

The eye of the beholder

The results of reputational damage run the gamut from slight embarrassment to total destruction. So what can you do to make sure your firm doesn't suffer the same fate? **Grania Langdon-Down** investigates

If there was ever a salutary lesson in how hard-won reputations can be lost overnight, it is the London School of Economics' fall from grace over deals with Libya which were seen as perfectly acceptable at the time they were made, but which led to its director Sir Howard Davies falling on his sword in March of this year.

While the scale of the potential embarrassment a law firm faces from reputational damage may be different, this should be a wake-up call for everyone from sole practitioners to managing partners that you cannot place your trust in the 'fingers-crossed' method of reputation management.

Law firm strategist Andrew Hedley agrees. "It is vital you invest in strategic reputation management, whatever the size of your firm – and that doesn't mean being fixated with day-to-day communications and PR activity," he cautions. "It means focusing on a longer-term strategy to build compelling reputation in key areas, with an early warning system so you are ready to respond to a crisis in a way that keeps damage to a minimum and, ideally, enhances perception of your business."

Reputation can be damaged in three ways: through the firm's own behaviour; through its clients' actions – which may not be illegal but may, for instance, draw the attention of very vocal pressure groups; or through the behaviour of its staff – such as the lawyer in a magic circle law firm's Moscow office who was sacked over the highly erotic novel she published online.

At one end of the scale, failing to manage your public persona can lead to rapid and terminal demise – think Arthur Andersen – at the other, it may just mean a few red faces when an employee's inappropriate email goes viral – like the City lawyer who caused a furore when he charged a secretary £4 to have a ketchup stain removed from his trousers.

But, as Hedley notes, the size of the backlash doesn't necessarily reflect the size of the mistake: "The bare facts about Andersen are that it was found guilty of very little, and subsequently won an appeal, but ended up as a name consigned to history." In fact, it is often the firm's response to a mistake which will define the outcome. "A firm that recognises an issue, shows concern, and responds by putting in place immediate and effective remedial action can actually enhance its reputation", says Hedley. "A defensive response and lack of communication, on the other hand, can kill relationships and create 'brand assassins', all too happy to tell anyone who will listen about the conduct of their once-trusted adviser."

But if even a huge firm like Andersen, with its devoted business development and marketing budgets, can fall so spectacularly, can smaller firms ever protect themselves effectively?

SMALL PACKAGES

Hamish McNair, a sole practitioner based in Fulham in south-west London, and former chair of the Sole Practitioners Group (SPG), says they can, but they just have to take a different approach.

"There are things you can do with social media and client surveys, but they have time and cost implications when you don't have the resources of a big firm behind you. However, as a sole practitioner, you deal directly with every client, so you know what they are experiencing, and you can pick up if something isn't right. The core of your reputation is how you look after your clients. The more you get that right, the less likely it is you will have to worry about it being damaged.

"It is also important to get involved with your local community, with professional bodies like the SPG, and with other professionals."

OUT OF FOCUS

So how can you make sure your firm presents itself in the best possible light?

It is surprising how many firms get it wrong by failing to make it clear what makes them special. Look at how many of the websites of the top 200 firms talk about 'putting our clients at the centre of everything we do'. It sounds great, but what does it really mean? As Clare Rodway, managing director of Kysen PR, puts it: "Where is the differentiation? Who are your clients comparing you with, and how do you position yourself against those firms?"

Lisbeth Hughes, who runs Feed Forward business consultancy, is a member of the Law Management Section executive committee, a former business development director for law firms, and chief executive of Surrey Law Society. She points out some specific examples of this phenomenon – including making claims about being 'green', or prioritising diversity or corporate social responsibility, without providing evidence to back them up. Some firms even overstate their expertise in particular areas of law.

"There are firms which claim to be dental specialists, for example, but, when asked, don't know anything about the new Care Quality Commission, and their reputation is immediately tarnished."

Rodway agrees. "Where firms go wrong is saying what they think is impressive, when you really need to step into your target audience's shoes, and listen to the noise those clients are hearing from competitors, so you can let them know how similar you are to some and how different you are from others.

"The first rule of communication is to see yourself as others see you and try to influence that. You need to be clear about who you want to think well of you. What do you want your reputation to do for you – is it to position for a certain level or type of



work; is it an ethical positioning?"

Hughes suggests cross-selling and having a simple referral method for clients to recommend you. One idea is to ask a client half way through your dealings with them for feedback – “they feel cared for and problems can be resolved,” says Hughes. “A satisfied client will probably tell a few people, but an aggrieved client will tell a lot more.” She adds: “The key is to under-sell and over-achieve”.

But however well you are attracting new clients, and more business from existing ones, you should never lose sight of the need to be discriminating about the business you take, as that has reputational implications, too.

“You need to review your client base regularly to see who you are attracting – is it on a panic basis, saying yes to everybody?” asks Hughes. “Clients with larger firms may look to a regional firm for cost advantage. But your reputation will come unstuck if you can’t provide the service levels you claim.”

IN THE LINE OF FIRE

When it comes to internal issues, the different ways firms handled making redundancies during the recession highlights the reputational damage this process can cause if you get it wrong. However devastating for employees, they will generally accept redundancies if they feel the firm is being fair and transparent, says Hedley.

“However, too many firms adopted a ‘cloak and dagger’ approach, using, for example, performance management as a way of conducting redundancy programmes by ‘the back door’. This undoubtedly damaged their reputation in the recruitment market.”

Michael Shaw, managing partner at Cobbetts, a firm with four offices and about 90 partners, adds that it is also important to know when to call it quits with a member of staff who is causing problems.

“As we have developed the business, we have occasionally made mistakes and, at times, we have had to tolerate behaviour

which was inconsistent with our values. We have had the odd ‘300lb gorilla’ and, while they may have had good technical skills, they haven’t been right for us and we haven’t been afraid to step away from that. It can result in short term negative publicity, but we have always realised we can’t sustain a compromise.”

TANGLED WEB

One of the ways any disgruntled ex-employees can damage the reputation of a firm, says Rodway, is by commenting on websites like RollonFriday. This also highlights how the explosion in internet forums and postings and in new social media has put online reputation management squarely on the agenda. A recent leader in *The Times* warned against dismissing Twitter as “mindless witter”. In fact, it can be an invaluable tool. “It is a newswire encompassing every newswire there is. Use it deftly, and you sit at the nexus of a world.”

Rodway is evangelical about the integral part social media should play as part of your reputation management strategy. “You cannot afford to say you are too busy to engage with this. Reputation is key for positioning yourself for business, for recruitment, and you need to know who is saying what and if they are reaching an audience whose opinion you care about. You may think that doesn’t apply to things like Twitter, but that is a very outdated view.”

And if you don’t engage with it, she adds, you are putting your firm at risk, because “you won’t have policies and principles to guide your staff on how to use it, and if something negative is said about you, you won’t have a voice to respond”.

One avid tweeter in a law firm’s marketing department told Rodway that her tweets have led to new business conversations for partners, but her firm is so terrified about what she might say that it insists she tweets under her own name, without any reference to the firm.

Other firms certainly take a much more proactive approach. Rodway says that SA Law, a 13-partner, Hertfordshire-based firm, requires all its fee-earners to engage with the LinkedIn business network, with a minimum of 10 connections, and full profiles. The marketing team will sit with them at their desks to help them set up. For the more ambitious, there is training on how to use

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social media, including Twitter, to develop new clients, connections and opportunities.

David Beadel is managing partner of the Plymouth office of regional solicitors Ashfords, which has developed a specialist practice in reputation management for clients. The firm's own strategy is to use social media as an integral part of the way in which it interacts with clients and contacts. Facebook is used primarily for graduate recruitment and trainee experience; Twitter to interact with parties on key sector issues including IT, equity release, sport and education; and LinkedIn for making wider connections.

"Social media helps us raise our profile," says Beadel. However, he warns: "Like all forms of communication, its success is dependent on the time, effort and commitment that you put into it."

INSIDE OUT

Social media also raises questions about how firms should manage the overlap between work and private life – for instance, where lawyers' LinkedIn accounts include friends and family, as well as clients. Hedley says it is "neither possible nor desirable to attempt to police or impose draconian controls" on what employees do in today's hugely connected world – "it is much better," he says, "to have a strong culture and set of values which clearly define those behaviours which are acceptable."

Juliet Carp, employment solicitor with City law firm Speechley Bircham, adds: "Even if the business has no express policy on social networking, if an employee damages his employer's business through his use of social networking sites, he is likely to breach his contractual duty of fidelity."

TRICK OR TWEET

While social media may enhance reputation, it is also vital to monitor it closely for potentially negative comment.

At Ashfords, the business development department monitors what is being said about the firm through daily searches on Google and via alerts on its library information service, Twitter and Facebook. If there was a posting on a dubious website, it may decide not to take action because the reader would, as Beadel puts it, "see it for what it is".

Reputation management – crisis response

- **Prepare your leaders.** It is their moment to shine or fail. Partners won't succeed just because they are senior. They need good coaching and development.
- **Communicate early and often.** Crises – whether external or internal – are likely to be played out in public. Be prepared to take control of your message and understand how it may be received.
- **Show, don't tell.** Don't just tell the media and stakeholders that you are doing everything you can; show them. Emotion and visuals are far more effective than empty commitments and platitudes.
- **Don't forget your own people.** Don't assume your staff know what is going on. They, too, will need communication and leadership – they are potentially powerful advocates for the firm with clients and suppliers.
- **Practice.** There is simply no substitute for having been regularly put through your paces.

Andrew Griffin, chief executive of reputation strategy and management specialists Register Larkin

However, if it was felt that a posting might affect the firm's client base, the team would consider the options. Is it defamatory? Does it breach the website's code of conduct and, so, can be taken down? Or does it need countering with a positive message?

The reputational risk from critical postings can be so damaging that a whole industry in online reputation management has sprung up, offering help with protecting websites and domain names, and ensuring negative comments don't appear on the first pages when someone types the firm's name into a search engine.

"It is staggering when you do a Google search for some firms' names," says Hughes, "and they clearly do not realise the comments being made about them. The power of the internet is great, but it can leave your reputation incredibly vulnerable."

DAMAGE LIMITATION

However hard you work, issues can suddenly blow up, as Shaw experienced two years ago, when he found himself accused in the legal press of stonewalling over financials.

"I had warned our staff this was coming and I didn't change my policy of being open with them. The only thing I decided I wasn't going to do was play the numbers game about partner profits with journalists. I have never been anything other than truthful, but whatever you did on that occasion, you were going to get a kicking.

"However, the impression I got was that my peer group who know me knew the

picture painted of the firm's management style and my way of dealing with people didn't ring true. If you are going to do this job, you have to be prepared for the brickbats and not be drawn into compromising your values."

Looking back, would he have done anything differently? "No. Some firms are prepared to spin everything," he says. "But for us, the key driver of our reputation is about being honest."

So what should you do if things do go wrong? The most important thing, says Rodway, is to keep a cool head. "It is vital to know exactly what is going on, as things can move very fast and you don't want to be caught out giving inaccurate information". Whatever communications you do put out, it is critical your PR and legal people work as a tight-knit team, she stresses. "I have seen lawyers say things they thought would get them off the hook, but were a PR disaster; and PR people put out an apology that landed the firm with a liability issue."

And remember – every cloud has a silver lining. "If you have made a mistake, make it clear you will get to the bottom of it, you won't hide anything, and you will put measures in place so it doesn't happen again – it is an opportunity to impress people if you handle it well."

As Shaw puts it: "Lack of sincerity is spotted very quickly and is potentially far more damaging than anything else anyone might throw at you." ■

Grania Langdon-Down is a freelance journalist.