

## **Risk Insight: Brand and Reputation**

### **Effective management of public perception**

#### **Brand and Reputation – what’s the risk?**

Your brand is important – it’s the definition of what your organisation means to stakeholders and the general public. It gives you a clear sense of purpose and demonstrates how your organisation embodies its values.

Brand also goes hand-in-hand with reputation – the general estimation in which your organisation is held by the public.

It goes without saying that effectively managing and monitoring your company’s brand and reputation can be the difference between a successful and unsuccessful business, but what are the risks if you fail to do so?

If you neglect your company’s brand and reputation, you could expose your business to increased risks. These risks arise from a negative perception on the part of customers, staff, counterparties, shareholders, investors, debt-holders, market analysts and other relevant parties.

The danger is that corporate brand and reputation can be regarded as a ‘soft’ concept by decision-makers and business owners. Some organisations put the importance of a good reputation to the back of their minds while they attend to more hard-edged, day-to-day urgencies.

On the other hand, many organisations are now coming to realise that their greatest asset is their good name or reputation. This is especially true in knowledge-based organisations such as professional services firms and universities, which work hard to build their good reputation and the ‘bank of goodwill’ towards them.

#### **What are the consequences?**

Although reputation is an intangible concept, research universally shows that a good reputation demonstrably increases corporate worth and provides a sustained competitive advantage.

A business can achieve its objectives more easily if it has a good reputation among its stakeholders, especially key stakeholders such as its largest customers, opinion leaders in the business community, suppliers and current and potential employees.

By neglecting brand and reputation management, you could risk the following:

- Adverse publicity
- Loss of business to competitors
- Inability to charge a premium for products and services
- Lack of stakeholder support for your organisation in times of controversy
- A hit to your organisation’s value in the financial marketplace

- Lack of staff, volunteer and customer loyalty and awareness
- Vulnerable figureheads
- Possible litigation costs
- Negative attitudes and behaviours leading to:
  - decreased performance
  - worsened services provision
  - decreased customer satisfaction

### **How should businesses plan and mitigate risk?**

Effective brand and reputation management can be split into five phases:

- **Risk Identification**
  - Does your organisation have a clear, focused view of its main risks to its brand and reputation (insurable and non-insurable)?
- **Risk Analysis**
  - What are the consequences to your business of each of these risks?
- **Risk Prioritisation**
  - How likely are the threats and what would the impact be if they occurred?
- **Risk Management**
  - Have you developed an action plan for your business to address the key threats – both for every day management and crisis management?
- **Risk Monitoring**
  - Whose role is it to ensure action plans are implemented? Who carries out regular stakeholder analysis?

### ***Top tips from Zurich***

- Ensure that brand and reputation management is an agenda item at Board Level.
- Use your existing risk management process to identify and manage risks to your brand and reputation in a systematic way.
- Have a clear understanding of the root causes and consequences of key threats – this will help you manage them more effectively.
- Monitor your image through regular stakeholder analysis.
- Listen to your customers and address their concerns quickly.
- Maximise opportunities and use social media actively to promote your reputation.
- Prepare yourself for a brand and reputation crisis with a comprehensive communications plan for staff, stakeholders and the general public/media.

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