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## Corporate reputation risk on the rise

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

The 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.

Less than half have 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. This means around half have no plans to test their ability to react well in a crisis.

This underinvestment leaves them exposed to identified risks such as dissatisfied customers, cyber-security threats and safety breaches, which New Zealand respondents identify as posing the biggest threats to their business success.

SenateSHJ chief executive Neil Green said the survey showed a strong 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. This continues a trend over previous research we have undertaken since 2006 which highlighted that too few organisations are changing what they are doing to prepare

for a crisis, or to address areas of concern to them.”

While eight in ten respondents said their organisation is proactive in protecting its reputation, only a quarter 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. Air New Zealand received the most accolades in New Zealand for its handling of the A320 Airbus crash during a test flight in France. Respondents said the airline responded well by front-footing the tragedy, and leading with its most senior person.

### Trans-Tasman comparisons

Factor	New Zealand	Australia
Corporate reputation is one of our organisation’s primary assets.	96%	96%
Corporate reputation is harder to manage than other forms of risk.	45%	61%
Which role(s) within the organisation ‘owns’ the management of corporate reputation?	CEO: 72%	CEO: 59%
Traditional media is important or very important in influencing trust during a crisis.	84%	91%
Social media is important, or very important, in influencing trust during a crisis.	68%	85%
What tools do you use to monitor your reputation or risks to it?		
Customer surveys	80%	77%
Traditional media monitoring	76%	79%
Social media monitoring	74%	74%
Which high profile organisation has done a good job to rescue or improve its position after a corporate reputation crisis?	Air New Zealand (cited most often)	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.

This is the fourth time SenateSHJ has surveyed business leaders on their attitudes towards reputation and risk, but the first time the research has been extended across the Tasman.

For a full report of the findings, please visit our website [www.senateshj.com](http://www.senateshj.com) or [watch our video](#).

### **About SenateSHJ**

SenateSHJ is an Australasian 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.

For more information, please contact:

Neil Green, Chief Executive and Chairman

+ 64 021 660 872 / [neil@senateshj.co.nz](mailto:neil@senateshj.co.nz)

Chloe Groser, Content and Marketing Manager

+ 64 021 2244 354 / [chloe@senateshj.co.nz](mailto:chloe@senateshj.co.nz)

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