Reputational Diligence in the Digital Economy

FEATURED EXPERTS:

Justine Griffin, Managing Director, Rasky Partners

Howard Opinsky, President, Five Blocks

Shannon Wilkinson, CEO, Reputation Communications

MODERATOR:

Greg Radner, Chief Marketing Officer, RANE

In today's highly connected world, reputations can be attacked with just a few misstatements while misinformation can quickly spread via the internet and social media. These can do real damage to even the most respected businesses and individuals. Be it a lapse in ethics, a cybersecurity breach, or the illicit actions of a third-party supplier, when an unfavorable incident goes viral, revenue and brand value can take a significant hit. Studies have suggested that, on average, more than 25 percent of a company's market value is directly attributable to its reputation. In response to these pressures, companies are striving to improve their capability for managing reputation risks by investing in brand-monitoring tools, crisis management and scenario planning, among other mechanisms to protect their brand. In this RANE webinar, the panel of experts discussed the evolving landscape of reputational diligence while highlighting the ways organizations can mitigate the risk to their brand. The following is a summary of the discussion:

According to **Howard Opinsky,** the current landscape in reputational management is defined by a few anchor points.

- One is **speed** — how fast reputational threats develop and how they spread and become considerably impactful has grown exponentially since the internet came around.
- The landscape is also defined by a **dispersion of gatekeepers**. Historically, there were only a few people, including network news and senior editors at major publications, who determined what was true, accurate and worthy of publication and widespread awareness. Now, anybody can post information that can go viral. **Opinsky** said that anybody can now become the gatekeeper, which presents new and different types of threats that no longer come from the usual actors that companies can engage with on an ongoing basis. These new circumstances require a whole different approach.

- Third, the lack of **veracity of information** has gotten out of control. "Many of us have heard about fake news, but there are now 'deep fakes,' where actual pictures and videos are doctored. Not only are people able to make things up, but there is technology allowing that to happen at a better standard, which is making it more difficult to determine what is true and what isn't," **Opinsky** said.
- Yet there is also a great deal of **technology allowing companies to keep a better eye on things**. Firms are now able to monitor conversations online through search and in social media that allows a better understanding of the conversations that are going on. This means taking action is more viable than it was before, and risk can potentially be better understood and managed.

Justine Griffin also discussed what's changed in crisis and reputation management in the new digital world. "We've all seen over recent months two disruptive forces," she said.

- The first is the **#MeToo movement**. "A remarkable number of businesses that we work with have faced some version of the movement. I'm using #MeToo as a catchall for men or women behaving badly, or doing sexually inappropriate behavior, but also allegations of bullying or demeaning behavior. #MeToo has changed a lot of the rules on how companies and individuals typically respond," **Griffin** said. Flat-out denial no longer works, nor does the excuse of not discussing an incident because it's part of a company's personnel policy. There's also no longer any statute of limitations on bringing up bad behavior. "We've dealt with several companies where the accused is someone who left the firm several years ago," **Griffin** said.
- The second disruptive force is the rise of publications like *Business Insider* and similar outlets. "It is a U.S. edgy online site, but has a lot of international editions. It receives a lot of criticism from traditional outlets because it uses clickbait headlines and has a rush-to-post mentality. Many of our clients who are in its crosshairs, will want to say, 'Well, that's really gossipy or rumors, or someone leaked that and we don't want to respond to it,'" **Griffin** said. The other aspect of *Business Insider* that is unusual and changing the paradigm is that other media outlets are very willing to publish reports that cite it, which usually one media outlet is loath to do with another.

In the digital world, perception is reputation, Shannon Wilkinson said. Anyone can contribute to a business leader or an organization's reputation on the internet.

In the digital world, perception is reputation, **Shannon Wilkinson** said. Anyone can contribute to a business leader or an organization's reputation on the internet. They may not be credible and might be anonymous, but every business needs to be prepared for that. For business leaders, the internet is where journalists and stakeholders go to research and evaluate them. So, when these leaders do not have a strategy for managing their own reputations to their best advantage, the world may do that for them.

Reputation damage is also no longer limited to hostile third-party sources, the media or crisis situations. **Wilkinson** said it often results from internal cultures that organizations have allowed to go on without continuing to do due diligence on their leaders, CEOs or C-suite managers, who may have been participating in a range of what is considered inappropriate actions. "When those are called out, as with the case with a former Uber employee a few years ago. She sought help from HR regarding a reported discriminatory work environment. After failing to receive help, she posted a blog about the issue, which changed a lot of Uber's culture," she said. It also resulted in the CEO's departure.

REPUTATIONAL RISK AND INVESTOR REACTION

Greg Radner cited an article from *The Wall Street Journal* that said investors can no longer ignore reputational risk given that in today's social media-driven society, a stain on a household name like Boeing can instantly spread around the globe, which piles pressure on companies and their regulators. The article highlighted Boeing Chief Executive Dennis Muilenburg, who initially chose to keep a low profile after a deadly plane crash, which many investors saw as a blunder.

Frequently, despite legal liability, Justine Griffin said that there are plenty of things that a CEO could share that will not concern lawyers too much to show empathy, care and concern.

Wilkinson said that Boeing was perceived as having waited too long to respond to the crisis, which often happens in a regulated industry for legal reasons. From a crisis preparation standpoint, the company could have prepared and planned for this type of crisis scenario by having an acknowledgment statement prepared and their legal team in place.

Opinsky said that whenever legal liability is on the line, there's always reticence from the company to communicate. Yet, CEOs have to be the ones who balance the legal with the reputational risk, and they have to make those calls. "We've increasingly seen in this era of maximum transparency, people want to see and hear from the leader of an organization. Frequently the tone, if not the words, of that individual has a huge impact. It is also not as though an airline company would not be aware of the risk of one of its airlines crashing. The firm should prepare for that scenario, and must maintain a culture of safety and risk management. This is why it seems odd that the public did not hear more from the top executive," he said.

Frequently, despite legal liability, **Griffin** said that there are plenty of things that a CEO could share that will not concern lawyers too much to show empathy, care and concern. In the case of Boeing, she said the Federal Aviation Administration (FAA) and federal government have helped and protected the aircraft manufacturer. But, it was too late for the CEO to realize that he needed to lead and not just hope that others would take care of it for him.

KEEPING TABS ON YOUR ONLINE REP THROUGH TECH

Companies can get a hit to their reputation from a lot of different places — from employees, investors, or like the Boeing case, from customers responding to an event that has happened. Sometimes they are obvious and very visible. **Radner** asked how companies would be able to identify that there is a problem that they have to address.

Opinsky said that, in terms of monitoring technology, the tools that are available out there are valuable. Monitoring a firm's reputation comprises three things.

- Companies need to be looking at what people are **saying** about them by monitoring social media conversations and what media has been saying about the company.
- Companies need to be monitoring what people are **thinking** about the firm, because this would serve as the main arbiter of its reputation. This is done through public opinion research — whether through polling or focus groups.
- Companies need to be looking at what people are **reading** about them. They can do that through searching the web or by asking questions after events.

Companies should have a model that works for their business. They should revisit it on a regular basis, and discuss the impact on the firm's reputation to understand when it's being impacted and when it's not. **But, without real metrics, companies are always reacting to what they are seeing that day on the front page of the paper or search results on the web.** Although he emphasized that, without analysis, all these metrics are just numbers that don't really tell the whole story. Companies have to dig in, look at, and analyze what the numbers say. There are many organizations that have these tools in place and receive reports, but they don't necessarily know what they're looking at. Companies should understand the context in which these monitoring reports are given in, and analyze them on a regular basis, **Opinsky** said.

Companies have to dig in, look at, and analyze what numbers say. There are many organizations that receive reports, but they don't necessarily know what they're looking at, Howard Opinsky said.

Wilkinson said that gathering employee feedback is key. "So much dissent can come from the firm's internal culture, or from severed relationships such as when companies dismiss employees. Those that do a very good job in building and maintaining positive company cultures tend to plan activities such as town hall meetings, on a quarterly basis, with different segments of their employees. These firms also provide employee surveys, on a monthly or quarterly basis, where employees can safely and anonymously provide feedback about the firm's culture. When an organization doesn't do that, and employees, just like customers, don't have a place to go to bring their concerns, they will become frustrated. They will then go to employee or consumer review sites or publish their frustration on social media," she said. However, she added, monitoring only picks up on these things after they have happened. Ideally, organizations can stem these incidents and not have the dissatisfaction go public, and establish effective ways to manage them from the inside.

Organizations need to have a feedback mechanism for their key constituencies and a way to check on them informally. "A lot of times a company's entire leadership sees things the same way and thinks that they are doing great. But research and social monitoring is imperative. When companies see the negative about them that is out there, they have to do their best to correct these by preparing their response. However, there should be a differentiation between a mountain and a mole hill. If there is a string of 10 negative comments on Twitter, the company needs to pay attention to them and think through their best response. But, they should not feel that they are under attack and fan the flames. It's about containment of any threat to the reputation, and not giving them air," **Griffin** said.

Often, when a crisis results in a significant loss of revenue and customers, **Wilkinson** said that they tell companies to investigate the situation to find out how this happened. She described a case two years ago where the CEO was in a popular industry and had been working in Europe but was brought to America to lead a larger organization. Once here, an employee lawsuit followed. that It became a big crisis, and he had to step down. It turned out this person had a history of making racially and other inappropriate comments. When *The Wall Street Journal* and other organizations wrote about the CEO, they said that this behavior went back several years. Although he seemed to have many positive attributes and was considered a good leader, in the U.S., he placed the company at risk, since it would be subjected to lawsuits for discriminatory behavior. "The questions were: Was it the board's responsibility to be aware that this person would not be an effective leader in the U.S.? Was due diligence done within the organization to prevent a situation like this from happening?" **Wilkinson** said.

Just Griffin said that, in making a decision of whether to take action, copmanies need to get to the bottom of what someone is complaining about.

TAKING ACTION: WHEN AND HOW

Radner asked when the right time is for companies to take action to protect their reputation. What can happen if there is a lawsuit or a government investigation involved, which can derail the process of responding to the reputational crisis?

Griffin said that, in making a decision of whether to take action, companies need to get to the bottom of what someone is complaining about — whether it be a dissatisfied customer on Twitter or something a lot more concerning. "We always recommend for companies to prepare for the worse-case scenario, like the situation could be a headline in *The New York Times* or *Boston Globe*. **Be ready, be thorough, and have a statement. But, don't escalate.** These days many times something starts on social media or a local publication and then escalates. We frequently recommend to our clients that if they have a relatively brief statement, or if they have context, particularly when someone's completely wrong, is that they submit a link on their Twitter feed and just keep referring people back to that and not engage or get involved in Twitter wars. There is very little to be gained from that," **Griffin** said.

Opinsky said that companies **can assess how damaging the digital content is** to their reputation by looking at what the data tells them. The fact that something is moving around on the different social platforms in great volume might not necessarily be too bad. Companies need to consider who is moving the data around. Do these movers have many followers? Is the information spreading or receding? All these questions can be answered through the various metrics. Is the information on the top page or on page five? Is it in Wikipedia, or is it on a blog that no one can find? Companies should calibrate their response in this context. The worse thing that can happen is to overreact and end up giving the information more oxygen while drawing more of the public's attention to it and keeping it in the public sphere for longer than necessary.

TAKING CONTROL OF YOUR REPUTATION

Radner also brought up taking ownership of one's reputation. "If you don't do it, somebody else will," he said. "How do companies proactively take ownership of their reputation ahead of any crisis or incident happening?"

Greg Radner also brought up taking ownership of one's reputation. "If you don't do it, somebody else will," he said.

Wilkinson said that her firm specializes in working with business leaders, VIPs, and rising executives. Nine times out of 10, when her firm has approached a client about what they call a "reputation reboot," most of those prospects have never undertaken a personal brand review of their own brand professionally, or they haven't managed it. When a reputation crisis happens to their organization, which can impact them directly, the great majority of the time, they don't have a strong presence on the internet. Often, particularly for high profile or high net-worth individuals, they deliberately avoid it.

- However, **Wilkinson** said that if there is any type of reputation damage focused on them, they will have no information ranked high on the first page of Google that provides factual, informative, and well-balanced overviews of their skillset, achievements or thought leadership. When individuals don't have that, they ask reputation firms to create accurate items about them that can rank highly on the first page of Google. However, this can take a year or six months before there are measurable results.
- The first step that anyone in a leadership position must do is to prepare a strategic, personal branding and thought leadership program that they can implement on the internet that they can control and continually refresh. This will give them a tremendous amount of reputation protection and they will have a strong set of informational material that can serve to counterbalance a crisis and possibly outrank negative material about them and their firm.

"What we've seen with clients who want a low profile, they are not the type to have a Twitter account, etc. One way to encourage them to build their online reputation is to find something that they care about such as a charitable or business initiative. They can have content related to that on the internet," **Griffin** said. Having them talk about their philanthropic activities that they care about and are supportive of can be the baby steps that can get people who loathe attention to be on the internet and not start at ground zero should there be a reputation crisis, she said.

In terms of scenario planning, **Wilkinson** said that that there are specific actions companies or individuals can take.

- The first step in crisis management is **acknowledging the incident**. The company might not have an answer or might need to conduct an investigation but having a statement that acknowledges the incident is very important.
- The next question is **how to disseminate that statement**. Many organizations today use their Facebook sites to post a comment or a statement, because it gives them a direct connection to the public. This way, they do not have to go through a third party and can give the public access to it. Companies can also put it on the front page of their website, but if they want to be more discreet, they can create a special page on the website just for that statement as well as any further updates. The advantage of that in terms of online reputation management is that that page will come up in searches of that issue as will their Facebook page.
- For larger or enterprise organizations like Boeing, one of the most effective ways that is being used today to acknowledge and possibly address a consumer issue or a crisis is to **create a video using an empathetic spokesperson**. Since not all CEOs are able to convey empathy, some firms may identify one or two senior leaders who can. If an organization can instantly create a video that they can publish on their Facebook page or website, this will often be picked up by national news organizations.

RELATED READING

- CEOs Face Reputation Pitfalls If They Avoid Social Media
- Reputational Risk: A Bigger Piece of Investor Legal Actions
- Saudi Arabia: Evolving Reputational Risks With an Unpredictable Monarch

ABOUT THE EXPERTS

Justine Griffin, Managing Director, Rasky Partners
Justine leads the firm's public relations practice where she specializes in working with clients who find themselves at the nexus of media, government and business. She specializes in crisis and issues management and clients come to Justine and her team when the stakes are high. Including [inaudible 00:01:57] company litigation, government investigations, high profile business disputes, data breach, mergers, or reputational threats for businesses and non-profits throughout New England, Washington, D.C., and beyond. She and her team provide strategic counsel to leading institutions, global corporations, major healthcare players, corporate boards, companies, colleges and universities. As well as non-profits and trade associations. Helping them to move and shape public opinion around issues being debated and deliberate in the halls of Congress and state Houses, as well as in issues and petitions that will ultimately be voted upon by the electorate.

Howard Opinsky, President, Five Blocks
Howard is a veteran digital communications strategist, risk manager and crisis counselor who helps clients assess, monitor and manage their digital reputation. He utilizes a combination of experience from politics and business to deliver a value and insight to clients. For over 15 years Howard was a senior consultant and leader at Hill+Knowlten and Weber Shandwick, where his clients included several global corporations, NGOs, high profile individuals and governments. He has also helped several major corporations to prepare and manage their reputations amid cyber breaches, and to develop digital engagement strategies that mitigate the impact and the length of reputational threats.

Shannon Wilkinson, CEO, Reputation Communications
Shannon is a nationally recognized expert in online reputation management and her firm advises CEOs, business leaders, VIPs, and their organizations on all aspects of reputation and crisis management. She is the author of Reputation Reboot, What Every Business Leader, Rising Star and VIP Needs to Know, Available on Amazon and iBooks. As a commentator for The Wall Street Journal, her views about how leading corporations are managing their crises have focused on Equifax, Ohio State University, Perdue Pharma, Sanofi, Uber and Whisper, among others. And she is the chief blogger for You(Online), which educates readers about all aspects of digital reputation management.

Greg Radner, Chief Marketing Officer, RANE
Greg Radner is RANE's Chief Marketing Officer. Greg is an experienced marketing and business executive with a focus on brand building, business growth, and customer-driven innovation. Before joining RANE, Greg was Vice President, Marketing for National Financial, a Fidelity Investments company and a leading provider of clearing and custody solutions. Greg was responsible for National Financial's thought leadership, public relations, and advertising programs.

ABOUT RANE

RANE (Risk Assistance Network + Exchange) is an information and advisory services company that connects business leaders to critical risk insights and expertise, enabling risk and security professionals to more efficiently address their most pressing challenges and drive better risk management outcomes. RANE clients receive access to a global network of credentialed risk experts, curated network intelligence, risk news monitoring, in-house analysts and subject matter experts, and collaborative knowledge-sharing events.