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Corporate reputation risk on the rise

Businesses are finding reputation harder to manage than ever before, and are underinvesting in protecting what they all regard as a primary asset, according to research by SenateSHJ.

SenateSHJ's research revealed 96 per cent of leaders surveyed see reputation as a key component of their success, while more than 50 per cent believe it is now more difficult to manage than other forms of risk, and more important to manage than it was three years ago.

The study, *Reputation Reality: Trans-Tasman Perspectives on Reputation and Risk*, highlighted a range of risk management strategies that organisations are failing to invest in.

Only half had a dedicated line item in their budget for reputation management. A similar percentage are planning to invest in crisis simulation training – one of the most effective ways to prepare for a crisis. Three other ways to improve reputation management – technology, new processes and systems, and governance – are also underinvested in, with nearly half of Australian respondents acknowledging they had no plans to invest in these areas.

This underinvestment leaves them exposed to risks such as unhappy customers, regulatory changes and product failures, which they identify as posing the biggest threats to their business success.

SenateSHJ chief executive, Neil Green, said the survey showed an appreciation that corporate reputations have tangible value.

“It’s clear that senior leaders believe their corporate reputation is an extremely valuable asset and are well aware of the financial loss that could result from a damaged reputation.

“Unfortunately, the research also shows their actions are not backing up their beliefs.”

While nine in 10 respondents said their organisation is proactive in protecting its reputation, only half have a budget line item for reputation management.

“In practice, this means managers and their teams will be expected to manage reputation with existing resources, leaving the organisation’s reputation extremely vulnerable in a crisis,” says Mr Green.

The survey also asked respondents to provide examples of organisations they believed managed their reputation well under pressure. Qantas received the most accolades in Australia, while Air New Zealand received the most accolades in New Zealand.

The findings

Factor	Australia
Corporate reputation is one of our organisation’s primary assets.	96%
Corporate reputation is harder to manage than other forms of risk.	61%
Which role(s) within the organisation ‘owns’ the management of corporate reputation?	CEO: 59%
Traditional media is important or very important in influencing trust during a crisis.	91%
Social media is important, or very important, in influencing trust during a crisis.	85%
What tools do you use to monitor your reputation or risks to it?	
<ul style="list-style-type: none"> • Customer surveys 	77%
<ul style="list-style-type: none"> • Traditional media monitoring 	79%
<ul style="list-style-type: none"> • Social media monitoring 	74%
Which high profile organisation has done a good job to rescue or improve its position after a corporate reputation crisis?	Qantas (cited most often)

About the survey

SenateSHJ surveyed 150 senior private and public sector leaders across Australia and New Zealand, with a combination of phone interviews and online surveys, exploring the key issues and challenges facing reputation risk and management.

Respondents included top-level decision makers such as board members, chief executives and senior managers from companies and organisations that are household names in both countries. Many have had to protect their own reputations in times of crisis.

For a full report of the findings, please visit the hub on our website

<http://bit.ly/RepReality>

Or watch the video <http://bit.ly/RepRealityVideo>

About SenateSHJ

SenateSHJ is a trans-Tasman communications consultancy with offices in Auckland, Christchurch, Melbourne, Sydney and Wellington. It specialises in reputation management and advises clients across the private, public and not-for-profit sectors. In 2015, The Holmes Report named SenateSHJ Asia-Pacific Corporate and Public Affairs Consultancy of the Year.

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