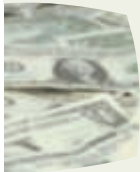




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Power lines

A STRATEGIC REPUTATION MANAGEMENT NEWSLETTER FOR THOSE WHO BELIEVE THAT REPUTATION MATTERS.

A New Report by the Economist Intelligence Unit reveals important insights into the link between Environmental Risk & Corporate Reputation.

ENVIRONMENTAL RISK & REPUTATION

Stakeholder pressure, the complexity of business relationships and the threat from climate change are the three main factors in encouraging companies to assess more carefully the environmental risks that they face, according to a new Economist Intelligence Unit (EIU) survey co-sponsored by the ACE Group of Companies (NYSE:ACE).

Among the 320 risk managers questioned for the global survey, the majority say that they are increasing the attention and resources that they dedi-

cate to environmental risk management. However, the findings also indicate that many companies are still at the early stage of this process and rarely consider environmental risk management formally when undertaking major strategic activities.

The findings show that to date, this category of risk has tended to be managed either as an ad hoc activity or separate from



To learn more, go to Page 3 and see their findings and my comments



PUBLIC SEMINAR DATES

Do you know what it will take to protect your hard-earned reputation in 2008?

If you are interested to enhance your reputation building and protecting activities for 2008, you will not want to miss our next series of seminars for 2008. Now is the time to empower your team. Learn how to reach out to stakeholders, build and protect your organization's reputation. There is even an intervention for professional service providers and those in private practice. See Public Seminar Date List—Page 7.



Using My Services and Solutions

REPUCOMM is dedicated to work with you to build, sustain and protect your Reputation.

REPUCOMM works with organizations to identify sources of reputation risks and to minimize and mitigate these risks, and to develop strategies, frameworks and tools that will make reputation a competitive advantage.

Because your Reputation Matters!

We provide direct advice, diagnostic interventions, education and training capacity building activities ranging from Board presentations to in house workshops and executive coaching.

Services are available on a daily rate, per assignment or on a retainer basis.

Services include:

- Crisis Management & Crisis Communication Pre Preparation
- Management Presentations
- Issues Management
- Education & Training
- Stakeholder Reputation Management
- The design and development of Reputation Risk Management frameworks, policies & procedures.

Deon Binneman is the owner of REPUCOMM and a thought-leader strategist speaker, trainer and management consultant who provides specialist advice to organisations on how to minimise and mitigate reputation risk and manage organisational reputation.

WORKSHOP DATES FOR 2008



For your future planning purposes I have compiled a Public Seminar Training Schedule - see Page 7 of this newsletter.

There are substantial savings to be had should you register early for any event.

Register Early and secure your seat!

Scandals can damage Reputation severely

A company gets embroiled in a scandal. And much as the CEO would want things to blow over in a jiffy, it takes about three and a half years on average to rebuild the company's reputation.

That's according to findings by public relations firm Weber Shandwick, which has a team focused on reputation research. Good reputation does more than raise capital and attract the best talent, says the New York-based firm.

Admired companies enjoy strong support from loyal customers, get their pick of strategic business partners and can probably charge premium prices. But if impropriety happens, a good name can be destroyed in seconds - and sometimes for good.

'The research we have done at Weber Shandwick indicates that it takes approximately 3.5 years to restore reputation and build back confidence and credibility,' says Leslie Gaines-Ross, chief reputation strategist at the firm. 'Although many CEOs hope their reputations are on the mend at about 18 months, it takes much longer to convince stakeholders (for example, the media, investors, general public) that the company has indeed turned the corner,' she says.

'Many stakeholders need hard proof and evidence that a company has truly turned itself inside out in restoring its reputation and that new processes and culture are in place to prevent the same crisis happening again.'

(Continued on page 5)



CRISIS MANAGER TOOLKIT (SPECIAL EXTENDED TO AUGUST 2008)

I am running a special for the next 2 months on my Crisis Manager Toolkit. This toolkit is available on CD or as a downloadable file and is regarded as an excellent tool to self-learn in your own time how to prepare, mitigate and manage a crisis. The kit includes my complete 2 day Integrated Crisis Management workshop documents as well as templates to write up a Crisis Communication & Crisis Management response plan for your organization. For more information e-mail me on deonbin@icon.co.za

the overall risk management framework. the report stated.

“When companies are planning major strategic activities, the consideration of environmental risk remains the exception rather than the rule. Fewer than half of the respondents to the EIU survey say that they undertake a formal assessment of environmental risk when developing new products and services, and fewer than one in five when planning mergers and acquisitions.”

“Environmental risk management is rising on the corporate agenda, but many companies are in the early stages of addressing this issue,” says Rob Mitchell, editor of the report. “While there are some companies that take environmental risk very seriously and have developed robust processes to identify, assess and mitigate their exposure, others continue to manage environmental risks in an ad hoc way, and do not consider them when planning major strategic activities, such as mergers and acquisitions.”

Concludes Russek: “Based on our experience with organisations of all sizes, as the degree of environmental regulation and scrutiny increases for across the globe, companies and risk managers would be well served to remain proactive on this issue.”

These findings form part of Under the Spotlight: the transition of environmental risk management, a new Economist Intelligence Unit survey and report, co-sponsored by ACE, KPMG, SAP and Towers Perrin. The report examines current thinking around environmental risk management and explores the approaches that companies are taking to identify, assess and manage the risks that they face, both within their organisation and among their broader partner networks and supply chain.

Under the spotlight: the transition of environmental risk management is available free to download at: www.eiu.com/globalriskbriefing

About the survey

The research for this report is based on an online survey, conducted in March 2008, of 320 executives around the world.

The survey sample was senior: 40% of respondents were C-level executives such as CEOs, CFOs, and CROs, and the balance consisted of risk managers, senior vice presidents, heads of business units and other senior managers. A range of industries was represented, including financial services, manufacturing, information technology and professional services. Most of the firms they work for are large: 58% of surveyed executives work with firms having annual revenue of at least US\$500m.

Lessons:

In South Africa, this risk seems to fall under the ambit of the SHE, the Safety, Health & Environmental Department. Who audits their function?

Green issues will increase its presence on the agenda and will have an impact on the reputation of the organisation. Will your organisation be a trendsetter or just a market follower when it comes to green and global warming issues? Take a lesson from Woolworths and look at how they have embraced environmental issues into their supply chain and business processes. Maybe you can learn from them.

Key points from the survey:

- 1) Environmental risk management is frequently managed in an ad hoc fashion.
- 2) There is no clear consensus about who should be responsible for environmental risk.
- 3) Many companies conduct strategic activities without a formal assessment of environmental risk.
- 4) Respondents see compliance with environmental legislation as a key strength.
- 5) Managing environmental risks associated with suppliers and partners is a key area of weakness.
- 6) Better reputation with customers and investors is seen as the main benefit of environmental risk management.
- 7) Climate change is an opportunity as well as a risk.
- 8) Lack of certainty— about the impact of environmental liabilities and the future scope of legislation are the main obstacles to effective environmental risk management.

SA behind in dealing with 'green' issue

The Master Builders Association of South Africa said on Monday, 14 July in an article in the Star newspaper that SA was behind in dealing with 'green' issues.

Pierre Fourie, CEO of the MBSA, says the building industry is now under unprecedented pressure to preserve environmental resources and lessen its negative impact on the planet. The restrictions and conditions of the Green building wave sweeping the world have already reached SA, where the building industry still has much to do in this regard, he adds.

Editor's Thoughts

Communicators should use the tools of internal communication such as reporting procedures, newsletters, management agendas and the intranet to educate and share knowledge about what employees can do in their local communities in protecting the environment.

Not only will this been seen as a positive gesture, but **it will add to the organization's reputation amongst stakeholders.**

Research shows that inactive companies ignore stakeholder concerns, reactive companies act only when forced to do so, proactive companies try to anticipate stakeholder concerns and interactive companies actively engage with stakeholders in an ongoing relationship of mutual respect, openness, and trust.

Which one are you? Getting the internal stakeholder involved in environmental issues through reporting, action, volunteering and soliciting their thoughts and ideas can only be beneficial to the organization.

The Power of Social Media: Some Valuable Resources

Social Media is a stakeholder engagement tool. Yes, you heard correctly. You should use technology as part of your stakeholder engagement and communication strategy plan.

Want to get up to speed with Social Media? Here is a list of preferred tools that you may find handy.

Social Media Training

Here is a wiki on Social Media training:
<http://socialtraining.wetpaint.com/>

Blogging

A Free e-book on Blogger Relations:
<http://docs.thinkfree.com/docs/view.php?dsn=842061>

Do read the Corporate Blogging Book by Debbie Weil.

Twitter

All it takes is 140 characters to keep your database informed about what you are doing? Twitter ye not?

The guide to corporate Twittering:
<http://twittering.glasshousepartnership.com/>

How useful can communication limited to 140 characters be for serious journalism? It turns out that the short messages you find on Twitter have proven wildly useful for some writers penning larger pieces.

http://digg.com/educational/How_We_Use_Twitter_for_Journalism

Newsreaders

Newsreaders are a blessing for anyone who wants to stay on top of the constant flow of information available on the web, but if you're not careful your feedreader can get so clogged and disorganized that you lose many of the benefits of RSS.

Blogger GenuineChris details how he combated this situation using fewer folders organized by quality—like A-List, B-List, etc. At the end of the day this strategy isn't groundbreaking, but it got us wondering:

<http://genuinechris.com/2008/05/06/fewer-folders-means-you-get-more-out-of-reader/>

Measuring the Success of your Social Media program

The Measurement Standard is brought to you by KDPaine & Partners LLC, a worldwide resource for measuring the effectiveness of marketing, public relations and communications.

A no-charge subscription to our newsletter and/or our Web site, <http://www.measuresofsuccess.com>, guarantees you the latest case studies, techniques and research tools.

<http://www.themeasurementstandard.com/>

The Danger of Information Drift

The dangers of information drift becomes very apparent when conducting vulnerability analysis and risk management activities.

Information Drift is defined as the process whereby people make general conclusions based on incomplete or random information.

Roger Dawson, in his audiotape series, *Confident Decision Making* calls this pitfall "information drift" because, if we don't understand it and correct for it, we can drift completely off course. According to Dawson the eight major causes of information drift are:

1. Acting on information that's readily available rather than looking at the entire system or determining what information is needed.
2. Seeing the information in terms of personal interests or experiences.
3. Rejecting information that conflicts with our beliefs.
4. Our inability to recall information completely and accurately.
5. Selectively acquiring information that appeals to our interests.
6. Locking into the first idea or opinion presented.
7. Acting on the most recent information.
8. Emphasizing information that supports our opinions or positions rather than objectively reviewing all information. Too often we act on a few complaints, comments or suggestions, hearing what we want to hear or what we think is the answer and changing directions or making decisions based on distorted information rather than facts.

It is vital that you take information drift into account when you make risk assumptions. Two years prior to the tsunami striking, the Thailand Government fired the Director of Emergency **Planning because he was putting the "Fear of God into people"**, with his predictions of an oncoming tsunami.

Interestingly when he did his risk assessment, the experts recommended that he looks back 50 years in history. But his assumptions were that Earth changes take a long time to occur. He looked back 150 years in history and discovered that there were an earthquake that took place a 108 years ago, 20 km **NW from the last one's epicenter, hence his predictions.**

He has now been reinstated, after the fact.

So here are some solutions to information drift:

1. Look for holes in information. Ask what other information you need before taking action.
2. Realize that we are all biased. Therefore, always test your own assumptions.
3. Apply systemic thinking. Best to get a variety of views before making a decision.
4. Conduct both primary and secondary research. First take a look at what information is available (Google it?), then do your first hand primary research.

Learn more about thinking techniques by reading books such as *Thinkertoys* by Michael Michalko and *a Whack on the side of the Head* by Dr Roger von Oech.

Scandals continued

In some instances - such as Enron and Arthur Andersen - the damage is fatal fairly quickly, with ramifications beyond the two organisations. The string of corporate and accounting irregularities in 2001 and 2002 led to the creation of the Sarbanes-Oxley Act and changed the financial regulatory landscape. Other companies, such as Xerox, IBM, HP and Shell, have taken several years to rebuild their names after a crisis, says Dr Gaines-Ross, who has written a book on corporate reputation.

In an email interview following a recent visit here, she cited examples of prominent companies that could have done better to manage their reputation.

'A current example is Societe Generale. Over \$37 billion was lost in dubious trading by rogue trader Jerome Kerviel. There were 75 'red flags' or 'early warning signs' from June 2006 to January 2008 that the company was at risk.' The company's reputation has declined as a result of its late recognition of its problems - a survey found that its reputation among the general public fell from first place to fourth place over the past six months when asked which bank they would use if they were to switch.' Surprisingly, it took several months for SocGen to remove the CEO who should have been accountable for the financial misconduct on his watch. He was moved up to chairman at the time.'

CEOs generally get 60 per cent of the blame during a crisis and are removed shortly after it to start anew, says Dr Gaines-Ross. 'In SocGen's example, that did not happen. Second, there has been little information forthcoming from the company's leadership, including the newly named CEO. An independent and embarrassing report was recently issued that placed blame on lack of internal checks and balances. There should have been more communications from the top during this several-month period instead of having the problems played out in the media.'

With easy access to information today on the Internet, companies cannot hide negative information as they may have been able to do years ago, says Dr Gaines-Ross.

To learn more about how to protect an organization's reputation, take a look at our training schedule.

Latest Blog Posts you might have missed

Workplace Misunderstandings cost Billions-
<http://tinyurl.com/57p88t>

630 Firms kicked of Global Compact List
<http://tinyurl.com/67exl2>

A Clean Keyboard—a Sign of a sick mind?
<http://tinyurl.com/68l4jo>



For a list of my Latest Presentation Topics

Email deonbin@icon.co.za

Deon's Blog: a Valuable Resource

Have you subscribed to my blog—Deon Binneman on Managing Reputation? If not, you may be missing out on valuable information topical information & tips. I try and post to it on a daily basis.

And subscribing is so easy to do! All you have to do is visit <http://www.deonbinneman.wordpress.com> and subscribe via clicking the RSS Feed button. RSS makes it a snap to stay informed with the latest news and information.

All you have to do is then download a free RSS reader, set it up (takes 5 minutes) and you can then subscribe to feeds that will update themselves every time that you click on the software. You will then be able to see any changes to your favourite sites such as new posts and breaking news. I use FeedDemon—a free RSS reader that works perfectly for my needs. It is also PC Magazine's Editor's Choice RSS Reader.

Download it at <http://www.newsgator.com/individuals/feeddemon/default.aspx>

News & Announcements



- Deon Binneman will be speaking and presenting a paper called **“Identifying and Quantifying your Reputational Risk”** at the annual conference of the Institute of Internal Auditors of Southern Africa on the 12th August at the Sandton Convention Centre.

The Conference has been very successful over the past 11 years, with the most recent conference attracting over 1200 delegates - the largest audience of a national institute for internal auditors in the world. The conference is attended by internal auditors, risk managers, audit committee members, directors, consultants, accounting and auditing firms etc.

- At the end of July, Deon will be facilitating an in-house Stakeholder Reputation program for BHP Billiton.

Global Pulse Findings

New York, NY (PRWEB) June 9, 2008 -- Toyota, the international car company currently celebrating its 50th year in the U.S., has earned the highest reputation ranking in Reputation Institute's Global Pulse 2008, its third annual survey measuring consumer perception of the world's largest corporations.

Toyota led the pack and was followed by Google, Ikea, Ferrero, and Johnson & Johnson, rounding out the top five. "Of the top 200 companies measured in 27 countries, all earned Global Pulse scores significantly above the global mean of 64.2," says Kasper Nielsen, Managing Partner of Reputation Institute (RI) a global, private advisory firm specializing in corporate reputation management.

The Global Pulse 2008 study measures the overall respect, trust, esteem, admiration and good feelings consumers hold towards the largest 600 companies in the world. Reputation Institute's research model indicates that reputation is built on 7 pillars from which a company can create a strategic platform for communicating with its stakeholders on the most relevant key performance indicators.

These dimensions are: Products/Services, Innovation, Workplace, Citizenship, Governance, Leadership, and Performance.

The Global Pulse 2008 study indicates that consumers are most influenced by a company's delivery of high quality products and services, accounting for 17.6% of a company's reputation. But, Governance and Citizenship combined account for more than 30% of a company's reputation. "This makes it critical for companies worldwide to communicate how they support good causes, protect the environment, behave ethically and act openly and transparently about the way they do business."

Reprint & Contact Information

Powerlines is published whenever I have accumulated enough information to justify another issue.

Deon Binneman is an international thought leader, speaker, trainer and management consultant that provide specialist advice to organisations on how to minimise and mitigate reputation risk and manage organisational reputation. His Bio is at <http://deonbinneman.wordpress.com/my-bio/>

For my full profile, go to <http://www.linkedin.com/in/deonbin>

Read my blog at: <http://www.deonbinneman.wordpress.com>

For more information, check me out on Facebook, Twitter or contact me via instant messenger – deonbinneman@hotmail.com

SUBSCRIBE/UNSUBSCRIBE: To subscribe, put the word SUBSCRIBE in the body of an email to deonbin@icon.co.za

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Forward this newsletter to a colleague! If you belong to an association or institute that budget for speakers, please recommend me! I speak both locally and internationally. I appreciate feedback, corrections, and comments about anything mentioned in Power Lines.

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REPUCOMM Public Training Schedule 2008

Course	Description	Price	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08
Stakeholder Reputation	<p>An organization derives its reputation from its stakeholders. The management of and interaction with stakeholders therefore needs careful attention if an organization wants to maximise its opportunities and minimize threats in dealing with stakeholders.</p> <p>Since its inception in 2006, the Stakeholder Reputation Workshop has received many accolades and become established as the must-attend workshop for industry experts looking to share best practices about stakeholder management and building company reputation.</p>	R6350 exc. VAT R7239 inc. VAT	13 – 14	16 – 17	15 – 16	18 – 19	3 – 4
Reputation Protection & Crisis Response Master Class	<p>This 3–training seminar combines the best of reputation risk with the latest thinking on crisis management & crisis communication and is designed to train crisis management team leaders and members and first responders about the science of crisis response and the reality and communication actions required during a crisis.</p> <p>It includes three ways of looking at reputation risk, how to mitigate and respond to it as well as an in-depth look at reputation risk root cause analysis, so that a delegate can learn to address real causes of crises and not just react to symptoms. It explores all types of crisis planning and response including emergencies, disasters, reputational crisis and even product recalls. It takes a holistic view of Crises and Reputation Risk and is of benefit for Senior Executives, Crisis Leaders, and Crisis Management team members, Emergency Response teams, PR, Communication, HSE, Security and Corporate Affairs personnel.</p>	R7950 exc. VAT R9063 inc. VAT	20- 22	24 – 26	27 – 29	25 – 27	
Market your Consulting Practice	This one-day workshop examines current consulting marketing techniques and will enable professional service providers to benchmark and learn from each other about what works in building a professional reputation. It will help them to develop professional marketing and relationship building strategies that will enable professional practices to position themselves for future success in years to come.	R2450 exc. VAT R2793 inc. VAT	26		2		2
Strategic Communications	This 2 day event focuses on the importance of developing a written strategic communications action plan for an organization that will influence stakeholder behaviour . It includes Web 2.0 strategies such as the use of blogging, and other social media tools.	R6350 exc. VAT R7239 inc. VAT		3 – 4		13 – 14	
Media Survival Skills	This one day workshop provides a thorough overview of the importance of media relations and the preparation for media interviews . It is ideal for those managers who are involved in message development and need an understanding of media relations but will not find themselves as regular spokes people. It is ideal training preparation prior to advanced media coaching in a studio.	R2450 exc. VAT R2793 inc. VAT		5	10	6	

All registrations and payments must be received prior to an event. Course Brochures available by sending an e-mail to reputationeducation@icon.co.za - Delegate References available. Programs are available for internal application. Savings can be achieved by early bird bookings. All cancellations must be done in writing, not later than 5 days prior to the commencement of a course, persons who do not show up for the course will be liable for the full cost. Companies enrolling 5 or more delegates will qualify for a 10% discount. Note: a minimum of 10 people is required to convene a course and participants will be informed prior to the commencement of the course if the course is postponed or cancelled.