**Your Reputation Precedes You**

*Opinion by Teresa Settas, founder and MD of specialist PR agency, Teresa Settas Communications*

**It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.** *Warren Buffet.*

If you’re in any doubt as to the cogency of this statement, just think Volkswagen, Malaysia Airlines, FIFA, SAA, Bill Cosby, Sony, Penny Sparrow, Chris Hart and Nicole de Klerk. All have taken an absolute beating in the court of public opinion. Some have limped to some semblance of recovery with the help of reputational communications and management specialists, others never will.

For corporate brands that lose their reputational lustre, the impact soon manifests on the bottom line and in the share price – consumers vote with their wallets. For individuals, prospects for employment after a public blunder on the scale of the most recent and reprehensible racist rants, amount to exactly zero.

In the digital age, nothing ever escapes Google search or the speed of social media. News travels in mere nano-seconds and major gaffs are fodder for social media. The reports and comments stay posted all over the internet, maybe forever. A bad rep follows you around a bit like cat pee does…no amount of odour control or bleach gets rid of the stench.

More and more we’re seeing employees sharing controversial opinions on social media channels that are increasingly putting employer brands in the spotlight. And thanks to the most recent twitter wars, employers realise just how important it is to pay close attention to the company they keep – no job interview is likely to go by without a thorough interrogation of your online persona.

Social media and employees aren’t the only ways that inappropriate remarks can wreak reputational havoc. I have seen countless executives making the most extraordinarily stupid statements in media interviews, and no amount of media training can save them from themselves. Who can forget the ghastly vaseline remarks made by Macintosh Polela after the JubJub trial? The spokesperson for an elite police made an utterly ill-conceived tweet about prison rape as if this was perfectly ok. It cost Polela his job, his reputation and left the Hawks credibility in tatters. Anyone seen or heard from Mac lately? A google search pops out a slew of articles announcing his suspension and firing, and that was almost three years ago. Not so great for the CV and job prospects. Ditto Sparrow, Hart and de Klerk.

Following Chris Hart’s twitter faux, his qualifications were soon plastered all over the internet. When you subject yourself to public scrutiny, be sure that someone is going to take a long, hard look. Rightly or wrongly, and while the matter is still subject to legal and disciplinary processes, arguments erupted on twitter once again over whether or not Hart has the qualifications necessary to hold the title of global investment strategist of one of South Africa’s big four banks. Not exactly great press for the background vetting standards of his previous and current employer, both who happen to be in financial services with an enormous amount of responsibility for people’s money!

Anyone drive a Volkswagen? In the heat of the emissions “dieselgate”, the once trusted car brand was forced to recall 500 000 vehicles and slapped with a potential fine of $18billion by the US Environmental Protection Agency (does this hurt yet Mr Financial Director?). VW issued all measure of statements with little solace.

Volkswagen's stock price fell in value by a third in the days immediately after the news broke, its group CEO resigned and it was claimed by *Der Spiegel* newspaper that at least 30 people at management level in VW knew about the emissions deceit for years – something that VW denies.

Amidst all of this, what stood out for me was the rather indifferent statement released by Volkswagen in South Africa to quell the panic of what this meant for owners of VWs. On 21 September 2015, Wheels24 reported that Volkswagen SA was not ‘affected by the emissions saga’. VWSA said at the time: "*South African VW/Audi vehicles are not affected. South Africa does not have a legislative emission standard so this issue does not apply locally. We meet the CO2 emissions as published in our official specification sheets for all our vehicles.”*

Really! So the fact that VW knowingly deceived millions of consumers around the world by intentionally programming 11 million TDI diesel engines to meet US standards for emissions, while in fact they emit up to 40 times more emissions in real-world driving, should not matter to me because I am in South Africa? The fact that a large global citizen like VW lied to the public for six years and intentionally used a device in its cars to evade clean air standards, which are a threat to public health, should not matter to me here in SA?

Reputation 101 – screw ups on this scale know no boundaries. The fact that I’m not directly impacted by a matter thousands of miles away does not in any way detract from the disgust I feel about their actions. Be sure that if a parent or sister company behaves improperly elsewhere, all your operations are impacted! And know that a multi-national reputation brings with it all measure of complexities and multicultural nuances to consider. Communicators should interrogate the repercussions of their crisis comms plans across various geographies and cultures very carefully.

Given just how easy it is to send a hard-earned and expensive reputation up in smoke, it really is not surprising that damage to reputation /brand has emerged as the #1 risk facing companies worldwide according to [Aon Risk Solutions](http://www.aon.co.za). The global risk management business polled CEOs, CFOs and Risk Managers in it’s [2015 Global Risk Management Survey](http://www.aon.com/forms/2015/2015-global-risk-management-survey.jsp), providing comparative insight into different perceptions of risk.

The Aon report goes on to add that with the rapid development of media technology and heightened awareness of multiculturalism, there has been a dramatic increase in the number of ways a company’s reputation can be damaged. However, the tools and levels of effort business leaders use to manage their reputations are lagging, heightening such risk. Despite the fact that damage to reputation is cited as the No.1 Business Risk, thesurvey shows that 40% of businesses are unprepared to deal with a major reputational crisis.

While some brands may have cookie-cutter plans in place for dealing with a crisis of reputation, few have thoroughly interrogated and documented all the potential risks and scenarios they could face. And then you can be sure they have not implemented any internal measures such as training and sensitisation of employees to mitigate these risks as far as possible in the first place. Finally, there is no documented and practical action plan that states who, what, where, when and why needs to happen in both crisis communications and crisis management. In fact, few have made a distinction between crisis communications - the what is said, to whom, when and why and managing stakeholder perceptions - versus crisis management - the all-important logistics and background work across multiple departments to sort the mess out. Most simply view crisis communications and management as an amorphous mass.

For those endowed with a greater appreciation of the power of words and communication, they’ve intrinsically known the value of reputation since forever. But it took a few monumental gaffs to make financial executives realise that there simply is no line item on the financial statements that can calculate the true monetary value of trust, which is after all what reputation is about. Until the shit hits the fan, that is! Then the realisation that broken trust and a dodgy rep directly equates to lost sales and dismal turnover figures manifests faster than a VW turbodiesel can dodge an emissions test!

In our hyper-connected society, there has been a dramatic increase in the number of ways a company’s reputation can be damaged. But regardless, none of these should come as a complete surprise. A tsunami might be somewhat of a surprise because you were expecting fire and brimstone, but then, you would still have your natural catastrophe recovery plans in place which would work for either scenario. However, product recalls, data breaches, offensive language or slurs on social media, in the workplace or customer communication, fraud, money laundering, system crashes, inappropriate remarks or behaviour by company executives and supply chain disruptions cannot be on your list of unexpected incidents.

Perhaps it’s because I have worked with the insurance industry for so long, but as a communications specialist, I believe that everything can be addressed with a proper risk management strategy, including your reputation. Essentially it’s a process of seeking to minimise unacceptable risks, reducing the severity of risk consequences, reducing the probability of the risks materialising and reducing your exposure to the risks if unavoidable.  
  
And yes, there is insurance cover available to manage a reputational crisis, but insurers expect clients to have proper plans and resources in place at the outset. The reality is that while insurance can cover the immediate costs of resourcing the response and crisis management campaign, can you really quantify the value - current and in the future - of lost clientele, patronage and respect from public, shareholders and the media?

Mitigating the risks to reputation is a multi-layered process that demands meticulous planning, allocation of individual roles and responsibilities, a deep understanding of operational realities and development of a roadmap, all underpinned by good governance. As Aon says in its risk report, *companies need to treat damage to their reputations as understandable and even predictable challenges that one should expect in today’s business environment.*

As a final parting thought, there are more than enough factors outside of your control that can impact on your brand’s reputation that will demand your attention and resources. So walk the fine line, keep your promises and always behave in an ethical manner towards your clients, suppliers and stakeholders. Do that and you will have removed at least 80% of the serious risks that can blow your hard-earned reputation to pieces. If you behave like a rogue, no amount of reputation management is going to save you from a public lynching.

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