# FOCUS: From the top down

Craig McGuire - 19 Jan 2004 00:00

**A sturdy reputation program requires buy-in from all parts of a corporation.**



Reputation management is too often seen as incidental damage control. Ideally, however, it is more about implementing a long-term, integrated program in which communications professionals work closely with senior management to reinforce a company's core operational strengths with its various audiences. In other words, no amount of reputation management would have saved Enron, Worldcom, or the slew of other companies swept up in corporate governance scandals and, more recently, mutual fund debacles. "You simply cannot communicate your way out of a situation you've behaved your way into," explains Don Etling, SVP/partner and head of Fleishman-Hillard's strategic internal communications division. But reputation management is not just for the high-profile big shots. Any enterprise with more than 50 members or employees should seriously consider implementing such a program, and do so even in times of relative calm, notes Marc Jampole, president of Pittsburgh-based Jampole Communications. One case in point is Eckert Seamans Cherin & Mellott, a thriving law practice that employs more than 200 attorneys and back in 2001 believed it had little reason to invest in reputation management. Awash in a torrent of legal work from cash-swollen dot-coms, many law firms at that time had more business than they knew what do with. The stock market was still ascending, and the swollen bubble was yet to burst. Perceiving no real threat to the organization at the time, and with no reason to act otherwise, Eckert Seamans was virtually silent when it came to self- promotion. So when rumors began to circulate that the firm was slipping into bankruptcy and hemorrhaging some of its top talent to competitors (which the company claims had no foundation in truth), it lacked both the reputation and communications program to quickly dispel them. Meanwhile, the rumors were further fueled by the closing of a number of satellite offices that year, which the company says were shuttered mainly for logistical reasons. With the allegations undermining its reputation, Eckert Seamans turned to Jampole not only to staunch the short-term bleeding, but also put in place a program that ensured it would never again experience the protracted damage it felt during the months it spent resuscitating its battered corporate image. As with any effective reputation management campaign, Eckert Seamans' resurrection regimen started with a comprehensive audit of the company's operations. Essentially, in order to promote the strengths and values of an organization, it must first fully understand precisely what they are. And as is the case with most successful programs, Eckert Seamans' corporate crusade emanated from the top down, with key leaders thrust onto the media circuit, while the company simultaneously pumped cash into an integrated advertising and PR program. "It was a painful lesson, but as a result Eckert Seamans was not only able to rebuild its reputation, but surpass it," says Jampole. "This year, [the firm's] billable hours increased 69%, fee revenue per attorney picked up 60%, the firm opened two satellite offices, and was the first Pittsburgh firm to open an office in the corporate law stronghold of Wilmington, DE." Despite its seeming lack of communications expertise, Eckert Seamans had the luxury of a sound organization to fall back on, essential for any reputation management program. **The need for self-analysis** Reputation management first emerged as a distinct discipline in the mid-1990s, according to Alan Towers, president of an eponymous New York-based PR agency that specializes in such programs. At the time, the general public - and investors in particular - were becoming more savvy and knowledgeable about what makes corporate entities tick. This meant they were also growing less likely to accept what a company was saying, as opposed to what it was doing. Meanwhile, journalists were digging deeper and delivering data that sometimes did not jibe with the company line, pumping out news through an increasing number of channels, as cable TV and the internet rose in prominence. "This was the beginning of the corporate governance movement that led to the new disclosure rules we have today," Towers reflects. "Then the Enron-era accounting scandals further damaged public perception, as did the more recent mutual fund debacles, all emphasizing the need for reputation management." In the corporate world, as Towers explains, it is now much harder to do communications-based PR, because there is a limit to what the investing public will swallow. "The media is far more focused on behavior than it was even a decade ago," Towers says. "So you need to focus on being consistent with what you say and what you do: closing the 'say-do' gap, if you will." "Reputation management is a much less superficial approach, and is much more akin to the way we do business these days," said Peter Morrissey, president of The Morrissey Group, a Boston-based agency. "But for poorly run companies, there is no amount of reputation management in the world that will save them." As Eckert Seamans learned, you start with an internal audit, though it involves a much deeper self-analysis than most companies would think. "You would be surprised, but the audits from 15 years ago were much more thorough than the temperature checks you find today," says Morrissey. "That is because today we can generate a mountain of information, so many do not see the need for interpretation. Basically, you need to not only find out how you are perceived by every audience you touch, but drill down and find out why people perceive your company or products the way they do. That's the hard part." Because a reputation management program involves analyzing a company's operations first, making hard decisions, and then communicating the results, any viable program must emanate from the top. Three years ago, an $8 billion client of Fleishman that was in the process of expanding beyond its core base into urban markets was facing a potential string of diversity lawsuits. "It is an interesting example in that the CEO was actually personally supportive of diversity programs," says Etling, who would not identify the client due to the litigious nature of the events. "So he was really stunned when his own company faced diversity lawsuits from employees." The CEO was so taken aback, in fact, that he launched a massive program that involved extensive research and outreach and led to the formulation of his company's "founding values." Intent that employees would do more than pay lip service to these new values, the CEO tied all employee evaluations and compensations, at least in part, to the demonstration of these values. The company also hired an African-American recruitment professional to lead its human resources department and created a diversity officer position that reported directly to the CEO. On the front lines, the COO led the charge and front-line managers held batteries of regional meetings to reinforce the program. Last year, the second year of the program, the company created its Founding Values Awards, in which employees and departments were recognized for their efforts. This year, the company is issuing a series of documents that describes its best practices. "This program produced results and kept this company out of court and off the front page of national newspapers," Etling says. "But the only reason it worked was because of the emphasis placed on the values by the CEO and management. There is no other way." **Get input from many sources** In fact, with reputation management straddling the line between communications and operations, PR pros need to overcome decision makers' reticence to accept their opinions, which are inevitably deemed underqualified. "In order to have a seat at the table and to be able to assess the health of a company from a business perspective, you need to talk the talk," Morrissey says. "If you can demonstrate to your CEO how reputation management strategies can affect the company's valuation, attract employees, sell more products, secure the loyalty of customers, reduce litigation, and say it all in business speak, not communications-speak, he may let you stay at the table." But communications and operations are not the only company players that need to be invited to the party. While an effective reputation management program needs to emanate from leadership, that does not make it an exclusionary process, Etling says. "You need to integrate the planning process and invite input from everyone who has a stake in the success of the program," Etling says. "This includes engaging all company factions and departments. If your company is spread out across many geographic areas, make sure you have someone present to represent each region. Also include employees, usually through human resources, and advertising, sales, marketing, and communications departments." Inevitably, who stays at the table during final planning is another story, but soliciting input during strategizing enables more people to take ownership of the process and invest themselves in executing the program. Regardless of who participates in the process, reputation management as a distinct business discipline is not entirely owned by communications professionals. As Towers explains, because reputation programs touch operations, many executives simply prefer to give their business to management consultancy firms. However, because it is still a relatively young area and does unarguably require communications expertise, there is still time to shape general opinion. "If we want this business, this very valuable reputation management business, then we as an industry need to evolve," Towers says. "If we are unable to evolve and effectively and consistently advise clients and construct successful programs, then they will just give the business to the management consultancy companies." These companies are the competition of PR folks, says Morrissey. "When my guys are in there working on reputation management programs, I don't want to hear about comparisons with other PR pros or competing agencies," he says. "I want to hear them being compared to the consultants, to the lawyers, even to the company's own operations guys. That's how I know we're still in the game."

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