Reputation Leaders Study

*How Global Executives Grapple with Today’s Reputation Risks and Capitalize on Opportunities*

March 2016
Reputation Institute surveyed 150+ global executives in corporate communications, reputation management, strategy and C-suite, to gather insights on today’s trends, practices and priorities in reputation management.

- Top-of-mind issues for global reputation executives
- The link between reputation and corporate purpose
- Reputation management: organizational setup for success
- Communicating on Corporate Social Responsibility (CSR)
- Trends in stakeholder measurement and communications
- Activating the right strategies to minimize reputation risks and capitalize on opportunities

Case-in-Point Employees
About the Reputation Leaders Study

RI surveyed 150+ senior Reputation and Corporate Communications executives across 20 countries, between Sept 2015 and Jan 2016.

Company sizes:
- Less than $1 billion: 22%
- $1-5 billion: 28%
- $6-29 billion: 27%
- $30 billion or more: 23%

Respondent companies are headquartered in:
- Europe: 56%
- USA/Canada: 27%
- Central/ Latin America: 13%
- Other: 4%

Respondent titles:
- CEO/ President/ MD/ Owner/ Board Member: 4%
- VP/ SVP/ CCO: 20%
- Director/ Senior Director/ Head/ AVP: 39%
- Manager/ Senior Manager: 23%
- Other: 14%

“Other” titles included Brand/ Reputation Strategist, Reputation Officer, Communications Advisor, Marketing Leader, etc.
Top-of-mind issues

for global reputation executives
Cross-stakeholder measurement and communications are at the top-of-mind for global reputation executives

Companies with Strong/Excellent reputation have set the foundation of measurement in place and are now focusing their efforts on cross-stakeholder communication, CSR and managing reputation risks.

Average reputation companies are still working on developing the business case and finding the best approach to measuring their reputation.

Areas of focus in corporate reputation management over the next 12 months

Communicating: Articulating a cross-stakeholder, cross-market company narrative

Measuring our reputation across key stakeholders

Managing reputational risk: improving our ability to effectively manage reputational crises

Corporate Social Responsibility (CSR): improving our reputation for CSR and sustainability

Knowledge: improving our organizational competency in reputation management/ corporate communications

Business case for reputation management; including quantifying Return on Investment (ROI) of specific initiatives

Top Challenge

The lack of a structured process for integrating reputation management into the business is the #1 challenge to successful reputation management.
Managing reputation risk is top-of-mind for almost half of global reputation executives

How ready is your company to manage reputation risk?

Our organization has:

<table>
<thead>
<tr>
<th>Statement</th>
<th>% who strongly agree with statement</th>
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</thead>
<tbody>
<tr>
<td>Internal competencies to identify and anticipate the key reputation risks</td>
<td>49%</td>
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<tr>
<td>Well-established structure for addressing and mitigating key reputation risks</td>
<td>45%</td>
</tr>
<tr>
<td>Cross-functional governance structure to manage the key reputation risks</td>
<td>45%</td>
</tr>
<tr>
<td>Formal processes that enable us to assess the probability of key reputation risks</td>
<td>40%</td>
</tr>
<tr>
<td>Emphasizes the importance of protecting and defending our corporate reputation in our</td>
<td>38%</td>
</tr>
<tr>
<td>Formal methodology to assess the business impact of key reputation risks</td>
<td>38%</td>
</tr>
</tbody>
</table>

Two-thirds of executives in the study are involved in reputation risk assessment and crisis management, yet less than half report that their organizations have the right internal competencies, structures, processes and methodologies in place to assess and manage reputation risks.

Corporate Communications department is the most responsible for managing reputation risks: 84% of respondents say Corporate Communications is responsible.
The link between reputation and corporate purpose
Reputation executives are key to defining and communicating the corporate purpose

77% of executives in the study are involved in developing the corporate narrative, yet only 59% strongly agree that their organizations have a credible and compelling narrative that addresses cross-stakeholder expectations and aligns with corporate purpose.

Actions to ensure the company’s purpose and values are clearly and consistently demonstrated in how it acts and does business

- Internal policies and codes of conduct developed to articulate company’s core values (63%)
- Consistent commitment and reiteration of core value by senior leadership (58%)
- Company marketing materials and corp. communications reflect its core values/vision (53%)
- Proactively communicating externally on company’s core values (48%)
- Core values emphasized in recruitment materials/activities (47%)
- Training provided to employees on company’s core values (42%)
- Internal processes and controls set up to ensure employee adherence to core values (41%)
- Personal performance metrics tied to core values (41%)
- Corporate performance metrics tied to core values (35%)

% taking action frequently/to a great extent
Reputation management

organizational setup for success
Why do companies focus on corporate reputation?

Corporate reputation impacts my company the most in:

- Crisis management: supporting post crisis recovery - 75%
- Talent: recruiting and retaining high-quality employees - 70%
- License to operate: entry into new markets - 50%
- Regulatory risk: risk of increased regulations - 49%
- Products: supporting new product introductions - 46%
- Pricing: ability to charge price premiums - 33%
- Sales: enhancing sales force effectiveness - 33%
- Cost of Capital - 25%

In 45% of respondent companies, corporate reputation is a prominent agenda item for the Board of Directors. 59% of respondents say that corporate reputation is a high priority for their companies.
Successful reputation executives are multi-faceted strategists involved in many areas of the business

Corporate Communications department takes a leading role in reputation management:
- The bigger the company, the more involved is the Corporate Communications department in managing corporate reputation: Less than $1 billion - 76%, $1-5 billion - 86%, $6-29 billion - 90%, $30 billion or more - 97%.
- The corresponding percentage of Corporate Communications budget dedicated to reputation management increases with company size.

<table>
<thead>
<tr>
<th>Business activities</th>
<th>% very involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate narrative</td>
<td>77%</td>
</tr>
<tr>
<td>Crisis management</td>
<td>67%</td>
</tr>
<tr>
<td>Reputation risk assessment</td>
<td>64%</td>
</tr>
<tr>
<td>CEO’s reputation</td>
<td>63%</td>
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<tr>
<td>Corporate branding strategies</td>
<td>60%</td>
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<tr>
<td>Issues management</td>
<td>57%</td>
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<tr>
<td>Public affairs</td>
<td>51%</td>
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<tr>
<td>Corporate social responsibility strategy</td>
<td>51%</td>
</tr>
<tr>
<td>Sustainability programs</td>
<td>49%</td>
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<tr>
<td>Employee empowerment</td>
<td>37%</td>
</tr>
<tr>
<td>Business positioning</td>
<td>36%</td>
</tr>
<tr>
<td>Setting the strategy agenda</td>
<td>31%</td>
</tr>
<tr>
<td>Marketing strategies</td>
<td>31%</td>
</tr>
<tr>
<td>Product/service branding strategies</td>
<td>29%</td>
</tr>
<tr>
<td>Business strategies</td>
<td>23%</td>
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<tr>
<td>Business performance</td>
<td>21%</td>
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<tr>
<td>Board decisions</td>
<td>19%</td>
</tr>
</tbody>
</table>

39% of companies use reputational metrics “somewhat” or “to a great extent” to determine the annual compensation of their corporate communication and reputation management executives.
Communicating on corporate social responsibility (CSR)
67% of companies in the study report current investment/budget for improving communication with stakeholders around CSR/sustainability performance and initiatives.

Current budgets for CSR and sustainability

<table>
<thead>
<tr>
<th>Area</th>
<th>% of respondents reporting current budget</th>
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<tbody>
<tr>
<td>Charitable contributions/ philanthropy</td>
<td>71%</td>
</tr>
<tr>
<td>Health and safety</td>
<td>69%</td>
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<tr>
<td>Environmental sustainability</td>
<td>68%</td>
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<tr>
<td>Improving CSR/ sustainability related communications</td>
<td>67%</td>
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<tr>
<td>Community development</td>
<td>67%</td>
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<tr>
<td>Responsible governance</td>
<td>61%</td>
</tr>
<tr>
<td>Responsible/ ethical/ sustainable supply chain</td>
<td>59%</td>
</tr>
<tr>
<td>Workplace conditions/ labor rights</td>
<td>57%</td>
</tr>
<tr>
<td>Economic development</td>
<td>49%</td>
</tr>
<tr>
<td>Human rights</td>
<td>29%</td>
</tr>
<tr>
<td>Social justice</td>
<td>27%</td>
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</tbody>
</table>

How does your company communicate its performance in CSR/sustainability?

- CSR performance mentioned in our Annual Report – 71%
- Dedicated annual CSR Report – 63%
- CSR performance is mentioned in corporate-level communications (press releases, statements, executive interviews, etc.) – 61%
- Dedicated CSR focused communications (press releases, interviews, etc.) – 59%
- Public stance/position communicated on social or environmental issues pertinent to stakeholders, please specify - 13%
Trends in stakeholder measurement and communications
Reputation scores are becoming widely used in measuring the effectiveness of corporate communications and reputation management initiatives

- Most companies have some measurements in place to assess their reputation among their most important stakeholders, however only 37% of all companies do it comprehensively/ to a great extent.

- 73% of companies in the study use reputation scores either “somewhat” or “to a great extent”, to evaluate the effectiveness of corporate communications and reputation management initiatives.

Stakeholder Prioritization

- Customers: 88%
- Employees: 83%
- Regulators/government officials: 77%
- Investors and shareholders: 73%
- Opinion leaders: 53%
- General public: 49%
- Industry professionals: 44%
- Supply chain partners: 43%
- NGOs/ advocacy groups: 35%

77% of respondents consider company’s financial results among the metrics reflecting its corporate reputation.
Activating the right strategies to minimize reputation risks and capitalize on opportunities

Case in Point: Employees
Employee engagement is a critical part of strategic reputation management

45% of respondents frequently use employee engagement scores to measure the effectiveness of their reputation management initiatives.

19% of respondents list the lack of employee engagement among the top challenges to successful reputation management at their companies.

Actions taken to influence workplace reputation

- Regularly measure employee satisfaction: 69%
- Health and wellness program(s): 50%
- Employee engagement programs: 50%
- Encourage employee volunteering: 47%
- Encourage our employees to be socially active: 32%
- Employee ambassador program: 23%
- Measure prospective applicants' perceptions and expectations of our company: 21%

% taking action frequently/to a great extent
About Reputation Institute
and the RepTrak® model
About Reputation Institute

The World’s Leading Research and Advisory Firm for Reputation

Founded in 1997 by Dr. Charles Fombrun and Dr. Cees van Riel, we help organizations answer the questions:

- What is my reputation and how does it compare?
- How can I improve it?
- Who is doing it well?

RepTrak Framework

We measure the reputations of thousands of the world’s most prestigious companies annually using our RepTrak® framework – the world’s largest and highest quality normative reputation database.

Continuous Reputation Measurement & Guidance

We provide continuous reputation measurement, benchmarking and consulting services to hundreds of the best-known companies globally to help them protect their reputations, analyze risks and drive competitive advantage.

Reputation Management Best Practices

Through our Reputation Leaders Network, we bring executives from 100+ global member companies together to advance the practice of reputation management collectively and for their organizations.
2016 Release Schedule

- China RepTrak® 100 – March 17, 2016
- Global RepTrak® 100 – March 22, 2016
- US RepTrak® 100 – March 29, 2016
- Canada RepTrak® 50 – April 11, 2016
- UK RepTrak® 150 – April 14, 2016
- Italy RepTrak® 50 – April 20, 2016
- Switzerland RepTrak® 50 – April 26, 2016
- Spain RepTrak® 50 – April 27, 2016
- Mexico RepTrak® 50 – May 3, 2016
- France RepTrak® 100 – May 10, 2016
Get Your Company’s Data

Ask us to be among the first to know your company's 2016 score and ranking.

See how likely your stakeholders are to buy from you, work with you, and invest in your company.

Understand how you can improve your scores and grow your stakeholder support.

Ask us at info@reputationinstitute.com
Thank you