

How Reputation Is Integrating Corporate Communication

According to a Watson Wyatt Worldwide Study:

- The percentage of U.S. workers that trust and have confidence in senior management increased from 44% to 51% between 2002 and 2004

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- Employees who believe the information they receive from top management grew from only 37% to 50% during that same time period.

Session Objectives

- Help you educate senior management about the power and impact of reputation on bottom line.
- Provide you with tools to help build your organization's reputation.

WHAT IS REPUTATION?

REPUTATION: A Dictionary Definition

- The general estimation in which a person is held by the public.
- The state or situation of being held in high esteem.
- A specific characteristic or trait ascribed to a person or thing: a reputation for courtesy.

REPUTATION: Corporate Reputation

- A corporate reputation is a cognitive representation of a company's ability to meet the expectations of its stakeholders.
- A corporate reputation describes the rational and emotional attachments that stakeholders form with a company.
- A corporate reputation describes the net image a company develops with all of its stakeholders.

Reputation & Trust

“Trust is like the air we breathe. When it’s present, nobody really notices. But when it’s absent, everybody notices.”

-- Warren Buffett

POWER OF REPUTATION

UNITED STATES FEDERAL RESERVE

- As much as 47 percent of American companies' net worth is tied up in intangible assets like brand equity and reputation.

ERNST & YOUNG

- 35% of a company's value is attributed to various non-financial intangibles.

BURSON MARSTELLER/ROPER 2003 BUILDING CEO CAPITAL STUDY

- 97% of business influencers believe a company can recover from a tarnished reputation over time.
- It takes 4 years for a company to rebuild a blemished reputation.
- 50% believe a company's reputation is linked to the CEO (up from 40% in 1997).

If reputation is important to a corporation's bottom line,
The Cherenson Group wanted to test these assumptions
and see what the public thought.

THE CHERENSON STUDY

METHODOLOGY

- RDD was used to field 3 separate polls.
- A total of 2,400 adults (18+) were interviewed (800/poll).
- Each survey has a margin of error of +/- 3.5% at the 95% confidence interval. That is to say, 95% of the time, results will be within +/- 3.5% of the "true values" where "true values" refer to the results obtained if it were possible to interview every adult in the state.

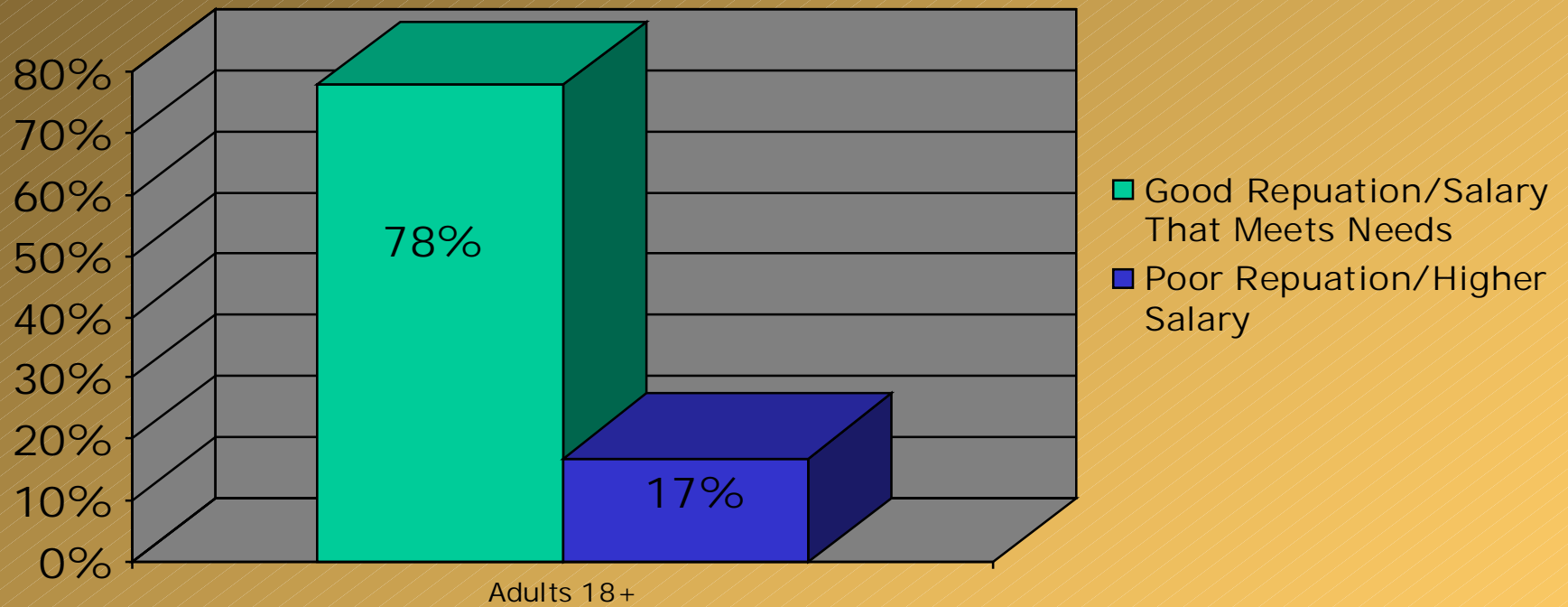
REPUTATION V. SALARY

QUESTION

Now I want to ask you a hypothetical question about two companies. After I read a description of each, please tell me **which company you'd rather work for, if all else were equal and your job would be the same in each...**

- 1) Company A would pay you a salary that meets your needs. They have an excellent reputation overall.
- 2) Company B would pay you a higher salary, but their reputation overall is poor.
- 3) Don't Know/Undecided (DO NOT READ)
- 4) Refused (DO NOT READ)

THE POWER OF REPUTATION



REPUTATION V. PRICE

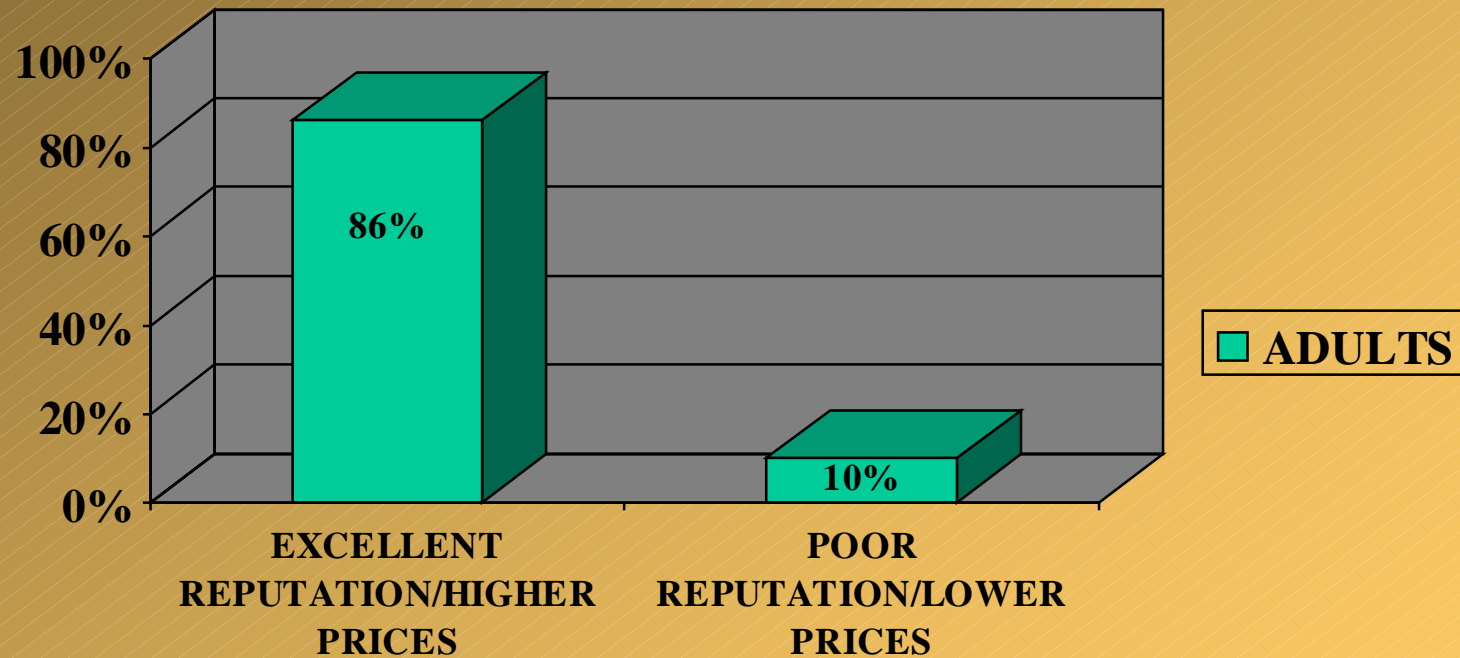
QUESTION

Now I want to ask you a hypothetical question about two companies. After I read a description of each, please tell me which company you'd rather purchase a product or service from, if the quality of the product or service was equal...

- 1) Company A, which has an excellent reputation for being honest with customers, employees and shareholders, but their prices are SLIGHTLY higher than average.
- 2) Company B, which has a poor reputation when it comes to being honest with customers, employees and shareholders, but their prices are SLIGHTLY lower than average.
- 3) Don't Know/Undecided (DO NOT READ)
- 4) Refused (DO NOT READ)

POWER OF REPUTATION

POWER OF REPUTATION - CONSUMERS



SOURCE: THE CHERENSON GROUP, REPUTATION STUDY

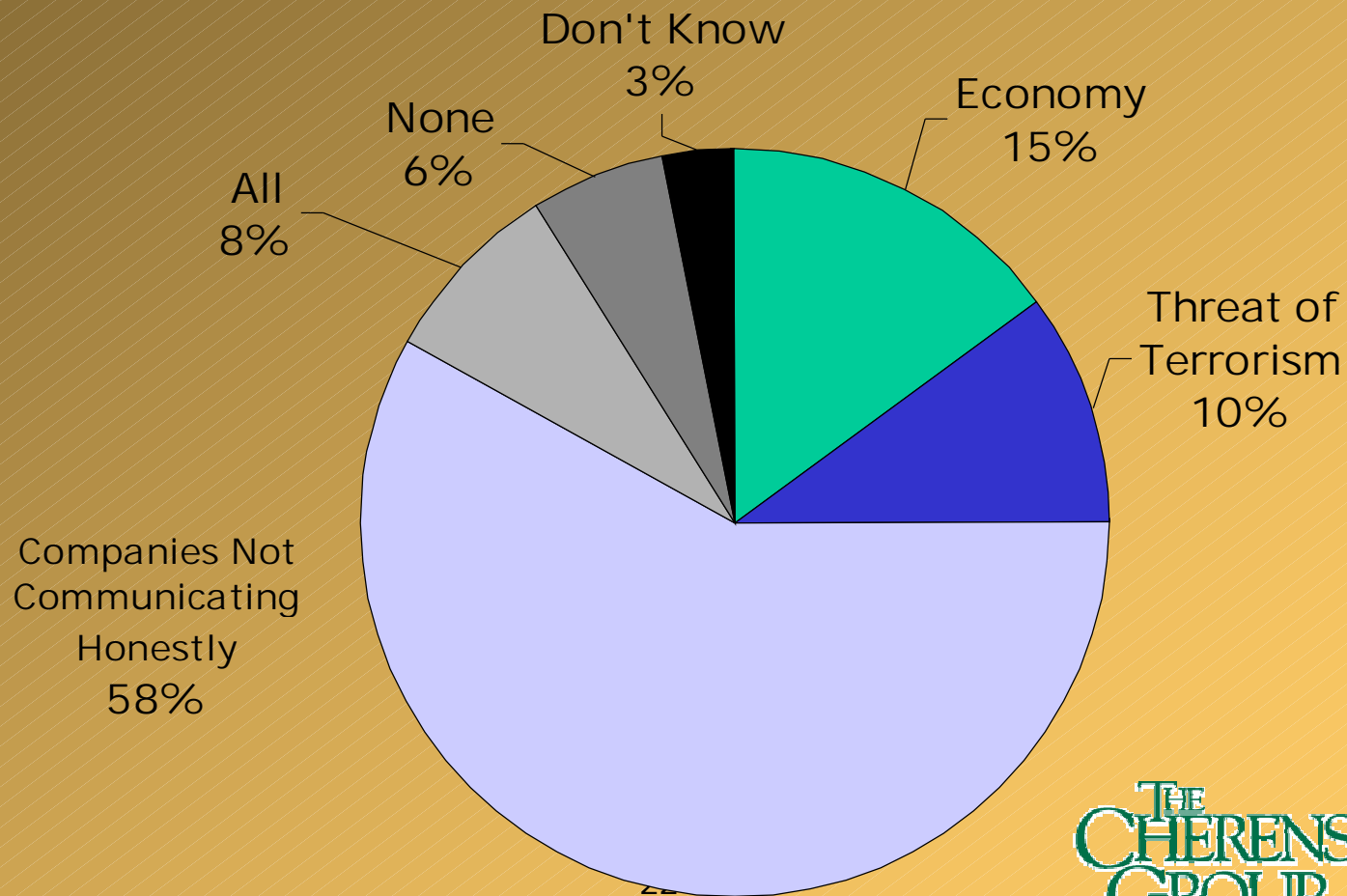
N=800 (Adults 18+) Margin of Error = +/- 3.5

QUESTION

Thinking about the recent performance of the US stock market ... In your opinion, which ONE factor is the most responsible for causing uncertainty in the stock market?

- 1) The economy
- 2) Threat of terrorism
- 3) Companies not communicating openly and honestly
- 4) All (DO NOT READ)
- 5) None/Other (DO NOT READ)
- 5) Don't Know/Refused (DO NOT READ)

POWER OF REPUTATION IN THE US STOCK MARKET



Overall Power of Reputation

Corporate Reputation Impacts...

- Where we work and how much we feel we need to be compensated.
- Who we have confidence to invest in and do business with.
- The overall price we are willing to pay for a product or service.

Who Creates Corporate Reputation?

- Top management
- Employees as reputation ambassadors
- Customers based on satisfaction with a company's product or service
- Shareholders and/or corporate investors
- The community

According to Hill & Knowlton's Annual Global Survey of Senior Executive Opinions on Corporate Reputation and Management

- 66% of executives believe that "brand and marketing message" is either essential or important to the company's reputation.
- Customer are increasingly placing the same emphasis on "brand recognition" and "corporate reputation" when evaluating a purchase decision.

What is the Role of Corporate Communicators in Building Corporate Reputation?

A majority of executives recognize the need for strong alignment between a company's brand and marketing messages and its corporate management activities.

This consensus reflects the increasing integration of corporate and marketing communication, as well as the important role executives believe that reputation plays in influencing customer behavior.

BUILDING YOUR REPUTATION

What Can Corporate Communicators Do?

Develop Credible and Consistent Messaging

Communicating credible and consistent messages across all corporate platforms is essential when building a strong corporate reputation and trust. Credible and consistent messaging across all:

- Sales and Marketing Materials
- Press Materials
- Corporate Advertising
- Shareholder/Investor Information
- Employee Communication

Create Cross-Functional Communication Teams

Corporate communication professionals are working more and more in cross-functional teams made up of various disciplines to manage consistent messaging. Some cross-functional teams may consist of professionals from:

- Public Relations
- Internal/Human Resources Communication
- Corporate Advertising
- Public Affairs
- Issues Management/Government Relations
- Investor Relations
- Marketing

Adopt Ethical Corporate Principals

- Senior management must accept responsibility for monitoring a corporation's performance in serving all key stakeholders
- Have CEO and senior management make their corporate values explicit to all employees – everyone must be accountable
- De-emphasize short-term objectives
- Encourage and promote ethical behavior

CHECK LIST FOR TODAY

- Create a program to measure trust
- Establish internal systems that ensure all internal and external messaging is consistent, credible, and supports the company's reputation.
- Create cross-functional communication teams or reporting lines that oversee multiple areas of communication.
- Ensure that all corporate brand and marketing messages are aligned with corporate reputation activities.
- Monitor reputation both internally and externally with the idea that employees and customers are brand ambassadors.

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