

How to keep a good name

Reputations are at risk in an age of austerity – so a strategy to protect them is essential

In the age of austerity, corporate reputations have never seemed more fragile.

An executive pay package deemed reasonable two years ago is condemned as excessive. Poor operating performance is more likely to be blamed on management incompetence than exceptional market conditions. Politicians are quick to intervene when accidents occur (and before negligence is proven) with little regard for the destruction of shareholder value.

Retail and investment banks face a blizzard of post-crisis regulation that makes rebuilding reputation in the short term extremely challenging.

I recently facilitated a dinner discussion between 30 senior comms executives at one of the UK's best-known companies to discuss the latest threats and challenges to reputation. It didn't make for a happy discussion.

On a top ten list of risks were: uncoordinated global, regional and domestic regulation; corporate nationalism affecting merger and acquisition options and the ability to raise capital from sovereign wealth funds; and NGO-inspired shareholder activism leading to market restrictions.

And that's before the politicians get going or social media are used to create armies of advocates to campaign against the way businesses label food, extract oil, serve burgers or sell alcohol.

What can be done to protect corporate reputation in the age of austerity? Here are my six tips:

◆ Focus on operational efficiency and customer service. I have been saying this for ten years, but it is just as relevant in current conditions. Consumers have not stopped behaving like activists because they have less disposable income.

◆ Bring corporate comms and government relations closer to the leadership. The leadership role of the comms



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and government relations functions at BP will form the basis of *PRWeek* case studies for the next ten years. (One FMCG client of mine has moved customer relations closer to corporate comms – now that is smart.)

◆ Make CSR programmes tick more boxes – but do not cut them. This was the conclusion of my discussion with global communicators. The media and politicians expect to hear that corporate social programmes are alive and well. But beware governments that simply want you to hand the money over to them to spend as they see fit.

◆ Share pain as fairly as possible. When jobs have to be shed or teams are put on short-time working, what is the *quid pro quo* from management? If it is nothing, expect a more hostile reception from staff that will quickly spill out to stakeholders and the media. Lead by example – even if it means parking up the company limo.

◆ Invest in internal comms. There is a consensus that western economies will continue to grow – but in fits and starts. That will mean more short-term jolts to sales, investment schedules, share prices and, inevitably, reputation. As ever, your best advocates are your staff – so continue to work hard to keep them informed. Good stories about companies can spread like viruses. It may sound like a glib politician's phrase but it has never been so true that 'we're all in this together.'

◆ Create a compelling long-term business strategy narrative. The pursuit of short-term shareholder value is no longer sufficient in itself. Successful companies will be those that can clearly set out where they are going over the next decade and how they intend to get there. Businesses need a sustainable long-term strategy that they can use to motivate internal and external audiences to achieve shared goals.

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Views in brief

Which organisation has most improved its reputation in the past year?

Just when you thought Tesco could do little more to enhance its reputation, it handled the retirement of Terry Leahy – 'Mr Tesco' himself – brilliantly, triggering barely a flutter of City unease. A difficult trick, well executed.

To what extent do dwindling public sector budgets offer an opportunity for corporate CSR programmes to fill the void?

David Cameron's vision of a Big Society does envisage business stepping in. For example, some in Number 10 would like the food and drink industry to fund the Change for Life anti-obesity campaign. But is that just a back-door tax?