

What's the Price of Your Good Name?

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Moderator Nigel Roberts, Financial Editoralist, United Kingdom, started by reporting that in a survey produced by Edelman PR Worldwide on how managers, consumers, employees and others view organizations such as governments, companies and NGOs, the findings were that corporate reputation came in only second to the quality of services and products.

Richard W. Edelman, President and Chief Executive Officer, Edelman PR Worldwide, USA, whose organization produced the survey, noted that results varied significantly in different parts of the world. In China, for example, 67% of people interviewed said they trust their government, but placed NGOs at the bottom of the list. In Brazil, on the other hand, NGOs ranked highest. In Europe, the top three most trusted organizations were NGOs such as Amnesty International, while in the United States they ranked in the middle. There were differences in attitudes among consumers towards CEOs, with only 20% in the US saying they trust company bosses. Edelman stressed the need for more local rather than global approaches, particularly for dealing with the media. However, some NGOs are impossible to deal with, while others can help lead to productive outcomes, such as the De Beers/Global Witness cooperation on conflict diamonds.

Charlie Denson, President, Nike Brand, Nike, USA, said the most important measurement for reputation is the consumer. When problems arose with regard to Nike's reputation for paying low salaries to local employees in Asia, he said they had been unprepared. "It was early in the game for Nike," he said, adding: "We had a much bigger footprint in recognition than we did in company size." No one can be perfect, said Denson, but "what is being said [by the participants] is that transparency is critical." He stressed the need for honesty to regain trust in a crisis situation, but maintained that it is important to establish the facts before confronting the issues.

David J. Stern, Commissioner, National Basketball Association (NBA), USA, said that the NBA is definitely a global brand but that often the media defines an institution no matter what it does, even if it's unfair. The NBA's product, said Stern, is human beings. "However, I am also in an industry which is defined by morning newspapers. When Magic Johnson came out about having AIDS, the NBA had to face the situation straight away," he said: "It all comes down to transparency. We invented our response to the crisis on the run."

Majken Schultz, Professor, Institute for Intercultural Communication and Leadership, Copenhagen Business School, Denmark, suggested that "reputation" is what communities feel about companies. Some companies, which are rated highly by managers, are poorly respected by consumers. "Let us not forget that reputation is something you build up over a long time," she said. "There are a lot of different ways to engage communities, which is also the best way to build such reputations." Schultz cited Shell as an example where it took some time for the company to react and change accordingly, but in the end this new approach produced positive results. She added that Scandinavian companies tend to engage much more readily and actively with consumers. She also suggested that transparency does not necessarily mean always having to be bluntly honest with all one's inner thoughts, but rather to convey reflection about a particular issue.

Jean Claude Trichet, President, European Central Bank (ECB), Frankfurt, said the main challenge he faced when starting with the ECB was to maintain the legacy of credibility. "This was very important to the transition," he said. Another challenge was dealing with the euro. The ECB had to assure the people of Europe, including savers and investors around the world, that the euro is both a good and credible currency with a single market rate. It is normal that challenges accompany important responsibilities, said Trichet. So one needs to have an effective team, which can explain what has been decided and why. A good team enhances transparency, which is important, he added.

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