

Reputation Management Strategies

Views from our expert panel

NICK HINDLE
McDonald's

FRASER HARDIE
Blue Rubicon

GLENN MANOFF
O₂

SOPHY SILVER
Facebook

GREG DAWSON
Virgin Atlantic

LAUREN BRANSTON
Coca-Cola

GRAHAM MCWILLIAM
BSkyB

PHIL THOMSON
GSK

STUART BRUSETH
Shell

VANESSA CANZINI
eBay

CATHERINE MAY
Centrica

SPENCER LIVERMORE
Blue Rubicon

Brands held in good repute



Welcome to *PRWeek's* latest venture. *Inside Track* is a new series of supplements that we are putting together with agency Blue Rubicon. We'll be bringing you opinions on the biggest PR issues of the day from some of our leading in-house communicators.

We begin the series with a look at reputation management, valued at a premium in the current political and economic environment.

From McDonald's comms-fuelled reinvention to eBay's journey from online auction house to major retail force, you'll find original insight in these pages. We have brought together views from comms professionals who have faced weighty challenges and found solutions that offer inspiration and ideas to others.

Watch out for the digital campaigning and behaviour change supplements later this year.

Claire Murphy, consultant editor



More than ever, reputation management is seen as a crucial part of running a company. It's a complex business. There are a thousand shades of grey that make up the soft cloud of sentiment around any organisation.

As a leader in reputation management, we wanted to create a platform for our clients to share their views and learnings more widely. So we approached *PRWeek* and talked with

people we advise day in, day out, including Virgin Atlantic, Facebook, McDonald's, O2, Coca-Cola, GlaxoSmithKline, eBay, Shell and Centrica. We thought it would be interesting to hear from BSKyB too.

The result is a rich combination of experience and opinion from some of the very best in the field.

Fraser Hardie, senior partner, Blue Rubicon

Contents

FEATURE Client view	4
Fixing McDonald's tarnished reputation in the UK	
Fraser Hardie, Blue Rubicon	8
Companies should not fear revealing their genetic code	
Glenn Manoff, O₂	9
How does your company's reputation measure up?	
Sophy Silver, Facebook	10
Managing your brand on social networking sites	
Greg Dawson, Virgin Atlantic	11
Reputation management isn't just for results time	
Lauren Branston, Coca-Cola	12
Private and public firms work to tackle society's ills	
Graham McWilliam, BSKyB	13
Sky attracts new customers with its arty offerings	
Phil Thomson, GlaxoSmithKline	14
Comms teams lead a pharmaceutical shake-up	
Stuart Bruseth, Shell	15
Firms that share content with stakeholders will thrive	
Vanessa Canzini, eBay	16
Never lose sight of what makes a brand special	
Catherine May, Centrica	17
A convincing message will balance out the naysayers	
FEATURE New thinking	18
How companies can use the tools of political comms	

PRWeek

Editor-in-Chief, Brand Media Danny Rogers **Consultant Editor** Claire Murphy **Production Editor** Alison Love **Sub-Editor** Richard Simmonds
Art Editor Sarah Baldwin **Commercial Development Director** Luke Burley **Advertisement Manager** Lydia Handley **Production Controller**
 Kevin Conroy **Deputy Production Manager** Gaelle Monin **Deputy Head of Production** Laura McClennon **Publishing Director** Rachael
 Stilwell **CEO** Kevin Costello **Repro** FMG Print, London N1 **Printing** Stephens & George Print Group, Goat Mill Road, Dowlais, Merthyr Tydfil, Mid
 Glamorgan CF48 3TD. Published by Haymarket Professional Publications Ltd, 174 Hammersmith Road, London W6 7JP.

No part of this publication may be reproduced without the permission of the publishers. © Haymarket Business Publications Ltd. PRWeek is a registered trademark.

haymarket

Haymarket is certified by BSI
to environmental standard
ISO 14001



Managing the McFightback

Nick Hindle, McDonald's UK vice-president communications, describes how the burger giant has resuscitated its reputation – and won over one of the brand's harshest critics, Jamie Oliver



Five years ago we were in trouble. We had lost control of our brand, growth had evaporated and our UK profits had nosedived. We had gone from leader to laggard. From successful, growing and extremely popular to out of touch. Inside the business, confidence was low – a result of taking blow after public blow.

The infamous Greenpeace trial was totally misjudged and became the longest civic case in UK history – a storm in a teacup became a tipping point for the brand. Then *Fast Food Nation* became a worldwide bestseller in 2001 and 'McJob' entered the dictionary, defined as a dead-end job with no prospects. Morgan Spurlock produced his documentary *Supersize Me* in 2004 and scooped an Oscar.

Bruce Willis and Kris Kristofferson were lined up for the Hollywood take on *Fast Food Nation* and its author Eric Schlosser leapt on the obesity debate

raging in the UK, writing a new book called *Chew On This*. All this alongside Jamie Oliver's crusade for higher quality food.

McDonald's had become the poster child for obesity. Critics gleefully wrote off the brand and every piece of bad news was leapt on.

We found out the hard way that no one has a historical right to be successful. We ignored the operating fundamentals for too long and failed to deliver continuous improvements. We focused on the small questions and were in denial about the big ones.

Rebuilding reputation

Since then, we have learned a lot about how you rebuild brand reputation.

First, you need to be long-sighted and see the bigger picture. Rediscovering strategy is vital to rediscovering your voice. You must strike a new balance between sales and investing in who you are and how you communicate that.

Second, you have to be honest about how much a negative sentiment costs

you. We crystallised the cost of burning brand equity and losing sales in a seminal piece of work by Accenture. The number was substantial – a wake-up call that made management realise they had to think differently and get to the core of the issue, or face terminal decline.

Third, advertising is not the answer. You cannot advertise your way out of operational problems. If there is a fundamental disconnect between what you say and what your customers see every day, you undermine trust. You have to fix the fundamentals and be honest about what you are and why.

We have made more changes to the menu in the past five years than the previous 30. We went right to the heart of the business, offering more choice and cutting the amount of fat, salt and sugar in old favourites. We overhauled Happy Meals and we have become one of the biggest UK sellers of cut fruit. Our non-carbonated drinks have become the most popular choices with kids and parents. All chicken became breast

You can't advertise your way out of operational problems

EMILIE FOLAS ANDY





Open farms
16,000 farms in the UK supply beef to McDonald's

meat. We started communicating the fact that we use only British and Irish beef from more than 16,000 farms and that all the eggs are free range.

That work continues today. As part of our Olympic sponsorship programme, we are taking journalists and stakeholders to see where the ingredients for our core menu come from.

More than 800 of our 1,198 restaurants have been transformed by softer lighting, designer furniture and natural materials. Striking new imagery has started appearing in the media.

Fourth, you have to communicate differently when trust is on the floor. We were executing change in a goldfish bowl and trying to communicate change incrementally in a way designed to build a picture of a new McDonald's. However, we were also being defensive about the issues.

The combination was not delivering and, if we were honest, we were suffering death by a thousand cuts. We had to change direction. We had to step forward and challenge prejudice, correct inaccurate allegations and debate the important issues in the open.

This cannot be done defensively or by wagging fingers at critics. We recognised that a progressive company is open and frank. This meant inviting engagement, admitting failings, and opening doors to scrutiny without fear. We needed to be more confident of who

we were and make some big moves.

We changed from what I would call a 1+1+1 incremental comms strategy to one that is more like McDonald's squared. In a negative environment with low trust, 1+1+1 does not equal three. Everything you do is discounted.

Challenging 'McJob'

We now work on two levels. We look to create step changes in reputation with 'big moves'. These are new developments - not necessarily the most significant commercially, but iconic and illustrative of a wider transformation. They are where we invest to surprise and force re-appraisal.

Below that is 'newsflow', which delivers reinforcement and proof of change to all stakeholders in a joined-up way using all media channels.

So, if the big moves are the twists and turns in the McDonald's story - the things that grab the attention - newsflow of proof points adds depth, credibility and personality (see box).

We also worked hard on internal comms. Our employees are the embodiment of the McDonald's brand, so hitting back at the 'McJob' jibe was important to rebuild pride and drive reputation. With the support of 69 per cent of the British population and the backing of the CBI and the skills minister, we challenged the Oxford English Dictionary definition of a McJob.



You have to communicate differently when trust is on the floor

It was a high-profile campaign that toured the country raising the issue with MPs and local stakeholders and collecting 105,000 signatures. It made big news locally and nationally. Job swaps were stepped up and third parties mobilised to comment.

We made it possible to take or re-take basic qualifications - maths and English GCSE - through the company intranet. McDonald's became an accredited examination body. Today we are also the biggest provider of apprenticeships in the UK and we recently announced that we will train 70,000 volunteer Gamesmakers for London 2012.

Coffee was an important symbol of McDonald's modernisation. Out went filter coffee from the pre-latte age, to be replaced by Rainforest Alliance cappuc-

inos and espressos with organic milk. It was not cheap, but at less than £1.50 a cup it was great added value for the customer and it let us talk about transforming the whole market. We went big with the announcement. Last year we sold 100 million cups of coffee.

Free wi-fi

It was a similar story when we spent almost £1m installing wi-fi at our restaurants. Not a big deal, but with competitors charging £5 an hour we made it market-changing by giving it away. Big news.

Each of these developments had to be communicated with ambition. TV, radio, national and local press, and online coverage properly integrated with public affairs and marketing. We deep-

ened credibility and built momentum with high profile business interviews.

At McDonald's we like to measure everything. Nineteen quarters of growth, a 20-point improvement in trust scores since 2006, and 80 million more customers in 2010 than in 2009 told us our change of approach is working. But, for me, the change in mood around the brand is more significant. Jamie Oliver recently said in a national newspaper: 'I can't believe I'm telling you that McDonald's UK has come a long way, but it probably puts a lot of gastropubs to shame.'

McDonald's couldn't quite believe it either. He may not be absolutely lovin' it but he is hearin' it, seein' it and sayin' it... and that is an important milestone on the road back to brand health.



Success
McDonald's has enjoyed 19 quarters of growth

Getting the new message out

A big part of our new thinking was a change in tone to a more open, acknowledging and humble style. A website called 'Make up your own mind' was launched. Tactical ads ran with the line 'Everything McDonald's does is questionable', inviting the public to ask any questions they wanted through the site. We offered people the opportunity to be quality scouts and to come behind the scenes and see for themselves. Mums investigated the supply chain, made films and interviewed farmers. They posted what they saw online.

We also chose to go public for the first time anywhere with one of McDonald's biggest critics. In May 2006 our CEO Steve Easterbrook took part in a debate with *Fast Food Nation* author Eric Schlosser, not in some quiet media backwater, but right at the heart of BBC current affairs on *Newsnight*.

It ran live as a 20-minute segment at the top of the programme. It made good TV and it was a turning point for McDonald's in the UK. It said there was a different leader in this business and he was going to be open and drive it in a different direction. That message was heard loud and clear across the media and that was critical to getting traction in our turnaround. It was a calculated gamble that paid off.

We followed *Newsnight* with regular discursive slots with Simon Mayo on 5Live, Jeff Randall on Sky, the *Today* programme and *Tonight with Trevor McDonald*. In parallel, we opened dialogues with the red tops and agreed to let *The Sun* journalists work some shifts in restaurants.

One hundred brand ambassadors were recruited and trained to be advocates in the regions charged with developing relationships with councils, MPs, community groups and the media. They were all franchisees - local business people with local community interests at heart.



On the box CEO took message to the media

The reputation gain

Companies that reveal their genetic code add hundreds of millions of pounds to their value



Great companies are strongly differentiated and, typically, well trusted. Their valuations are higher because the market believes brand strength and clear differentiation will deliver higher future earnings. Their reputation is part of their competitive advantage.

Building reputation through effective communication that better differentiates a company is a strategic investment in a business asset. Communication that strengthens reputation is far more valuable than is recognised.

It is an enabler that allows companies to expand faster, use technologies differently or gain access to resources – people, capital or assets – previously beyond their reach.

Conversely, a weak reputation increases political and regulatory risk, raises the cost of capital and drives operating expense.

However, communicators lack belief that they can deliver a tangible reputation dividend. Activities are seen as a cost rather than an investment. This sets up the wrong decision-making dynamic. The emphasis is on managing budgets rather than investing for maximum shareholder return.

Investment should reflect the value of differentiation, but often there isn't enough time and money devoted to strategic thinking to create

clarity on positioning and to define a coherent, complete corporate narrative.

Often narrative lacks insight into operating intangibles. It is not deep enough or delivered with enough creative flair or campaigning energy to make differentiation stick. Reputation management has to be built on the foundations of strong strategy, a compelling narrative and powerful, creative storytelling.

The reality is something different. Corporate communications is domi-

“Companies that open up are valued more highly than those that don't

nated by three things: explaining strategy, structures and restructures; reporting results against a matrix of targets (including social responsibility); and protecting reputation by managing away risks and threats. All of that is vital – it protects, it explains topline direction of travel and it provides evidence of progress. But how often does it cement differentiation?

Many argue that reputation management is just too woolly, and lacks supporting empirical evidence. I agree that we must crack the analytics but we also need to look at it differently.

Research shows that companies that open up, telling a rich, deep story, are valued more highly than those that don't. The market rewards systematic, deeper disclosure of operational detail. Oxford Metrica analysis has shown that good communication

increases share price by about eight per cent a year.

There's a real incentive to reveal the genetic code that governs how your company delivers on a strategy and, ultimately, where the financial results come from. That's a great opportunity for reputation managers, but it means taking a more balanced, robust and creative approach.

It also means winning arguments with finance directors and investor relations folk. They'll say: 'Investors aren't interested in soft stuff; focus on the management delivering on targets.' Life is not that simple. The 'soft stuff' has a profound impact on revenue growth, efficiency and profits.

Reputation management and corporate communications should, in large part, be about making your narrative stick with those who matter. Let the world see more deeply into your company and help stakeholders understand the genetic code that makes your company different.

It is not easy, but failing to deliver a whole company narrative – one that embraces culture and talent development, brand and category management, the process of innovation, customer and supply chain relationships and so on – leaves outsiders to see in through a narrow window of metrics. It leaves companies undervalued and creates an unforgiving and brittle relationship between manager and shareholder or stakeholder.

We can add hundreds of millions to the value of companies simply by making them better understood.

Woolly? I'd call it a good return on investment.

Fraser Hardie is senior partner at Blue Rubicon

Off the coverage drug

Aim for a bolder communications strategy by measuring your organisation's reputation

O confess I used to think very little about reputation. I was too busy communicating – creative PR campaigns, stakeholder meetings, keeping employees on song, working with charity partners, CR reporting...

Indicators showed good results and I shared these results regularly with the board. Naturally this included pictures, great stories where we beat the competition, plenty of media coverage and return on investment figures. Everyone was happy.

But I was running blind. I had stacks of outputs but I simply could not tell you their impact on the outcomes that mattered most – reputation and trust.

It would be an overstatement to say I was a busy fool. I was more like the old sailor guided by the moon and the currents – tapping into intuition born of experience. I was cautious, lacking an accurate compass or modern techniques to plot a bolder strategy.

I wasn't naive about reputation management. I had a robust risk register and knew what threatened our company's reputation. I assigned values and owners, put sound plans in place and ensured we were prepared for any potential crisis.

But one thing was missing – opportunity. Reputation management approached as 'risk management' missed the obvious – sustained reputational improvement. I now realise this is the single most valuable thing we communicators can do.

It sounds obvious but it requires new data, new insights and new thinking. It means getting off the 'coverage' drug and adding in more slowly

evolving reputational metrics built from deeper thinking and consistent core principles.

Imagine two special advisers to the Prime Minister. One reports every week on media scores and how to drive them higher, the other on voter trust and how to build confidence over the medium term. Which are you?

If I have one piece of advice, it's to spend money on good reputation-tracking data. At O₂ we use RepTrak, although there are various options and I'm not arguing for a single solution. We get equally important insight from social media tracking and direct interaction with customers. MP surveys, brand tracking, journalist feedback, and our own employees are critical sources too.

We get specific data about what the public thinks of our brand and reputation rather than just our customers' views of service. Marketing teams

“If I have one piece of advice, it's to spend money on good tracking data

may be good at the latter but not the former. Having both provides an additional insight.

If your reputation is better with your customers then you have an opportunity to tell the wider public how and why you exceed expectations. If your customers rank you worse than the public, get yourself in front of your board quickly. You have set expectations you're not delivering. Something has to change.

Reputation data gives you information about where your reputation is strong, average and weak – in forensic detail. It includes detail about how each aspect of reputation ranks against the others, in all sectors, across countries, and in people's rational and emotional minds. Over time you see clear trends. That's crucial for planning and seeing if corrective actions are working.

A few years ago we saw sustainability and citizenship growing in importance beyond the CSR and community investment stuff. The relatively few companies that were undertaking ambitious programmes were delivering an accelerating win-win for society and their own brands and reputations. We had a proud track record, but it wasn't having much reputational or brand impact. The same was true for most companies.

Taking new reputational data and analysis to the board opened the door for breakthrough thinking. Our strong values and social commitment were already there, but now we could make a clearer case for going further, faster with greater communications focus.

What followed was more than a few initiatives. It was a multi-year transformation plan with leadership ambition globally. That wasn't risk driving change (there was little risk in fact). It was opportunity.

Glenn Manoff is director of communications and corporate affairs at O₂





Engaging with critics enables brands to understand the issues that matter to their customers

The sway of social networks

Brands that manage their reputations on social networking sites are reaping the rewards

When Mark Zuckerberg founded Facebook seven years ago in a Harvard dorm, no-one could really have known that it would turn into a social utility enabling half a billion people to connect with their friends, share information and experience the internet. Facebook is helping the internet change from an information web to a social web – from the wisdom of crowds to the wisdom of friends. In the UK alone, 30 million people now live in a world where ‘liking’ something has taken on an entirely new meaning.

This growth has been driven not by complex technology, but by people, and the ways in which they like to interact. This is about a fundamental need for everything we interact with to be social, to be experienced with the people we know and like.

It was not too long ago that people used to add their pictures to photo

sharing sites. They gave people a way to archive their images, but they were awkward to share with the people you wanted to see them. When Facebook first launched its photos application, it did something different – it let people tag their friends, creating a social experience that sparked sharing and conversation. Now, people add more than 100 million tags to photos on Facebook every day.

Facebook’s growing size has made it a shorthand for ‘everything on the internet’ and that brings with it reputational issues. Similarly, when the internet became widely available, some blamed its existence for the ills of the world. Today Facebook is in a similar situation. It is a communications service, and a house party that gets out of hand is not a ‘Facebook party’. It is just a house party.

While Facebook is based around the way people have always behaved, major technological shifts can make some uncomfortable. The debate about

privacy – and the security of personal information in particular – is more important today as a result. Facebook leads the sector in these areas by giving the people who use the site the most powerful tools to control their data, their identity, and their safety. Our reputation is built on how the people who use Facebook feel about their everyday experience.

Those reading this may be more interested in how they manage their brand’s reputation on Facebook. The web is being reorganised, with people put at its heart. Successful businesses are now social by design, so we must create and nurture brands around people and the things they care about.

Some brands are already leading the way, creating lasting connections to people and developing inspiring and relevant creative content that people want to share with their friends. Facebook is a blank canvas for creative ideas that get people talking and

sharing. Its value to marketers lies in the ability to spread your message as the people connected to your brand engage their friends.

It isn’t just about engaging your supporters. Facebook can help you reach critics too. Just as a person excited by a new advert or jacket might want to tell their friends, if someone hasn’t received what they’ve been promised they’ll want to complain about it too. Engaging with critics on Facebook enables brands to understand the issues that matter to their customers, and evolve their business to meet expectations.

As managing the relationship between brands and their audiences on Facebook becomes increasingly important, the most successful brands show an understanding that to manage reputation effectively, we first have to manage conversations.

Sophy Silver is head of communications, UK & Ireland at Facebook

Build reputations every day

Why do many comms directors confine corporate reputation management to results time?

It interests me when I see established communications directors dismiss the volume game when trying to influence corporate reputation. It seems that the default position remains positioning the company well at results time.

But every day there is an opportunity – and an urgent need – to push the agenda.

With the proliferation of media channels, driven by the runaway growth of social media, reputation equity is always changing, and that demands a proactive approach to keep brand reputation on track.

During my time at private equity-backed Travelodge, we looked at the key value drivers of the business to ensure our corporate reputation achieved the highest possible value. These ‘value creators’ – prescribed by banks and other private investors of course – centred not only on the business model, strategy and financial track record, but also on quality of leadership, brand credentials, industry regulatory environment, innovation and reputation as a ‘good employer’.

Already you can see that the corporate narrative required to shape that set of values needs to be much broader than the last quarter’s numbers. In fact, these needs create opportunities for the comms teams to be talking to many different sections of the media on a weekly basis.

Having increased awareness of the Travelodge brand from 70 to 99 per cent in three years – and moved its corporate reputation in some of these key areas – I know it takes a consistently intense media relations effort to create relationships and seek opportunities for regular stories, comment or profile interviews.

To reach a range of media you must spread your comms teams’ reach inside the business. They must become news hounds who understand



every corner of the organisation and can build relationships with internal stakeholders so they impart their knowledge and expertise.

When this is achieved, the comms team carries the core intelligence of the business and can attack and defend its corporate reputation depending on the media, consumer and political agendas. I have always found that a significant news flow is the best way to defend a reputation. If you have bad news or reputation sensitivities hanging over your organisation, the worst thing you can do is cross your fingers and hope.

The next stage is when your set of widely dispersed communicators become sensitive to opportunities in the divisions that they are mining for information. This is where my business, Virgin Atlantic, comes into play.

If your communicators can coach your organisation’s directors to become confident spokespeople, they are then talking indirectly to their customers. The next step is to relay consumers’ responses back to the company through the increasing number of channels that are provided by social media.

If a business is to become truly progressive, it will act on the feedback delivered by social media and embark on a wonderful conversation with its consumers. This will help shape its business offering.

This approach takes all of the elements I have described above, but also that sometimes elusive quality, leadership. Virgin Atlantic’s brand enjoys its status because the company has been built on strong communicators and brave leadership.

The willingness to challenge convention on behalf of the consumer is a powerful part of a company’s DNA, galvanising the workforce and sealing a bond with customers.

Greg Dawson is director of corporate communications at Virgin Atlantic

Views in brief

Which historical figure would have been a great reputation manager?

Lionel Logue – voice coach to King George VI. His sensitivity to his subject, the courage of his convictions and the ability to provide leadership to the King helped to galvanise the British Empire throughout the Second World War.

Which organisation has turned around its reputation in the past year?

ITV has taken greater steps than most. The link-up between Adam Crozier and Archie Norman is exciting because they have been leaders in the consumer industries for so long. Chief executive Adam Crozier has a record of lighting fires under brands and helping people rediscover their sense of purpose.

How to connect for good

Private companies can legitimately work with public bodies to tackle society's challenges

It is no secret that the public sector is increasingly looking to the private sector to help tackle social issues. While many will be quick to view this as a symptom of spending cuts and the economic downturn, this trend began long before the cuts began to bite.

The reason? The public sector recognises that the private sector – and consumer brands in particular – can bring a wealth of insight, expertise and ability to build an emotional connection with consumers to a number of challenging social issues.

At the same time, the private sector realises that to deliver projects that have an impact outside their core business and expertise, they need the public sector's know-how.

Some may dismiss such partnerships between the public and private sectors as a sinister development, but if a company or brand builds its reputation and trust among the public while helping to address a social challenge, this shouldn't be considered negative. Provided the company or brand delivers genuine outcomes that might not otherwise be possible, it is a fair return.

Two corporate partnerships being run by Coca-Cola are great examples of how this approach can work.

Our Designated Driver campaign is part of our commitment to promote the positive role that soft drinks can play as enjoyable and credible alternatives to alcohol. Designated Driver, now entering its fourth year, rewards responsible drivers over the Christmas period by offering those who choose not to drink on a night out a 'buy one, get one free' on Coca-Cola or Diet Coke. In 2009 we gave away one million free drinks in more than 8,000 venues across the UK.

More recently, Coca-Cola has partnered with StreetGames, a national charity that helps young people in



More than money Coca-Cola brings its marketing expertise and understanding of young people to its public projects



"We're not suggesting that the private sector is a silver bullet"

disadvantaged communities to participate in sports. The impact of our partnership will be tracked and measured by independent third party evaluation. Our funding will help the charity expand nationwide, and allow StreetGames to deliver an improved sporting experience to more than 110,000 young people.

But Coca-Cola will bring far more than just funds to StreetGames. We're bringing our marketing expertise and understanding of young people to combine the power of some of our

biggest assets with StreetGames in a truly integrated campaign.

In 2011, we'll start to create a new programme of 300 Neighbourhood Festivals that will reach about 46,000 people. We'll be building a campaign around these festivals targeting young people, their parents, local MPs and other community leaders to celebrate some of the young people involved in StreetGames, raise awareness of the charity and inspire more people to get involved at a local level.

Our integration of StreetGames with other campaigns will extend to our sponsorship of the London 2012 Olympic and Paralympic Games. Coca-Cola will use the excitement of London 2012 to encourage both participation and regular attendance at StreetGames events – helping more young people to access the wellbeing and social benefits of sport in the run-up to 2012 and beyond.

Beyond this, we'll use our other brands and assets to support Street-

Games where relevant. This will range from getting inspirational Football League stars and Olympians to visit StreetGames projects, to our sponsorship of the Special Olympics, which will enable us to bring expertise to include more disabled teens in StreetGames. We couldn't do this without StreetGames' expertise.

There will always be some people who view partnerships such as these with scepticism and suspicion, and we're not suggesting that the private sector is a silver bullet. But if companies such as Coca-Cola can play a legitimate role in tackling the challenges we face as a society, and build a positive reputation while doing so, then surely everyone benefits. This creates the type of long-term and sustainable partnership that should be welcomed as part of the solution.

Lauren Branston is director, public affairs and communications, at Coca-Cola Great Britain and Ireland



Arty The arts channels have attracted new customers who might never have considered pay TV through a mixture of performances and documentaries about arts bodies



Moving into a new space

The Sky Arts channels have challenged perceptions of the brand and been a commercial success

In Sky's early years, a familiar joke was that the company's attitude to the outside world was summed up in the famous Millwall chant, 'No one likes us, we don't care'.

That may have been an exaggeration, but it's fair to say that back then we didn't put too much time or effort into actively managing our reputation. We were too busy building a business to worry about such things; recognition would come with the quality of what we put on the screen and success in the marketplace.

That thinking may have been right for its time. But as we've got older and wiser, we've come to recognise the importance of a proactive approach to reputation management. Like most businesses, we understand that it matters what people think and say about you. For good or bad, reputation has an impact on customer loyalty, employee engagement, investor sentiment and the regulatory and political climate.

So if you're not tuning into those external perceptions and talking to



"The channels have given people a reason to consider Sky for the first time"

people about what you do, you're not only missing a positive opportunity but exposing your organisation to increased risk. For Sky, there has also been a clear commercial imperative to shift perceptions over the past few years. Faced with a challenging target of 10 million customers by the end of last year, we knew that we would find it increasingly hard to win new customers unless we looked to do new things and engage with people in new ways.

To put it bluntly, if someone hadn't chosen Sky already, there was little point in trying to persuade them by just doing or saying more of the same.

At the same time, we recognised that consumers were becoming more

demanding in their expectations of the companies with which they did business. They still wanted great products and great value, but they also wanted to know that a company was using their money responsibly and making a positive contribution.

Our Sky Arts channels are a good example of how we have responded to both of those challenges, opening up new pockets of demand and doing so in a way that contributes visibly to the community around us.

They are the UK's only channels completely dedicated to the arts, offering everything from uninterrupted opera at prime time to behind-the-scenes documentaries about arts organisations from across the UK.

The channels have been a hit with customers, giving them more value from their subscriptions and encouraging them to stay with us for longer. They are watched by two million viewers every month, and nine out of 10 of our customers tell us that 'Sky Arts offers programming I can't get anywhere else'.

They have also given people a new reason to consider joining Sky for the first time. Maybe you're not into sport

or movies? Well, Sky Arts might be just the thing that makes pay TV worth considering.

Of course, to make a success of the channels, we've had to get out there and let people know about them. We've done that through traditional marketing and PR, but also by getting involved and partnering with arts organisations to create something new and distinctive. That has included co-producing Antony Gormley's *One & Other* on Trafalgar Square's fourth plinth and working with the UK's leading book festivals to bring them to the TV screen.

Sky Arts has challenged perceptions and encouraged positive reappraisal of our brand. It is not just about making people feel warm, it's the commercial benefits of adding new customers and being seen to make a positive contribution to life in the UK.

And that's surely what reputation management is about – starting with the customer, investing to improve what you offer them and communicating the benefits that follow.

Graham McWilliam is group director of corporate affairs at BSkyB

A new comms generation

In a period of upheaval, PR professionals are driving change at pharmaceutical companies

The pharmaceutical industry is in the midst of enormous structural change. First, an unprecedented number of branded medicines are losing their patent protection. This 'patent cliff' is thought to be worth \$200bn over the period 2008-12. To put it another way, the industry is losing revenue equivalent to the combined market value of Marks & Spencer, Tesco, Burberry, Diageo, Rolls-Royce and the Lloyds Banking Group.

These losses coincide with a decline in research and development productivity. In other words, the drugs being discovered in the labs are not replacing the value of those medicines losing patent protection. Also, purchasing power consolidation – through private sector and governmental reforms – is squeezing prices.

We have responded by fundamentally changing GSK, shifting investment and resources to emerging markets, consumer healthcare, vaccines and biopharmaceuticals. Our product pipeline is promising, with potential new medicines and vaccines for areas of significant unmet need such as diabetes, heart disease, cancers and several rare diseases.

Our strategy is not unique; it will be implementation that makes us successful. The role of communications is not only to articulate change, but to drive it faster and deeper.

So we are reshaping GSK's communications function, adding new skills and embracing a more open culture. We are moving from a decentralised organisation to an integrated group. 'Connectivity' is one of our function's key priorities and I believe it is vital if we are to share knowledge and operate effectively.

Companies and their communications are undoubtedly under the spotlight. Messages are scrutinised. Shortcomings are amplified. Attention is



JULIAN DODD

limited. This applies as much inside companies as outside.

For GSK, operating in more than 100 countries, this means being able to share resources seamlessly and speak consistently and powerfully to everyone interested in our company.

It also means ensuring our communication is holistic. This is central because of the role trust plays in our industry. The enhanced capacity of GSK to win and retain trust will be a source of competitive advantage and a driver of shareholder value.

As a result, bringing our ethical performance to life is as important as explaining our financial performance. So the need to build and renew trust is hardwired into our thinking and planning, whether it is related to the acquisition of a company or our 'open lab' innovation to encourage collaboration on new treatments for malaria.

This is no easy task and it requires communicators with versatility, judgement and empathy. It means investing in our people is critical. In common with many communications organisations, I suspect, we've not systematically developed our people.

That is changing. We're investing in a global communications competency framework so we can respond to skill deficits individually and invest in function-wide training. We are also looking to move our people around different communication disciplines and audiences. An example is moving talent from brand and product communications to investor relations.

These changes are being made to help create a sustainable business that will bring more new medicines, vaccines and products to patients and consumers around the world. Communicators reading this know that our expertise is at the heart of realising this change. We are embracing it, challenging it and championing it.

Phil Thomson is senior vice-president of global communications at GlaxoSmithKline

Views in brief

Which historical figure would have been a great reputation manager?

Emmeline Pankhurst – she fundamentally reshaped the perception of women in society. She campaigned with passion, understood the value of news and was adept at getting her message across in multiple ways.

Which organisation has turned around its reputation in the past year?

Mark Zuckerberg and Facebook have responded well to the potential negative impact of *The Social Network*.

ANDY PORTER



Views in brief

Which historical figure would have been a great reputation manager?

William Wilberforce campaigned against vested interests and was stoic in the face of adversity. He devised radical ways to promote his cause. Pamphlets full of eye-witness testimony were used, showing captive Africans packed in the ships. There were sugar boycotts, petitions, and marches.

Which organisation has turned around its reputation in the past year?

Toyota is making every effort to regain the public's trust after its product recall. It has used social media to build dialogue with the customers affected. Transparency, openness and dialogue have helped them rebuild trust.

Prepare for our shared future

Companies must learn to share content and build new relationships with their stakeholders

In 2010 a string of seemingly unrelated events transformed the global media landscape. At first glance, one might wonder what the launch of the iPad, the BP Macondo oil leak crisis and Wikileaks had to do with one another.

Together these moments led to a fusion of content publishing online and realised the promise of a new, real-time, hybrid media landscape that is truly global.

For communicators, the implications are momentous. If, as a profession, we continue to think in the silos of the traditional world of print media – TV on one hand, and the emerging worlds of social media, Facebook and Twitter on the other – we risk missing the biggest opportunity for communication professionals in a generation.

We live in an era in which change is so rapid that sometimes the present is only visible once it is past.

We are entering a new phase in the development of the information age. It is having a profound effect on the media and information industries – and, crucially, on how our stakeholders receive, share and publish information about us.

Don Tapscott and Anthony Williams, in their recent book *Macrowikinomics*, said the internet is no longer about surfing, passively reading, or watching. It's about 'sharing, socialising, collaborating, and most of all, creating [content] within loosely connected communities'.

Newspapers and broadcasters are redefining themselves accordingly. Eye-witness accounts and footage – often shared on the web – drive coverage and are playing a growing role in shaping the agenda of the traditional media.

We are seeing an increase in participatory news as the media become more dependent on people's eyes and ears to enable them to break news.

At the same time, publishers and broadcasters are pushing to incorporate live web feeds into their news stories and, further, to present data in new ways.

Much of this is being done in collaboration with the audience – publishers are opening data to the world so readers can play a part in the development of stories.

In a world in which content is the strongest currency, we are seeing the emergence of what might be called a gift economy. There are many ways of sharing (or gifting) content such as video, audio, photographs or data within social media networks between friends, or within communities and the media.

The companies that are best able to share valuable data and content with their stakeholders will be those that gain clout and respect in such a gift economy.

Media relations functions must reflect this new external world:

- ◆ The discipline must develop new models for launching stories and driving them across a range of digital platforms.
- ◆ We need to establish different alliances and new ways of distributing content with media partners online.
- ◆ We need to participate in community dialogue on digital platforms, driving tweets across communities to alert them to fresh activity and comment.

There is a considerable opportunity to narrow the perception gap and build new relationships with our stakeholders that are more direct, open and transparent.

We must not be held hostage by the past but embrace the future and create our own digital newsrooms of tomorrow.

Stuart Bruseth is vice-president, Shell global media relations, and a founder member of the Social Media Leadership Forum



Don't lose the brand magic

It is crucial to reshape a brand to reflect reality, but never lose sight of what makes it special

A few weeks ago I was browsing eBay in search of a leaving gift for a colleague when I stumbled across a book with a title that made me smile: *What Got You Here Won't Get You There*. I immediately hit the 'Buy it Now' button and reflected on how perfectly this summarised the challenges of developing a brand reputation strategy at eBay.

Redefining a reputation is no easy challenge. This is especially true when you are one of the most recognised brands in the world.

eBay became one of the world's most loved brands by making shopping fun, giving everyone the opportunity to buy and sell globally from their living rooms. The novelty of auctions made shopping a game, with competitive spirits battling to defeat their rivals. Yet this image doesn't reflect the reality of today's eBay. Now, auctions make up a shrinking minority of sales, and the hobby sellers of old sell alongside thousands of SMEs and the biggest high street brands.

The challenge is to ensure perceptions keep pace with the evolving reality, but without losing what made the brand special in the first place.

If done sincerely and with long-term commitment, a brand reputation strategy should achieve two things. First, it should highlight where your company is strongest - the credible territory on which to engage positively with stakeholders and customers. Second, it should seek to contextualise your issues - the things you'd rather were not associated with your brand but are.

For eBay, it was clear that our strongest asset was the 160,000 entrepreneurial businesses thriving on our site. With no-one else able to articulate the challenges facing online entrepreneurs, this was a rich and credible place for us to occupy. A strategy that focused on championing the



PETER CRANE

needs and concerns of the firms that power the UK economy gave eBay the ability to forge strong relationships across an array of stakeholders, politicians and media.

Crucially, this strategy has proven beneficial in contextualising the issues that inevitably arise. We have shown that a focused strategy can have a positive effect on issues management. Since we launched the Online Business Index (our barometer of the performance and attitudes of online SMEs) in March 2009, we have seen a 50 per cent reduction in negative coverage in the UK, and a 66 per cent reduction in Germany.

As a global phenomenon that grew up in the public eye, it hasn't always been easy for eBay to separate itself from the early days of the internet and the issues that come simply by virtue of the fact that it was the first.

If the first decade for eBay was about defining the standards for global e-commerce, then the next decade will be about defining the new retail - the way in which online and offline shopping is evolving and blurring. The pace of this convergence demonstrates how consumer behaviour is undergoing another revolution similar to the one that created eBay 15 years ago. Just as established brands had to shape up when the internet arrived, we understand the need to adapt and grasp the opportunities around mobile, digital, local and social. And we want to lead, not follow.

eBay has demonstrated that it is possible to reshape and build a reputation while losing none of the magic of a brand that is universally loved. It is not an easy thing to accomplish, and the number of brands that continue to focus their comms on the issues that undermined their reputation in the first place makes the point better than any book I stumbled across on eBay.

Vanessa Canzini is head of corporate comms, Europe at eBay

Views in brief

Which historical figure would have been a great reputation manager?

Niccolo Machiavelli. The undisputed master of understanding reputation management, Machiavelli's teachings in *The Prince* centre on decisions, how they are made and how they are perceived by those around us. He espoused the need to pick a side depending on what you wanted that decision to say about you and wisely stated that every issue or debate comes down to which side you chose. As with any reputation, however, it is shaped by the opinions of others and sadly history has traduced his reputation, leaving him very much misunderstood. Sound familiar?

JULIAN DODD



Views in brief

Which historical figure would have been a great reputation manager?

Daniel Defoe would have been a fantastic reputation manager. He was an original thinker who understood both how to manage government and how to engage the general public.

Which organisation has turned around its reputation in the past year?

The London Olympics Organising Committee has proved that we can be successful at delivering major projects in this country, delivering venues of which our capital city will be proud.

We need reasons to believe

Messages about a business must feel authentic and be supported by the company's employees

Shakespeare's *Othello* provides us with a fantastic example of the importance of reputation – and how easy it is for the perceptions of others to be a mismatch with reality. With a few well-targeted whispers delivered over a jug of ale, the villain of the piece, Iago, makes sure his comrades believe Desdemona and Cassio are having an affair. Within minutes the rumours are an accepted fact in the minds of the players and Cassio is left to cry: 'I have lost my reputation! I have lost the immortal part of myself, and what remains is bestial.'

In the 21st century we don't often think of personal or corporate reputation in the rather spiritual terms Cassio uses, but nothing else has changed – our reputations are still dictated by how others see us. Unfortunately for those of us in businesses, what our stakeholders choose to focus on today

may not be our greatest strengths. In this era of information overload we can only exert control over our own communication channels. Stakeholders, especially those outside the organisation, will see and hear information from many sources.

As guardians of corporate reputation, our challenge is twofold: first, we have to make our own channels – our briefing programmes, websites, press packs, case studies and B-Roll – as convincing as possible; and second, we have to do what we can to minimise dissenting voices.

Rising to meet these challenges is not simple – the first impulse of many stakeholders when they think of a business is to distrust it. In recent years many businesses have let their customers, investors and employees down, shattering the trust in big companies that had been built up over generations. Not every business was guilty, but all will have to live with the change in attitude it has brought.

Businesses with great comms and corporate affairs teams are working on these challenges today. The best of these teams are creating a strong web of personal relationships with the leading voices in their stakeholder groups. They are making their messages, and their channels, relevant and convincing for these individuals and groups, and they are creating a sense of trust in the information they provide. It is this trust that will help their stakeholders listen to the facts about their business and find it to be an organisation they can trust.

Without a strong reputation, without the trust of stakeholders, our businesses cannot flourish. Their strategy, their engagement, their approach, every step of the processes they use will be doubted and questioned. Any suggestion of bad practice or unethical behaviour will be magnified, tweeted and blogged.

It is also critical not to lose sight of internal stakeholders. Every employee

is an ambassador for the organisation, and views from the inside can do enormous harm when those views are considered to be objective and informed by experience. By engaging everyone to at least discuss the issues, and giving them a forum, the negatives at least become what Donald Rumsfeld called 'known knowns'.

No business is perfect. But the extent to which employees will talk externally about positives, rather than negatives, is a good measure of how well reputation management is being handled throughout the enterprise.

Everyone – internally, externally, from the most powerful opinion former to the employee telling a friend what a good company they work for – needs reasons to believe. It's a constant challenge – and there's a lot to manage. But have the stakes ever been higher?

Catherine May is group director of corporate affairs at Centrica

Winning the corporate campaign

The tools of political strategy can help businesses solve their reputational challenges, says **Spencer Livermore**, director of strategy and planning at Blue Rubicon



JULIAN DOOD

In a world in which challenges to reputation emerge faster and are more unpredictable than ever, businesses often face an overwhelming pressure to ‘just do something’ - to move straight to the execution phase of a campaign. Our advice is to resist this temptation. In order to shape sentiment rather than continually chase it, corporate campaigns must be underpinned by investing more time in strategy, not less, so that when the execution phase comes, it delivers maximum value for the comms budget.

At Blue Rubicon, we believe that a new strategic approach is needed to help our clients respond to this pressure. Our approach fuses the strengths of communications strategy - drawn from the worlds of advertising and PR - with the approaches of political strategy, and combines them in a single offer.

While the strengths of communications strategy might be well known, why

Nowhere is the consumer less willing to listen than in politics

does the addition of political strategy add so much value when it comes to helping clients respond to these pressures?

The answer is that politics faces the same, if not greater, pressures for immediate action, contending with the demand for daily approval. Successful political strategists win the ‘permanent’ campaign by underpinning all action with a clear strategy, executed in a disciplined way. This approach to strategy formation and execution is increasingly seen as relevant to businesses facing their own strategic challenges.

Harsh environment

The political strategy approach has been forged in the harshest of environments: political communicators have long had to contend with an exceptional combination of extreme factors.

First, nowhere is the consumer less willing to listen than in politics. Bombarded by seemingly undifferentiated messages they often find hard to relate to, political consumers are more cynical,

sceptical and distrusting than those in any other sector.

Second, the media environment is more routinely brutal in politics than in any other sector. Political brands are evaluated every day, and are under attack every day from a hostile media, often with its own agenda.

Third, politics is uniquely focused on beating the competition. Your reputation is only ever relative to that of your opponents, creating a competitive environment unparalleled in its ferocity.

Finally, the win-or-lose, winner-takes-all nature of elections raises the stakes. This single moment of definitive judgement shortens the timeframe and sharpens the imperative to influence attitudes and behaviour.

To survive in this harsh environment, successful political strategists have perfected a process that can quickly deliver extraordinary strategic clarity and discipline - and which we are using to do the same for businesses as they seek to win their permanent corporate campaigns.

So what are the steps in this political strategy process?

It begins by ensuring strategy is genuinely driven by audience insight. Starting with a clear focus on who the target audience is, we drill down until we have a deep understanding of our target audience’s behaviour and what might change it. This helps ensure that a continual line of sight to the ultimate audience is maintained at all times during the campaign.

Strategic positioning

Once the target audience is identified and understood, we work towards developing the strategic ‘positioning’, whether for the organisation, product or brand. The value of positioning is that it defines the territory from which, in a competitive environment, you can win the argument. Rather than traditional ‘issues management’ - where you fight on your opponents’ territory and allow them to define the terms of the debate - positioning identifies the ground from which you can win, meaning your existing brand or organisa-

tional attributes can become assets rather than liabilities.

With the strategic positioning agreed, we now adopt the same disciplined adherence to execution that the best political campaigns take for granted. To do this, strategy must be coherently articulated in the form of a narrative that drives and unites all communications. This matters because, in essence, a campaign is a battle for dominance between two competing narratives - every day dominated by your narrative, you win; every day spent on your opponents’ narrative, you lose.

Finally, we implement this narrative using the critical fourth step: message discipline, the application of a consistent message across all channels, with a clear understanding of which words to use and which to avoid, transforming its impact.

So, with reputations made and broken faster than ever before, we live in an era of the permanent corporate campaign. The challenges faced in business and politics are now so alike that the solutions must be too.

Applying the tools of political strategy

Successful political strategists have perfected a process that can quickly deliver clarity and discipline. Here are three examples from the toolkit we use with clients:

- ◆ **Own the word.** In order to answer the most fundamental strategic question - where to position oneself - we work with our clients to distil the essence of their brand into a single word. This is the word they will seek to own, defining the territory from which they will fight in a competitive environment. By owning a single word, provided it is both credible for the organisations and differentiating from their competitors, we achieve clarity on future direction.
- ◆ **War gaming.** Every organisation or brand lives in a competitive environment. The War Gaming tool forces you to think like your competitors, identifying positions already owned by them. This stress-tests your desired positioning against that of your opponents, exposing weaknesses that might not have been identified.
- ◆ **Words to use, words to avoid.** We now have a positioning, competitively tested. Next, we must articulate it in a way that works for our target audience - critical because the way consumers talk about an issue will be very different from the way an organisation talks about it. If narrative is the story we want to tell, messaging is the specific words we use to tell it. To determine the words to use and the words to avoid, we design the right language for the specific audience, a compelling sequence for messaging and a hierarchy to guide frequency of use.

Fusing the best of both worlds

Political strategy	Communications strategy
1 Clarity of target audience	1 Clarity of target audience
2 Joined-up, end-to-end view of campaign strategy where central idea drives all other activities	2 Central idea complements and amplifies all other initiatives
3 Constant focus on the competition	3 Relentless focus on uncovering brand strengths
4 Storytelling through narrative as expression of strategy	4 Simplicity of creative idea as expression of strategy
5 Disciplined application of consistent message across all channels	5 Novel, engaging application of creative idea across all channels
6 Five-year electoral cycle that must still deliver daily approval	6 Long-term brand strategy that must deliver business results every day



Reputation Management Strategies

8 April 2011