

# REPUTATION LEADERS STUDY

How Global Executives Grapple with Today's Reputation Risks and Capitalize on Opportunities

March 2016

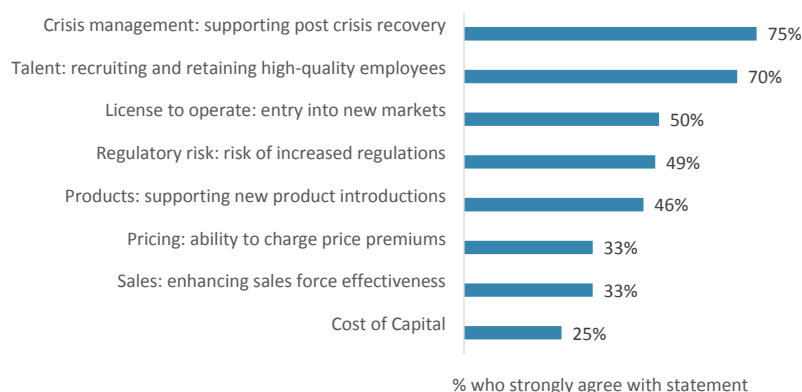
## Executive Summary

Reputation Institute surveyed 150 global executives in corporate communications, reputation management, strategy and the C-suite, to gain insights into current trends, practices and priorities in reputation management.

## Corporate Reputation as a Competitive Weapon

**W**hy do companies focus on corporate reputation? Reputation Institute's latest research study reveals the areas where reputation has the most business impact, according to corporate communications and reputation executives:

### Corporate Reputation Impacts my Company the Most in:



While crisis management remains a traditional area where communications executives consider reputation critical, they are also seeing the impact in many other areas – from obtaining the license to operate, to sales effectiveness and even the cost of capital for their company.

As communications and reputation executives evolve into multi-faceted strategists at their organizations, they play an increasingly important role in setting the strategy agenda for their companies, defining business positioning, and fostering employee empowerment.

## Reputation Drives Business Results

### Reputation Drives Support



Source: 2016 Global RepTrak® 100

Reputation Institute's extensive RepTrak® research into the connection between reputation scores and supportive behaviors of stakeholders has repeatedly shown a link between reputation improvements and increased willingness of stakeholders to support the company.

Companies with good reputations have created a "reputation buffer" for themselves, which can help them weather unexpected reputational crises and even emerge faster from economic downturns.

## Top Focus Area in 2016

The Reputation Leaders Study highlights the gap between companies with Strong/Excellent and Average reputations, based on their RepTrak® Pulse reputation scores:

- Companies with Strong/Excellent reputations are more actively measuring reputation among their key stakeholders, allowing them to shift focus to strategic activities that build on the reputation data, such as developing and articulating a cross-stakeholder narrative in their most important markets. These reputation leaders have built multi-stakeholder measurement programs that enable them to develop high-impact data-driven communication strategies tied to tangible business results.

## Areas of Focus in Corporate Reputation Management over the Next 12 Months



## Measuring Corporate Reputation: Getting to the Heart of Your Stakeholders

While most companies have some measurements in place to assess their reputation among their most important stakeholders, only 37% do it comprehensively/ to a great extent. The fact that two-third of companies in the study do not have comprehensive measurement in place means that their communications efforts and campaigns may not resonate as well as expected with their stakeholders, preventing them from achieving tangible business results.

On the other hand, companies that have formal reputation measurement systems in place are able to use reputation data to inform a wide range of business decisions, from business positioning and corporate branding to employee empowerment and specific product branding.

Most executives recognize that reputation has a tangible impact on company financials: 77% consider company's financial results among the metrics reflecting its corporate reputation

## Who Are the Core Stakeholders?

While Customers, Employees, Regulators/ Government officials and Investors/Shareholders are the most important stakeholder groups for all companies in the study, respondents from companies with Strong or Excellent reputations are also prioritizing the following two groups much more than their Average-reputation peers: General public and Supply chain partners. Measuring reputation among these two stakeholder groups is important for many reasons:

- Understanding what shapes reputation among the General public is key to staying in step with the emerging market trends, obtaining and maintaining the “license to operate” as well as understanding the true impact of corporate communications programs and campaigns.
- For companies with extended supply chains, understanding their reputation among supply chain partners can help improve supply chain efficiency and enable a more strategic approach to supply chain management in today’s supply chain dependent world.

### Stakeholder Prioritization



**Top stakeholders prioritized by companies with Strong and Excellent reputations:**

1. Customers
2. Employees
3. Investors/ shareholders
4. General public
5. Regulators/ government officials
6. Supply chain partners

## The Use of Reputation Metrics Is on the Rise

Reputation scores are becoming more widely used in measuring the effectiveness of corporate communications and reputation management initiatives. Two-thirds of companies in the study use reputation scores either “somewhat” or “to a great extent”, to evaluate the effectiveness of corporate communications and reputation management initiatives.

Reputation-related metrics are also becoming more widely used to evaluate reputation executives’ performance: 39% of companies in the study reported using reputational metrics “somewhat” or “to a great extent” to determine the annual compensation of their corporate communication and reputation management executives.

Once a company has identified its core stakeholders, utilizing reputation metrics is the best way to track the changes in sentiment towards the company among these groups.

## Turning Reputation Data into Action

### **Identify your company's key stakeholders and regularly measure your corporate reputation with these groups**

To keep a pulse on your corporate reputation and work towards achieving an excellent reputation, implement a reputation measurement system for the following stakeholders, as prioritized by the reputation leaders in this study: 1) Customers, 2) Employees, 3) Investors/ shareholders, 4) General public, 5) Regulators/ government officials, 6) Supply chain partners (especially important for companies with extended and outsourced supply chains).

### **Use reputation measurement data to shape data-driven communication strategies and refine the corporate narrative**

Companies with Strong and Excellent reputations utilize reputation measurement data to develop communication strategies that align with what matters most to their core stakeholders and tie directly to organization's business metrics, such as customer acquisition and retention, attracting talent, improving partner relationships and even increasing their stock price.

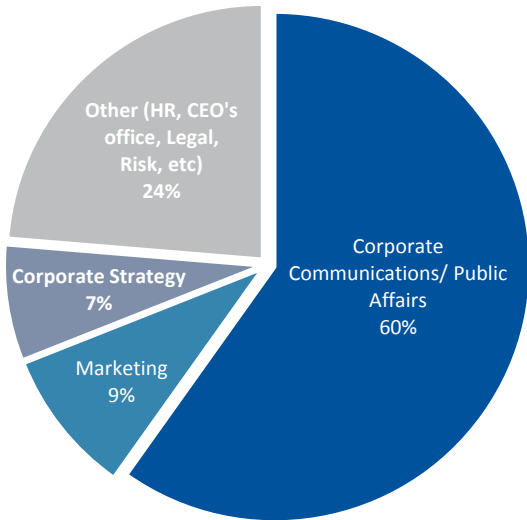
### **Treat corporate reputation score as a critical business metric**

Improving corporate reputation is key to growing your organization's intangible capital that can spur support across your stakeholder groups and serve as a mitigating buffer if your company faces an unexpected crisis. To successfully manage corporate reputation, reputation score must be treated as a critical business metric and included in the top executive's goals and priorities.

### **Measure the impact of changes in reputation scores on key business metrics**

Companies that are successfully managing their reputations are cognizant of the reputation scores' impact on other critical business metrics and continue to monitor all of these metrics in tandem, to ensure that reputation management strategies are achieving desired business goals. Making a consistent connection to a broader set of business metrics ensures that the topic of corporate reputation is a priority agenda item for your organization's top executives and that reputation management strategy is developed as part of the business strategy for the company as a whole.

### Functions Represented



### About the Reputation Leaders Study

RI surveyed 150+ senior Reputation and Corporate Communications executives across 20 countries, between Sept 2015 and Jan 2016.

Company sizes represented: Less than \$1 billion: 22%, \$1-5 billion: 28%, \$6-29 billion: 27%, \$30 billion or more: 23%.

Respondent companies are headquartered in: Europe: 56%, USA/Canada: 27%, Central/ Latin America: 13%, Other: 4%

Respondent titles: CEO/ President/ MD/ Owner/ Board Member: 4%, VP/ SVP/ CCO: 20%, Director/ Senior Director/ Head/ AVP: 39%, Manager/ Senior Manager: 23%, Other: 14%. "Other" titles included Brand/ Reputation Strategist, Reputation Officer, Communications Advisor, Marketing Leader, etc.

### About the RepTrak® Model

Reputation Institute's RepTrak® model for reputation measurement is structured around four core themes and seven dimensions of reputation. Together, these elements explain a company's reputation:

#### 1. Corporate Reputation

RepTrak® Pulse is the core of a company's reputation. It measures the strength of the emotional bond between the company and the public.

#### 2. Seven Dimensions of Reputation

Reputation Institute evaluates stakeholders' perceptions of company performance across seven reputation dimensions: Products and Services, Innovation, Workplace, Governance, Citizenship, Leadership and Performance. The individual dimensions have varying weighted importance in different industries.

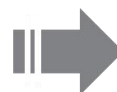
For more information, visit [ReputationInstitute.com](http://ReputationInstitute.com), and follow us on [LinkedIn](#) and [Twitter](#)

### The RepTrak® Model Summary

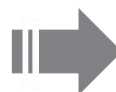
The RepTrak® System measures a company's ability to deliver on stakeholder expectations on the 7 key rational dimensions of Reputation



REPUTATION DIMENSIONS



REPUTATION (PULSE)



A company that delivers on expectations in the 7 domains will earn support from its stakeholders



SUPPORTIVE BEHAVIORS