



CCI SYMPOSIUM ON REPUTATION MANAGEMENT

“What’s Reputation Got to Do with It?
A Heretical Perspective”

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SIX MAJOR PROBLEMS WITH REPUTATION MANAGEMENT

- * It's undefined.
- * The wrong people are speaking.
- * Its measures are unreliable.
- * Its measures are invalid.
- * It's the wrong concept.
- * Reputations generally can't be "managed," in any substantive sense.

Otherwise, it's a great idea!

LACK OF DEFINITION

- * Image?
- * Identity?
- * Brand equity?
- * Something else?


Example: Reputation is NOT market Capitalization minus book value.

MANY OF THE “EXPERTS” AREN’T

* Why would PR follow the lead of an HR person?


Example: “Six key literatures are converging on reputation management – economic, strategic, marketing, organizational, sociological and accounting.”

Not corporate communications/PR?!



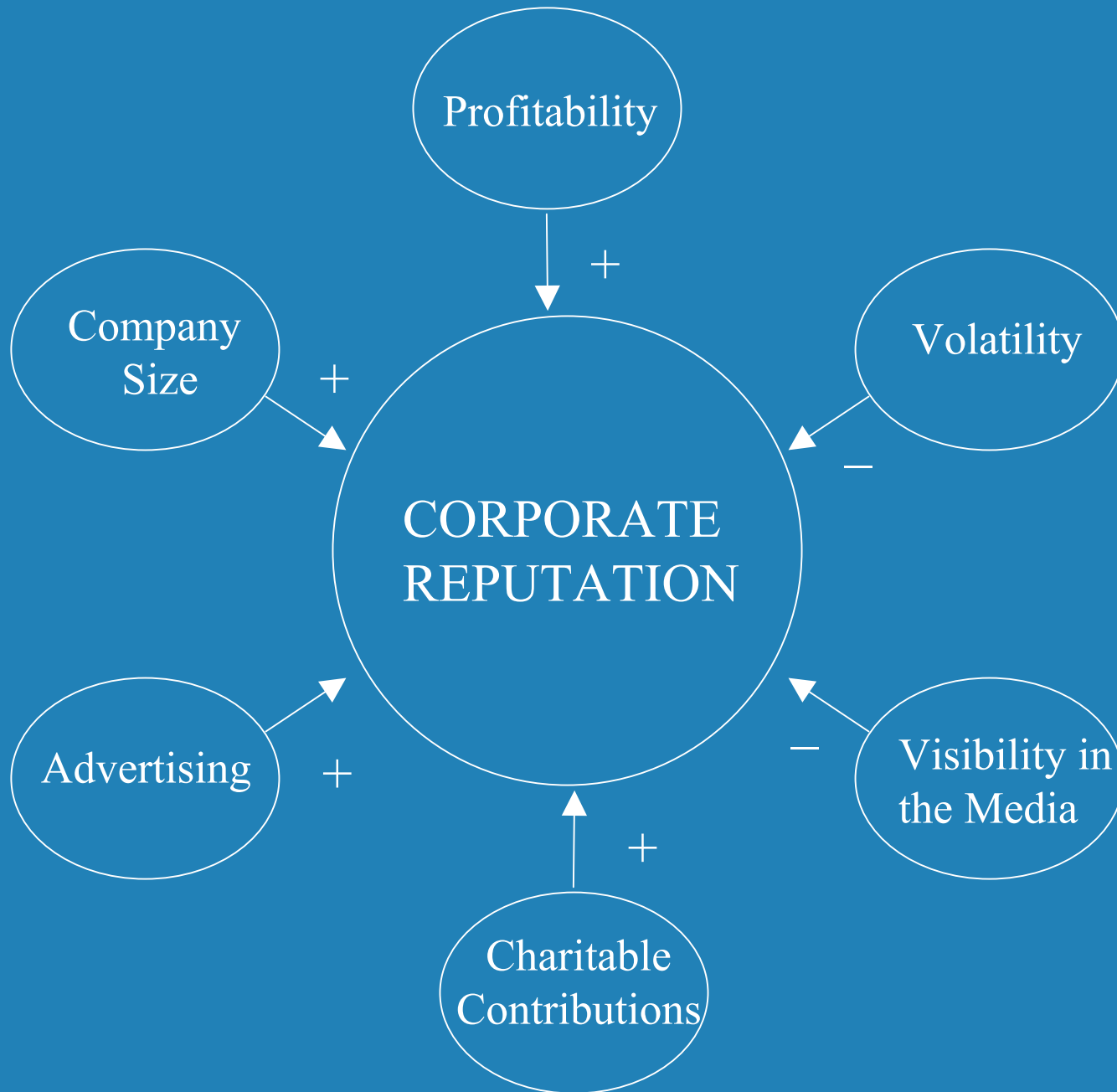
“...Newspaper write-ups – whether positive or negative – do little to help a company’s reputation. The lower a company’s visibility in the media, the better its reputation.”

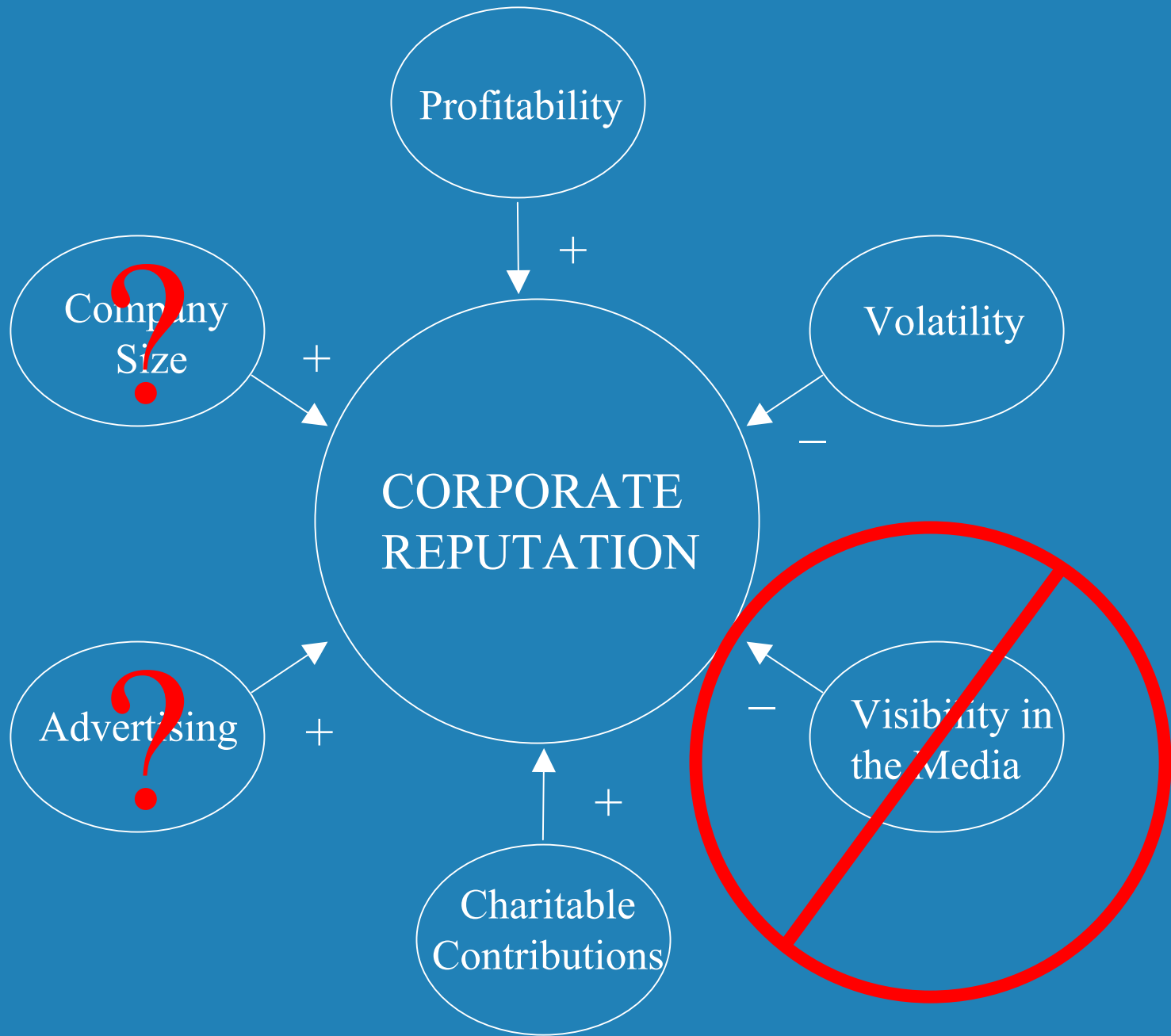
from Reputation by Charles Fombrun



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UNRELIABLE MEASURES

- * Very weak and very inconsistent findings
- * Enron was the most innovative company in the U.S. – last year

INVALID MEASURES

Examples:

- * No “construct” validity
 - e.g., presumed correlation with profitability
 - e.g., Fortune’s do-it-yourself rep. mgmt.
 - e.g., profits = reputation = profits (?!)
- * No “discriminant” validity
 - e.g., confusion about “brand equity”



MARKETING'S METRICS FOR BRAND EQUITY

- price premium
- line/brand extensions
- customer referrals
- time-to-adoption
- % of purchases in product category
- share of market
- share of customer

PR should develop and standardize similar measures for non-customer stakeholders.



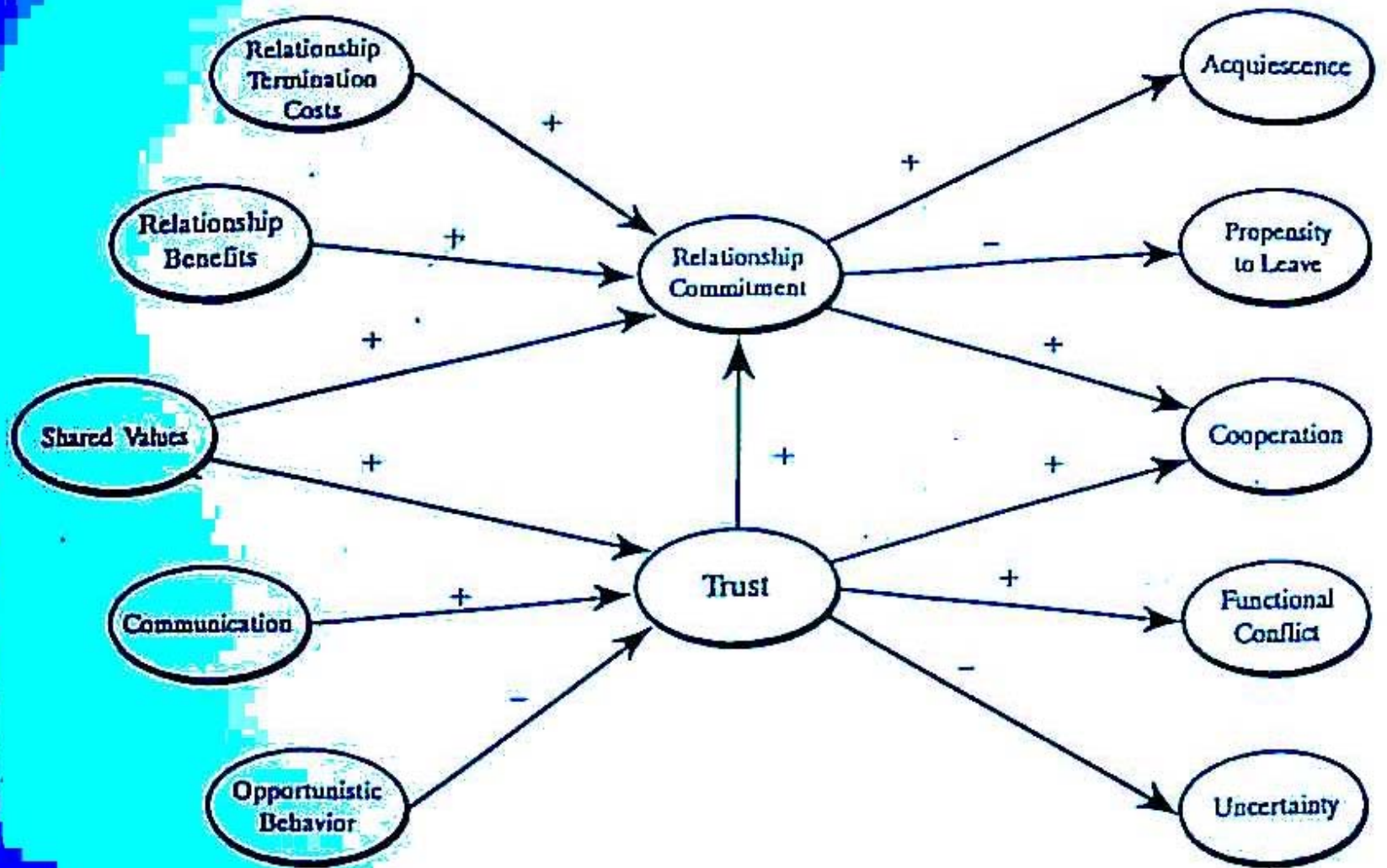
POTENTIAL PUBLIC RELATIONS METRICS

- ability to attract/retain good employees
- ability to attract/retain good business partners
- ability to enter new markets
- leverage with unions
- leverage with governments/politicians
- leverage with media
- communication's effects on cost of capital
- communication's effects on stock price

THE WRONG CONCEPT

- * Reputations relate to “strangers”
- * Relationships relate mostly to “friends”
- * Brands relate to both “strangers” and “friends”

- * Brands and relationships are more important than reputations
- * Relationships should be the primary focus of communications/PR
- * Why would communications/PR abandon relationships?!





REPUTATION *MANAGEMENT*?

- * What *isn't* included in reputation management?
- * Not under the control of PR/communication.

A MAJOR CONCERN

“Reputation management” probably should play a significant role in communications/PR, but may be consigned to the junkyard of hype if it doesn’t develop more substance soon.

THE HYPE MACHINE

- * Business portfolio matrices
- * Theory Z
- * The One-Minute Manager
- * In Search of Excellence
- * Re-engineering the Corporation
- * The Discipline of Market Leaders
- * The New Economy (Wal-Mart, Exxon, GE)
- * CRM
- * Reputation management?

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The end – for now.