

Harnessing the Power of

Executives know the importance of their companies' reputations but are they doing enough to manage this very important intangible asset?

When a door opens not to your knock, consider your reputation.
– Arabic proverb

REPUTATION IS A WONDROUS THING. FIRMS with strong positive reputations attract better people, could get away with charging a premium and have more loyal customers. And because the market believes such companies will deliver sustained earnings and growth, they have a higher market value and lower costs of capital.

Conversely, damage to reputation is an enterprise-wide event that can lead to lowered stakeholder support, decline in financial performance, and a loss of goodwill with local communities. Serious enough, it may lead to the demise of the firm.

Executives know the importance of their companies' reputations; but are they doing enough to manage this very important intangible asset?

No, according to Reputation Institute (RI). Most companies, notes RI, tend to focus their energies on handling threats to their reputations that have already surfaced. This is not risk management; it is crisis management, a reactive approach with the purpose of limiting the damage.

Reputation risk management is about anticipating threats that may damage the company's reputation capital.

RI's extensive international fieldwork shows that a company's reputation, and risks thereof, is influenced by: Stakeholders' Experience – peoples' personal experiences with the company; Corporate Messaging – the company's corporate communication and initiatives; Media Coverage – how and what the media is covering about the company;



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and Internal Alignment – the company's employees strategic alignment.

Founded in 1997, RI has been and remains a pioneer and global leader in the development of measurement tools and in offering advice and counsel to

23 key performance indicators (attributes) grouped around seven core dimensions – Products & Services, Innovation, Workplace, Governance, Citizenship, Leadership, and Performance.

The beating heart of the RepTrak

membership comes with a US\$5,000 price tag.

RI was founded by two renowned academicians and worldwide experts on the matter of corporate reputations – Dr Charles Fombrun and Dr Cees van Riel. As such, RI strongly believes in upholding a balance between practice and academic/research in its approach. RI is keen to work with Russ in Asean because Rasila and her associates fulfil that requirement.


Rasila is the practitioner of the outfit while partners Noor Azizi Borhan and Dr Zulhamri Abdullah represent the academic and research parts of the equation, respectively.

Noor Azizi, RI Associate academic director, is a lecturer with Universiti Darul Iman Malaysia (UDM) and is pursuing his PhD, specialising in Tourism Brand Leadership and Leadership Communication.

Dr Zulhamri, RI Associate research director, is deputy director of the Centre for Co-curriculum for Universiti Putra Malaysia (UPM) and its senior lecturer in International Corporate Communication at the Department of Communication. He is also a member of the European Public Relations & Education Association and International Centre for Corporate Marketing Studies.

Russ' role is to market the RI range of products and its corporate membership in the four Asean markets. The agency also aims to launch RI's Executive Certificate in Reputation in Malaysia in the fourth quarter of this year, or early next year.

'The 12-lesson programme is available online, which you can complete between three and nine months. But from my experience, Malaysians prefer face-to-face classes. We plan to bring the faculty here and offer a residential programme – lasting maybe a week to 10 days,' Rasila says.

She is currently evaluating the cost of the programme and estimates it would cost around 30% more than the online programme, priced at US\$3,000. 

Reputation

leading companies around the world. Drawn to RI's own impressive reputation, local communications firm Russ Consulting Sdn Bhd is bringing RI to Malaysia.

Russ has great confidence that RI products will be positively received by companies in Malaysia. Many companies, notes managing director Rasila Hamzah, are very receptive to the idea of being measured, as part of a corporate social responsibility (CSR) auditing and as a means to 'position themselves at an upper league'.

Rasila expects the affiliation with RI to enable Russ to generate an additional 10%-15% to its revenue in the first year, 'and from the third year onwards, account for 40% of our total revenue'.

Russ will form Reputation Institute (RI) Asean, representing RI in four countries – Malaysia, Singapore, Indonesia and the Philippines.

RI managing partner Nicolas Trad will launch RI in Kuala Lumpur on Aug 4, Singapore on Aug 5 and Jakarta on Aug 6 while the Philippines chapter will be launched at a later date.

'Right now we are operating all (the branches) out of KL but our agreement with RI is that we have to set up offices in the other three countries within a year,' Rasila shares, adding that the operations will be parked under Russ branch offices.

RI's flagship product is RepTrak, a proprietary tool to measure reputation across stakeholders, countries and industries. The RepTrak model tracks

model is the Pulse, which takes the public pulse of a country by measuring how consumers evaluate companies on four attributes to comprise the overall reputation of a company: overall regard, good feeling, trust, and admiration.

Global RepTrak is an annual study of the reputations of the world's largest companies. The study was developed to provide executives with a high-level overview of their company's reputation with consumers.

Over 70,000 online interviews with consumers in 32 countries were conducted in January and February 2009 for The RepTrak Pulse 2009. More than 190,000 ratings were used to create reliable measures of the 'corporate reputation' of more than 1,300 companies.

With the addition of RI Asean, RepTrak 2010 will involve 35 countries (Singapore was already included in RepTrak 2009).

RI also offers companies customised or syndicated studies that provide detailed analyses of corporate reputations internationally, with comparative benchmarks and access to Reputation Institute's RI Analyzer, an online dashboard. The RI international network of local offices provides a range of reputation-related consulting services to companies.

The RI website also hosts an extensive Knowledge Centre on everything corporate reputation-related, though full features are only accessible by members. Corporate