



# WHAT TO DO ABOUT Reputation Risk

*So you know that reputation is a strategic risk – but what do you do about it?*

Reputation isn't tangible, nor is it static. You can't 'manage' it in the same way you can physical assets.

Assuming you're serious about addressing reputational threats, there's a key question: what metrics do you use? How do you evaluate the risks and then ensure that the management team addresses them effectively?

Some metrics are proprietary, developed by companies who make a living by promoting and implementing their particular approach. That could be expensive.

It doesn't have to be that way.

There's a simple set of steps your board, or your board together with senior executives, can take.

It starts with taking a level-headed look at the environment you're operating in. Where might the risks arise, from whom? Don't forget to recognise that something totally unexpected might sideswipe you, too.

It can help to involve an outsider in this situation analysis: you might well be so close to your organisation's operations that you're a little blind to the possibilities.

Now think about where your key stakeholders fit in this environment. As you look at stakeholders, there will be some whose power and influence make them stand out above others.

Make a list of the top four or five. With some stakeholders, all you need to do is show consideration and meet their information needs. Other stakeholders will be 'determined detractors' – people who will never be on side, no matter what you say or do. Be nice to them and invest your energies elsewhere.

Then make your own assessment of where you stand with the key stakeholders. Is your reputation with them what you'd like it to be? If not, how big are the gaps?

Your benchmark needs to be your own list of what attributes you'd like to have associated with your organisation's reputation (which, by the way, is not the same as brand. Brand is the promise you make to your stakeholders, while reputation is their evaluation of your delivery against that promise).

For example, do you want to be seen as dealing quickly with the situation when things don't go right for customers using your products or services?

If this is not how your key stakeholders see you, there's a gap that needs to be bridged, and you can't do it with public relations. Operational steps will be needed.

Once you've made a list of where you stand with the major stakeholders, commission some qualitative research to test your findings. You may have had an overly rosy view: it's time to 'sanity check' it.

The next step is to do some scenario planning based around your findings so far. What would an optimal outcome look like with each of your key stakeholders? How exactly would it be different from your current situation? If you had an ideal reputation with those important to you, what would you be concerned about, compared with your current concerns?

Your scenario planning will provide some keys to designing gap-bridging strategies. A key question is not 'what's wrong now and how can we fix it?' but 'what's working well, and how can we amplify it?'

That's not a naive, glass-half-full approach. It's based on recognising that it's easy to get caught in a 'problem-solution loop': the more problems you find and solutions you develop, the more you find to deal with. It can be a never-ending spiral.

Thinking about what's working well simply puts a different perspective on things, one from which it's easier to identify how to address the issues you'll inevitably face.

Then you not only implement strategies and associated tactics but (and here comes the hard bit) monitor continuously. There's a somewhat outdated idea about 'reputation capital' - that if you are seen to do good long enough by the right people, you can build up a 'goodwill bank' to be drawn on in time of crisis.

That's fine as far as it goes, but it doesn't go far enough. Research suggests there is some shielding effect if you have a good reputation prior to a crisis. People are more willing to give you the benefit of the doubt, to see an event as a one-off rather than as systemic. They're less likely to walk away from you quickly, more likely to stay loyal.

However, reputation isn't like money in the bank. It changes as stakeholders acquire more information. In a 24x7 media environment, that can happen any time of the day or night. So one reputation audit will give you only a slice of life at a point in time. Ideally, you'll get your PR or research company to monitor it for you, week by week.

Of course, you could face reputation threats from people or events you never thought possible. Then it's a matter of looking past the immediate crisis response to implement longer-term reputation repair. There are recognised strategies for doing that. But don't wait for the crisis: start acting now to identify and prepare yourself to address the reputation risks in front of you.



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