Future-proofing reputation

Reputation has emerged as one of the major determinants of a company's success: managing it is a key role of the chief communications officer.

BY HERBERT HEITMANN

When you enter the communications world from an engineering world, as I did, you come from a world of numbers, equations and machines to a world of words, relationships and people. You also move from a world where you are trained to predict the outcome of your work ("*this bridge will not collapse*") and are held accountable for it, to a world where success can still be defined in hindsight, measurement is considered to be nearly impossible and, when things go wrong, a 'good' communicator can still explain it away. I've never felt comfortable with this and have consistently worked to change it. I believe that solving this is a necessity if you want to be seen as a professional by your peers at the management table. No other discipline is allowed to come to that table without clear parameters defining success.

Over the nearly 25 years of experience, having worked as a chief communications officer (CCO) I therefore developed an approach to reputation management. This proved to be applicable in three very different industries – in the software industry with SAP, in the energy industry with Shell and most recently the life-science industry with Bayer. The sector diversity, disparate strategies and unique cultures lead me to believe this approach can be universally applied.

Here I outline the essence of this approach via a 10-step plan to steer the reputation of a company in a predictable way. In each case where this approach was applied, the measured net-value of the desired reputation doubled in less than three years without a single additional resource. What are these 10 steps?

1. Brand and reputation need to be considered in early business decisions. First and foremost it's important that we are at that famous table where and when business decisions are made. Equally important is to make full use of that seat up to the consequence of leaving it should you not be able to make full use of it. I've left that seat and my job on two separate occasions for exactly that reason and in hindsight it was the right thing to do. More notable are those critical instances when it worked very well. A good example is Royal Dutch Shell. Shell wanted my team and I to position the company as "the most innovative energy company". We had great stories and strong proof points. However, on a few occasions a couple of barrels' worth of oil escaped from an aged pipe in the North Sea. This unfortunate leakage was covered by the legal permit and of course the scientists could prove the negligible impact on the environment, but it was simply not legitimate for a company that aims to be respected as the most innovative energy company. Hence, my team and I raised this point to the management by showing data supporting the devastating impact on our desired reputation. As a consequence, the business committed billions to overhaul the pipeline grid which helped the whole company to finally be seen as a truly innovative energy company.

We live in a world where compliance with all legal requirements is mandatory yet no longer sufficient. We all have our legal licence to operate, but many still struggle to also obtain the societal licence to operate. Today, ensuring this licence is a key role for every chief communicator. And that's why we need to have that seat at the table. It's not a question of title or status; it's a question of influence at the earliest stage. This requires a direct line to the chief executive.

"The business objective, the business strategy and the brand promise should remain in sync."

The communicator's ideal trifecta should be that the business objective, the business strategy and the brand promise remain in sync. When misaligned, steps must be taken to ensure that these elements ultimately fit .

2. The gap between brand promise and stakeholder experience should be minimal. A well-defined brand is the quickest and most efficient form of communications. In the blink of an eye you might catch a glimpse of a brand on a billboard along the highway that immediately triggers all kinds of associations. The downside is that it is very expensive to build and – if you are an old brand with its ups and downs across the years – very difficult to control what your stakeholders associate with your brand. In the case of Shell, its brand, symbolised by the iconic pecten in yellow and red, was broadly associated with the retail station. However, this was only 10 per cent of the business. The 90 per cent of truly innovative work was hidden. At Bayer, the public associations stretched from aspirin, polyurethane, polycarbonate, the history of IG-Farben, inventions ranging from heroin to Xarelto, and today's life-science products. In this case, it was very important to redefine the brand.

The brand is your promise, but, just as in real life, the experience is what matters the most. This is the basis of all that we do. It's also the only part where we, as communicators, usually have the least amount of influence. Nonetheless, if something goes wrong here, it is immediately visible. Today, more than ever before, a single bad experience, shared in a social peer network, can attain worldwide visibility with high credibility. And that's when your reputation suffers.

Brand and reputation is our domain. But the lever that defines how good or bad your reputation can be, is the potential gap between your promise (brand) and the experience of your stakeholders.

3. Be fully aware of the dark side of your brand. If you want to manage the reputation, you need to be aware of the dark side of your brand, your company, your executives or your products. You should be familiar with all the 'skeletons in the closet', the issues that exist, the scandals of the past, your enemies out there and what they might say, your negative legacy or popular misconceptions.

At SAP this was the always-challenged usability by the end users, the costs of large SAP implementations, the notion of the company as "yesterday's great software company" or of being "just another IT commodity". At Shell this was the Arctic, climate change, CO_2, Nigeria and fracking. Finally, at Bayer, it was bee health, endocrine disrupters, GMO, drug side effects and access to medicine

For the CCO, the problem is always the same: you have little credibility in dis-

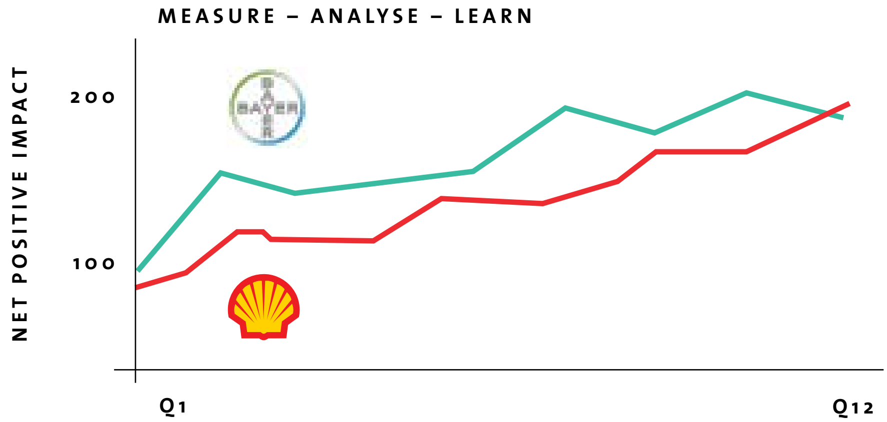

Figure 1 (see point 10, "Celebrate success, learn from failures.") / Source: CARMA

puting these 'dark sides' of the brand. You need a lot of resources to slightly improve the situation, but even in the unlikely event of zeroing this, it still doesn't mean you are done. These issues are just the headwind that defines how much more you need to do to get from A to B. If your objective is B, getting there requires heavy lifting. You need to develop the story, the messages and proof points yourself.

4. Develop your story, your messages, your references and your visuals. This story is strongest when you can articulate a higher purpose that is bigger and more aspirational than just maximising shareholder value. It is tremendously useful if you happen to be successful in what you are doing, but sometimes it requires you to highlight that success yourself. Bayer quietly became for the very first time the most valuable company in Germany's prime stock index DAX. It was only after we emphasised this fact that it became common knowledge. It's your job to explain what your products are actually doing and why people benefit from them. Show your leaders as the humans they are and the motivated people that work hard every day to make the brand promise become true.

5. Find others to talk your talk, while you walk. You need to know your story, but it's much more effective to find others to tell it. A press release is a nice thing to have, sometimes it's even legally required. Yet in most cases this standard tool becomes a barrier preventing people in your media relations team from effectively engaging with real influencers on story ideas. Most often, it is written with lawyers looking over your shoulders, who take out most of the newsworthy information. Shutting down the press-release factory and encouraging your team members to go out and engage can have a liberating effect.

Once you go out there, where do you go? The types of influencers out there these days are also more diverse and manifold than ever before. Aside from the classic top-tier media, you will find trade press, analysts, government officials, NGOs, academia, investors as well as bloggers, YouTubers, Twitters and so on. In addition, not to be taken for granted are your employees, neighbours, customers or users of your products

The reality is that any one of them has more credibility than you. Trust barometers show this again and again: your company, your executives, you as a spokesperson, have the lowest credibility when it comes to your organisation. So let the others talk your talk.

6. Pick the toughest to influence and the easiest to monitor. With all these new influencers come different channels, platforms and interfaces. It can easily become distracting if not down-right overwhelming. That's why you need to monitor how good you are at engaging with them. These days, if you have unlimited resources, you can measure more than ever before. Most important is to focus on the analysis of the results that lead to actionable next steps.

7. Engage with all, but measure only with Tier 1 media. You should plot your stakeholder analysis along two axes: "difficulty to influence" versus "easiness to monitor". In my experience, despite all the new media and new types of influencers, independent tier-one analysts, investors or journalists remain the most difficult to influence. They don't easily "buy" your story and the print editions of tier one media have the most limited space. If you can get your story into the New York Times, The Wall Street Journal, The Guardian or Der Spiegel, it is highly likely that you can also get it into any other channel. Unfortunately the other way round does not work. Ensuring that a blogger, a YouTuber or a tier-three trade publication buys your story does not make it more likely that tier one media will follow. Don't get me wrong, we have to deal with all types of influencers, but the toughest hurdle remains the tier-one print media. These stakeholders can still be used for the most meaningful indicator.

8. Measure net-impact in major markets, vis-a-vis competition and more than once a year. Applying the above tactics, you have your story, it's covered by the brand and you have identified the toughest targets. Now you need to pick your measurement: what are the criteria? It's important to measure the impact of your messaging on stakeholders. Impact is defined as whatever sticks with them and how strongly. This is more than just favourability, reach or volume. You need to a) measure both, good and bad coverage, b) monitor your competition in all key markets, and c) assess the above on a quarterly basis.

Which leads to the toughest criteria: affordability. Aim to restrict your investments in measurement, clipping and monitoring below 10 per cent of your budget, unless you have bolder growth targets.

9. Let the business define what success means beforehand. Now the gates open, but remember that it's important to declare what success means beforehand. So go to your boss and ask what messages they would like to read in the publications or hear from the stakeholders. Be prepared to discover something out of the ordinary. Every CEO or business leader can immediately tell you what they hate to read, but it can take them much longer to define what they would love to read. To be fair, one of the reasons why it takes them so long are the feasibility tests that you have to apply. Is it realistic that such a message can appear? Can you provide evidence? Is there an independent third party out, who would support such a statement? And you should be able to support those messages with facts and audiovisual content designed to be shared. And then you commit to a target: "we will grow the net-positive impact of our global coverage that is on message by XY per cent." It doesn't matter what number you put in, because when you start, you have no idea of what an ambitious target is. I have seen more than 100 per cent growth in the first quarters because teams are all of a sudden aligned, feel encouraged to engage *and* have useful content.

The biggest challenge is the internal reluctance towards this high degree of transparency and the fear that those numbers impact the individual bonus payout. The typical arguments you'll hear may go something like this: "You cannot measure what I do, because most of my time, I am avoiding bad press" (Your answer: that's why we look at good and bad stories). Or "You picked the wrong service provider" (Your answer: let the team pick the provider, but insist on the criteria). The teams might also start engaging with the measurement service provider instead of the media, which is why you need to channel this relationship.

After three quarters, a healthy competition between key countries or the different businesses begins to emerge and that's when you really make progress.

10. Celebrate success, learn from failures. Figure 1 on the previous page shows quarterly development of CARMA IQ Scores for Shell and Bayer. On average, strong growth that led to a doubling of the impact of the net-positive coverage in key media of key markets around key messages over a course of 10-12 quarters. SAP data could not be retrieved; however, similar improvements were gained.

It's normal that you see the strongest growth in the beginning, then over time it becomes more and more challenging to keep the momentum. It requires hard work by all your teams worldwide. My experience is that countries that are further away from headquarters particularly appreciate this transparency and contribute with great pride. Japan, China and Australia for example, were the stars both at Bayer and at Shell.

A good reputation can provide a strong buffer for mishaps, but it requires constant hard work by the global team. The better the reputation, the more effort required to maintain it; otherwise it descends like an airplane with a released throttle. Success is always a good reason to celebrate, but the analysis of failure provides valuable understanding of where and how to further improve. You now have all the tools and insights to successfully drive the reputation to where you promised it to be. And your peers at the management table start seeing you as a true professional rather than a mysterious artist. ●

THE 10 STEPS

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4. Develop your story, your messages, your references, your visuals...

5. Find others to talk your talk, while you walk it.

6. Pick the toughest to influence and the easiest to monitor.

7. Engagement with all, but measurement only with #6 for success indication.

8. Measure net-impact, in major markets, vis-a-vis competition and quarterly.

9. Let the business define what success means, beforehand.

10. Celebrate success, but more importantly, learn from failures.

Photo: Priivate

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