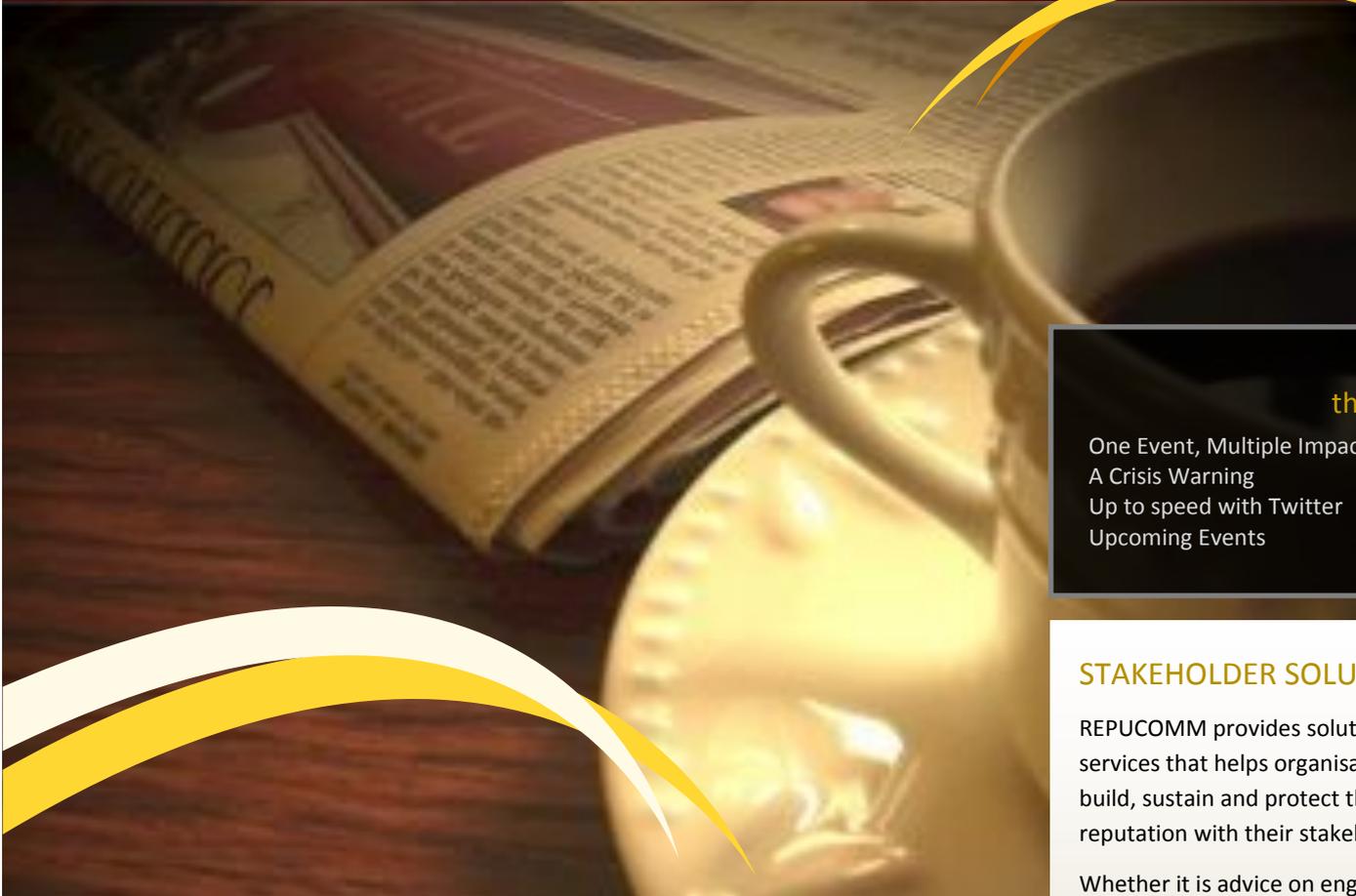


Powerlines 89

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One Event, Multiple Stakeholder Impacts

Just a storm in a teacup! How often have I not heard CEO's say this, only for the share price to be 20% down a day later!

Normally these are the visible signs, but a crisis poorly handled, have a wider impact than most managers anticipated. Look at the following model.

A single risk event is likely to have multiple impacts on a company's reputation. To understand this, imagine that XYZ Corporation has been fined by the Competition Commission for price fixing and allegedly engaging in unfair and predatory business practices.

News of the fine is picked up by major media outlets, which run exposés on the company and how it has taken advantage of its customers.

The list below gives examples of how different stakeholders may react to this single lawsuit.

Current Customers - Possible Action: A number of customers believe they have been taken advantage of, and they refuse to do business with the company again. Other customers, who may not even be part of the lawsuit class, decide to cut back on their business or switch to new, aggressive competitors.

Potential customers - Decide not to do business with the company.

Suppliers and partners - Decide not to enter into an alliance or demand more favourable terms because of discomfort at being associated with the company. [Continued on Page 3.](#)

STAKEHOLDER SOLUTIONS

REPUCOMM provides solutions and services that helps organisations to build, sustain and protect their reputation with their stakeholders.

Whether it is advice on engagement strategies to stakeholder reputation risk reduction frameworks, we can guide you and assist you to build a lasting and favorable reputations in their minds.

CONSULTING & SPEAKING

Deon Binneman is a speaker, thought leader and seminar leader that has worked with executive management teams in more than 10 countries on reputation management issues. He can raise the level of awareness and understanding of the dangers of reputation risk in your company. Get him to work with your leaders!

E-mail deonbin@icon.co.za

A Warning - Without a Crisis Plan your Reputation will Suffer!

With the World Cup 2101 just around the corner, I believe that businesses have to step up their preplanning for potential crisis situations.

Reasons:

1. Resources are going to be stretched –

Local authorities and other service providers attention will be focused on the big events, and will they be able to timeously respond to local needs? How convinced are you that they will be able to assist you, should something go awry?

2. Mistakes will be amplified to a worldwide audience.

Mobile phones, Twitter, Facebook, International & Local Media and the fact that every human being is now a publisher in their own right will make the spreading and containment of rumors and negative messages a very difficult task. What will you do to stop the flow of negative and misinformation? Can you afford to have your lack of service levels or mistakes transmitted to a worldwide audience?

3. Few organisations have the specialised resource of a Crisis Manager, trained to handle both the reality and perceptual aspects of a crisis situation.

Crisis Management just like First Aid is not a common body of knowledge. How will your Management team react in a state of negative opinion? Will they do a Joost? Pretend there is nothing wrong or deal with the situation in a positive manner?

4. Few organisations have adequate crisis communication plans in place.

How will your company respond to allegations, rumors and/or for example a life-safety crisis. How will they respond to a negative message on a blog? What is the correct way to approach a situation? Remember words and actions in a pressure situation cannot be recalled?

These are just some of the thoughts that a consultant will ask you when they assist you to prepare yourself for that one thing that most do not expect. The Hand of Fate!

OK! So you are adamant that everything is under control, just like in Utopia. Just consider this then:

Tips

1. Ensure that your organisation have a crisis plan – one that integrates dealing with the reality and the perceptual challenges.
2. Have you tested your response plan through a simulation exercise? Make sure that your plan is stress tested at least every

3 months. Surely you expect a pilot's competency levels to be tested often?

3. Get your plan evaluated and audited by an external consultant, preferably one that has both crisis management & crisis communication experience. Why? Well, because that person will be able to see things holistically and will ask questions beyond the obvious. The hard asked questions that are sometimes not asked due to political reasons.

4. Benchmark your plan. Why? Simple! Why reinvent the wheel? Learn from the best and be the best....that is the model most professional sportspersons base their careers and futures on.

I can go on....these questions are just a small selection of what a skilled crises management professional will ask you when he or she performs a gap analysis!

Do your homework! **Remember Noah built the Ark seven days before it rained...but he had a divine adviser!**

I must stress how important it is for any organization to prepare for a crisis, should it strike. In a recently published book on corporate integrity the authors stress that: "As we found with hurricane Katrina, being unprepared can cause a disaster that is far greater than the damage caused by the underlying event. The ethical disaster risks facing organizations today are significant and the reputational damage caused can be far greater for those companies that find themselves unprepared. Although we cannot predict an ethical disaster, we can and must prepare for one"

The final word I borrow from **Madeleine Albright, former Secretary of State of the U.S.** While addressing the subject of risks of war, terrorism and deadly pandemics and reflecting on her work during the Clinton administration at a Marsh breakfast during the RIMS convention in Honolulu on April 25, 2006, she gave this essential piece of advice to risk management and insurance leaders:

'Decisions are only as good as the information you have. Although the crisis for which you prepare may never happen, one will happen. Being prepared for a crisis is never a waste of time'.



The Crisis Manager Toolkit

For those companies who cannot afford the luxury of having a full-time Risk and/or Crisis manager, I have developed a Crisis Manager Toolkit. **This toolkit on a CD,** provides all the basics needed to compile and write up a Crisis Management & Crisis Communication Response plan. **The benefits of the toolkit are numerous including:**

1. It allows for preplanning and development of a plan **instead of employing outside professionals** at the outset of such a project.
2. Many organisations do not have the capacity to have a fulltime Crisis Manager position but that does not absolve them of the necessity of **planning for dealing with the hand of fate.** This toolkit can assist any manager with this mammoth task.
3. **Self-Study.** The toolkit is a tremendous aid for those who want to bring themselves up to speed with the latest development in crisis management thinking & crisis communication response. The kit contains a complete PowerPoint presentation with leaders guide notes prepared and facilitated by Deon Binneman the past thirteen years.
4. **It allows for benchmarking** - What works? What does not? What does international best practice and experience teach us? **Are you ready?**



One Event, Multiple Stakeholder Impacts.

Employees - Not wanting to be associated with a company that takes advantage of its customers, or believing that future opportunities at the company are limited, decide to take other jobs.

Financial markets and lenders - Believe the growth prospects of the firm are limited or even worse, that the business model is no longer valid. Discount the share price and demand more onerous lending terms.

Government regulators - After a few politicians make speeches mentioning the fine, an aggressive regulatory agency puts a team of lawyers on the case to decide whether the company has broken the law and should face further fines or limitations on doing business.

The downside of failing to meet stakeholder expectations can be enormous. In many cases, brand equity value is the single biggest component of a company's market value, even exceeding book assets. **Sixty-three percent of a company's market value is attributed to reputation** (Weber Shandwick/KRC Research, Safeguarding Reputation, 2006).

The growth of the Internet-powered economy has dramatically raised the importance of reputation. Today, the velocity of information flow has increased to a level unthinkable in the years before the proliferation of websites, blogs, e-mail, instant messaging and other Internet-powered communications. In this environment, we say: Semel emissum volat irrevocabile verbum.

Loosely translated, this means that once the word is out, it has flown and cannot be brought back. In today's wired business environment, positive events may bring incremental benefits, while negative perceptions can spread like wildfire, with devastating results to a company's reputation and, ultimately, its shareholder value.

While a company's reputation can be harmed by a single major event, **more frequently, reputations are harmed over time, slowly chipped away by one unsatisfactory stakeholder interaction after another.** For example, dissatisfied customers are more likely to do less business with a company than they are to abandon it completely. Yet the cumulative impact of these decisions can be profound.

Question: Can you really afford to not manage your stakeholders? No wonder that, in the King 3 Code specific mention is made of the importance of stakeholder inclusivity (i.e. that the legitimate interests and expectations of stakeholders are considered when deciding in the best interests of the company), stakeholder identification and determination of expectations and needs, the proactive management of stakeholder relationships, and that management should develop a strategy and formulate policies for the management of relationships with each stakeholder grouping.

What a Reply!

A Marine stationed in Afghanistan recently received a "Dear John" letter from his girlfriend back home. It read as follows:

Dear Ricky,

I can no longer continue our relationship. The distance between us is just too great. I must admit that I have cheated on you twice, since you've been gone, and it's not fair to either of us. I'm sorry. Please return the picture of me that I sent to you.

Love, Becky

The Marine, with hurt feelings, asked his fellow Marines for any snapshots they could spare of their girlfriends, sisters, ex-girlfriends, aunts, cousins etc. In addition to the picture of Becky, Ricky included all the other pictures of the pretty gals he had collected from his buddies.

There were 57 photos in that envelope....along with this note:

Dear Becky,

I'm so sorry, but I can't quite remember who you are. Please take your picture from the pile, and send the rest back to me.

Take Care, Ricky

Want to get up to speed with Twitter?



Twitter officially changed the prompt that greets users each time they log on from "What are you doing" to "**What's happening.**"

Accelerate your learning with these handy resources.

Watch this brilliant video - <http://help.twitter.com/portal> or go to this excellent webinar - BDI Webinar - Twitter for Business <http://bit.ly/gsQQ> or access Mashable's [Twitter Guide Book](#)

Then join Twitter, and follow my updates – [DeonBinneman.....](#)for nothing...Denada...Mahala



Help me to grow Powerlines

I would like to grow Powerlines.....You can help me reach **my goal of 10,000 members** by year end by sharing Powerlines with your contacts! I have put together a sample invite message that you can cut/paste into an e-mail. The more quality members, the more sharing and connecting!

Sample Invite E-mail - cut/paste and share!

DearI hope all is well. I thought you might be interested in joining me in reading Powerlines, a newsletter focused on corporate reputation and stakeholder management. The newsletter, which is free to join, is read by more than 8,000 professionals world-wide.....

Upcoming Events

Reputation Protection & Defence Master Class 7– 8 December.

This two-day Masterclass provides ways of implementing reputation risk management and protection frameworks and examines the four different ways to define reputation risk. The course includes online reputation risk, crisis and issues management & crisis communication strategies.

For a detailed course outline, go to <http://reputationdefence.invite43.com/>

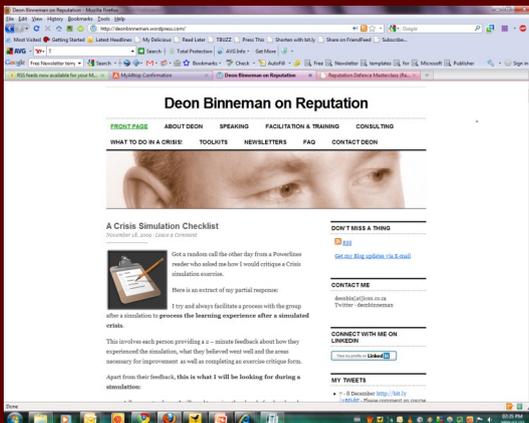
Stakeholder Reputation Master Class 20 - 21 January 2010.

For a detailed course outline, go to <http://stakeholderreputation.invite43.com/>

Book now for this 2 day Master Class and save more than R1550.

Stay in Touch! Read my Blog

<http://deonbinneman.wordpress.com/>



REPUCOMM

PO Box 3285
Honeydew
2040

27 (011) 4753515 ph
0866 129 566 fax

<http://www.deonbinneman.wordpress.com>