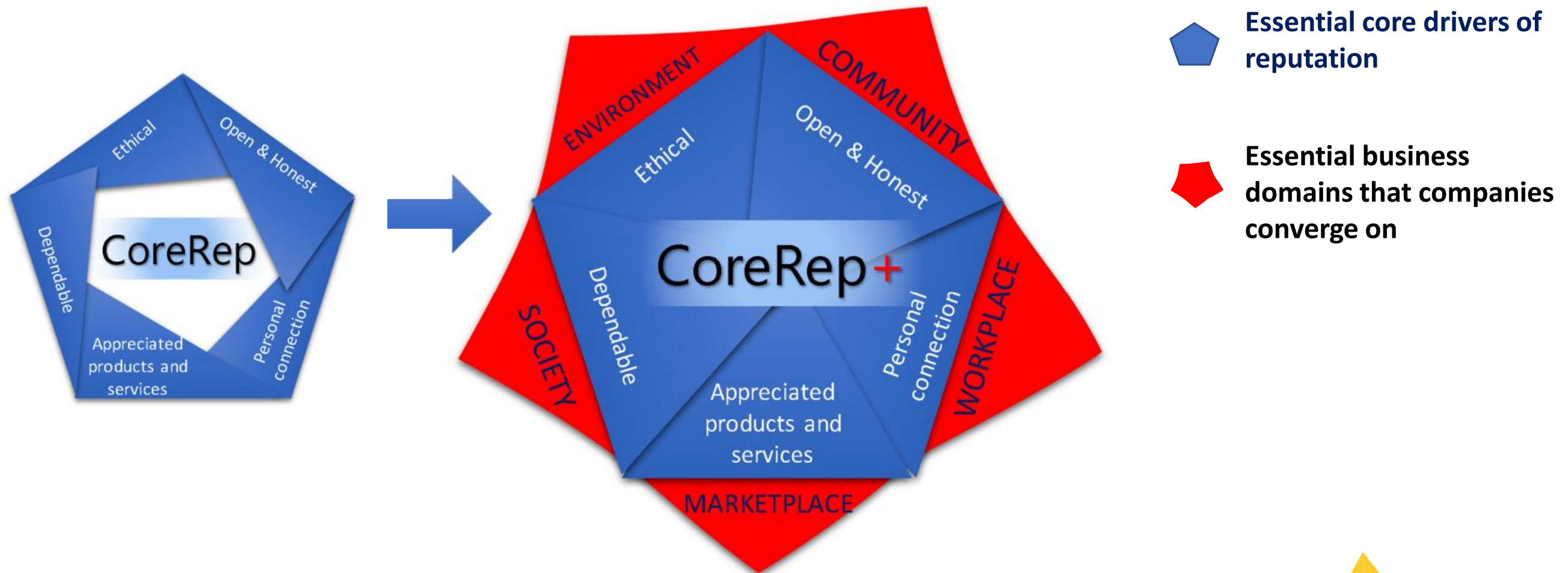
\*Core Drivers of Corporation Reputation: a multivariate analysis, Ponzi, Ph.D. and Liehr, Ph.D., 2017 Estimated Publication



# CoreRep+

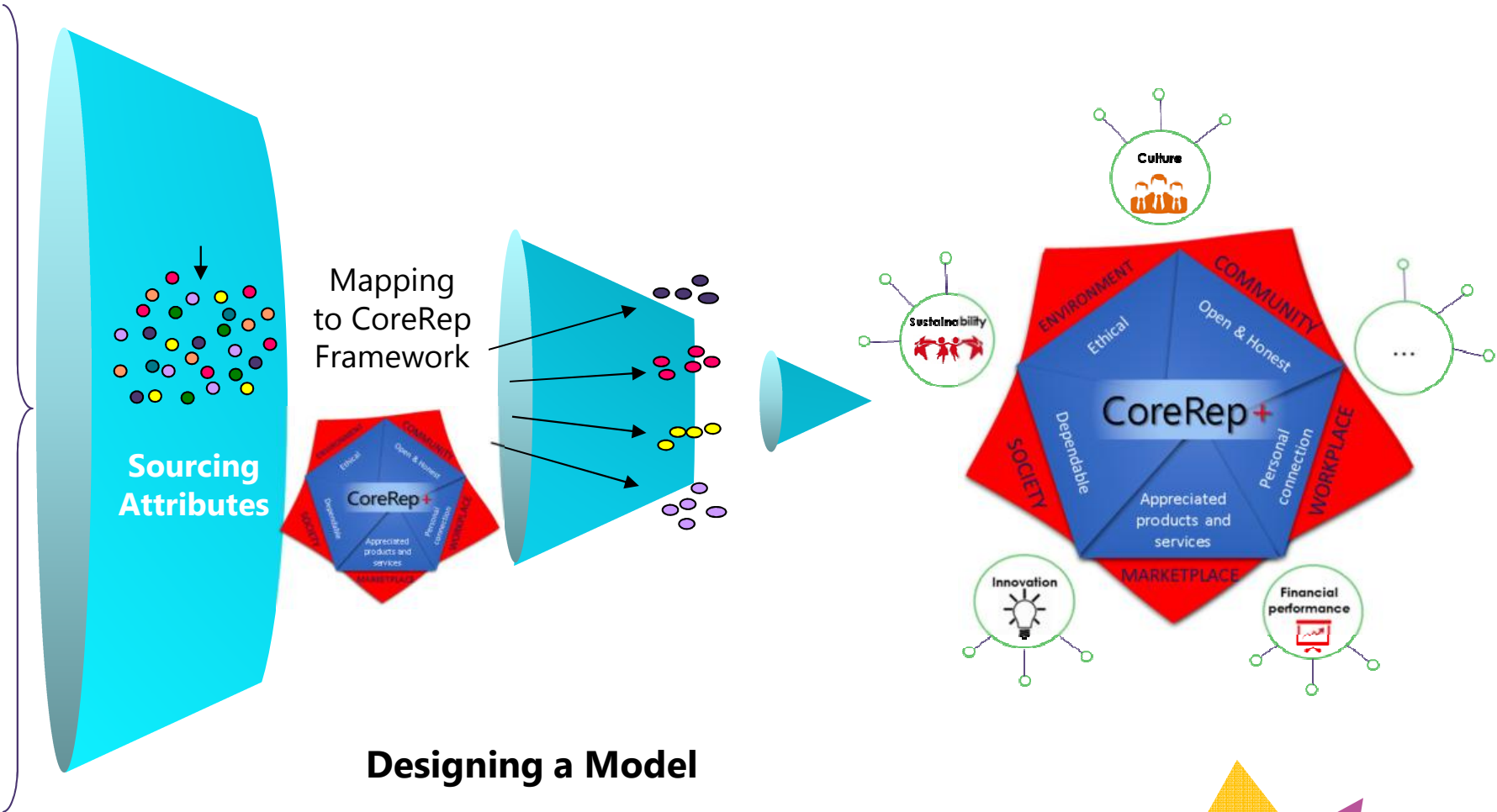
a framework for developing a bespoke model

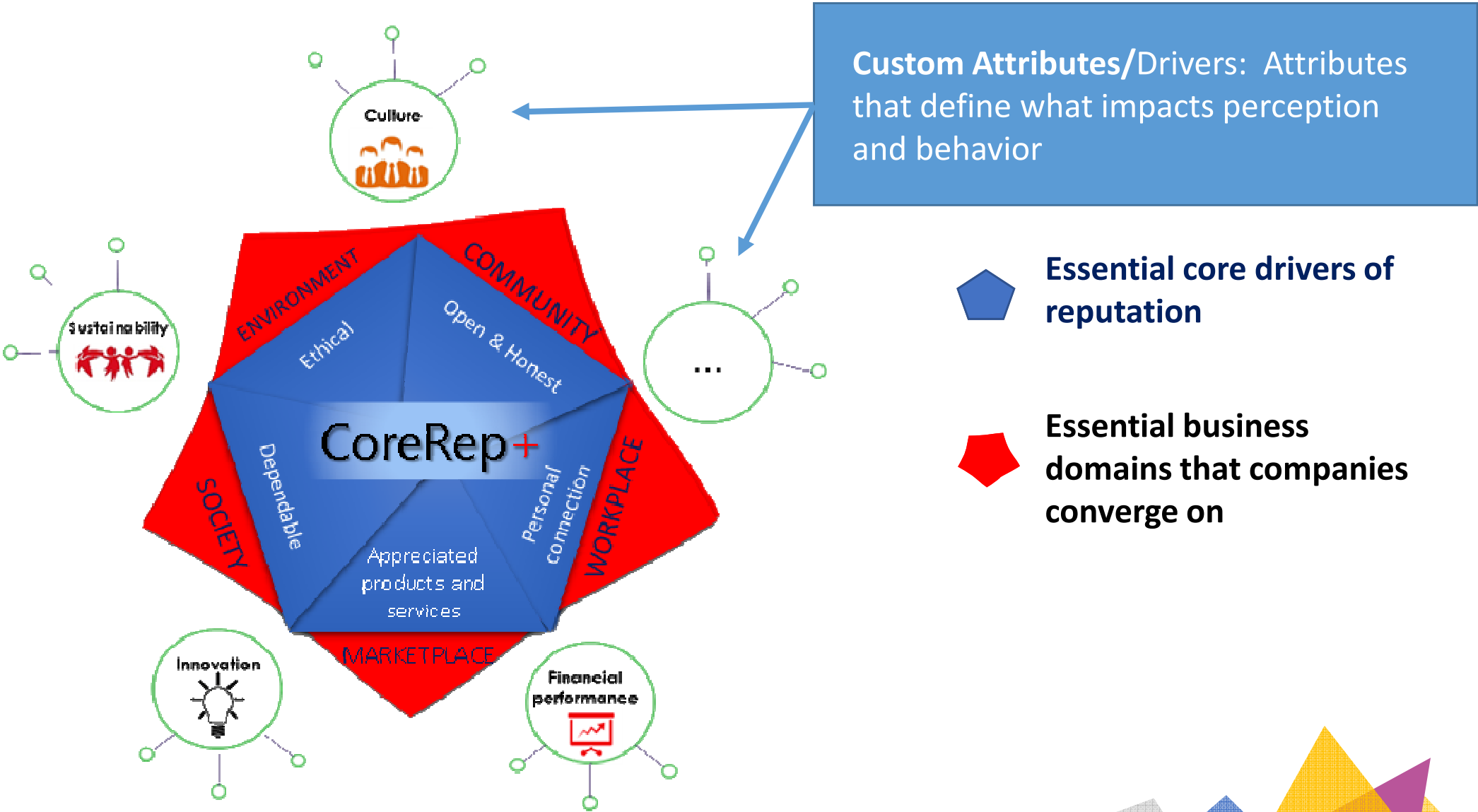
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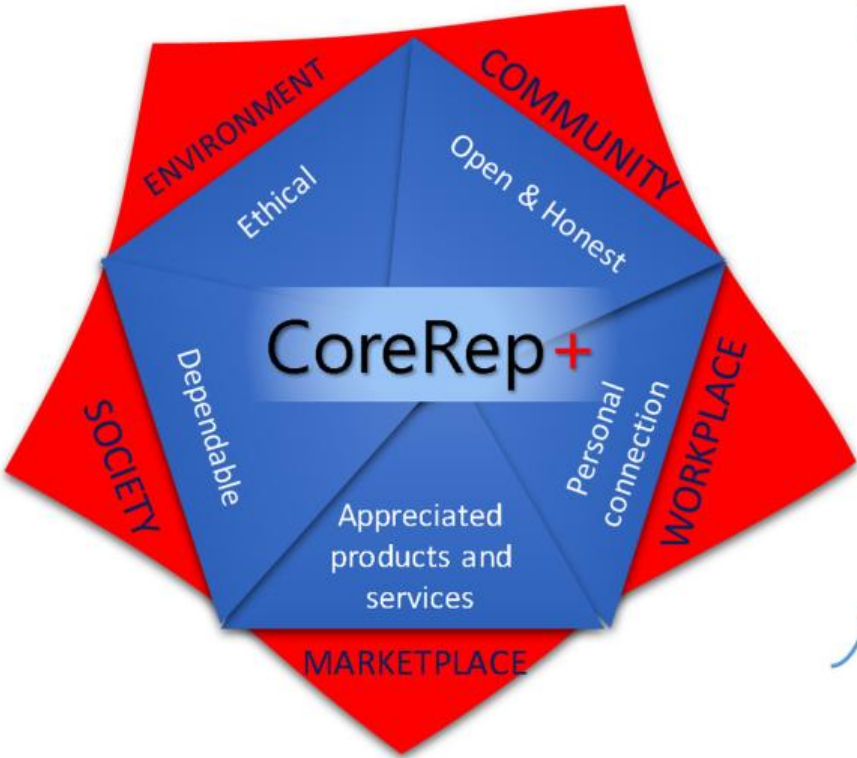
Internal & External Company Research

- Reputation ambition
- Reputation attributes from other tools
- Brand values
- Corporate messages / corporate stories
- Mission, vision, overall strategy
- Corporate communications output analysis
- Qualitative stakeholder interviews
- Analysis of previous research
- Media Review
- Benchmarks
- Academia





# CoreRep+ Expanded Analyses



**Behavioral intentions**



**Reputation metrics**



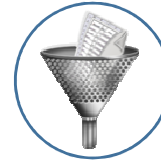
**Competitor benchmark**



**Touchpoint analysis**



**Engagement preferences**



**Materiality**



**Foresight**

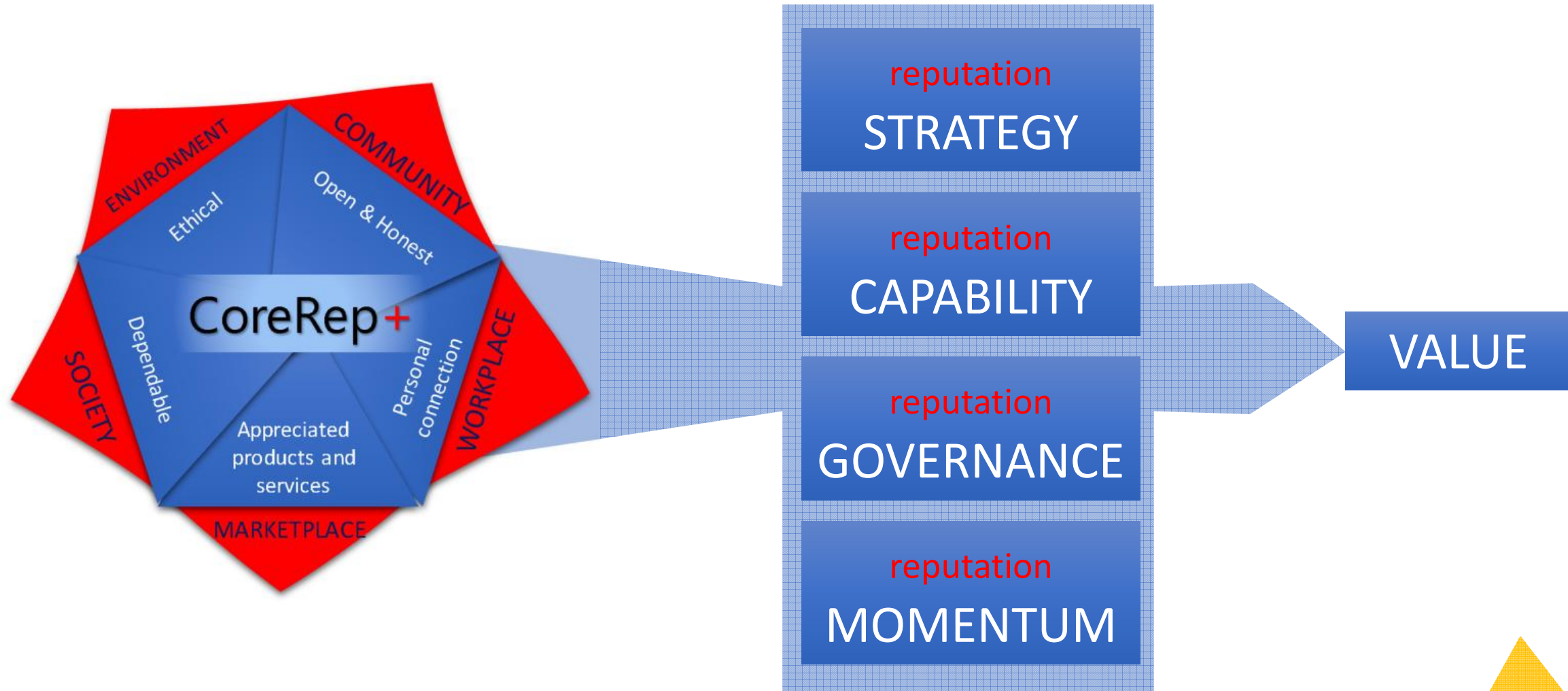
ReputationInc



# CoreRep+

A Reputation Intelligence System

ReputationInc

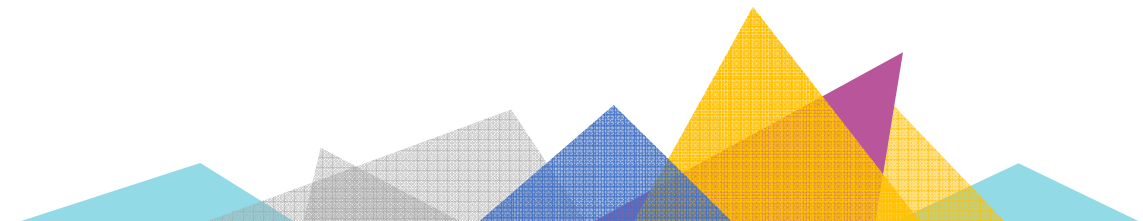


# Key Points:

**1. A Reputation Intelligence System with CoreRep+ at the centre is more flexible and responsive to measuring and managing corporate reputation than other commercial frameworks**

**2. It provides leadership with insights on market issues**

**3. It creates a better platform for engaging stakeholders and influencing supportive behaviour**



# Thank you

## For further information:

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