Opinion

The white-knuckle ride of reputation management

By Andrew Hedley, director, Hedley Consulting

AS BENJAMIN Franklin so wisely said, "It takes many good deeds to build a good reputation, and only one bad one to lose it". His words should be a wake-up call for managing partners that have placed their trust in the fingers-crossed method of reputation management, rather than adopting a more thoughtful and measured approach.

In the world of professional services there are a relatively small number of universal truisms. In considering the link between business success and reputation, three are immediately apparent. First, high levels of trust between the professional and their client are paramount. Second, minimising perceived risk is key to corporate purchasers of professional services. Third, the credibility and reputation of the firm are key factors in driving the above, and have a crucial role in acquiring, developing and securing relationships.

Given this, it is clearly important that firms invest in strategic reputation management; not the day-to-day communications and PR activity on which most firms are fixated, but the longer-term strategy to build compelling reputation in key areas, and the ability to respond to the crisis situation in a way that limits damage as a minimum and, ideally, enhances perception of the business.

While reputation management should impact on the firm's overall strategic thinking, the principles also apply to every client relationship. Research is compelling in demonstrating that it is not the making of the mistake that necessarily defines the outcome. but rather the firm's response to it. Indeed, there is evidence that, for example, service failures can actually enhance client loyalty. Analysis shows that when a firm recognises an issue, shows concern and responds to it (by putting in place immediate and effective remedial action), it can end up with a client who is more satisfied that he was before the 'banana skin' appeared. Of course, looking at the psychology of the interaction it is clear the firm that responds in this way demonstrates commitment, concern and responsiveness. All of these are drivers of client loyalty and satisfaction.

In reality, however, many firms' initial response is denial, subsequent defensiveness, enduring lack of communication and ultimate aggression. Can we be surprised that such behaviour kills relationships and creates brand assassins in the market, eager to tell all and sundry about the conduct of their once-trusted advisor?

For clients and prospects, perceptions and reputation are created and built (or destroyed) at their touch-points with the business. These touch-points are varied and far-ranging, encompassing highly-managed interactions through to the day-to-day experiences of contact with the firm. At the one extreme they are tightly controlled (for example, corporate literature, seminars / hospitality, newsletters and bulletins), while at the other they are concerned with the day-to-day experiences gained in the working environment. This will range from the mundane, such as telephone responsiveness and manner, to the insightful symbols like the commerciality of the firm's approach, the clarity of its business communications and the way in which projects are delivered to time and budget (or not as the case may be!)

Creating a touch-point map, and considering each interaction, can provide great insights for the management team seeking areas where reputation may be damaged and brand promises go unfulfilled.

Of course, at the organisational level the effects of a non-strategic response can be much more dramatic. The impact of reputational damage was evident to everyone in professional services by the rapid and terminal demise of Arthur Andersen. The bare facts are that Andersen was found guilty of very little and subsequently won an appeal but ended up as a name that was consigned to the annals of history. Many believe that this was, in large part, because it did not manage its public persona effectively.

Regester Larkin is a strategic communications consultancy that has advised on many of the world's highest profile reputation-management incidents and wrote the the seminal works 'Risk Issues and Crisis Management' and 'Strategic Reputation Risk Management', combined with the recently published 'New Strategies for Reputation Management'. It has a clear and unequivocal series of recommendations for the approach that firms should adopt. The 'Golden Rules' are straightforward –acknowledge that there is an issue, demonstrate concern for those affected, put forward your plan to resolve the issue and provide a timetable for action. In that order!

Moreover, be responsive and be seen to implement the things you have outlined efficiently and effectively.

The message is clear – crisis situations need to be managed positively. Adopting ostrich-like tactics will only encourage clients to disengage, and in the longer-term cause substantial, if not irreparable, damage to your most important asset – your reputation. ■

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