

As consumers, we are under assault. Numerous messages are constantly broadcast to us by companies and by the media, creating a cacophony of logos, sounds, and signals. Since we can't pay attention to all of their messages, we consciously and subconsciously select from the vast array only those that are relevant to us—and we screen out the rest.

Relevance is a judgement call we each make subjectively—in viewing an ad campaign, for instance, what's relevant to you may not be relevant to me. Some of us are drawn to humorous ads, while others are drawn to moody ads, others to representations of beauty, and others to high-tech displays of virtuosity. Research indicates that the messages most likely to get through to us are those that elicit emotional involvement and those that fit easily into pre-existing mental categories—personal “file folders” created from

our past experiences. Since emotions—the experience of pleasure and pain—are among the earliest and most powerful imprints in our minds, it’s no coincidence that the most important factor to explain why people feel more or less favorably toward a company is the company’s emotional appeal—a dimension measured in the RQ Project with attributes that describe the degree to which consumers trust, like, and admire a company.

At the same time, research shows that we are more likely to notice messages that confirm our preexisting beliefs about a company. Once built, a reputation is inertial and difficult to change. The merged company ExxonMobil continues to be ascribed a very weak record on social responsibility despite large sums donated to charity and involvement in multiple philanthropic efforts. Arguably, this occurs because of the public’s deep-seated memory of the Valdez spill. To alter public perception would require massive and consistent messaging and initiatives designed to drive out these inertial associations and create entirely new ones—something the Tiger-emblazoned company has so far avoided doing.

In the three previous chapters, we showed that well-regarded companies tend to adopt and implement reputation platforms that are distinctive, authentic, and transparent. In this chapter, we demonstrate that the company’s reputation platform also has to be *consistently* enacted across all stakeholder groups and through all of the company’s communications and initiatives. Building a strong reputation platform is central to the execution of a campaign of communications and initiatives designed to earn the company a favorable reputation. As Figure 10–1 illustrates, the best-regarded companies implement such campaigns in five steps:

- Step 1. They *dialogue* with stakeholders.
- Step 2. They enforce a *shared identity* throughout the company.
- Step 3. They adopt service standards and *integrated communications systems* that facilitate coherence.
- Step 4. They *coach employees and partners* to communicate harmonious messages that are consistent with the company’s reputation platform and corporate

story, and that reflect the company's shared identity. Often, they are personally branded by the company's CEO.

Step 5. They *measure progress* in implementation systematically.

These steps are actually modules that are not necessarily sequential and can have some degree of simultaneity. For analytical purposes, however, they can be thought of as unfolding linearly in time.

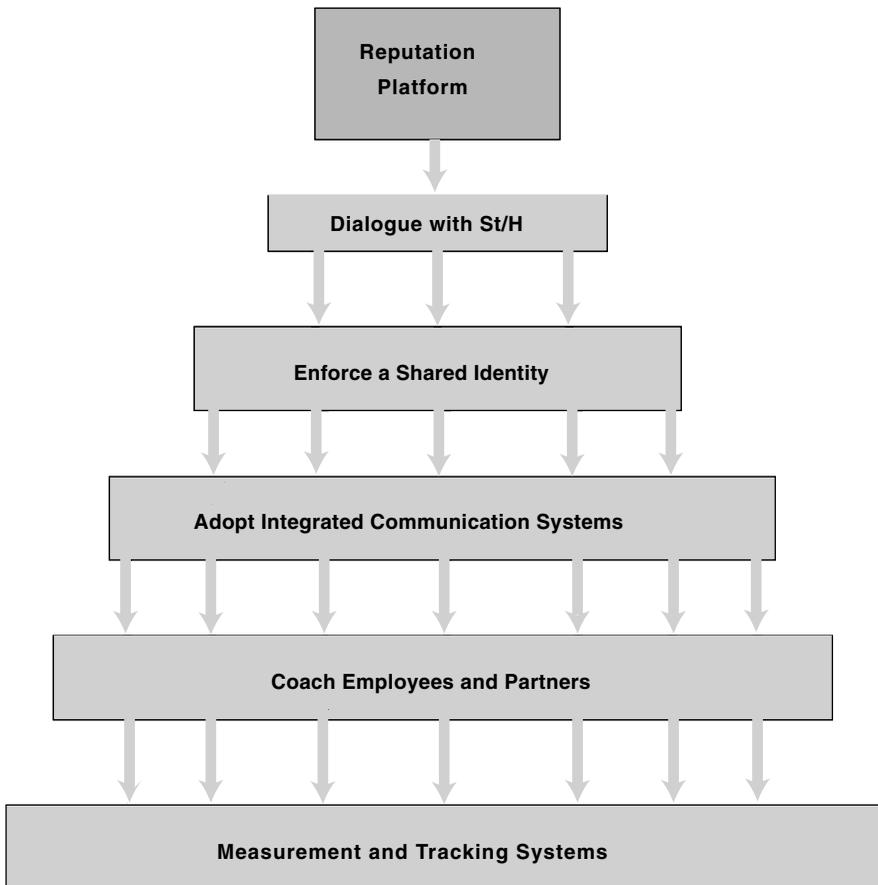


Figure 10-1 A process for creating consistency in reputation-building.

STEP 1: ESTABLISH A DIALOGUE WITH STAKEHOLDERS

Companies have to deal with the demands of three primary stakeholder groups—employees, customers, and investors. In addition, makers of consumer products are particularly pressured by two secondary stakeholder groups—activists and the general public. As Chapter 1, “Why Reputations Matter,” showed, all of them are influenced to a degree by filter groups like financial analysts and the media.

In seeking to enact a reputation platform, a company needs to address the expectations of all of these stakeholder groups. That’s a costly proposition, however. Most companies have numerous stakeholders, and large diversified companies can claim the whole world in their stakeholder set. Some are easily known and accessible; others operate below the radar screen and are invisible for the most part. To economize, consultants often suggest that a company prioritize its stakeholders, and concentrate its reputation-building activities on a limited set of stakeholders.

Doing so can be deceptive. Prioritizing stakeholders creates an *artificial sense of order*. It implies that some stakeholder groups are more important than others in carrying out reputation-building activities. Although some stakeholders have more visible power because they control key resources like financial capital (investors) or revenues (customers), in fact all stakeholders are now equally powerful in their ability to influence how a company is perceived. Intel learned this the hard way: The 1995 controversy surrounding its Pentium chip was started by an online letter circulated by one individual who indicated to a newsgroup that there was a tiny error embedded in calculations produced by Intel’s branded chip. Others quickly joined the online conversation, inviting response from the company. When Intel turned a cold shoulder on their concerns, the topic blossomed even further. An avalanche resulted when the media picked up on it, forcing Intel to back down.

The point is that corporate reputations are vulnerable to attack from *all* stakeholder groups—be they individuals or companies, distant groups or powerful institutions. Reputation management is not a matter of selecting powerful stakeholders;

it's about interfacing with the broadest possible cross-section of stakeholders, particularly those that are seemingly weak or "off-the-radar screen," establishing a dialogue with them collectively and then selecting a reputation platform, corporate story, initiatives, and messaging strategies that can help address *all of their expectations*, consistently so.

That's no simple matter. Take the following example of a communication by Lufthansa:

Lufthansa Cargo, like all other airlines, is looking under every nook and cranny to cut costs. In North America it decided to give its sales operations a big haircut, eliminating a dozen cargo sales positions in favour of farming the work out to a newly formed general sales agency.

Lufthansa's corporate strategy has proved correct. Quality, flexibility and cost consciousness have lastingly strengthened our profitability," Jurgen Weber pointed out. Thus the Group managed to lift its operating result by EUR 227 million to EUR 332 million.

The communication was clearly targeted to please one key constituency: Investors. After all, cost-cutting always earns favor from investors. However, the message gives short shrift to employee interests. If Mr. Weber did what most CEOs are advised to do, he probably sent a letter to employees warning them of job cuts as a necessary cost-cutting measure—the "I'm sorry" letter; investors and analysts got the "efficiency and profits" letter; and the media got the sugar-coated press release describing the initiative as a necessary competitive action.

Unfortunately, in a transparent and interconnected world, all of these communications are read by *everyone*. It's impossible not to look like a greedy company when profits are made to go up by putting some people out of work. The customized model of communicating only to the most visible, powerful stakeholders with messages colored to their parochial interests ultimately results in backlash—often it alienates a critical constituency such as employees, depressing morale. It also gets picked up by reporters and activists who sympathize with the downsized employees and who mobilize marches, demonstrations, and boycotts.

Heaven forbid the company CEO receive a bonus from the board in that same year—a cynical employee population is likely to rebel and the media make an unflattering story of it that damages the company's credibility.

Good reputation management is about developing high sensitivity to the concerns and expectations of all stakeholders and establishing a mature dialogue with them so that actions taken that principally affect one stakeholder group recognize the concerns and expectations of all the others. When Intel puts its *Intel Inside*[®] logo on a computer, it is communicating with customers, surely. But it is also communicating with investors about the brand value it is creating; it's communicating with current and potential employees about the pride they should feel in seeing the corporate logo emblazoned on their friends' PCs. When Novo Nordisk publishes an employee satisfaction survey on its Web site, it speaks volumes not only to employees but to all stakeholders who are curious to know whether the company they're investing in has motivated employees or that the company they buy insulin shots from for their diabetic children *really cares*.

When speaking with one special interest group, the company must therefore be highly sensitive to the effects of any specialized initiatives or communications on all the other groups. The reputation platform a company adopts must be distinctive, authentic, and transparent to *every* stakeholder a company depends upon. And reputation management really means *risk management*: It involves anticipating the downside risks to the company's reputation from losing support from any stakeholder whose personal interests might diverge from those of the company as a whole.

Conducting reputational risk management requires the construction of stakeholder maps that capture the critical concerns and expectations of the company's stakeholder environment. It puts the onus on the company to create a reputation platform and a corporate story that is sustainable *across* stakeholder groups: The story has to succeed in finding and maintaining the right balance between the competing demands of all relevant stakeholders and the wishes of the organization itself.

Shell is a case in point. In 1995, after the company announced that it intended to sink its outdated Brent Spar platform in the

North Sea, it found itself completely unprepared to handle the backlash that ensued. An important reason for its lack of preparation was the internally focused mental model that Shell had long relied upon to make decisions. Often referred to as the DAD model (Decide, Announce, and Defend), it was the dominant approach that Shell took to decision making. It was an insider model, reflecting the self-referential character of Shell's executives:¹ (a) Shell claimed unique insider understanding of the rationale for its Brent Spar decision; and (b) Shell denied that such knowledge and contributions could be properly assessed in terms of universal criteria of effectiveness, efficiency, and fairness. The company also relied on expert assessments of ecological risk while refusing to speak to activists like Greenpeace who were intimately concerned about these issues.

The media fallout and subsequent soul-searching the company went through since 1995 has apparently paid off. Consider the company's innovative Web-based Tell Shell campaign—a coherent effort to build two-way dialogue and information exchange with stakeholders. Tell Shell is also based on the DAD model, but reverses the order of things: The model begins with dialogue, followed by decision making, and then do it (implementation). It's a singular contrast to the old version of the DAD model.

Developments in online technologies make it easier to invite and maintain an active and ongoing dialogue with multiple stakeholders. The challenge comes in being willing to change on the basis of that dialogue. It requires a different mental model of decision making, one that is not easy to develop in companies with institutionalized structures, cultures, and practices. But beware: To invite dialogue and not be prepared to listen and act on the messages received can damage authenticity.

STEP 2: ENFORCE A SHARED IDENTITY

As Chapter 7, "Be Distinctive," indicated, developing a reputation platform and rooting all of the company's communications around a shared corporate story can facilitate reputation-building. Stakeholders are more likely to be receptive to corporate messages when they perceive the contents to be coherent. To them,

it implies that the company speaks harmoniously about its efforts—and so must be more authentic about what it is saying. Inconsistency in its communications and initiatives suggests the opposite—that the company may be disingenuous and less than authentic about its actions.

A good corporate story helps diverse stakeholders experience consistency in the company's messaging. To be credible, it has to be created in an open dialogue with a representative cross-section of the company's key stakeholders and should meet four criteria: First, the story should be *realistic*. All stakeholders should perceive the contents of the story as accurate depictions of the company. Second, the story should be *relevant*—stakeholders should perceive the key message of the story as addressing their interests and concerns. Third, the story should present the company as *responsive*. Fourth, the story should be *sustainable*—it must find and maintain a balance between the competing demands of all relevant stakeholders and the preferred options of the company itself.

The reputation platform—and the corporate story that derives from it—ensures that a minimal level of commonality of expression will result throughout the company. But it will still allow for too much variation. A key tool that companies use to enforce consistency further is visual identity. Much as the military uses flags and uniforms, and religious groups use rituals, music, uniforms, and scents, companies are finding it advisable to develop restrictive policies addressing the use of their names, logos, colors, and typeface so that stakeholders are exposed to a consistent set of visual cues that describe the company. These are clearly useful tools, and Web-based technologies increasingly facilitate the creation of libraries of approved images, styles, formats, and typefaces for corporate documents. Not only do these libraries provide ready access to the guidelines governing their use, but they often enable direct downloads of approved formats, enabling instant conformity by remote parts of the company.

Many of the high-ranked companies in our global RQ study use the same name at both product level and corporate level. Microsoft, Coca-Cola, Sony, Lego, Bang & Olufsen, Ferrari, and Microsoft benefit in this way from the transfer of brand value from product advertising investments to the corporate level.

But it's also true that many high-RQ companies maintain separate names for the company and its brands. The best known are probably consumer goods titans Procter & Gamble and Unilever, famous for ownership of a stable of powerful product brands and reticent about promoting the overarching corporate umbrellas that govern those brands. The same logic characterizes giant Ahold, owner of large supermarket chains around the world. Ahold uses its corporate name only in communications targeted to financial audiences and to potential hires. Nonetheless, the Dutch public nominated and rated Ahold as the company with the best reputation in the Netherlands in 2001. Apparently, Dutch consumers can make the link between Ahold, the company founded by Albert Heyn, and the brand-name retail stores they shop at.

The endorsement decision is a difficult one. Companies regularly face it when they are involved in mergers and acquisitions, when decisions have to be made about the rebranding of the joined entity. In a valiant effort to retain the historical identities of both partners to the fusion, many mergers have copped out entirely—fusing their previous names into lengthy, often unspeakable combinations. Auditor PriceWaterhouseCoopers is an example: a fusion of former rivals Price-Waterhouse and Coopers & Lybrand. The fusion of automakers Daimler-Benz and Chrysler produced DaimlerChrysler; Exxon and Mobil came together as ExxonMobil; and the marriage of Texaco and Chevron produced ChevronTexaco. But visit the Chrysler Web site, and you're hard put to know that it has a corporate parent. Apparently, the parent company assumes that separating the brands is advantageous—the link to the corporate name is not something that Web surfers need to know about.

Separate branding creates problems for companies seeking to build corporate reputations. It makes difficult a shared identity, visual projections, and the whole apparatus by which identification and personalization is created in the minds of stakeholders. If there are two (or more) companies under the umbrella, what unites them?

By contrast, fusions of pharmaceutical companies demonstrate a more deliberate vision of the need for a common reputation platform for the joined entities. When Sandoz and

Ciba-Geigy joined forces in March 1996 in the largest corporate merger in history, the two companies shed their pasts and were reborn under the name of Novartis. In 2000, Novartis and AstraZeneca merged their agricultural businesses to form Syngenta, the world leader in plant protection and the number three in the seeds business.

Clearly, the corporate name can be a useful tool for injecting shared identity elements internally and externally. It also makes possible a transfer of key corporate values from the company to its business-level brands. Top-rated Sony is a good example of a company that seeks to transfer a reputation platform built on innovation, quality, and miniaturization to its multiple business units. When Sony sought to enter the movie production business, it found itself overstretched—the reputation platform didn't apply well to those unrelated markets and may be among the reasons that explain Sony's inability to maintain credibility in that space. Swiss food giant Nestle is similar in its efforts to convey to consumers across its businesses the clear link between the corporate parent Nestle and the company's many product names (e.g., Nescafe, Nesquik). Beverage behemoth Coca-Cola vacillates: The Coca-Cola Company (TCCC) is the parent of multiple business units united around a reputation platform of refreshment, one that encompasses dozens of brands, including Dasani water, Minute Maid orange juice, and Fanta. Few consumers realize that they are all TCCC owned business units. The transfer of shared values is made more difficult across TCCC business units insofar as stakeholder allegiance to the parent company is weakened by parochial allegiance to the company's seemingly separate brands.

Figure 10–2 contrasts four principal types of endorsement that ING has used for its subsidiaries. They constitute points along a continuum and their corresponding visual identities.

Corporate managers generally disagree with business-unit heads about the merits of strong and weak endorsement. Often rancorous, emotional debates occur around the question of how much intrusion to allow of the corporate brand over the business brands. Qualitative research we've conducted in four industries

	A. No Endorsement Standalone	B. Weak Endorsement	C. Medium Endorsement	D. Strong Endorsement
Visualization	'affiliate name'	'affiliate name' member of 'parent company name' (logo)	'parent company name' (logo) 'affiliate name'	'parent company name' (logo) 'specialization'
Example	Mercantile Mutual	Mercantile Mutual 'Member of ING (lion)'	ING (lion) Mercantile Mutual	ING (lion) Insurance
Corporate branding strategy	Stand-alones, low degree of parent visibility, high degree of autonomy at business unit level, avoiding spill-over effects.	Low degree of parent visibility, used by companies in a transition phase of complete autonomy towards integration into an integrated market approach.	High degree of parent visibility, no consistent fit with the key elements of the corporate message, applied in Greenfields or in more mature markets where competitors already have achieved a strong position.	High parent visibility, high degree of identification with corporate level, high degree of transparency, strict coordination of communication strategy, showing the strength of the group.

Stand Alone	 Mercantile Mutual
Weak Endorsement	 Mercantile Mutual An ING  company
Medium Endorsement	ING  Mercantile Mutual
Strong Endorsement	ING  DIRECT

Figure 10–2 Forms of corporate endorsement at ING. Source: ING 2001

with diverse managerial participants demonstrates the standard arguments used on both sides:

Arguments favoring strong application of a reputation platform:

1. We want to create a sense of internal coherence in order to simplify internal cooperation.
2. We want to show outsiders the strength and size of our organization.
3. We want to express unity towards the outside world.
4. We are responsible, so we want to be in control; uniformity in branding simplifies this.
5. Cost reduction: uniformity is cheaper than having to support a range of different brands.

Arguments favoring weak application of a reputation platform:

1. Adding the corporate brand to our business unit communications implies that investments in our business unit-level brand have become useless.
2. We have a typical national brand name that fits well with our local situation; as soon as we replace this by the corporate brand, we will lose substantial market share.
3. Visualizing a formal link with the corporate name will limit our commercial freedom (e.g., our choice of distribution channels).
4. Size is nice for financial audiences and as a consequence for corporate headquarters, but not for our business unit in our markets.
5. Increased importance of the corporate brand implies increased power for corporate managers, which implies reduced freedom and power of business unit management.

Even after a decision is made to promote a shared reputation platform, acrimony often remains that prevents effective implementation of that platform and limits the synergies achieved. We therefore recommend careful analysis of the benefits to be

gained from promoting a shared reputation platform across business units. It should be based on a shared understanding that a common reputation platform is best justified when:

- The company is pursuing a diversification strategy that puts it in closely related businesses. The Coca-Cola Company's diversification strategy into beverages is a related diversification strategy that would benefit from a shared reputation platform and closer application of a common identity in the management of its brands.
- The company relies on centrally coordinated systems and practices for fulfilling its major market functions. Ford Motor Company operates a wide range of auto businesses, including Ford, Jaguar, and Aston-Martin. So does General Motors, with Saturn, Chevrolet, and Cadillac. These businesses rely on decentralized structures for executing design, production, and marketing tasks, that have made a shared reputation platform difficult to implement.
- The company expects employees and consumers to identify more with the corporate parent than with the brands. Pharmaceutical products producer Johnson & Johnson clearly stimulates identification with the company rather than with its businesses despite strong brand names of their own (e.g., baby powder). Johnson & Johnson's consumer outreach is rooted in promoting identification with the corporate umbrella.

STEP 3: IMPLEMENT AN INTEGRATED COMMUNICATION SYSTEM

When a company opts to implement a shared reputation platform and project a common identity, that identity must then be controlled. Doing so requires integrated communications that harmonize the messages and initiatives conveyed by the company to its multiple stakeholder groups. To deliver integrated communications, companies increasingly rely on technological solutions that can enable coordination far more easily than centralized oversight and approvals.

greater consistency in its communications across those business units. To do so, corporate communications was tasked with managing Philips' exposure to all internal and external stakeholders, developing messaging for communications issues, orchestrating an orderly and effective delivery of corporate and key divisional and product news, and setting guidelines to promote a "one voice" policy for Philips.



Figure 10–4 Philips logo and slogan.

Source: Philips, 2002

A slogan was selected to crystallize the innovation platform of the company and galvanize the attention of both employees and consumers—"Let's Make Things Better." The company then began the arduous task of revising decision-making processes and setting monthly planning meetings designed to construct a groupwide communications plan that could govern internal communications and the global messaging of the Philips brand, centered around the common reputation platform. Key elements of that platform include

- **Vision and Strategy:** One company with a digital electronics focus, partnering with others.
- **Brand and Marketing:** Investing in competence building.
- **Technology and Innovation:** Technology for people, a passion for innovation.
- **People and Values:** Creating a sustainable, rewarding environment.
- **Finance and Performance:** Return to growth, ongoing discipline, and quality focus.

The vision of One Philips and its implications for communications are shown in Figure 10–5.



Figure 10–5 The One Philips vision.

Source: Philips, 2002

To implement the One Philips platform required linked systems. Figure 10–6 shows some of the interrelated elements of Philips’s communications system. It begins with common themes for communications throughout the company. Implementation of those themes is coordinated by a global steering group of some 15 communications professionals operating with a common editorial calendar and executing the plan through concerted media relations, PR support, speechwriting, speaker placements, and the deployment of common tools and templates across the business units.



Figure 10–6 Execution of communications at Philips.

Source: Philips, 2002

The communications structure is three-tiered and involves

- A centralized Corporate Communications Council with responsibility for global management of communications. The Council oversees all internal groupwide communications and concentrates on addressing strategic issues from the business sector and from special interest groups.
- Communications teams at the level of the company's core product divisions: They address global communications relevant to the product divisions and concentrate on consumer and industry issues. They also manage internal communications in the divisions.
- Local communications teams operating as a shared service across the group and divisions. They address issues relevant to the geography and coordinate internal and external communications that are relevant across Philips businesses at the local level.

All of these teams are supported by a global network of preferred suppliers of communications services.

To coordinate the activities of these geographically diverse communications professionals across the company, Philips relies on an extranet. Figure 10–7 shows the home page of the Philips GroupCom online community. It provides communications professionals with immediate access to the communications calendar, media content, and ongoing projects.

Extranets and intranets have become very popular tools for integration of corporate communications. During a company visit to DaimlerChrysler's headquarters in Germany, we were invited by senior managers to view the company's impressive intranet—a system that provides direct access to approved logos, typefaces, and images of the company for use in publications around the world. It also enables all employees to be instantly informed about media content and all press releases sent out around the world. Speaking in harmony is facilitated by the system: When DaimlerChrysler managers are tasked with preparing their own comments for a public forum, they can easily access top management speeches as well as prepared presentations and other

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Managed by Philips Corporate Communications US Stock Price: 24.82 Dutch Stock Price: 28,20

MEDIA CONTACT

- FT looking into home networking 20/02/02
- Simon Poulter
- Time Magazine - digital supplement feature on Philips 20/02/02
- Jeremy Cohen
- Philips unveils comprehensive Wireless Connectivity Positioning at 3GSM World Congress in Cannes 20/02/02
- Suzanne Degreef
- Blu-ray 19/02/02
- Koenraad van Hasselt
- continuation of short term work within Semiconductors fabs in Germany - request of Handelsblatt after getting information from the works council 18/02/02
- (Gregory Lipinski - Handelsblatt - No Bureau) Gerd Goetz
- Asahi Shimbun (Vienna office) submitted questions about new Status Law (foreign labor force) in Hungary 18/02/02
- Mariana Hnikova
- New boiler plates 14/02/02
- Suzanne Degreef
- Border detention procedure DVD players&discs 13/02/02
- Caroline Kamerbeek

• Le Figaro (Stephane Kovacs) wants to interview Slovak 06/02/02
workers working in Components plant in Győr (Hungary)
Mariana Hnikova

• Newark Star Ledger report on National Labor Relations 05/02/02

CALENDAR

- 22/02/02 • Interview CeBIT Trends with Deutsche Presse Agentur. H.J. Kamp, CE-Germany 28/02/2002
- 19/02/02 • Feb.20: AvDP Media Breakfast 3GSM
- 18/02/02 • Update (18/2/2002) Calendar of Events as per Jan.2002
- 12/12/01 • CES - Las Vegas - January 7-11, 2002
- 11/12/01 • December 12: GK visits Philips Spain

BULLETIN

- 26/10/01 •Reminder

ISSUES/PROJECTS

- 23/02/02 •Analysts
- 28/01/02 •Legal issues
- 19/12/01 •contamination
- 11/12/01 •GCCF
- 30/10/01 •Internet themes

PHILIPS TODAY

Figure 10-7 Philips' online community for communications.

Source: Philips, 2002

predigested communications content. They are therefore less likely to be caught off guard expressing opinions likely to create unappealing headlines for the company.

STEP 4: COACH EMPLOYEES AND PARTNERS

Ultimately, consistency depends on people's understanding, willingness, and commitment to singing the company song in harmony. An important tool for developing harmony is to involve senior managers in coaching their more junior colleagues about communications. Much as opera singers retain vocal coaches, so too are companies relying more systematically than before on formal coaching of executives by communications professionals, from formalized media training, speech-writing, and presentation

skills training to more subtle one-on-one skill-building. In many companies, internal communications staff often act as personal consultants to executives in developing their personal brands.

When systematically applied, training and coaching are also a valuable mechanism for inducing widespread understanding and acceptance of the company's reputation platform and for diffusing it not only among employees but also among supply chain partners. Specialized extranets designed to link a company to its suppliers, dealers, customers, or employees all require complementary training and coaching in their effective implementation. They are also the means through which the company conveys its values and identity—its reputation platform.

Highly rated GE maintains a well-known training facility in Crotonville, New York. Former CEO Jack Welch relied heavily on Crotonville to spread the company's point of view to rotating managers attending the company's technical and managerial training programs. Similarly, when Shell embarked on its massive global transformation in the mid-1990s, it created an education center in the Netherlands where managers came for exposure, exchange, and training in the company's vision for the future.

In many companies, the CEO has become the head coach for personalizing the company to stakeholders. A favorable impression of a CEO enables people to put a face on the faceless and create meaning out of uncertainty. Ernst & Young's Center for Business Innovation reported that institutional investors give nonfinancial measures as much as 35 percent of the weight in their evaluations of companies. Topping these analysts' list of factors were management credibility and the ability to execute strategy, both of which emanate from the CEO suite.

Brand-name CEOs also act as powerful magnets to potential employees, helping to attract the best talent and keep turnover rates low. Universum, a consulting firm that regularly surveys MBA students about their job preferences, reports that many of the companies that are most attractive to MBA students have such brand-name CEOs.

Developing consistency across a company therefore requires visible leadership that systematically conveys the company's reputation platform. Stakeholders look to a CEO who clearly and credibly communicates the company's mission and direction.

They expect that a CEO inspires and motivates employees. Emerging from the dazzling new information economy is therefore a homespun image of the CEO as storyteller. In his book *Extraordinary Minds*, Howard Gardner notes that storytelling is a powerful way to influence constituencies.³ He describes how powerful leaders build narratives that create a common bond with their followers by describing goals they seek in common, obstacles that lie in the way, ways of dealing with those obstacles, and the promise that utopia can be achieved. These stories, like legends, breathe life into otherwise impersonal companies and their products.

A CEO can also create reputational capital by focusing on local constituencies. Leonard Riggio, CEO of Barnes & Noble, has made a concerted effort to shape the personality of his bookstores so that they mirror the communities they inhabit. Manhattan's Union Square store, for example, reflects the funkiness of the neighborhood and plays host to writers' book signings and poetry readings. His company's attention to local constituencies and Riggio's own voice in these matters provide Barnes & Noble with permission to enter new markets and win over customers.

Many of the companies in the RQ studies in the five selected countries have visible CEOs with strong track records. The companies often dedicate significant parts of their Web sites to them. In the United States Bill Gates is probably the best-known corporate chief even though he's no longer Microsoft's CEO—John Balmer took his place in 2001. For one, Gates is the living example of someone who fulfilled the "American Dream," starting his own company from scratch and building it up to colossal status. For another, his symbolic and substantial gift of over \$19 billion to create the Bill and Melinda Gates Foundation sent a powerful message about the fundamental good a company can do—casting a powerful shadow of goodwill on the Microsoft empire.

Johnson & Johnson is another American firm with consistently high reputation rankings and a powerful and highly competent CEO. Although not as celebrated or as well-known as Bill Gates, William Weldon is recognized as a solid leader who lives and breathes Johnson & Johnson. Having been with the company for a long time and climbed the corporate ladder, Weldon

acts as a powerful mouthpiece for communicating the company's reputation platform and corporate story.

In the Netherlands CEOs are also visible to consumers, and their speeches and actions appear in the media. The top-reputation companies have highly recognizable and praised CEOs. Before the financial scandal that unfolded in early 2003, Ahold's then CEO Cees van der Hoeven had been one of the most cited CEOs in the Netherlands—he took third place in the 2001 Intermedia Citation Index, and was named “Mister Investor Relations Netherlands” in 2001 by Rematch, an investor relations research unit that praised his clear, consistent, and comprehensive approach to communicating the company's financial position. The subsequent scandal demonstrated how deceptive a company can be.

In Italy, Ferrari similarly showcases its key figures. The legacy of Enzo Ferrari, the founder, is central to the corporate culture. Key facts from his life are highlighted and celebrated. The current CEO, Luca Cordero di Montezemolo, is himself a colorful and decorated figurehead for Ferrari and personifies the company's heart and soul.

In Denmark, a prime example of the importance of a company's chairman is A.P. Møller's figurehead CEO Mærsk McKinney Møller. Mr. Møller is a highly visible leader who has accumulated much praise during his life through his role both within and outside the company, most recently for his involvement in funding Copenhagen's controversial new Opera house. He is well known both in Denmark and to the shipping community worldwide.

Clearly, CEO brands are valuable vehicles for carrying out the kind of formal training and coaching needed to execute corporate reputation platforms. CEO brands act as powerful focal points for shaping consistency throughout the companies they lead.

STEP 5: ADOPT A MEASUREMENT AND TRACKING SCORECARD

The endgame of all integrated communications systems like those of Philips or DaimlerChrysler is measurement. To maintain alignment between the corporate vision and the execution

of communications and initiatives requires a credible scorecard. Most companies build their scorecards around the volume of external coverage, the favorability of that coverage in each region, and the reputational changes they expect from carrying out their communications. Having a credible scorecard, committing to targeted results based on that scorecard, and rewarding business unit managers as well as communications staff for achieving those results are the key ways companies can ensure successful implementation of integrated communications.

Throughout this book, we emphasized the importance of adopting metrics that can enable consistent monitoring of the company's actions and initiatives. In Chapter 3, "Who's Tops—and Who's Not?" we described the Harris-Fombrun Reputation Quotientsm or RQ developed by Charles Fombrun and Harris Interactive. The instrument is a standardized scorecard that enables cross-national comparisons of perceptions. Companies can create their own customized scorecards by adapting the standardized version of the RQ to their own operations. As we've shown, the six dimensions of the RQ are common to all companies, as are most of the 20 reputation attributes. However, companies may also want to track specific attributes that reflect strategic options they are pursuing. This should not be done at the expense of the standardized attributes but by enlarging the set and adapting the attributes to make them more specific to the company at hand. The resulting reputation scorecard can be used to track the perceptions of all stakeholder groups using various data collection strategies, including online surveys of the public and employees as well as standard telephone and in-person interviewing.

A second tracking tool we find extremely useful is the systematic rating of a company's media coverage. Most companies today rely on press and video clipping services. Unfortunately, most such services do not provide useful analysis of the coverage. Working with Delahaye-Medialink, the Reputation Institute developed the standardized MRi instrument to assess media coverage in terms of the same attributes and dimensions as a company's

reputation scorecard. In the standardized version of the MRI, companies are rated on the 20 attributes of the RQ, and the rating describes how favorable the company's media coverage is and how it is positioned relative to other companies. This is done electronically for English-language coverage but has become increasingly feasible in other languages. It can also be done qualitatively for media that are not yet electronically available. Tracking media using the same metric is a valuable complement to the measurement of stakeholder perceptions.

A third tracking tool we recommend is to construct a coding system based on the reputation scorecard for all of the company's outgoing messaging, including press releases, website content, annual reports, and executive speeches. Content analysis of outgoing messaging closes the loop: It reports what the company is *saying* to its stakeholders. When juxtaposed against media ratings and stakeholder ratings, it pinpoints the specific areas the company is targeting and enables identifying the specific attributes and dimensions of reputation on which the company needs to do further work if it is to successfully shift media coverage and stakeholder perceptions. Figure 10–8 describes the integrated nature of a company's tracking system for reputation management.

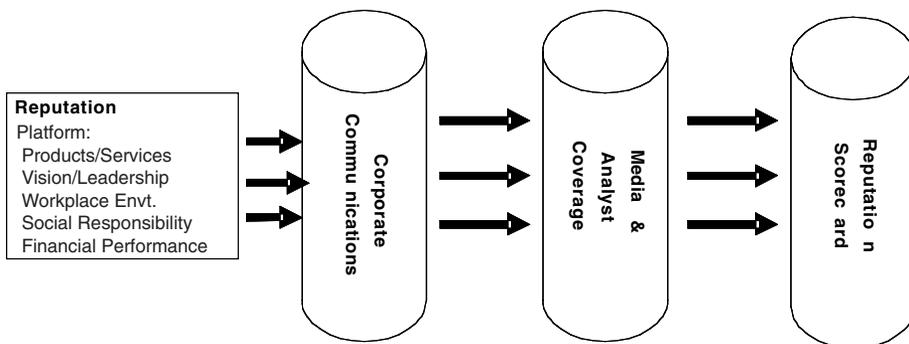


Figure 10–8 Reputation measurement and tracking.

CONSISTENCY: TOP DOWN AND ALL AROUND

Consistency is an important characteristic of the best-regarded companies. It is achieved by adopting a reputation platform, shaping an identity around it, delivering integrated communications, and infusing the company with the spirit of its reputation-enhancing themes.

For consistency to take hold, we suggest four key points:

- Create a platform that will be perceived as credible, relevant, and realistic by all stakeholders on which your company depends.
- Create a corporate story based on at least two emotional drivers that give the story appeal and above all make it easier to remember.
- Add attention-getting symbols to the media in which you express the corporate story; one picture says more than a thousand words.
- Develop appealing channels to express the story, whether through advertising, public relations, or social initiatives, including personal branding of top executives (in addition to the CEO).

Some of the tools with which companies build consistency are straightforward to implement: They involve developing strict guidelines, use of a common logo, adopting logical brand architecture, building a communications plan, creating intranets and extranets, and adopting standardized measurement and tracking. Others are more difficult and depend very much on the example set by the company's top managers: If a company really wants to be consistent, its leaders have to set an example every day.

Finally, as we suggested from the start, consistency involves "singing in harmony" with all stakeholder groups. It remains true that most companies are biased to consumers and tend to overemphasize the importance of marketing communications. Advertising budgets generally dwarf the budgets allocated to other

forms of communication despite consistent evidence that earned media is a more cost-effective medium of building support. The challenge for would-be reputation managers is therefore to demonstrate a credible business case for reputation-building to companies heavily invested in a consumer- or investor-dominated worldview. That's the challenge to which FedEx rose in 2000, and we describe the company's reputation-building initiative of the last few years in the next chapter.

ENDNOTES

1. R. L. Dunbar & D. Ahlstrom, "Seeking the Institutional Balance of Power: Avoiding the Power of a Balanced View," *Academy of Management Review*, 20(1), 1995, 171–192.
2. Interview with Pieter Schaffels, vice president, Philips, January 23, 2003.
3. H. Gardner, *Extraordinary Minds*. New York: Perseus, 1998.