

Be proactive in managing reputation

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New government regulations related to financial reporting and the ongoing options-backdating saga have resulted in a non-stop stream of mostly negative articles. These articles can damage a company's reputation, and many of the "offenders" seem to be caught off-guard.

While companies cannot always avoid the negative spotlight, having your PR house in order and securing the participation of senior executives can help make the best of a bad situation. With customers, investors, and regulators more aware of corporate scandals and declining institutions, savvy organizations have elevated reputation building, monitoring, and management to a broad level of senior business execs, led by the CEO and managed by corporate PR.

To put corporations in the best position to deal with negative stories and a challenging regulatory environment, we must make a fact-based case on the value of proactive communications. Reputation is dynamic, not static. It changes as individual opinions do, and opinions are influenced by experience, either directly or indirectly through a third party.

To exert more influence on media coverage and mindshare, it is important to be proactive. It requires confronting bad news and making public disclosures or apologies that typically are anathema to legal departments, accountants, and board committees.

PR pros are most successful in making their case when they back it up with hard data. Research has demonstrated that companies face shorter periods of negative news when they are proactive. Experience has shown that a proactive approach should result in a predictable news pattern - an initial spike on the first day, some short-term residual interest, and then the story fading and dying.

In today's 24/7 media-driven culture, a company that fails to regularly communicate its strengths will find it increasingly difficult to recover quickly from the negative media spotlight.

Our research has shown that using experienced spokespeople tends to garner more attention for your message, and more accurate reporting of your story. This concept is extremely important in competitive situations where the media are reporting about ongoing problems in a particular industry. Reporters almost always turn first to credible, senior spokespeople they already know.

Proactively managing corporate reputation can be extremely valuable in numerous ways:

- Strengthening the ability to overcome a crisis;
- Enhancing disclosure and transparency goals;
- Gaining customer and shareholder support in difficult times;
- Influencing share price;
- Providing a favorable boost to M&A plans;
- Responding aggressively to threatened legal action.

And, using monitoring and media analysis tools lets PR professionals and senior management know what is and is not working.

Preserving a solid reputation is an age-old virtue. Even Shakespeare reflected on its value via two of his well-known characters. Richard II declared a spotless reputation "the purest treasure mortal times afford," while Othello decried the collapse of his reputation as the loss of "the immortal part of myself."

Centuries later, these insights stand the test of time, and their application has been extended to today's corporate "kingdoms" and spirited business leaders.

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