

Reputation Measurement Tools In Action

How to engage with senior management

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Echo Research Reputation & Communication Analysts

ABB

Allied Domecq

BAE SYSTEMS

BBC

British Airways

BT

Commerzbank

Daimler Chrysler

Disney

Dow Jones

EADS

Eli Lilly

Ericsson

Financial Times

Hewlett Packard

IBM

J P Morgan Chase

Novo Nordisk

Norvatis

Pfizer

PricewaterhouseCoopers

Rolls-Royce

SABMiller

Shell

Siemens

Swiss Re

Zurich Financial Services

UNAIDS

UPS

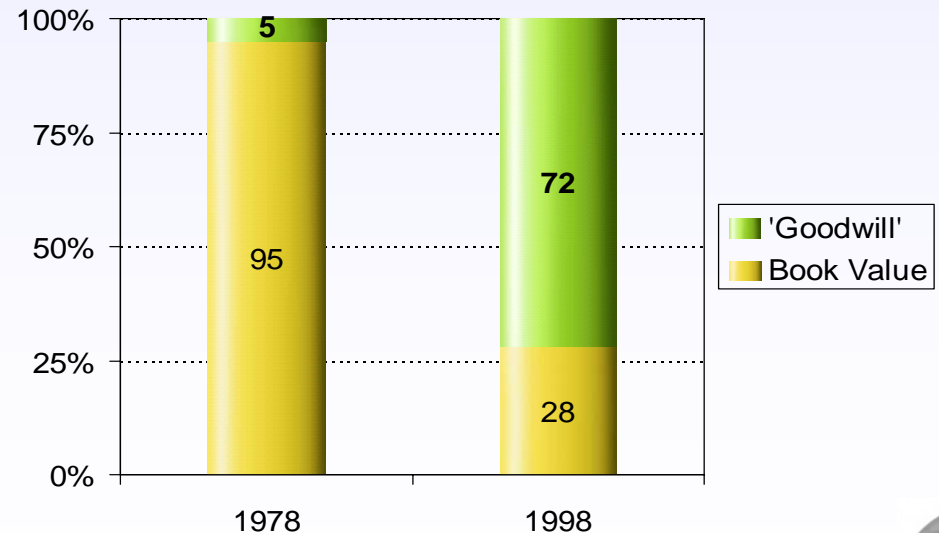
WWF



Senior Management More Aware

Driven by Risk and Reward :

- Heightened concern about 'risk' and corporate governance compliance in the light of recent corporate scandals
- The 'holy grail' of value creation has shifted the focus to 'intangibles', such as reputation and relationships because this is where the 'value' is seen to reside



Comparison of market value with book value for 3,500 US companies over the period 1978 - 1998

Source: Fortune, April 16 2001



But...

“...The environment, diversity, human rights, the community – these used to be soft issues. Now they are hard issues: hard to ignore, hard to manage and hard for businesses that get it wrong”

David Grayson



Against a backdrop of Complexity

- **Changing expectations: $C=P-E$**
- **Death of deference / loss of trust / credibility**
- **Media channels - radio/press up 215%, TV up by 1,525%**
- **Inter-connectedness**
- **Greater duty of care**



Common Concerns

- **Dissonance between external and internal perceptions**
- **Focus on quarterly reporting / compliance/fire fighting (busy on the immediate, not the important)**
- **Loss of reputation - corporate AND personal**



Communications Research is Changing

From

To

Evaluation



Planning

Ad Equivalence



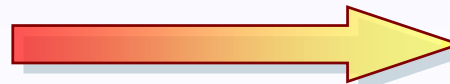
Issues/Risk Management

Justification



Management Education

Publicity ROI

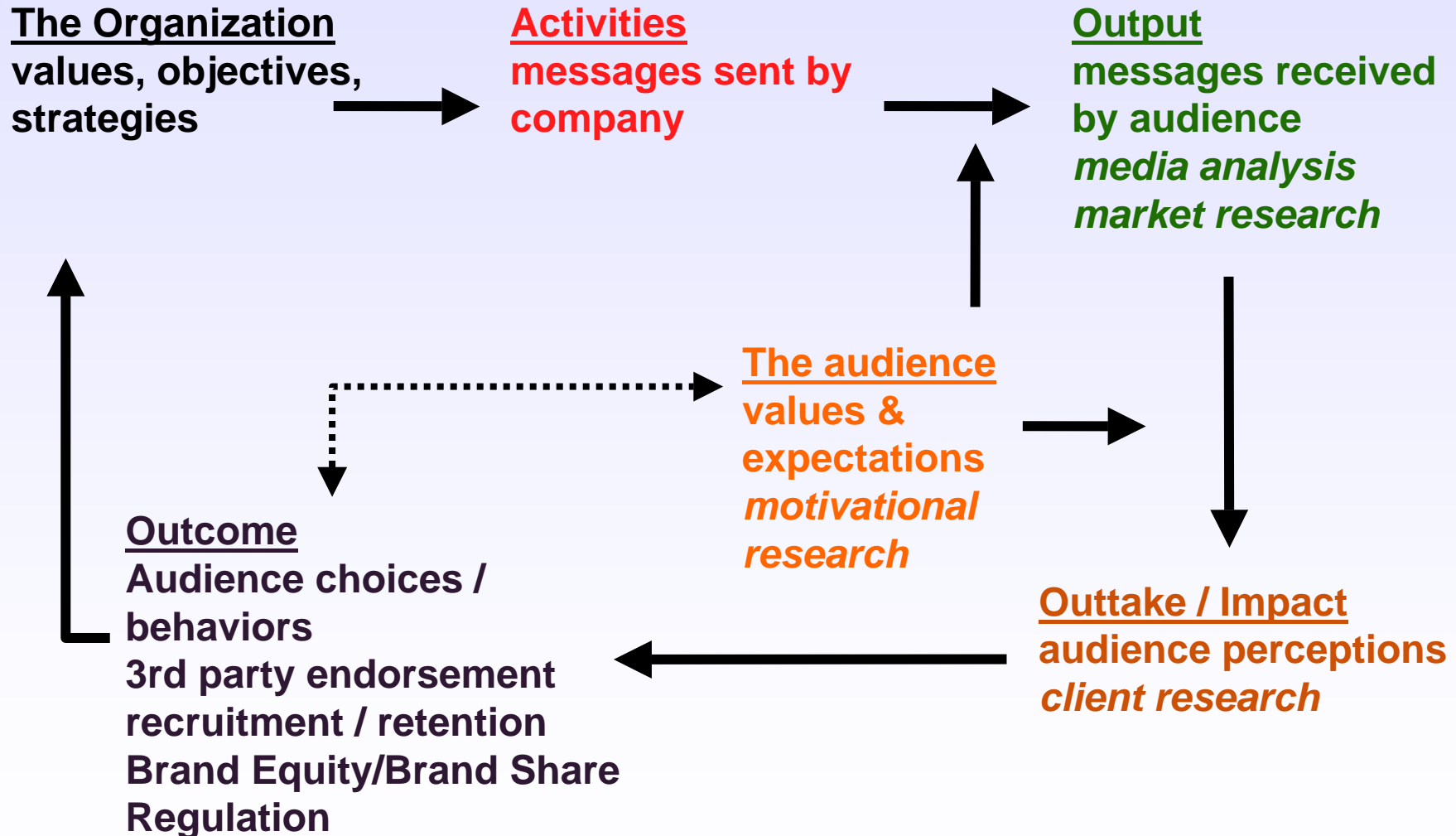


Licence to Operate

Seat at the Top Table



Strategic Importance of PR



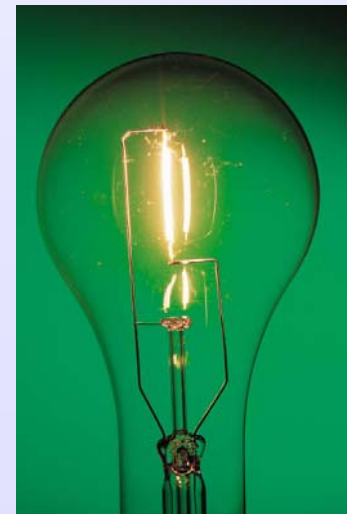
How can we engage with senior management?

- 1. Structure thinking around reputation**
- 2. Look at broader picture**
- 3. Connect with market sentiment**
- 4. Map risk and influencers**
- 5. Embed the learning to drive action**



1

Structure Thinking Around Reputation



Developing understanding

- **Reputation is not an ‘asset’ in the traditional sense**
 - it cannot be ‘owned’ or ‘controlled’ by an organisation.
- **It exists in the minds of a myriad of stakeholders and ‘influencers’ and is based on a summation of influences:**
 - direct customer experiences
 - employee advocacy
 - direct Communication
 - indirect Communication

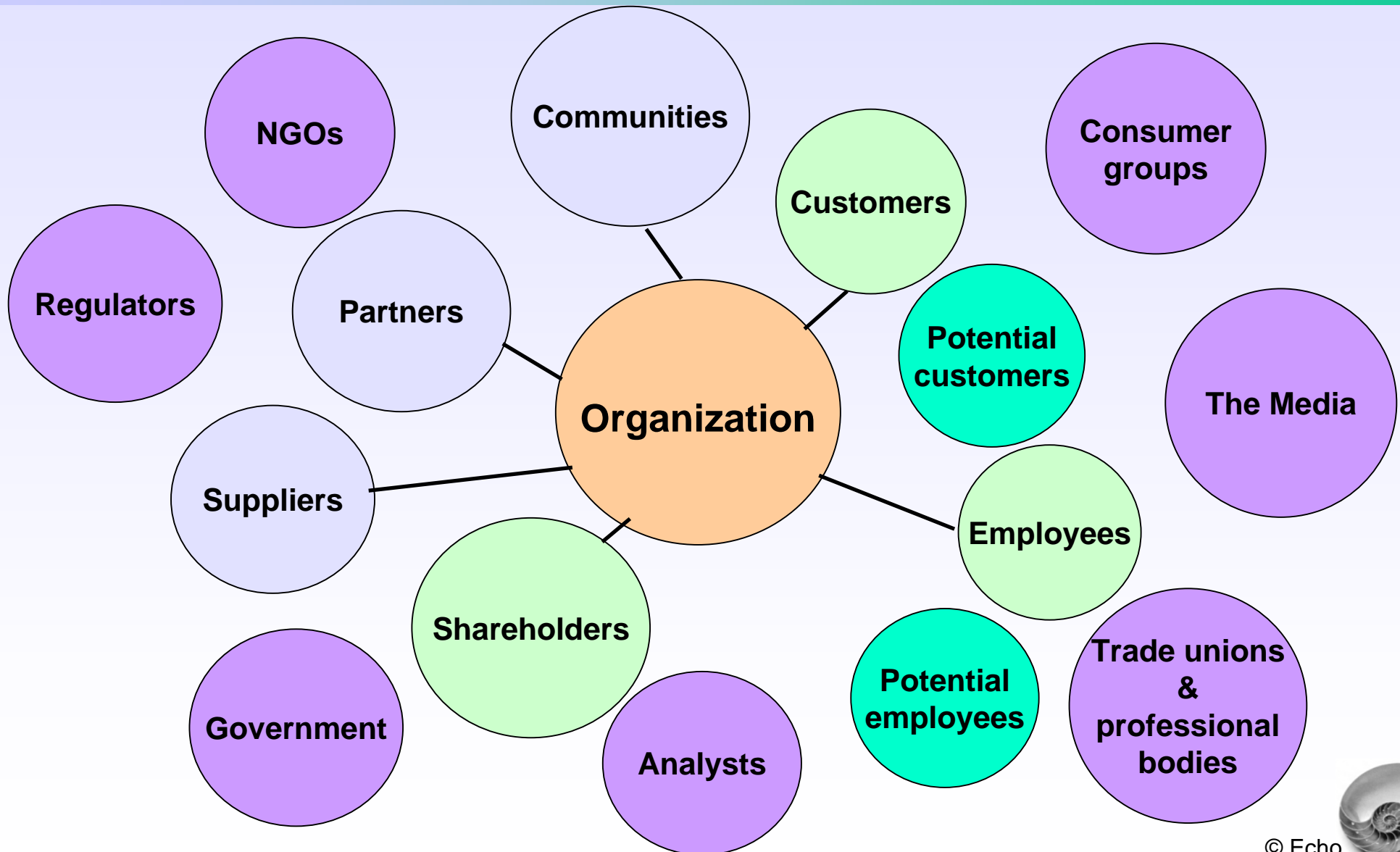


Research the Reputation Drivers

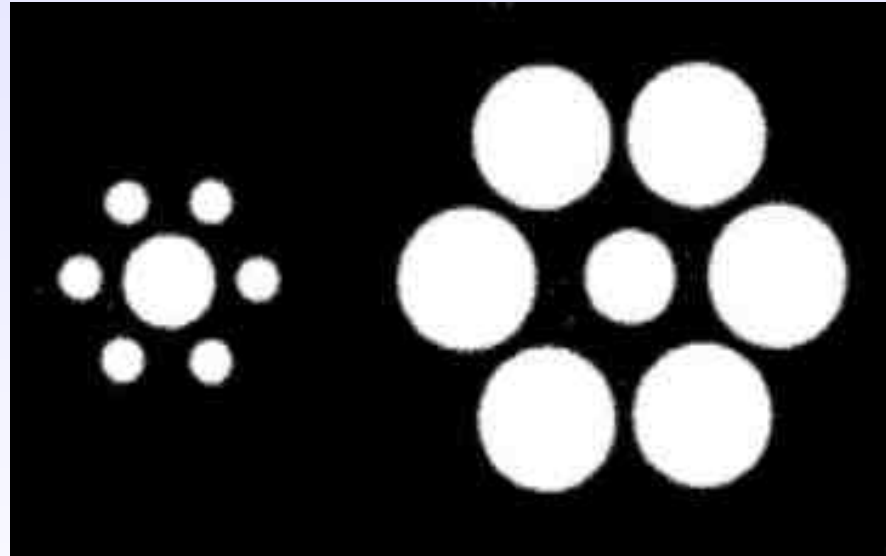
Reputation Institute www.reputationinstitute.com/sections/who/rifactsheet.pdf	Fortune: Most Admired www.fortune.com/fortune/mostadmired	Management Today www.clickmt.com	Tailored (Echo client)	Judge Inst. of Mgmt Cambridge www.arlobrady.com	"INVISIBLE ADVANTAGE" Cap Gemini Ernst & Young	Dow Jones Sustainability Index ** www.sustainability-index.com	FTSE4Good www.sustainability-index.com
Leadership	Management quality	Management Quality	Vision & leadership	Leadership, vision and desire	Leadership		
Product Performance	Product / service Quality	Quality of goods and services	Products & services	Quality	Quality Customer Brand Equity		
	Innovation	Capacity to innovate	Innovation		Innovation		
Workplace Environment	Acquiring & keeping talent	Ability to attract / keep talent	Workplace environment	Knowledge and skills	Human Capital Org Culture	Social	Social
	Value as long-term investment	Value as long-term investment			-		
Financial Performance	Financial strength	Financial soundness	Financial performance	Financial credibility	-	Economic	Economic
Social Responsibility	Commitment to community & environment	Community / environmental responsibility	CSR	Social credibility Environmental credibility	Environment	Environmental	Environmental (controversial)
	Use of corporate assets	Use of corporate assets			Technology		
	Global business acumen				Intellectual Capital		
		Quality of marketing			Communication		
			Corporate Ethics		Transparency		
				Emotional connections			
					Alliances		



Stakeholders: A complex network of relationships & influence



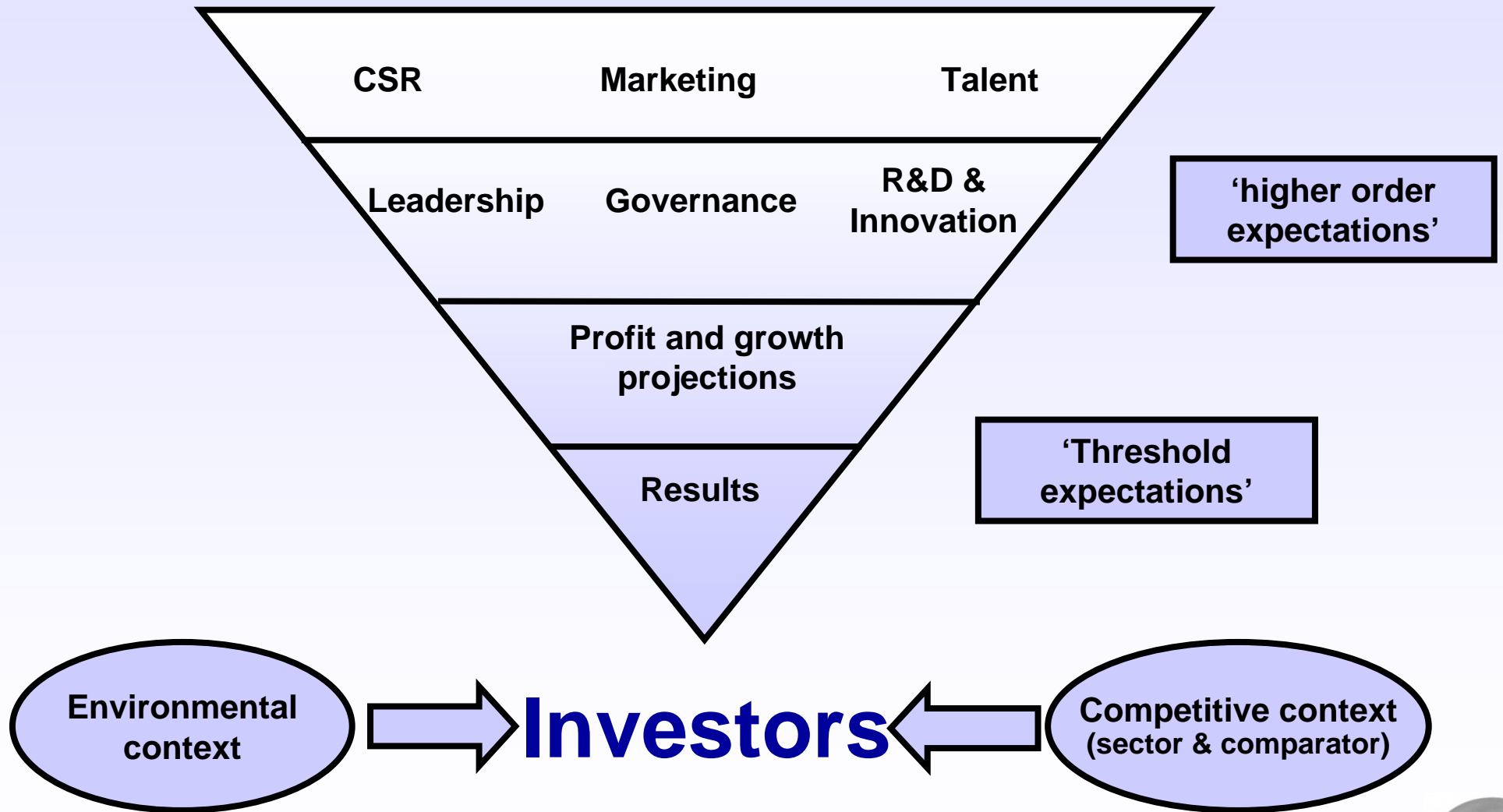
Perception is reference dependent



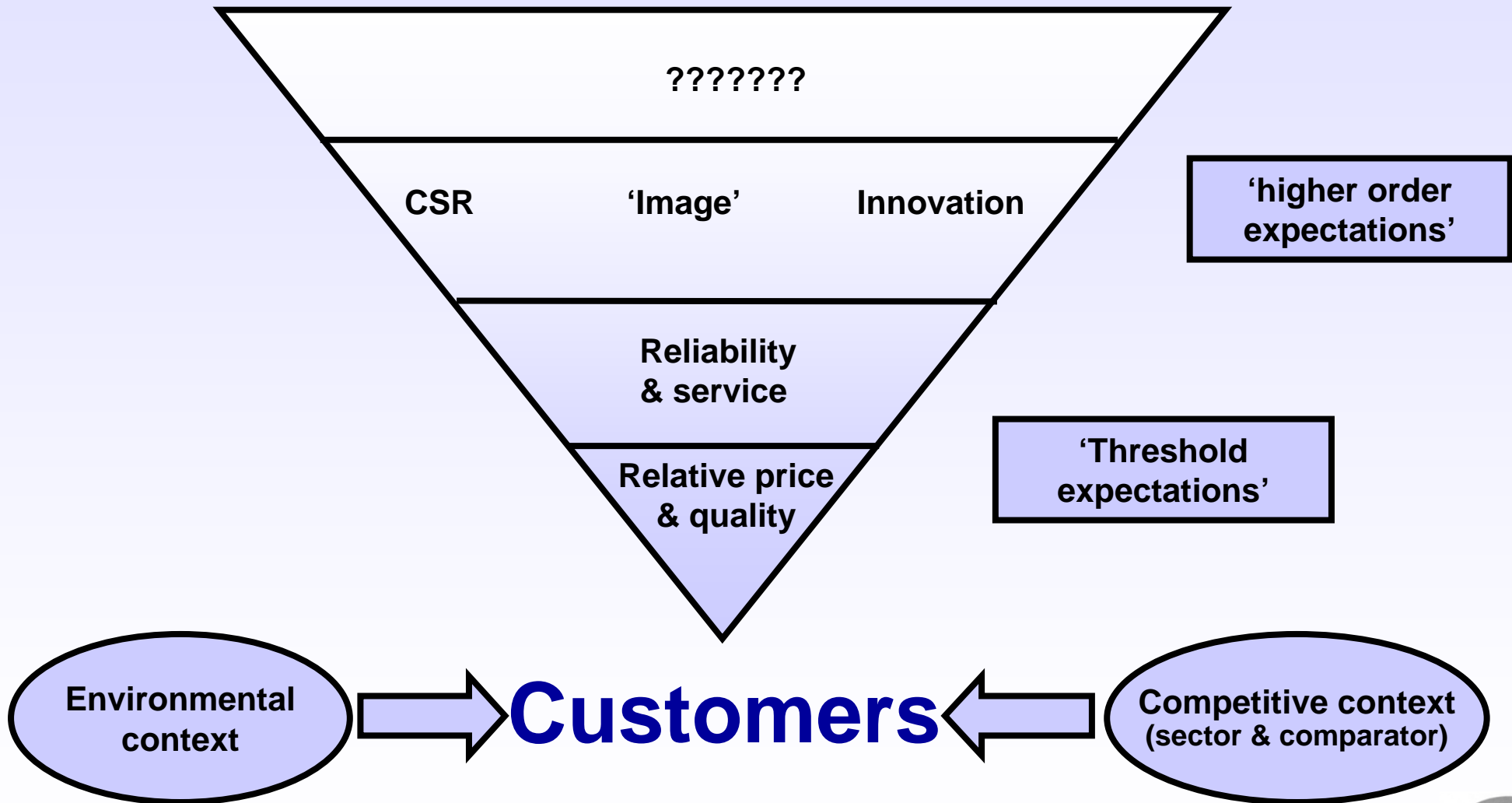
Holistic and integrated perspective critical



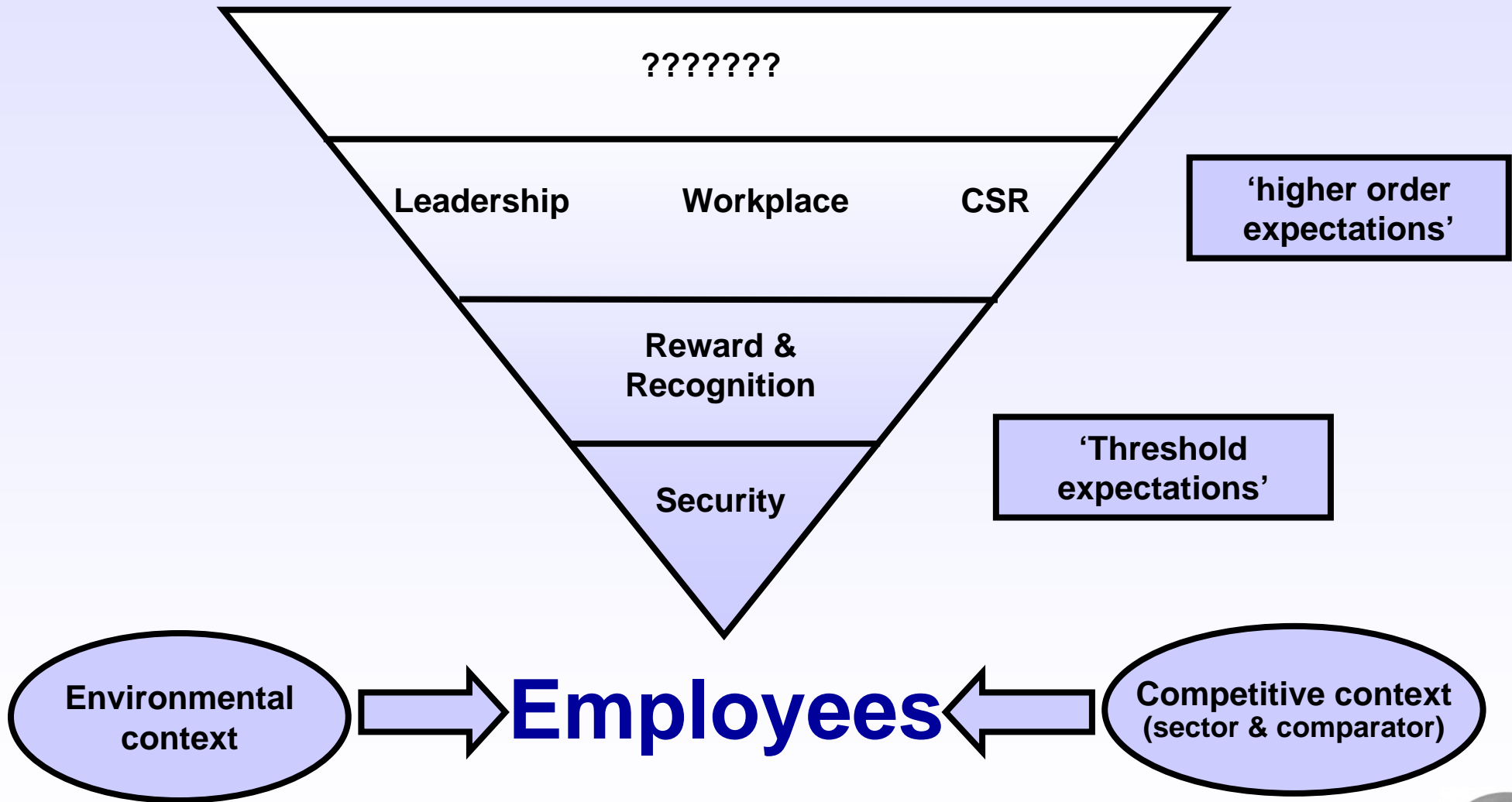
Understanding stakeholder expectations



Understanding stakeholder expectations



Understanding stakeholder expectations



A recent salutary lessons

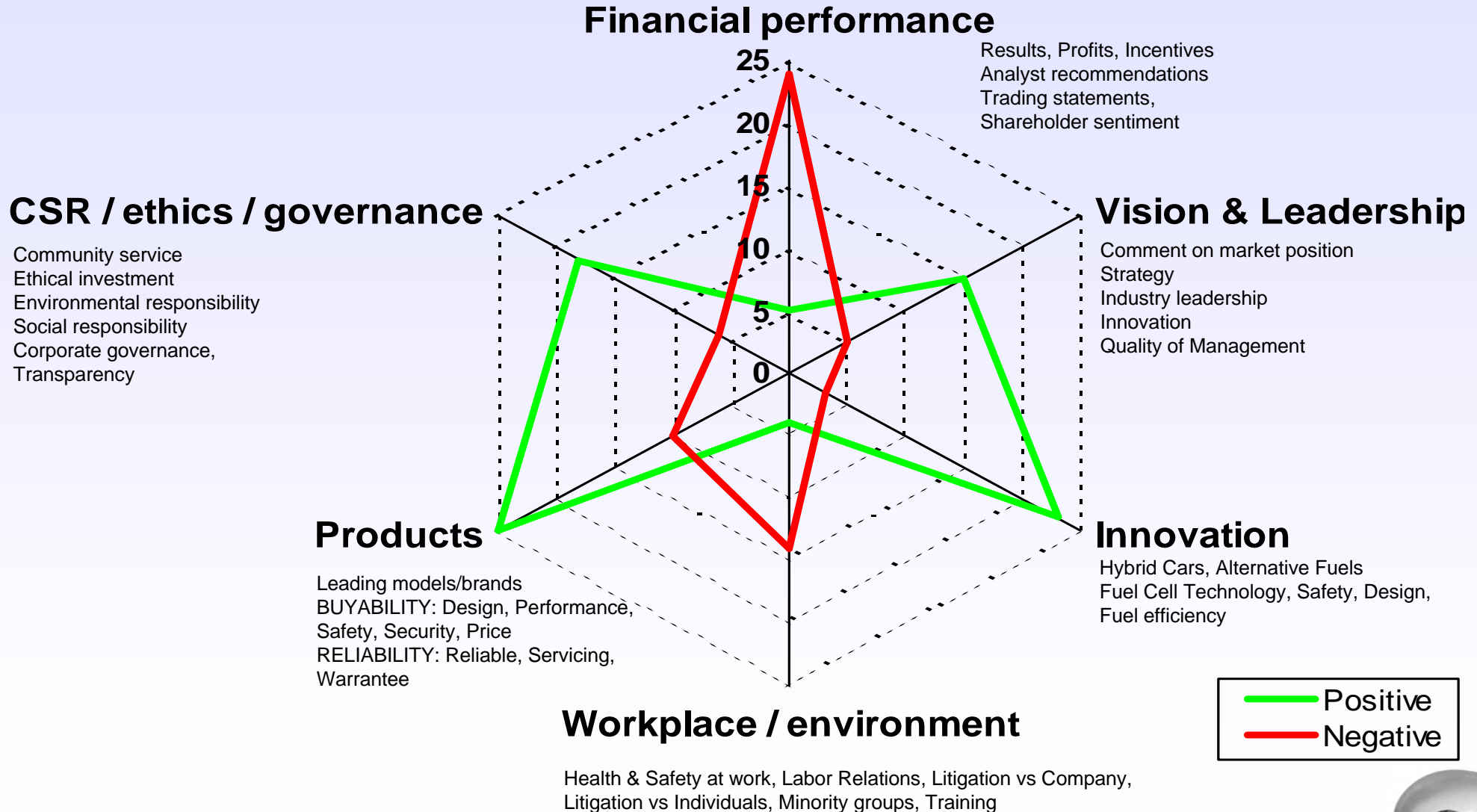


- **Kraft reduced portion sizes**
 - **Considered the anti-food lobby reaction?**
 - **Did not consider the consumer reaction?**

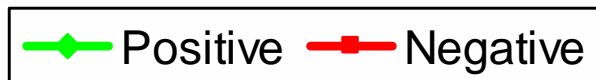
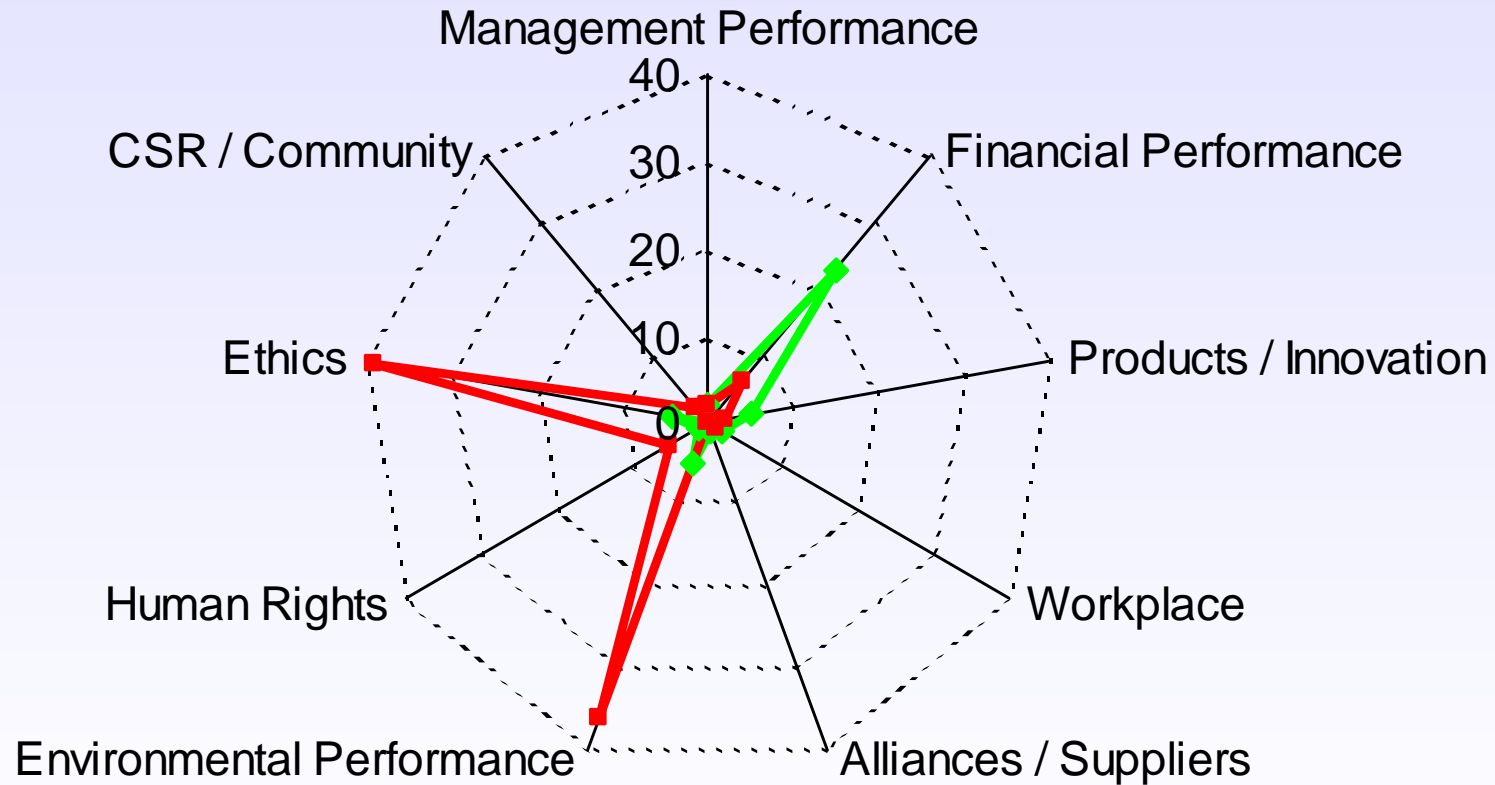


Corporate Reputation Drivers (Automotive Manufacturers)

by volume of Positive vs Negative comment

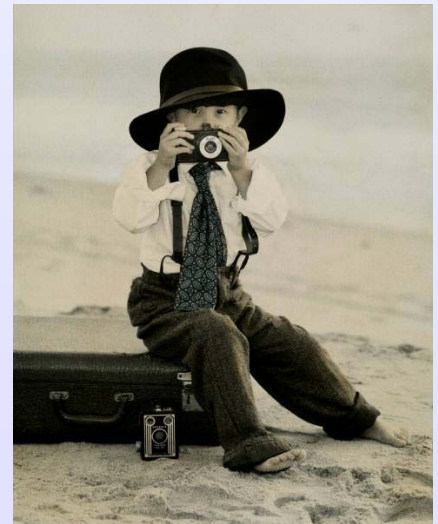


Mapping reputation drivers



2

Look at the Broader Picture



Obesity in the Public Eye

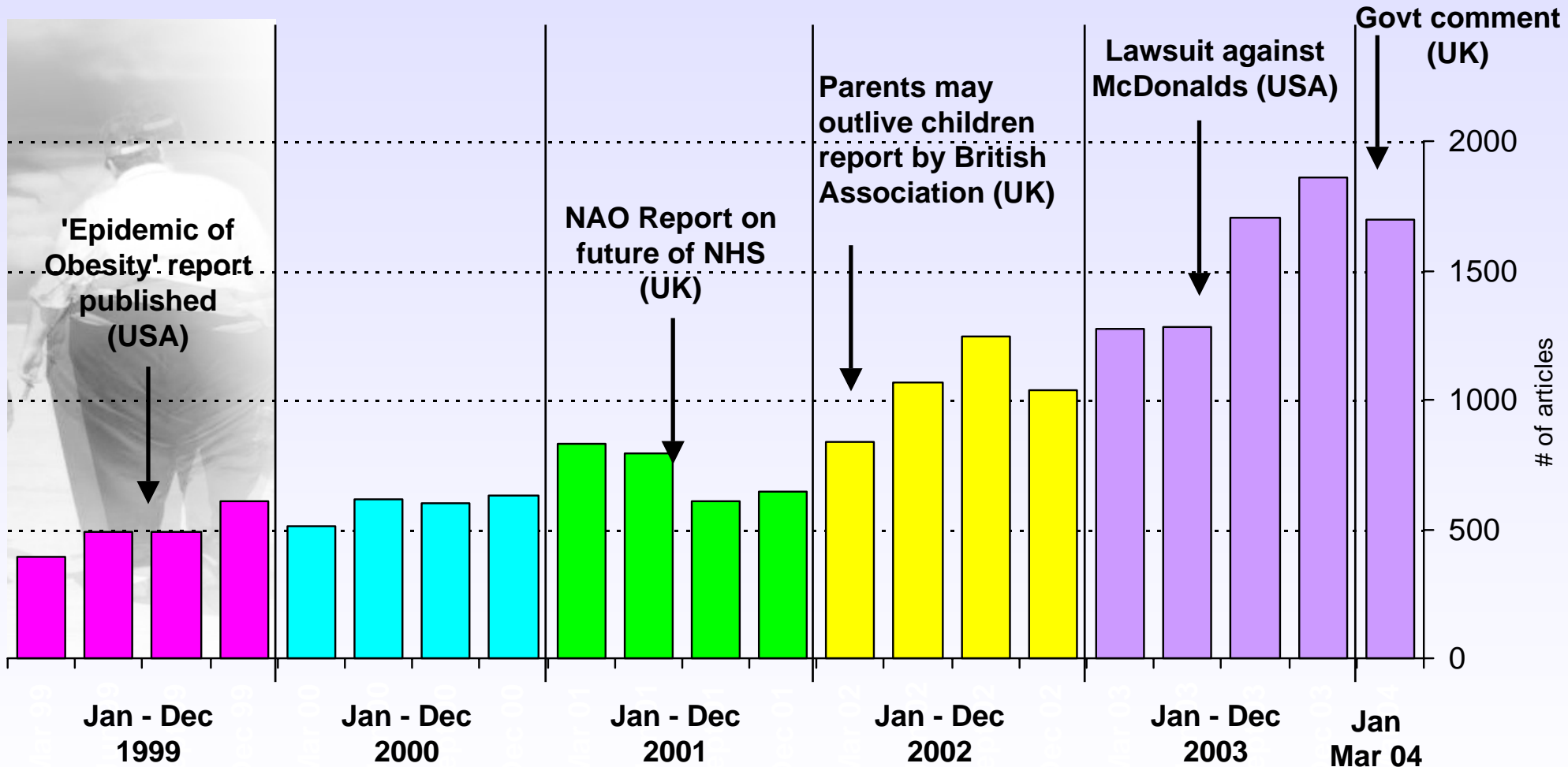
Research report on perceptions of obesity and
its causes in the global media

May 2004



echo

Obesity on the Rise

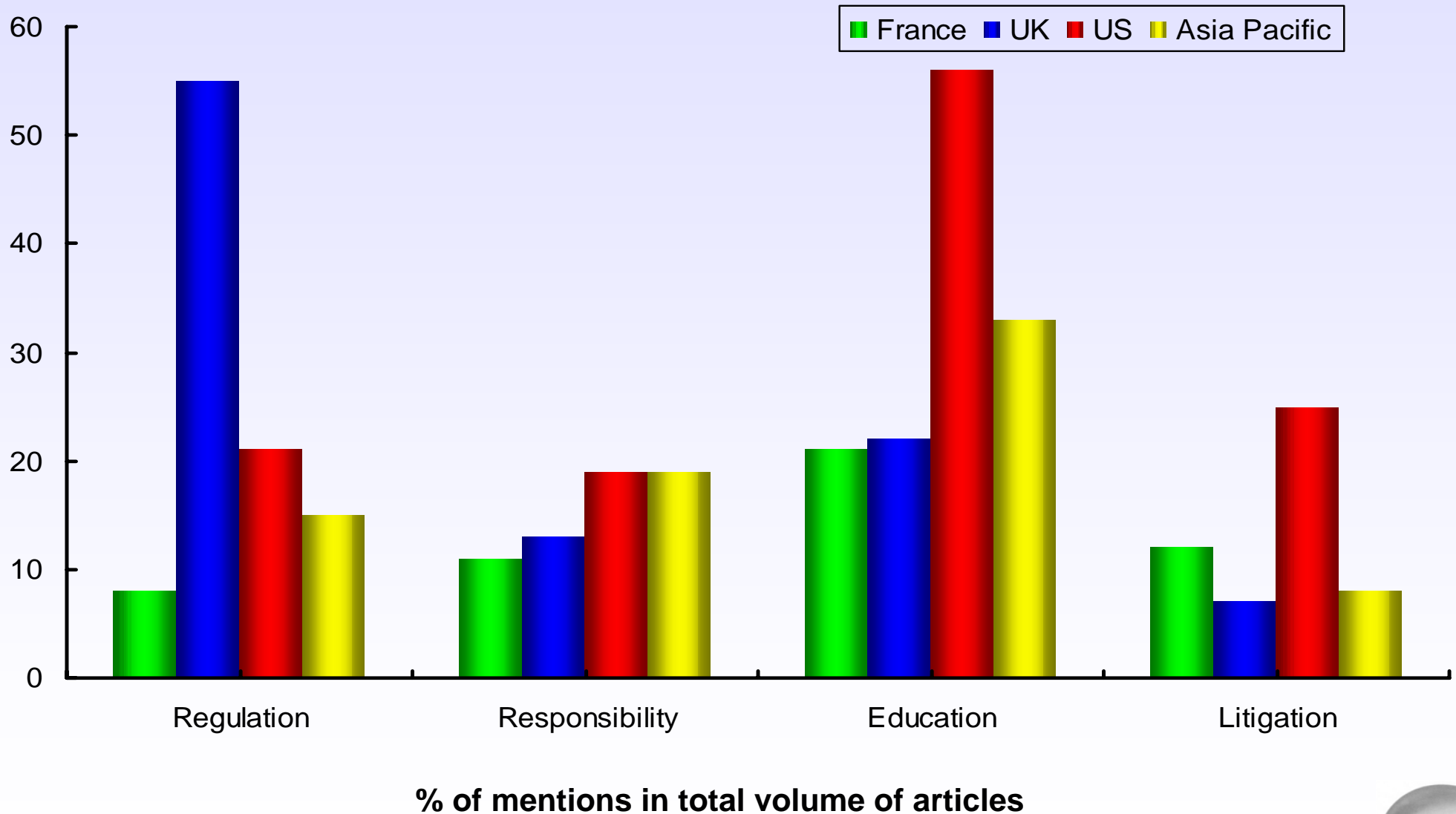


Total : 19,985 articles from January 1999 - March 2004

Media interest in obesity rises by 294% in 5 years

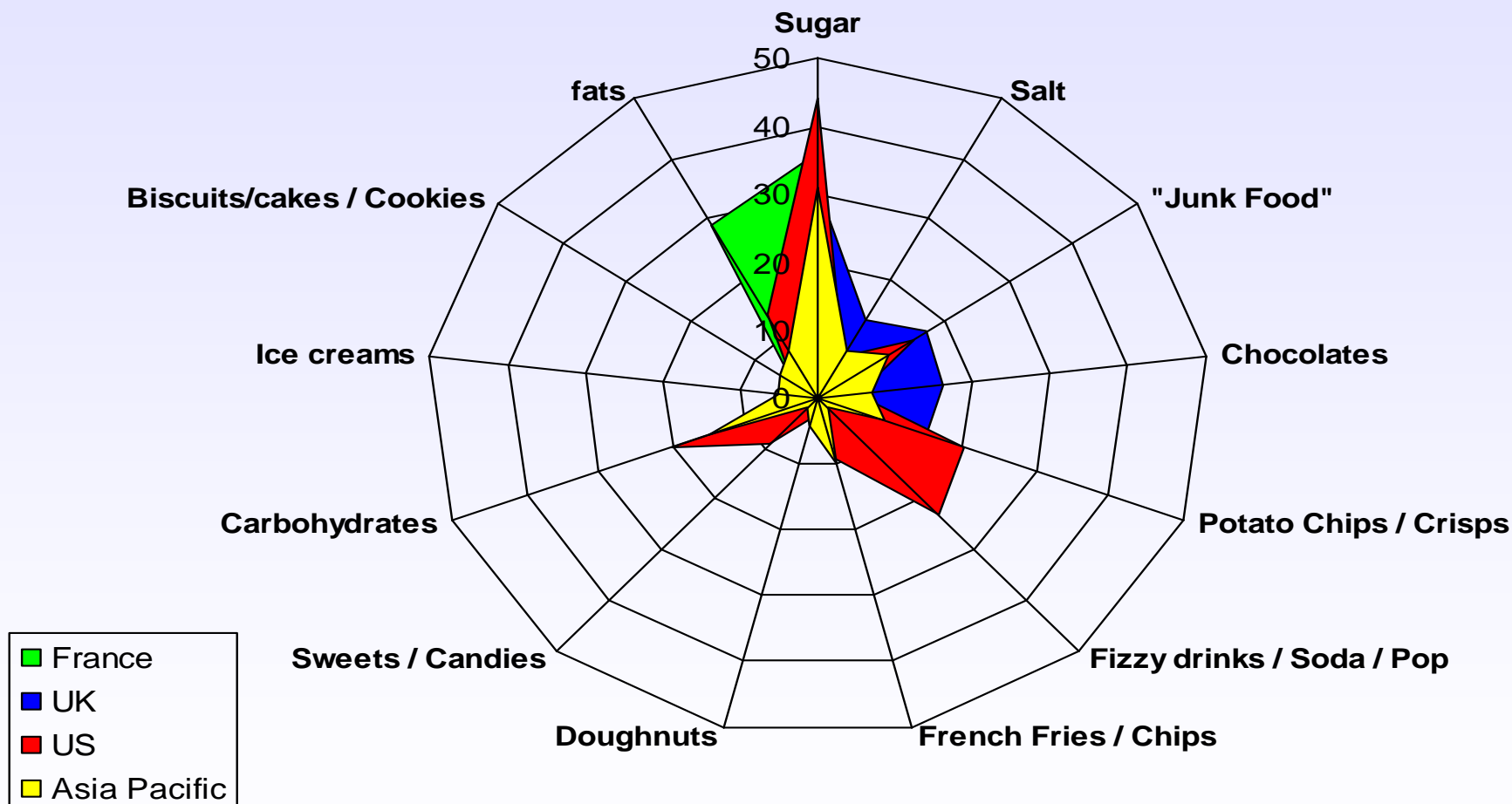


Regulation in the UK, Litigation in the US & Education in Asia Pacific



Obesity and Food:

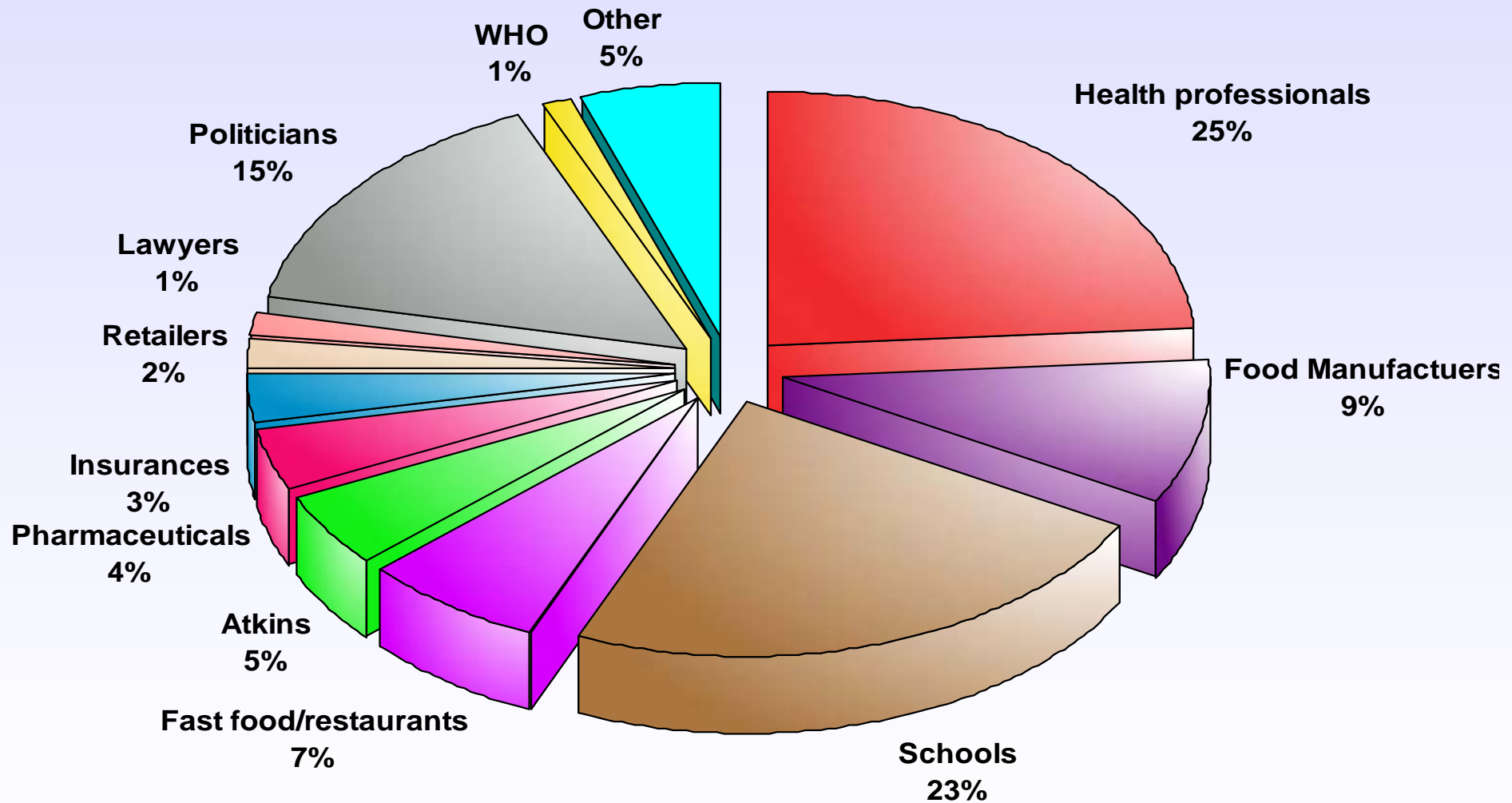
Sugar - universal 'no - no'



% of mentions in total volume of articles



Leading Influencers: Part of the problem & the solution



Share of coverage

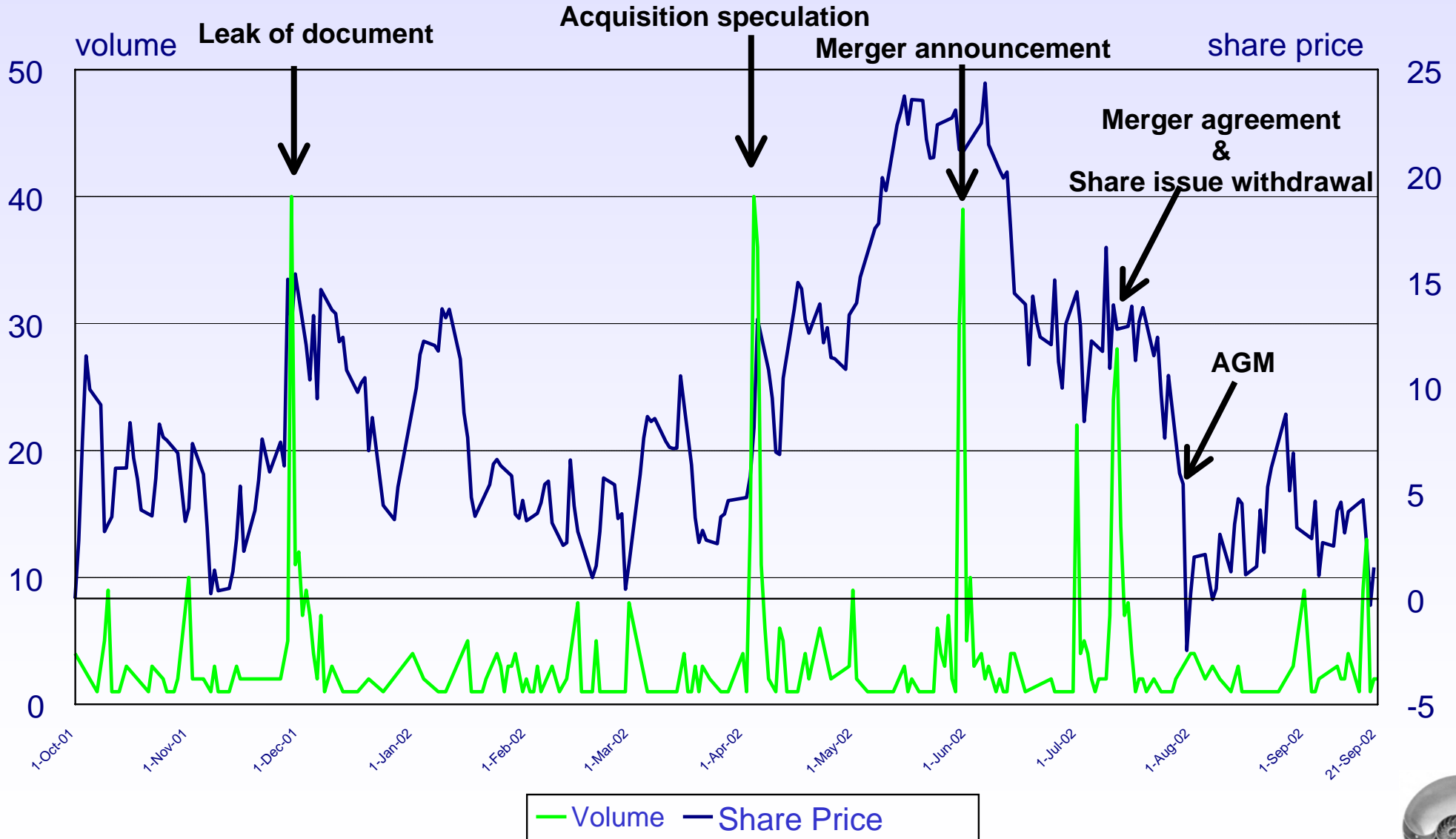


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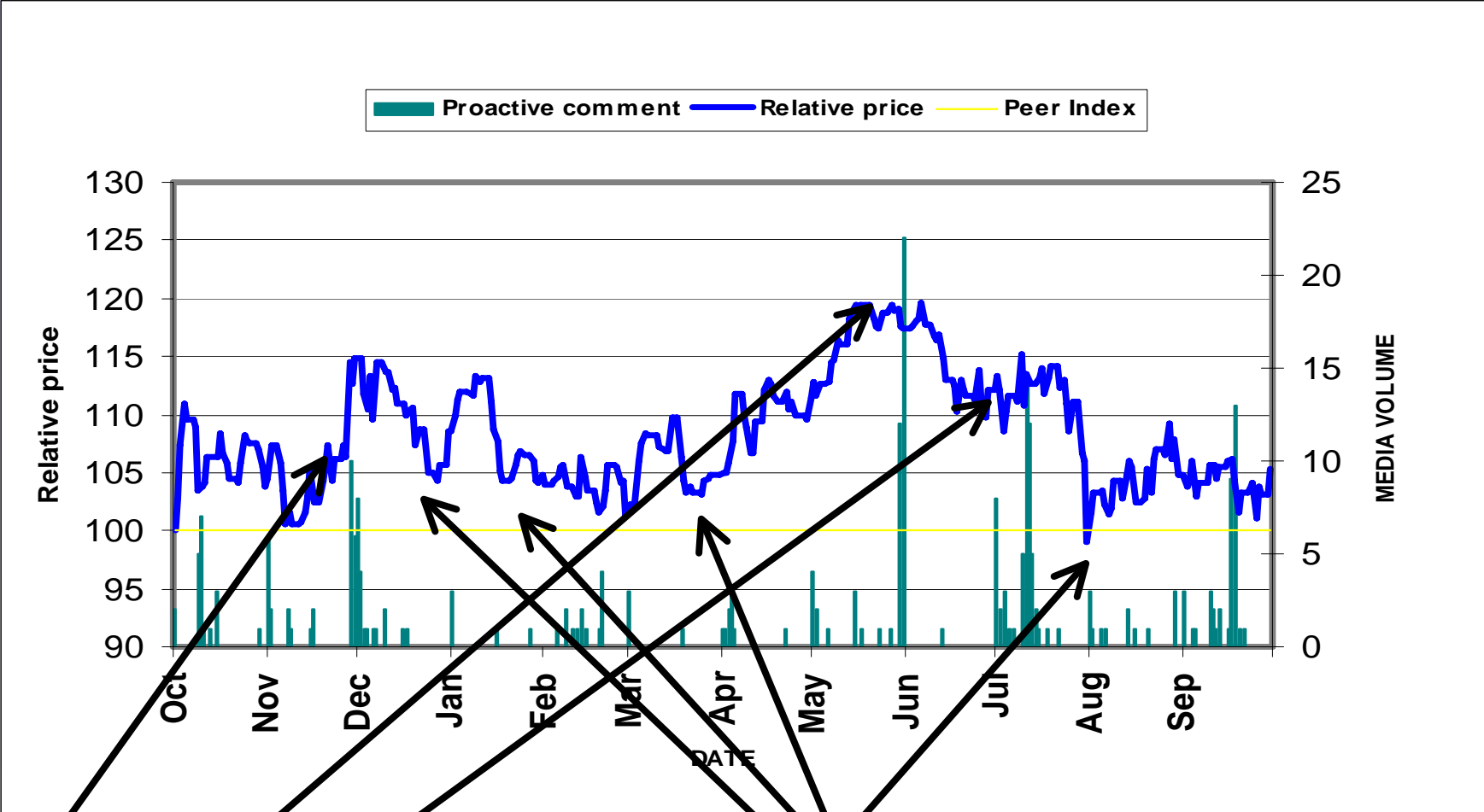
Measure Market Sentiment



Media Coverage Excites Market



Proactive comment and trading performance



Proactive media comment appears to support the stock price..

..Conversely, in time of falling stock price there is little to shore it up

Media Sources Also = Analysts

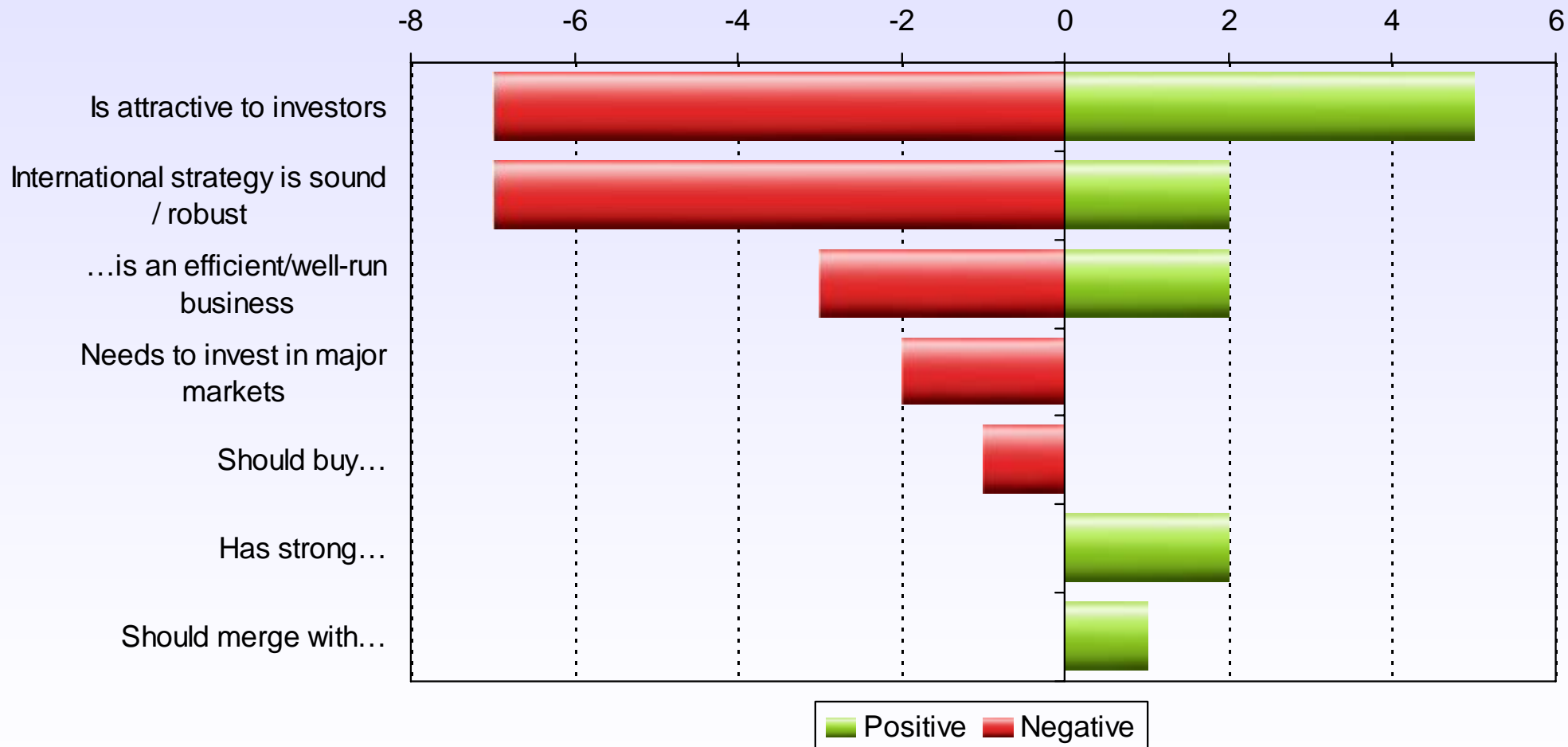
And which organizations might you approach for additional information about your sector?

Open, Spontaneous, Multi choice

Analyst	43%
Trade Bodies	19%
Banks	13%
British Beer and Pub Association	13%
CAMRA	6%



Analyst Messages In the Media: Concerns



Analyst Performance

- Appear to have mixed abilities in predicting price changes:- some are very late off the mark
- Strong reaction (10 alerts) to Corporate announcement – generally bullish, and wrong
- Who is “On-the-ball”
- Who are “Laggards” and “Me-toos”
- Overriding question: “on credibility, exposure, etc ...”



Key Editors' Views

How would you describe the Company in one sentence?

Open, Spontaneous

“An aggressive dynamic company perhaps with a slightly too high risk position”

Ann Crotty, Wall Street Journal Asia, China

“Risky but not impossible. I think the brand has seen better days in the US”

Debroah Orr , Forbes Magazine, US

“I question the growth prospects; fairly risky”

Andrew Mills, Financial Times, UK



Mapping Relationships

Analyst	Byline	Media Name	Country	Date	Rating
Andrew Holland - ABN	David Pringle*	Asian Wall Street Journal	HK	3-Jun-02	65
	David Pringle	Wall Street Journal Europe	UK	31-May-02	75
	David Pringle	Wall Street Journal	US	31-May-02	75
Nico Lambrechts - Merrill Lynch	Dominic Picarda *	Investors Chronicle	UK	12-Apr-02	60
James Williamson - SG Securities	Gill Moody	Sunday Times	SA	02-Jun-02	65
	Liz Vaughan-Adams*	The Independent	UK	11-Jul-02	45
	Arnold Kirkby	South China Morning Post	HK	31-May-02	55
Ian Shackleton - CSFB	Andrew Johnson*	Business Week	USA	04-Apr-02	55

* = Interviewed for Journalist Survey



Key Editors Would Benefit From Greater Access To Management & Improved Information

	Excellent	Very good	Fairly good	Fairly poor	Very poor	Don't know
Speed of response for information	7%	27%	53%	7%	0%	7%
Accuracy of information	13%	40%	33%	7%	0%	7%
Quality of spokespeople	13%	30%	35%	15%	0%	7%
Market knowledge	20%	33%	33%	0%	0%	13%
Information tailored for local needs	7%	7%	20%	53%	0%	13%
Quality of information provided	13%	40%	13%	20%	0%	13%
Access to senior management	7%	27%	7%	20%	33%	7%



Joining Up The Dots

- Communications must be holistic and seamless
- Credibility issues around perceptions of 'risk' must be addressed – notably by allowing greater access to senior management team for key analysts / editors – most urgently in the USA
- Establish long term PR programme to cover gaps in quiet news 'periods' - or when announcements may be received negatively to build up advocates / endorsement

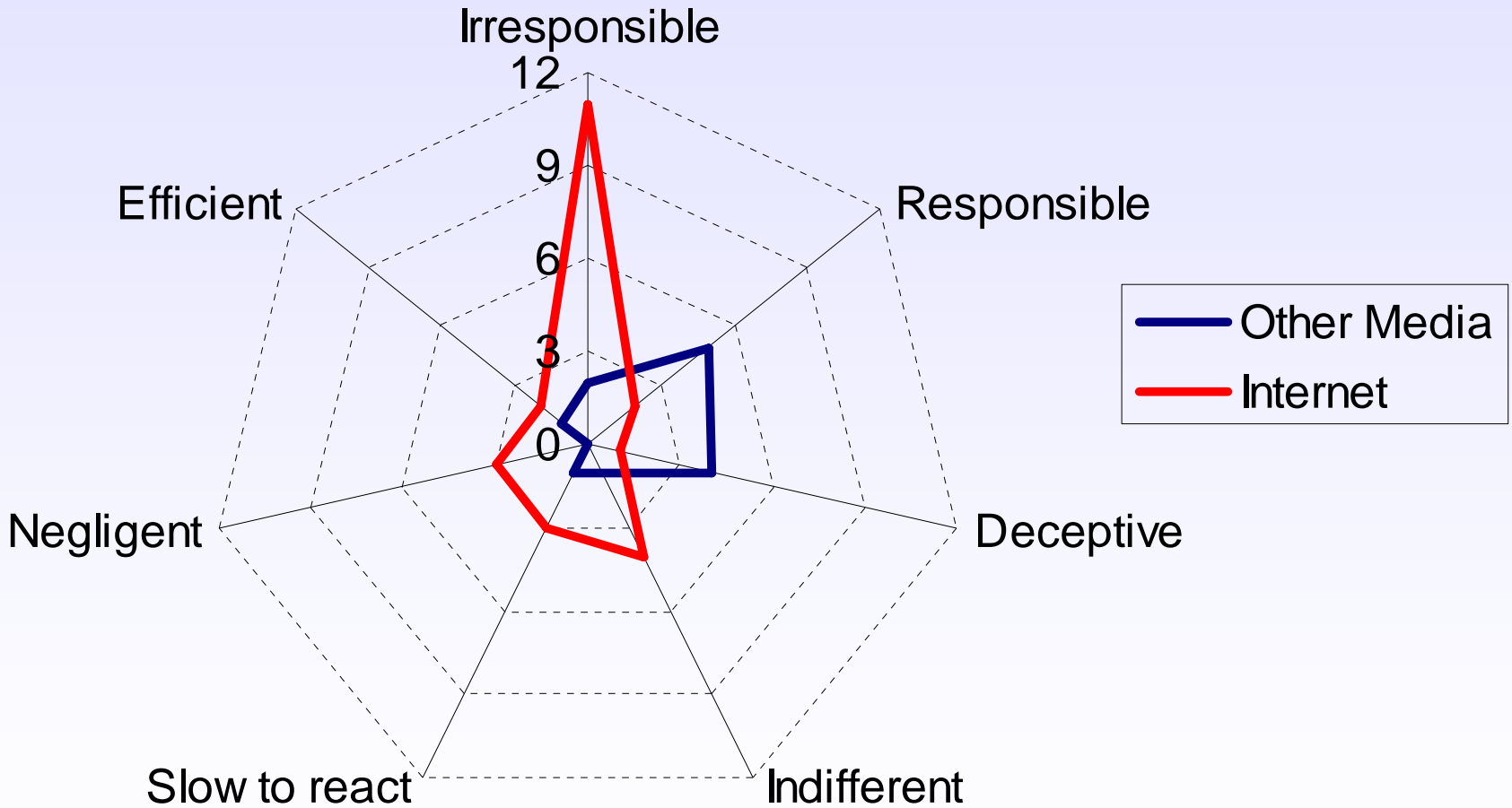


4

Map Risks & Influencers



Image on the Internet vs Other Media



What an expert says...

‘Dear Prince, you are extremely well advised to listen closely to all of the signals, however faint, of impending bad news. They are your only first line of defense. You need to constantly scan your kingdom for signals of bad things that are about to happen [...]

This is the only chance you have to gain advantage. Therefore, set up throughout your kingdom ears and eyes that can pick up the weakest signals before they are apparent to your enemies’ - Machiavelli



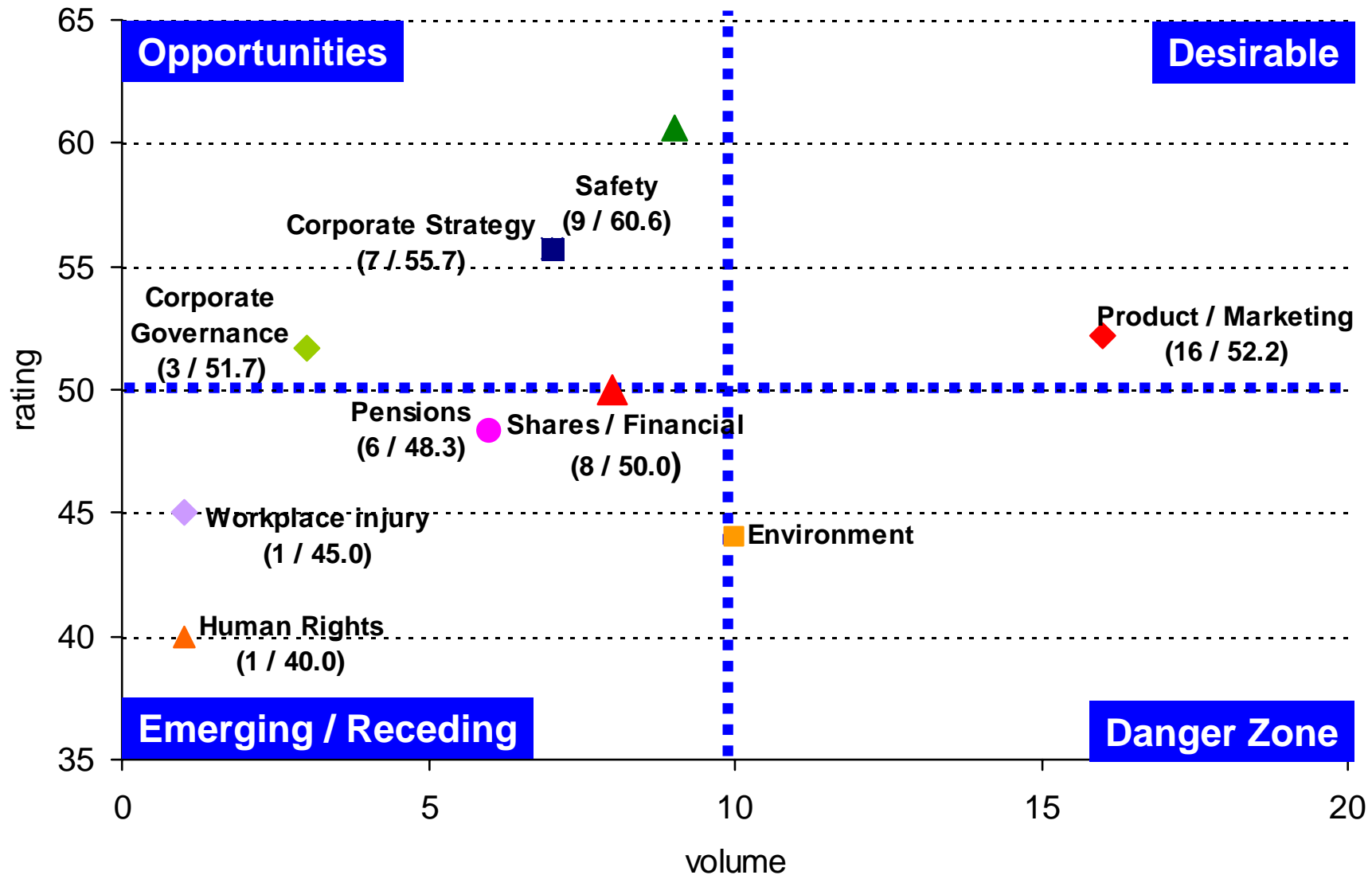
Surveillance: Define the Search Domain

- NGOs
- Governments and regulators
- Corporates
- Business organizations, consultants, academics
- Professional organizations
- Policy groups, think tanks
- Media



Leading Issues

by volume & rating



Leading Negative Messages

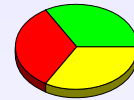
by volume



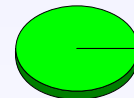
Stakeholder Positions (SARS)



Source	Publication	Date	Subject	Comment
BUSINESS COMMUNITY				
Pierre Ducamp - ACF	Le Monde	15 Mar 03	Business travel	"75% of French companies bar travel to AsiaPac"
Paul Drayson – Powderject CEO (taken over)	Reuters	19 May 03	Purchase of anti-flu vaccine company	After acceptance of £455M bid offer: I'm 43 and I don't see myself sitting on the beach from now on"
Dr Paul Grohler – Tourist Bureau Berlin	FAZ Germany	13 May 03	Impact on tourism	"40,000 fewer tourists with £20M spending power visit Far East"
Jacqui Tham	AsiaOne	10 May 03	SARS battle kits distributed	\$230M package for Singapore business



FINANCE COMMUNITY				
Unnamed investment broker	Straits Times Singapore	8 May 03	Investment levels.	"This is a big setback – a new SARS case when this country was set to be declared SARS-free"
Mark Konyon – Allianz Dresdner AM	Forbes.com	7 May 03	Speed of China's SARS handling	"Look out for transparency and policy risks"
K Saroninsky – Bratya Kozbachovi	Interfax Russia	12 Apr 03	Economic impact	"SARS will hit China – and open it up – the way Chernobyl did Russia"



HEALTH / NGO				
Bob Dietz – WHO Beijing	BBCi (online)	8 May 03	Frequency of cases	"We welcome new figures showing a drop in cases"



GOVERNMENT AND POLITICAL				
Tommy Thompson – US Health Secretary	CNBC	3 May 03	WHO annual conference	"Taiwan should have observer status – no barriers to SARS data"
Wen Jiabao – Chinese premier	Xinhua News Agency	19 May 03	Prioritisation	"Do not forget the anti-flood defences [for Hunan] in heat of battle with SARS"
Julie Gebarding – US Centre for Disease Control	San Francisco Chronicle	28 Apr 03	Medical solutions	"We hope – but need to confirm – there will be enough beds in hospitals to cope with the epidemic"

■ Positive
 ■ Negative
 ■ Neutral



Stakeholder mapping

Issue / stakeholder

Issue

Main Product			X					X	X	
Insulin pricing/supply			X	X			X			
Human insulin		X		X			X		X	
Clinical trials		X				X	X		X	
Informed consent		X	X			X				
Human materials	X		X				X	X	X	
Embr. Stem cells	X			X			X	X	X	
Patents	X	X	X	X	X		X		X	
Off label use	X	X						X	X	
Testing on primates						X	X	X		
Testing on animals					X	X	X		X	
	Inter health org	Prof health org	Charities	Patient org	Political org	Govern bodies	Academics	Activists	Regulator	Media

Stakeholder group



5

Embed the learning



“Effective organizations are able to achieve their goals in part because they choose goals that are valued by their strategic constituencies both inside and outside the organization”

Grunig, Grunig and Dozier (2002)

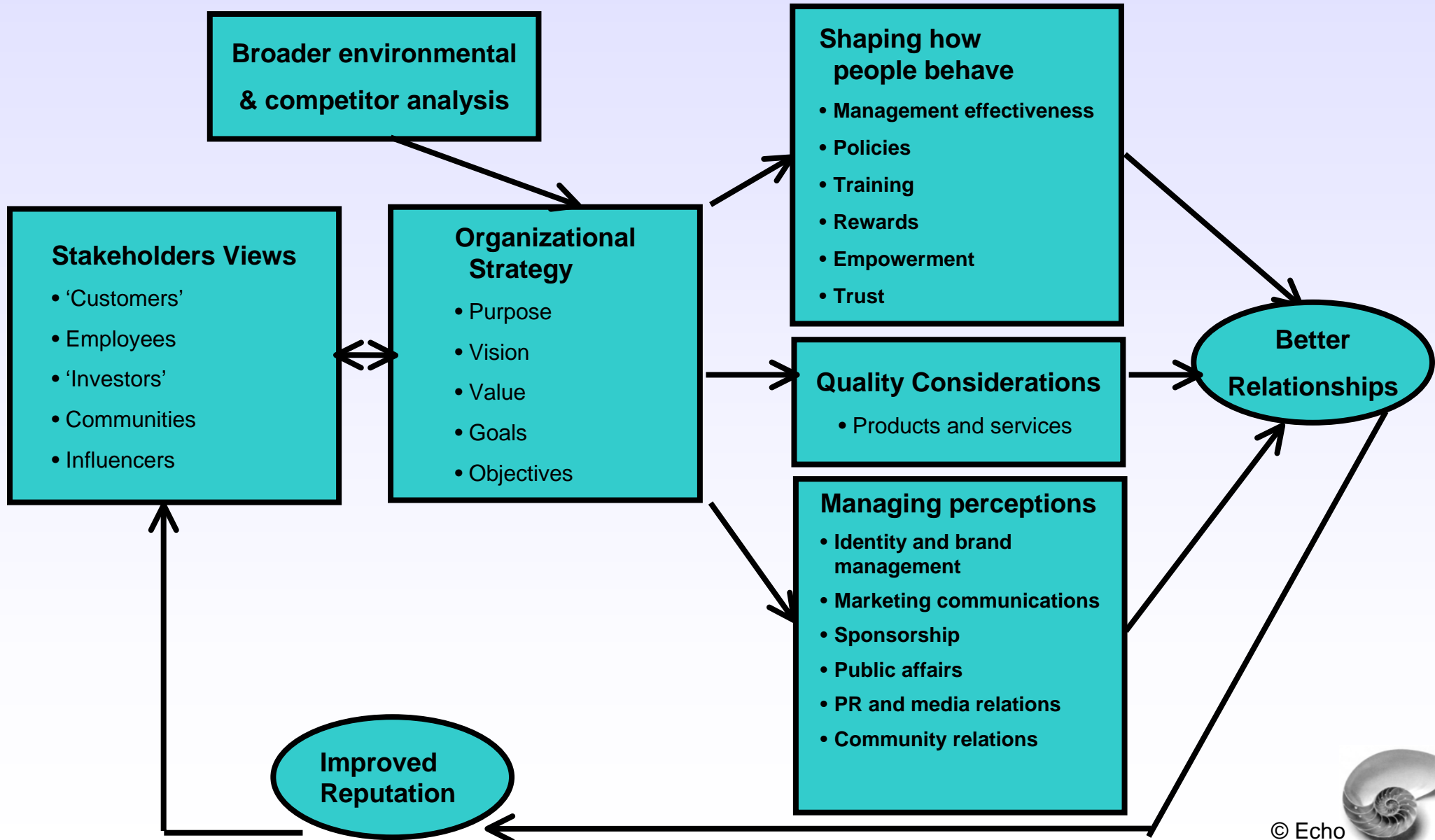


The key issue for many organizations

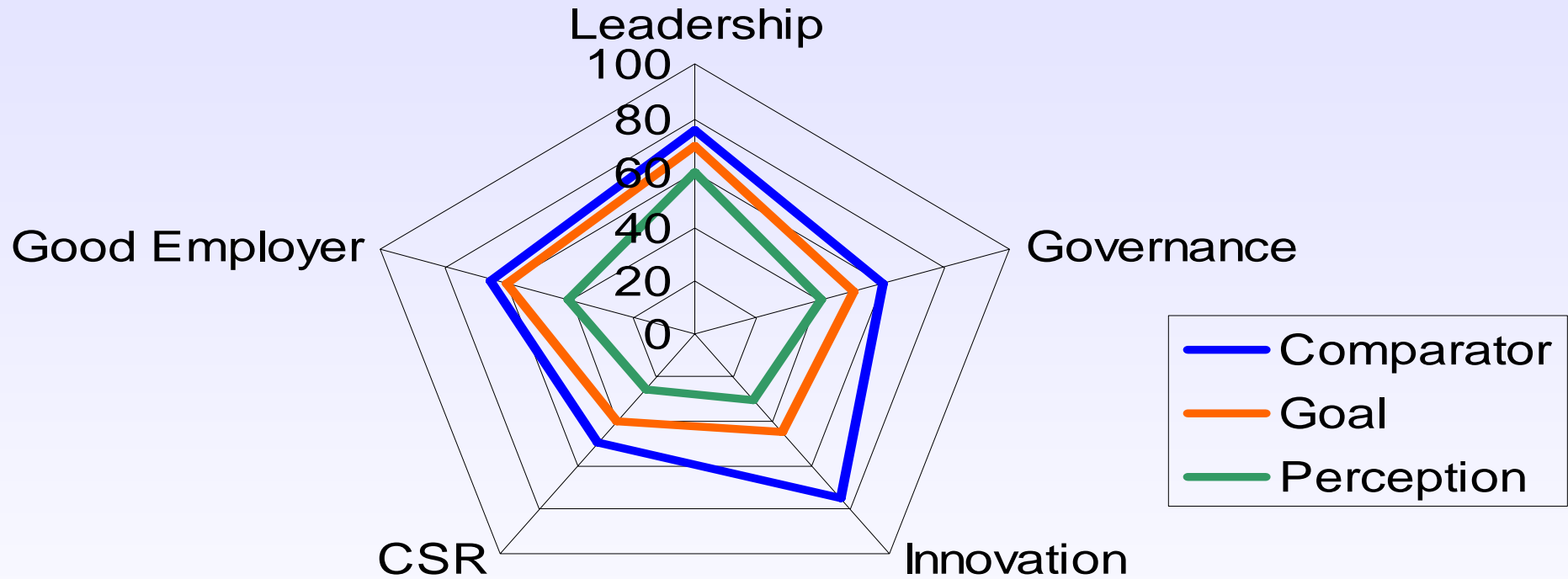
- **Data is often not the key issue**
- **Most organizations do not have the resources or the business architecture to be able to make the best use of the intelligence they already have**
- **The key is to provide an integrated and holistic perspective**
- **These insights need to be embedded**



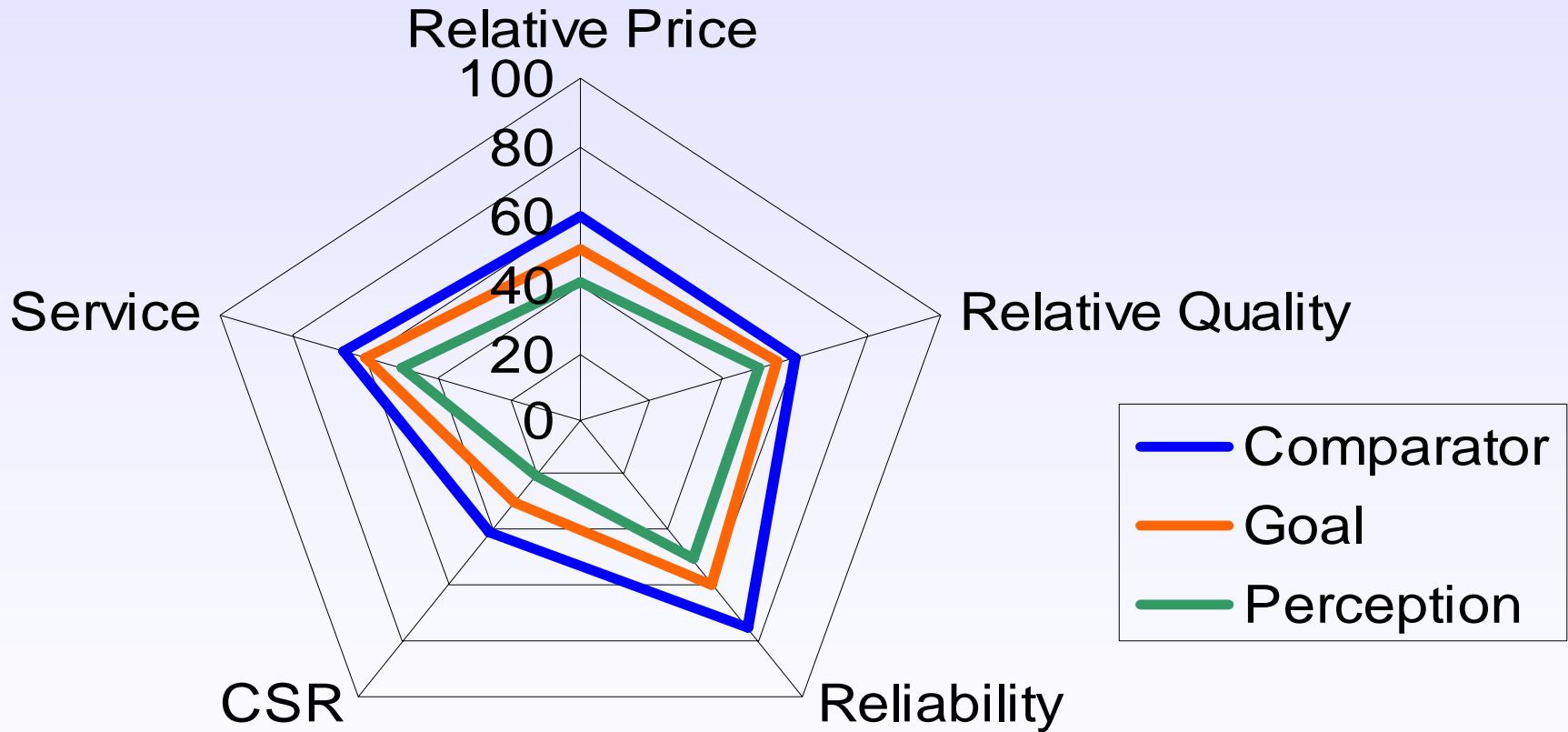
Integration is the key to the 'virtuous' performance cycle



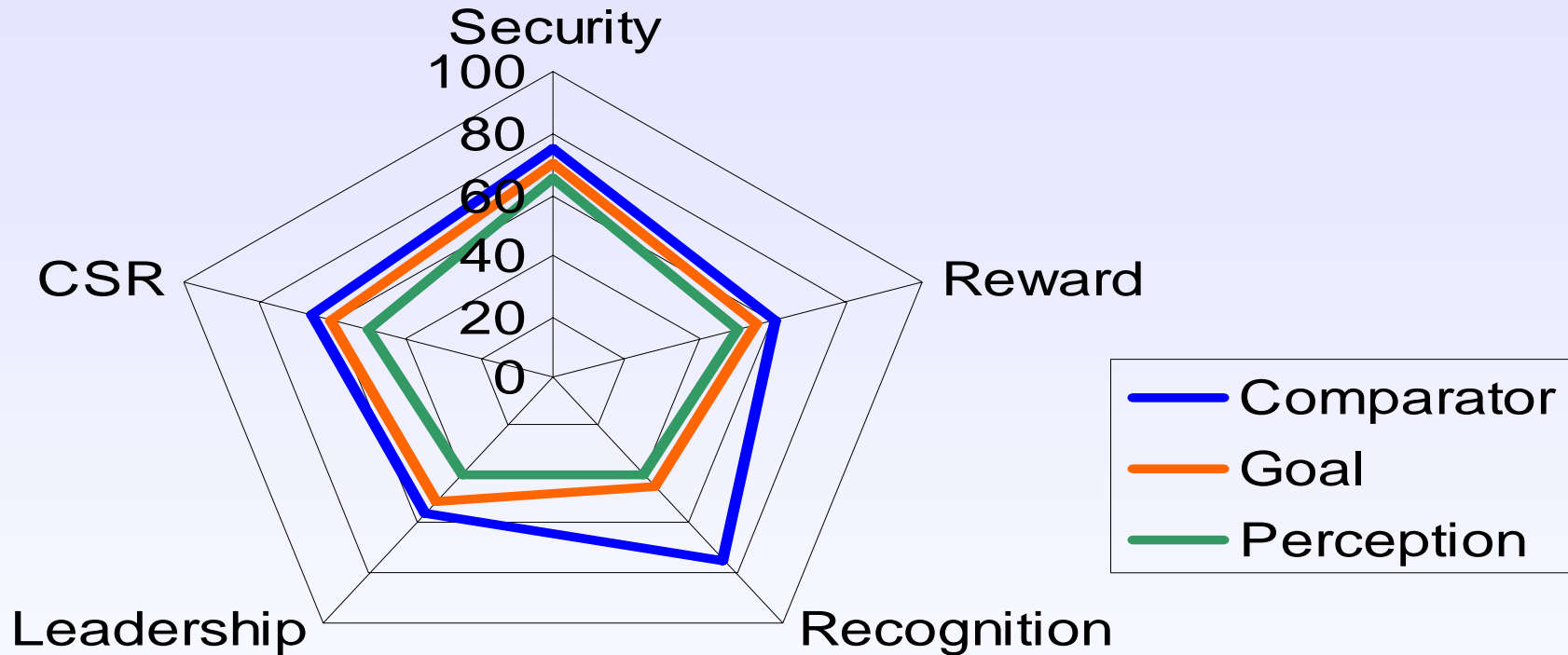
R2V2™: understanding the drivers - Investors



R2V2™: understanding the drivers - Customers



R2V2™: understanding the drivers - Employees



R2V2™ : Outline of Service

Listening

- Understanding organisational goals, KPIs etc
- Stakeholder identification
- Understanding expectations
- Evaluation criteria
- Performance perceptions
- Sources of influence /Relationship drivers

Learning

- Understanding relationship with key 'inputs'
- Identification of specific areas of focus through 'gap' analysis (performance & communications)
- 'Risk' assessment & requirement for reconciliation
- Develop appropriate 'metrics' for inclusion in a scorecard or dashboard

Linking

- Establish communication priorities & channels
- Input into communication plan
- Develop evaluation criteria & set up monitoring process (benchmarking performance)

A three staged process



Knowledge Portals



Monthly Reports

hp invent

HP IPG EMEA @ Echo Research
03/12/2003

echo

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- » Corporate
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- » EMEA Reports

Consumer

Report

- HP EMEA Monthly Report for March 2003
 - Product - Photo Printers
 - Product - Inkjets
 - Product - Cameras
 - Product - AIO

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Internet



Example of Monthly Report


http://dom02.echoresearch.com/web/1108hp.nsf - Microsoft Internet Explorer provided by Echo Research Ltd

File Edit View Favorites Tools Help Back Search Favorites Address http://dom02.echoresearch.com/web/11




HP IPG EMEA @ Echo Research

03/12/2003



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HP IPG Inkjet Printing - Media Relations Scorecard - March 2003

HP IPG Inkjets - Key Results

March 2003

HP Volume	55.1
HP Rating	54.1 ↓
HP Impressions (000)	6,273 ↓
HP Reviews	7 ↓
Key Volume Competitor	Canon (6)
Key Rating Competitor	Canon (55.5)
Strongest Issue / Topic	xxx
Weakest Issue / Topic	xxx
Country Performance	United Kingdom (21), Germany (19), Spain (5), Poland (4), Denmark (3), Russia (3), France (1), Italy (1), Netherlands (1)

HP IPG Inkjet Printing - Summary

There was a general slide in volume for the second consecutive month. Canon held the lead with 64 mentions. Lexmark gained substantial ground on Canon because its printers are not tracked in the photo-printing sector, and a 50% volume rise saw Lexmark overtake HP, which eased back to 58.

Canon also had the lead by impressions at 9.5 million, but HP was superior to Lexmark, with a readership total of 6.3 million against 3.8.

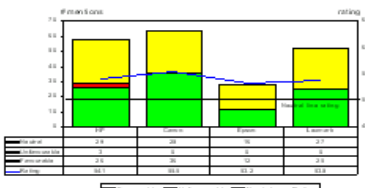
This sector generated the most modest ratings, between 55.5 for Canon and 50 for Olympus and Xerox.

HP IPG Inkjet Printing - Recommendations

The high cost of printing is an ongoing criticism that affects HP and Lexmark's inkjet coverage and gives the advantage to Canon. HP is advised to address this problem and draw attention to the key strengths of its new models, which include reliable program configurations, high performance, colour fidelity, duplex and upgradability.

HP IPG Inkjets - Competitor Comparison

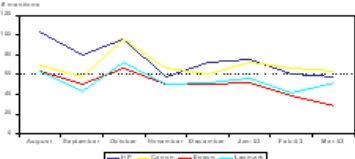
by number of mentions, favourability & rating



Competitor	# mentions	rating	favourability	volume
HP	55	54.1	55.5	6.3
Canon	64	55.5	55.5	9.5
Lexmark	64	58	55.5	3.8
Epson	50	50	55.5	3.8


HP IPG Inkjets - Monthly Competitor Comparison

By number of mentions, August 2002 - March 2003



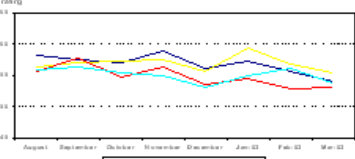
HP IPG Inkjets - Reviews by Competitor

By number of mentions & percentage



HP IPG Inkjets - Monthly Competitor Comparison

By rating, August 2002 - March 2003



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Internet



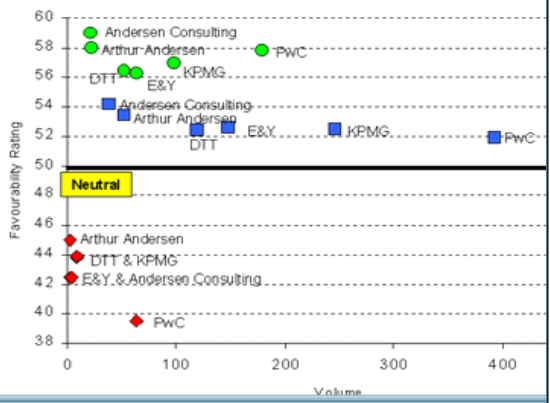







Sample Report

- Highlights
- Global Summary
- Lines of Service
- Industry/Sectors
- Leading Issues
- Leading Messages
- Leading Sources
- Research Parameters

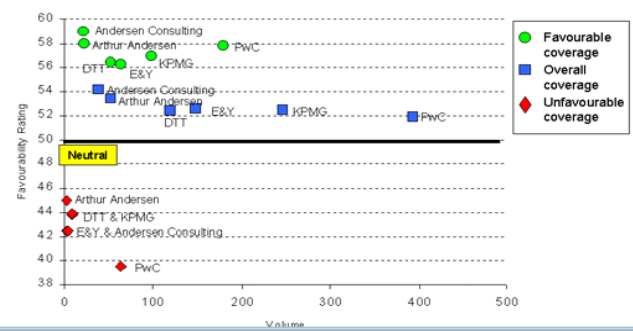
PwC vs Its Benchmark Competitors - PwC has most negative coverage as Maxwell and

- Highlights
- Global Summary
- Lines of Service
- Industry/Sectors
- Leading Issues
- Leading Messages
- Leading Sources
- Research Parameters

- PwC Only
- PwC vs Competition
- Europe
- North America
- Asia Pacific

PwC vs Its Benchmark Competitors - PwC has most negative coverage as Maxwell and SEC take their toll



Dashboards

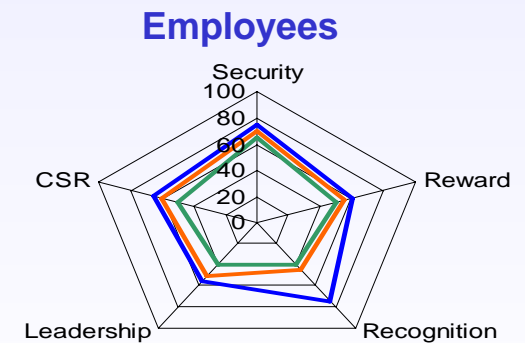
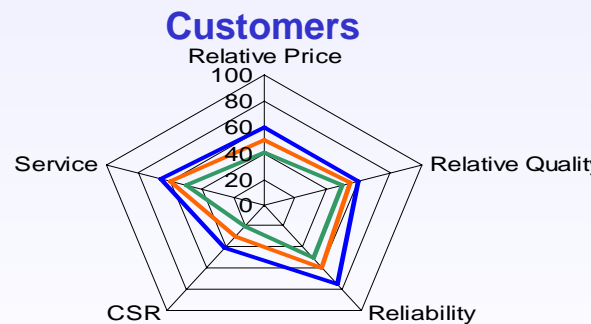
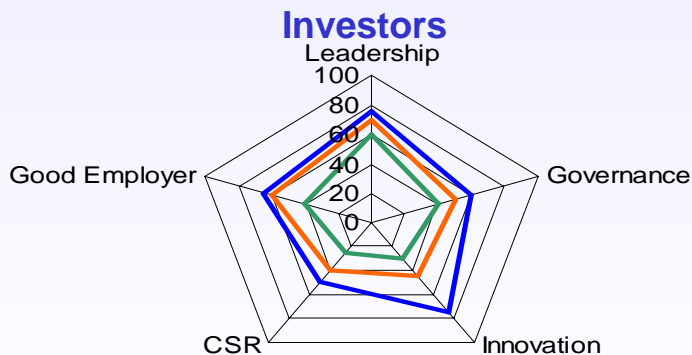
- Turning multiple data feeds into a series of structured visual displays
- Web-enabled interface
- Tree structure to enable the user to drill down to obtain more detailed information
- Flexible information display to suit user needs:
 - Traffic light ‘trend signals’
 - Graphs
 - Contextual commentary
- Provides effective mechanism for feedback and strategic learning



R2V2™ : Perception overview

Commentary

The latest data on investor perceptions does give cause for concern - the general picture over the last quarter has been less favourable, although on leadership and governance dimensions, we have made progress against both **target** and **exemplar**. The overall customer perspective shows a continuation of the progress made in the early part of 2003, with the most positive gains in perceptions of relative price and quality. Disappointingly, the latest 'people pulse' survey indicates that overall perceptions are down on the 2002 figures. Perceptions of job security have improved but the 'dip' in perceptions of recognition require further investigation.



Key Indicators



Q1 04



Q4 03



2003/2002



R2V2™ : Client perspective

"This is an INSIGHT process. It makes tangible the intangibles and gives us a precise roadmap of what we need to focus on; it's about the business understanding this and owning it. It takes the risk out of marketing and communications. The market gets it, but management hasn't caught up !"

Director, Utilities



To Conclude.....



Changing Rules of Engagement

From
Deference



To
Reference

Control



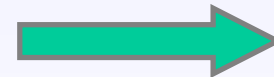
Connectedness

Local



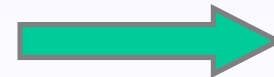
Global

Simplicity



Complexity

Transmission



Conversation



This is about management action

- **Corporates need to show that they are willing to be held to account**
- **They must “place their cards on the table” and be transparent**
- **Building sustainable brands and reputations starts on the inside**
- **Their communications and relationships must be of the kind that builds trust**



And being prepared to listen



To find the route up the mountain... research is pivotal

“It’s better to go 1 mile in the right direction than 5 miles in the wrong one”



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