



## Three Critical Steps to Manage – and Improve – your Corporate Reputation

A company's good reputation is its single most valuable intangible asset, the foundation for its dealings with external and internal stakeholders.

This workshop will provide insights and recommendations about how companies can build trust among key stakeholders, earn a reputation for social responsibility and improve reputation resiliency in the face of unanticipated events.

In this presentation, Miller will discuss what he and his Ipsos colleagues do in this area, focussing on the three critical elements that form the basis of a strong corporate reputation:

- **Trust:** the belief in who you are, what you say and what you stand for
- **Responsibility:** holding yourself accountable for your actions and, increasingly, acting in a socially responsible manner
- **Resiliency:** leveraging good news into a more positive reputation, and withstanding bad news without major damage



**About Thomas A.W. Miller** Thomas Miller, based in New York City, is regional senior vice president and managing director at Ipsos Public Affairs. He is a noted market researcher, marketing strategist and public opinion pollster who has worked with Fortune 500 clients for more than 25 years. His articles and opinions have appeared in global media, and he has appeared on numerous television and radio programs.

## Building Stakeholder Relations By Stewart Lewis

Reputation is like the weather – it exists, irrespective of whether we measure it. It dictates what activities and goals are feasible, and how we should clothe and present ourselves in order to be credible and healthy. It is sensible to check the weather before we venture out, and even more useful if we know how it is changing. So it is with reputation. The key difference between the weather and reputation is that while we cannot control the weather, we can manage our reputation. And there is a clear case for managing it.

For the private sector, reputation is a business asset with bottom-line implications: the trust (or distrust) of stakeholders makes business easier (or more difficult), more satisfying (or more frustrating), and more profitable (or more costly). For public sector organisations, reputation is a critical determinant of credibility, acceptance, and success.

Our aim is straightforward: to help clients build stronger relationships with the people who matter to them. That means providing practical and well-informed guidance; for instance, identifying the key drivers of reputation, the credible and powerful messages for each individual client, and the points in the chain of influence where they can most effectively intervene.

### Core factors



To help us think about the mechanics of reputation, we can start with core factors within a company’s control: its **behaviour, values, strategy, and communications**.

All these factors are pivotal to reputation – and there must be alignment and consistency between them – but behaviour is the

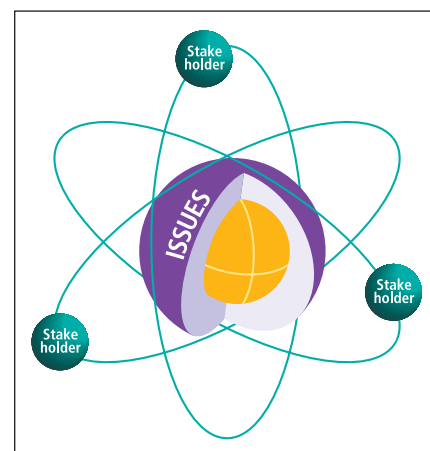
rightful starting point. However slick a company’s communications, it will sustain a strong reputation only if its actions stand up to scrutiny. Having said that, communications are vital. Many of the key factors by which stakeholders now judge companies – such as corporate responsibility – require company investment to communicate. It’s a balance to strike: **Advertising is worth doing when you’ve done something worth advertising**. These core reputation factors do not exist in isolation, but are surrounded by a mantle of issues.

### Issues



Issues are more akin to a swirling cloud, constantly emerging and disappearing again, only to reappear in modified form. Twenty years ago, an oil company could establish a leading reputation and trust on the basis of the message “We’re big and successful”; such a message would win few hearts and minds in 2006. The past decade has seen dramatic growth in interest in the company behind the brand, demanding fundamental shifts in strategy on the part of organisations such as Unilever and Procter & Gamble.

### Stakeholders



Surrounding the issues and the organisation revolve its key stakeholders: customers, investors, legislators, business partners, media, lobby groups, employees, and so on.

The interests and expectations of different audiences are sometimes in conflict, requiring the organisation to strike a balance in priorities and communication. More frequently, they are in unison, as in the priority attached to integrity and honesty, particularly following the collapse of Enron and other corporate scandals.

The orbits of different audiences often intersect – a point not sufficiently recognised in much of the debate (and research) on reputation. Analysis and insight into these interactions and the chain of influence they create add depth and practical value to our advice.

Tailored advice is central to our approach. There are some widely-recognised trends in reputation, such as the growing expectations of corporate responsibility, but how does this translate into specific opportunities and

threats for a particular company? A number of factors determine the answer, including the issues associated with the sector(s) in which a company operates, the positioning of competitors, and, critically, the company's own reputation strength and character – its corporate resiliency, as described in the article following by Darrell Bricker.

It is rare that reputation can usefully be condensed into a single indicator. Norms and perspective are helpful though. The same absolute rating on two dimensions can represent outstanding performance on one but disastrous weakness on another; a strong level of advocacy in one sector can be uncompetitive in another.

Reputation research can – and should – do much more than deliver figures. It should help your organisation engage the goodwill of stakeholder groups by answering these kinds of questions:

- How soft or resilient is the equity in your company's reputation?
- What messages will enhance stakeholders' commitment to you?
- What are the opportunities and barriers for getting your messages across?

Reputation has never been more important to companies, and never more vulnerable. Many stakeholder audiences feel that companies are not meeting their expectations; how can your company convince stakeholders that it is the exception? How can it achieve the status of one of our clients, about which a senior government respondent said, "I am filled with admiration for [the company] and will have no word said against it in my presence"? Research can help, if it can reach the right people, ask the right questions, and interpret the findings with real knowledge and insight. That is the heart of our approach.

**Stewart Lewis** joined MORI in 1976, after graduating in modern languages from Cambridge University. He now heads the Ipsos MORI Reputation Centre, serving the needs of clients across a range of sectors. As well as directing work for clients, Stewart is a frequent speaker and writer on the subject of corporate communications. He is a full member of ESOMAR (The European Society for Opinion and Marketing Research), a committee member of the International Corporate Identity Group, and Chairman of the International Visual Communication Association.

He can be reached at [stewart.lewis@ipsos-mori.com](mailto:stewart.lewis@ipsos-mori.com).



## What You Do Speaks So Loudly That I (Sometimes) Cannot Hear What You Say

By Edouard Lecerf

Politicians have always known that reputation counts. They've even borrowed a few techniques from marketing, such as quantitative and qualitative studies. If companies took the time to grasp the importance of this intangible asset, here too, the gap would be filled.

Leading organizations monitor or – even better – anticipate shifts in public opinion. Today, executives worry just as much about the citizen as they do about the consumer, and just as much about the influencers as they do about the distributor. They have understood that the organization, by the simple affirmation of its existence, is constantly "speaking." And that it is heard.

An organization's personality is also subject to the laws of the court of opinion, which is chaired by the general public, the opinion leaders, and those that relay it. In the eyes of these audiences, the organization will build its image and reputation through elements that it masters (its products, its commercial and social policies, and its communications) or through more exogenous elements (the competition, the market, the sector image, and the social and economic climate). This is why it is worthwhile to monitor and understand each of these

audiences, and why it is just as crucial to understand the opinion climate when reviewing an organization's image.

### *What you do speaks so loudly that I cannot hear what you say*

This telling Ralph Waldo Emerson quote summarizes in a way what Ipsos Public Affairs is proposing to organizations: to help them understand what they are so that they can say it even better. We have built our expertise in all sectors where reputation and image are fundamental elements. Our analytical tools bring the structure and the weight of each dimension in shaping the overall image up to date. The lessons learned from monitoring many social, financial, environmental, and leadership crises put their seriousness into perspective and help anticipate and respond to such crises in the future.

The organization's image, the executives' image, readability, the benefits expected from a strategy, the preparation and monitoring of the impact of a communication, a sponsorship or an action, and the trends in national and international opinion are but a few of the techniques used to assess and analyse a company's reputation.

**Edouard Lecerf** has been Managing Director of Ipsos Public Affairs in France since 2000, after three years as Deputy Managing Director within the company. A graduate of the French Political School (IEP), he started his career as a journalist before joining the market research industry. In 1987, with IFOP, he was responsible of political and international public opinion polls and studies. From 1990–1995, he was head of the Opinion-Media department of the French Government Information Service, before being appointed Deputy Managing Director of Louis Harris (France). He can be reached at [edouard.lecerf@ipsos.com](mailto:edouard.lecerf@ipsos.com).



**re·sili·ency** *noun* 1: an occurrence of rebounding or springing back  
2: the physical property of a material that can return to its original shape or position after deformation that does not exceed its elastic limit

## The Resiliency Concept By Darrell Bricker

### It's All About Trustmarks

The future will be dominated by competition for public trust. People are increasingly turning to “trustmarks” to sort through the cluttered information economy marketplace. For organizations interacting with the public, trustmarks will supersede the trademarks of old. A trustmark goes well beyond a good brand name; today, people are seeking guidance of a higher order. We want to be able to judge quickly if the information coming our way – about products to buy, decisions to make, causes to support – is authoritative, credible, and reliable. We aren't seeking a signal about the quality of the product as much as the trustworthiness of the producer, whether it is a corporation, a charity, or a political leader.

As the default position tends to be set on scepticism rather than trust, the trustmark holder possesses a rare and valuable asset. Leaders must excel beyond the traditional management skills of finance, strategy, and marketing to master the political skills necessary to forge trusting relationships with the new knowledge consumer/citizen, as trustmark stewardship will become one of the top tasks of modern CEOs.

The marriage of the most highly educated generation in history and the Internet places phenomenal power in the hands of a newly enfranchised class of knowledgeable citizens and consumers. Information has been democratized, giving rise to heretofore unprecedented demands for choice. The “no alternative” mentality no longer suffices; we will create our own alternatives if the official offerings don't satisfy.

Indeed, the lode of information now available to individuals and groups is giving rise to a revolutionary power shift from producers to consumers. Producers are under pressure like never before to deliver results and be accountable for performance. Combine this heightened consumer assertiveness with a diminution of brand loyalty and the potential exists for businesses – despite having taken decades to build –

to be destroyed in the blink of a cursor. The challenges posed by the new knowledge consumer/citizen are obvious, but so are the advantages for those who can relate to a more informed and wilful population.

When we paint this picture for our clients, the obvious question comes back: “Okay smart guy, what do I do about it?”

Until recently, our answers were less than satisfying. That’s because the canon of corporate reputation research we could reference was weak. As much as clients desire to understand and effectively manage their organization’s reputation, they also crave a reliable measurement tool that shows the value of what they do for their employees. In this regard, public affairs professionals are at a major disadvantage at the boardroom table. Sales professionals can reference sales data, operations managers can reference supply chain statistics, and finance professionals have their financial reports: what does a public affairs professional have to show for their efforts – press clippings?

The ideal tool for a corporate reputation measurement must be able to help manage a company’s reputation and be able to stand up to scrutiny from senior corporate executives. Like so many things, the best solutions to a complicated problem emerge from combining lessons across disciplines. In this instance, it’s political polling, issues management, brand equity, and loyalty. What has emerged from our ongoing innovation activities is the **core concept of our new proprietary corporate reputation tool: resiliency.**

**Resiliency**

Measuring corporate reputation is more than assessing favourability and ratings on key attributes. Ipsos Public Affairs has developed a new approach that enables clients to understand their corporate equity and its resiliency: how easily their corporate equity can be carved away or enhanced by media coverage and communications.

The development of the resiliency model shows that it is difficult for a company to

Elements	Start Point	After a Negative Message	Difference	After a Positive Message	Difference
Son/daughter work for	60.5	48.9	-11.6	61.4	0.9
Recommend	60.3	49.3	-11	60.7	0.4
Loyal	48.8	43.4	-5.4	49.1	0.3
Trust	59.4	47.3	-12.1	56.4	-3
Comfortable investing in	51.7	41.1	-10.6	51.3	-0.4

compensate for negative press by communicating a positive story (ask any politician who has been the victim of a negative ad campaign). Our research indicates that a negative message or incident, such as a strike by workers, can have a significant impact on overall reputation, whereas a positive message, such as an award for environmental stewardship, can have very little impact.

Negative messages associated with financial reporting and those associated with the workplace were shown to detract from the overall reputation of a company more than messages on customer service or product quality. However, none of the positive messages tested had a significant impact on corporate reputation.

**There are five key business measures that are standard to the resiliency model:**

**trust, loyalty, likelihood to recommend the company, workplace, and investing.** Various categories of communications have been tested, including customer service, product quality, citizenship, and financial reporting.

A summary of the impact of positive and negative messages on the five business elements is shown in Table 1.

The model also enables us to establish norms for overall opinion, on the five business elements, and on the expected shifts in opinion. Further, we can determine the messages that will be most effective in enhancing reputation and the messages that would be most detrimental to reputation.

We can also segment the marketplace to determine the profile of consumers most affected by key messages. Standard penalty-

reward analysis and competitive mapping can also be conducted under the model.

One of the key findings from our research so far is that likelihood of recommending the company to family and friends was the most significant driver of overall reputation of the five business elements that were included in the testing, followed by trust in the company. Of lesser significance were “happy if my son or daughter worked there,” loyalty and investment confidence (i.e., “I would be comfortable investing in”). We also found that not all customers care. About one in five respondents are significantly affected by negative messages – their opinion can shift by more than twenty points. Comparatively, less than ten percent are similarly affected by positive messages.

Our research also shows that **companies need to concentrate on building a reservoir of goodwill through consistently strong performance and a history of positive product and customer experiences.** While philanthropic activities can contribute another layer, they are rarely sufficient to protect against an attack on one’s reputation. The bottom line is that how an organization handles bad news is the most important element in determining its overall corporate reputation. It’s in times of crisis that trustmarks are made or lost.

*Author’s note: This article borrows heavily on the work of Natalie Lacey of Ipsos Public Affairs, who developed the resiliency model. Additional contributors included John Wright, Sandra Guiry, and John Hallward.*

*Reputation:  
You only know  
what is worth  
when it lies  
in tatters*  
— ALISON MAITLAND  
in *The Financial Times*,  
March 31, 2003.



**Darrell Bricker** is President and COO of Ipsos Public Affairs in North America. He joined the company in 1989 after holding increasingly senior research positions, including director of public opinion research in the Office of the Prime Minister of Canada. Darrell is often called on by the media to comment on the major issues of the day, particularly federal and international politics and election campaigns. He is the author of several books, including *Searching for Certainty* (Doubleday Canada). Contact: [darrell.bricker@ipsos-na.com](mailto:darrell.bricker@ipsos-na.com).

## Corporate Reputation with Consumer-Clients

## Corporate Reputation with Consumer-Clients By Nando Pagnoncelli

### The Importance of Media Segmentation and Socio-Semiotic Approach and Evaluation Areas

The importance of a corporation's reputation and image among consumers stems from the awareness that buying behaviour is based on a set of circumstances, values, and loyalties, as well as technical, distribution, and price characteristics. A consuming act has a meaning that can be broken down into what the product or service communicates to the consumer (the message) and how it is communicated (the medium).

Since the reputation is both the message and medium, it gains additional importance in the present context of uncertainty. Corporate reputation coexists with satisfaction, loyalty, and equity strategies, but has its own unique characteristics: it is built up over long periods, it can change very quickly, it involves a judgement of the company as "corporate citizen" (apart from judgements made from the consuming experience), and it is tied to individuals' levels of awareness.

In analysing corporate reputation it is important to define

1. who the clients are and how to sample correctly;
2. what the communicative meta-channels of the main actors are (history, news, products, sponsorships, advertisements, logos, etc.); and

3. what the company reputation is within its sector. (Key factors differentiating them from their competition and general perception of other businesses present in the sector).

#### Consumer-Client Groups

The definition of client must be as broad as possible, and may include present and potential clients of a company and of its competitors. Corporate reputation studies require a broader approach than a customer satisfaction study inasmuch as the objective is to study the mood concerning a given company: if study designs are too limited, results would offer a partial and decontextualised vision. It is fundamental to identify a suitable customer classification system designed around the needs of the reputation study, since often some clusters have

anticipatory capacities regarding changes in perception, while others have mixed needs.

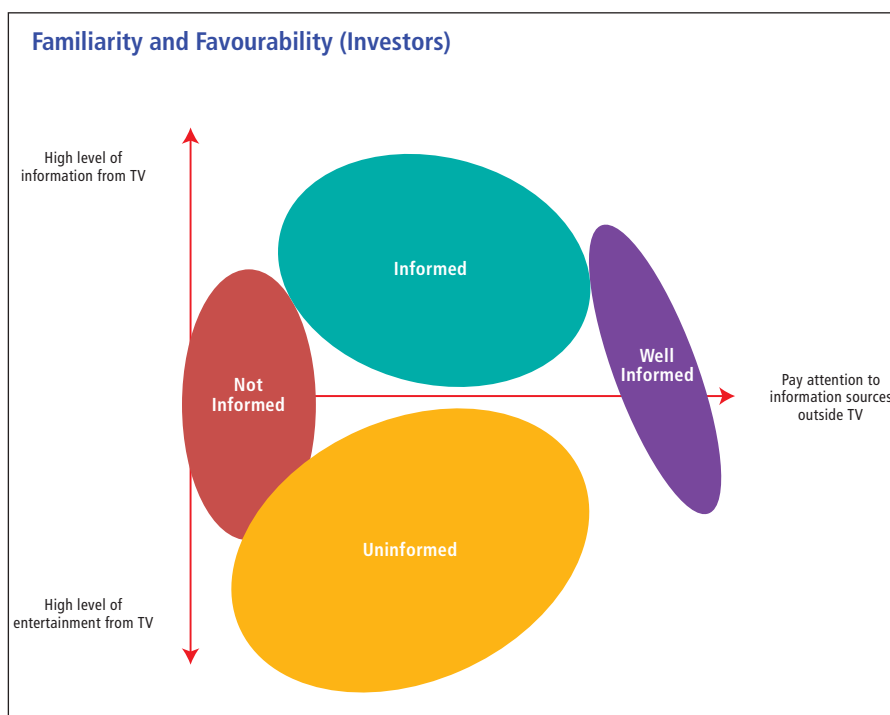
#### Media Segmentation

Apart from the corporate classifications and those based on use, loyalty, and on socio-demographic/cultural data, it is very useful to create a classification based on attitude to media. This classification studies the media the subject is exposed to (which ones and for how long) and the quality of the use (how).

This classification emerges from the fact that not all media is the same, and often television information tends to level out and standardise perceptions. Media segmentation makes it possible to evaluate various levels and different qualities of information that often relate to higher critical thought. Media segmentation offers the best expression of a company's corporate reputation potential because it compares the evolution of clusters of consumer-clients over time. In the Italian market, we identified four large clusters (based on 5,000 interviews):

The **Well Informed** cluster is made up of people sensitive to information transmitted by several sources: big readers of the business pages and Internet users for information purposes, they love to investigate; they shun entertainment television. They are the most sensitive to minor news items and are the most capable of forming a critical opinion.

The **Informed** have a good level of information, often due to investigative television programmes. To increase their information level, at times they consult other media, such as newspapers, the radio, and the Internet. Their attitude towards information is open, although often passive, and not always inclined to in-depth study. Highly informed of more well-known events, they are not always able to form a critical opinion.



The **Misinformed/Less Informed** are people who relate particularly to entertainment television. They often take in superficial information and, although they watch the news and sporadically use other media, to a large extent, they shun information and investigation, they are easily conditioned by advertising and communication, and they tend to have prejudices and absorb news uncritically.

The **Not Informed** have average television use, but they watch entertainment television almost exclusively and hardly ever use other media for information. They frequently express low critical capacity and an often passive and fatalistic attitude.

### The Socio-Semiotic Approach

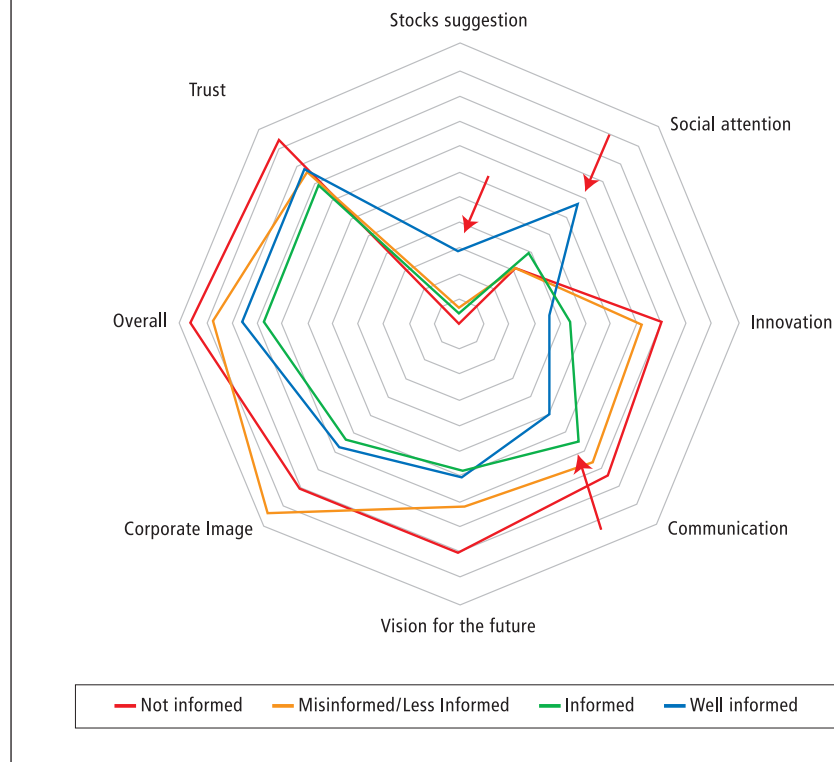
Apart from defining the customers, it is necessary to define reputation and how it is transmitted: a motivational analysis is essential for evaluating the reputation of the sector and the company and for identifying important values, communiqués, and communication channels. In this area, it is often very useful to study the way the company presents itself to the world around it, which could be offered by a socio-semiotic approach.

This is a semiotics-based approach, so it does not consult consumers – whose vision is limited by their own experience. Rather, it directly and profoundly addresses all the company issues as developed at different levels (media, internal, interpersonal, etc.) and circulating publicly as continuous communications flow. Issues are analysed as elements of the company's communications system, understood as resulting from all the lesser or more explicit, public, and conscious communicative actions, including advertising and PR, internal communication, logistics and partnerships, warranties for goods and services, the public image of top management, and the company organisation, which altogether form the phenomenological manifestation of the actual company.

Lastly, it is important to identify the decisive factors and the reputation of the category or sector – a clear representation of the context – and to define the relative position of the company.

**Nando Pagnoncelli** is CEO of Ipsos Italy. He has over fifteen years of experience in research analysis and general management, and has held senior positions including Managing Director of the Sofres Group in Italy. Nando is the Vice President of Assirm (Italy's market research institute), serves on the science board of several leading Italian associations, and has published political essays. He also teaches at Università Cattolica in Milan. Contact: [nando.pagnoncelli@ipsos.it](mailto:nando.pagnoncelli@ipsos.it).

### Different behaviour of the targets about corporate image statements



Still, the definition of reputation – which must be adapted to each individual case – can be organised into a few large areas:

- The direct and indirect experience of consumption or use, both referring to product and to the company's capacity to connect with consumers.
- The perception of the company as a corporate citizen; in other words, the perception of its relationship with employees (would recommend working for, perceived discriminations), attention to social issues and the environment, its respect for laws and ethical behaviour in the way it operates in the market (as well as formal compliance with the law), its independence, etc.
- The future prospects concerning the market and the capacity of the company to plan for the future (perception of and sharing of the corporate vision, innovativeness, strategies, stock market trends, etc.).

In brief, the growing role of corporate reputability requires in-depth reflection on three aspects: who the reference public is and how its diversity can be analysed for operative representation, which meta-channels the company uses to talk about itself, and the company's reputation within a given market.

For more on consumer-clients, see "Myth Today" in *Mythology* by Roland Barthes, *L'era del cliente* by Antonio G. Busacca, "Marketing e comunicazione dopo l'11 settembre" AA.VV., in *Micro&Macro Marketing*, and *Brands Laid Bare: Using Market Research for Evidence-Based Brand Management* by Kevin Ford. For background on the socio-semiotic approach, see *Semiotics, Marketing and Communication: Beneath the Signs, the Strategies* by Jean-Marie Floch, and *Semiotica al marketing*, Roberto Grandi, editor.

The article includes the contribution from Sara Taddei, a socio-semiotic researcher with Ipsos Italy, with an academic background in socio-semiotic from Bologna University, where she studied under Umberto Eco, Ugo Volli, and Caterina Schiavon.



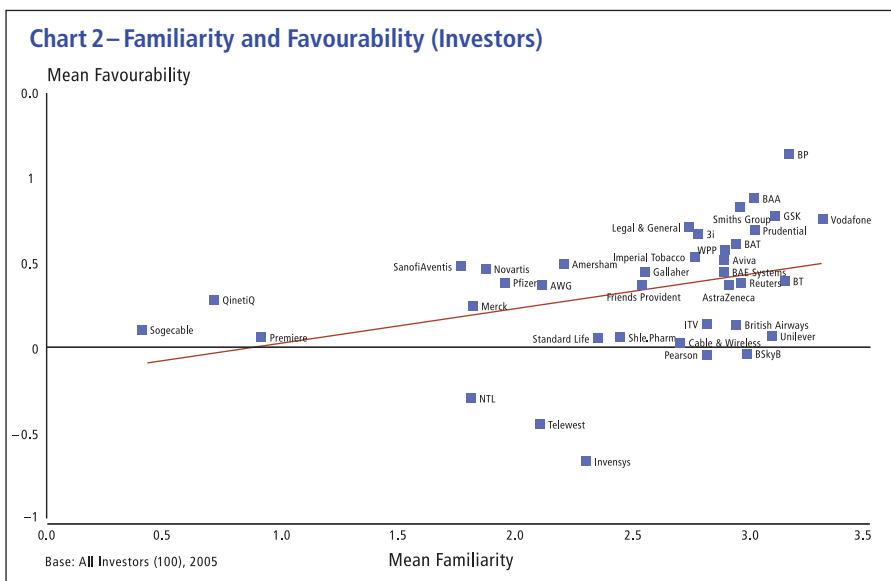
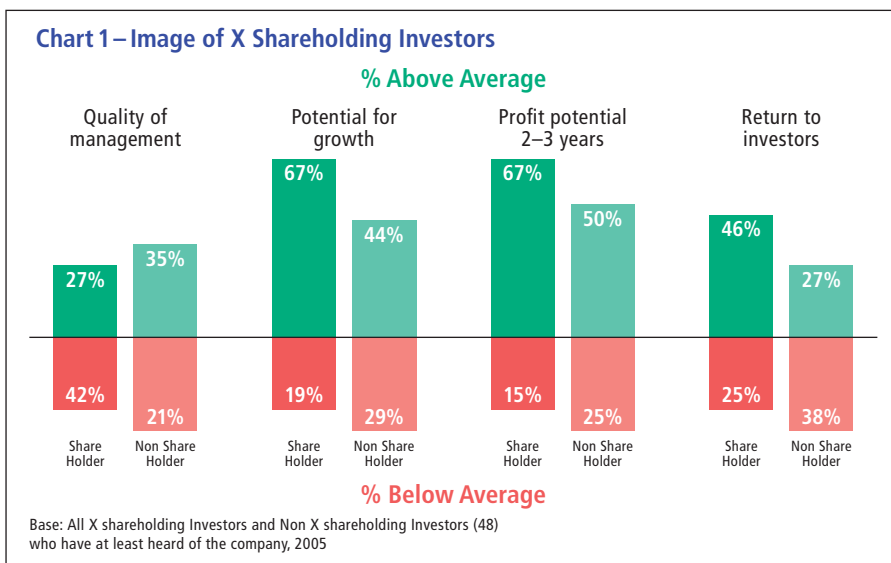
# How Institutional Investors Assess Companies By Roger Stubbs

“The City/Wall Street/La Bourse doesn’t understand my company – our share price undervalues its true worth.” This is a typical grumble of almost any quoted company chairman. Yet more time, money, and resources go into investor relations now than ever before. Why is this? After all, the basic activities, philosophy, and management of blue-chip companies do not change overnight. Yet a glance at the share price history of almost any company shows great volatility.

## Perceptions versus Reality

In Ipsos MORI’s annual survey of City opinion, we try to help our clients understand the events and factors which drive the major institutional investors’ and sell-side analysts’ (those who work for brokerage houses and publish reports on companies in their sector of specialisation) attitudes toward specific companies. As so often, communications plays a major role, because opinions and judgements are based on perceptions.

For example, one company had made sizeable investments in IT and considered itself to be at the cutting edge of technology for its sector, but the impression in the City was that technology was leaving the company far behind – a major negative perception and one that was dragging down its share price. If a company knows what misperceptions exist, it can counter them with carefully focussed communications. Those communications can be made more effective by knowing the criteria on which the City judges companies (for 22 years, quality of management has been paramount, currently followed by financial strength, valuation, and cash flow) and what initiatives make for outstanding relations with the City (openness and honesty is a key factor). As factors such as social responsibility and corporate governance have featured more prominently, in recent years the survey has picked up on the influence they are having on investors’ buy/hold/sell decisions. In the 2005 survey, for example, barely half of the investors Ipsos MORI interviewed claimed to incorporate governance issues in their stock selection procedure to any real



extent, although a majority say that most companies would benefit from an increase in the number of non-executive directors.

To determine how investors perceive different companies in our study, each company is scored on key criteria, such as the fictional company example in chart 1. Overall ratings are obtained using a favourability scale, as demonstrated in chart 2. Results can be tracked over time, too. Encouragingly, we revealed in a joint Investor Relations

Society/Ipsos MORI seminar held in November 2005 that 55% of investors have seen an improvement in the quality of corporate investor relations over the past two years. Spontaneously raised strengths and weaknesses can provide valuable information to companies about ‘top-of-mind’ issues among shareholders, and the tone of the comments puts flesh on the bones of the bare statistics.



**Roger Stubbs** is Deputy Managing Director and Research Director of Ipsos MORI, which he joined in 1972 from the NatWest Group, where he was Head of Statistics. At Ipsos MORI, he has worked largely in the financial sector, conducting reputation work, employee studies, new product development work, and ad tracking. In recent years, he has focussed on B2B research for professional services organisations, and is head of business research for the company. Roger is a member of ESOMAR, a full member of the MRS, and a chartered statistician. He can be reached at [roger.stubbs@ipsos-mori.com](mailto:roger.stubbs@ipsos-mori.com).