



▶ WATER RESOURCES—  
A NEW RISK..... 1



▶ THE STUMBLE RATE 2



▶ UNDERSTANDING THE  
RULES OF ENGAGEMENT 4

# Power lines

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

*Reports point out that Water, its use, protection and lack of it, will make it the new Oil in years to come. Reputable & innovative companies will embrace this news.*

## WATER RESOURCES —A NEW RISK

What has water and an institution's reputation have in common?

Both are easily contaminated or destroyed! Both are fragile and always at risk.

Now there are signs that water will become the new oil resource. Already there have been countries that have nearly gone to War over scarce water resources.

In South Africa, water is already topical

and mentioned in many media publicity reports.

Nearly every day there is an article showing pollution or untreated sewerage entering a fragile water ecosystem due to lack of maintenance by the authorities.

The signs are there, that institutions use of water will become a driver of the role it plays in global warming issues. How your organization treats this scarce resource



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



## 2009 SEMINAR DATES

Do you know what it will take to protect your hard-earned reputation in 2009?

If you are interested to enhance your reputation building and protecting activities for 2009, you will not want to miss our next series of training seminars for 2009. Now is the time to register 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 6.**



Deon Binneman is a strategist, speaker, trainer and management consultant who provides specialist advice to organisations on how to minimise and mitigate reputation risk and manage organisational reputation.

Check out my profile at LinkedIn or Speakersite, then call me!

## How I can help you

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

I work with organisations 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.

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

Do you want to:

- Improve your score and positioning on leading reputation benchmark surveys?
- Ensure that your management teams understand the nature and

**Because  
your  
Reputation  
Matters!**

value of your institution's hard-earned reputation?

- Develop a way to assess reputation risk and include it as part of your Enterprise Wide Risk Management system?
- Improve relationships with your stakeholders?
- Develop tools and guidelines that will enhance relationships, build your reputation and minimise risks?

I work with PR, Corporate Affairs, Risk & Compliance departments to close gaps and raise awareness and understanding.

I will work with you to make a difference.

EARLY BIRD  
SPECIAL  
FOR  
2009



Save 20% by  
registering  
before  
23 January  
for any  
February event.

Start your New Year off  
being empowered with  
Knowledge!

## The Stumble Rate

Weber Shandwick, one of the world's three largest Advertising & PR agencies uses the concept of the —Stumble Rate to measure the percent of companies that are in top place on Fortune's World's Most Admired Companies list in their industries five years ago vs. their standing today.

Any company that was top-ranked five years ago and is no longer is considered a —stumbler. Current Research shows that 8 out of 10 companies lost their number 1 status within 5 years. This underscored the need for companies to protect their reputation.

Despite a declining stumble rate in the global market, the Stumble Rate for U.S. Fortune 500 companies has risen in the past year (2007). **A year ago, approximately half (52 percent) of companies that were their industries' most admired lost their crowns** and this year nearly three-quarters (72 percent) have been dethroned. That is approximately a 38 percent jump year over year.

Three out of four U.S. largest-revenue companies losing their reputation thrones is astonishing. Not surprisingly, the industries whose churn increased are associated with current U.S. economic challenges.

Sectors such as building/real estate, energy, and automotive all included companies that newly stumbled this year. No surprises there.

*(Continued on page 5)*



### CRISIS MANAGER TOOLKIT

Would you like to learn more about how to mitigate and manage a **crisis...in your own time?** 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 a 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](mailto:deonbin@icon.co.za)

will be used in the future to evaluate your attention to environmental challenges. A Few weeks ago I walked into the bathrooms of the Engen Head Office in Cape Town, when something caught my eye. Yes, they had installed a waterless system in the men's urinals and apparently it is working very well. It may have been something small, but for me it was a message that no matter how small a saving or impact, it can be done.

Recently the Ethical Corporation Institute issued a report, that is the must-have guide to water ethics, foot printing and supply security. This new report presents the real business risks and opportunities surrounding water today. Research includes detailed input and analysis of 16 leading multinational companies. It provides strategies for improving water efficiency, water reduction and water reuse, as well as the leading tools and techniques for implementation of water programmes. The report highlights tangible water strategies that provide business opportunities. Managing water can save you money, appeal to consumer concerns and give you the competitive advantage as water regulations tighten. See <http://www.ethicalcorp.com/water/water-report-info.asp> for more information.

A new report from global management consultancy Arthur D Little warns businesses that merely adopting a reactive response to water management can damage corporate performance. The report provides several illustrations of how water affects businesses' financial performance - such as at Électricité de France (EDF), which was hit by losses of around 300m Euros when it had to close a quarter of its 58 plants due to water shortages, and Anheuser-Busch, which suffered increased production costs due to water shortages in the supply chain.

The report argues that it is imperative for companies to assess their water footprint, broken down by product/service, by value chain position and by geographic region.

Taking a proactive approach to water management involves an assessment of 'value drivers' that include water security, regulation and expectations of stakeholders. Arthur D Little says these value drivers can then be used to calculate immediate cost savings, future cost savings and additional, often intangible, benefits that result from improving water efficiency. This analysis can be incorporated into a comprehensive global water management strategy.

With the media already branding water as 'the next carbon', the report notes that water management is increasingly being acknowledged as a key focus area for business. However, it explains that water and carbon have quite different characteristics and impacts. 'Addressing a company's water and carbon issues requires a balancing act, recognizing the differences but also the synergies that can be derived from addressing both in a strategic, coordinated way,' says the consultancy.

The report, called The Water Margin, is now available for download at: [http://www.ethicalperformance.net/adl\\_thewatermargin.html](http://www.ethicalperformance.net/adl_thewatermargin.html)

So, it may just be small token such as stopping a dripping tap in the bathrooms. Point is, it is a start. Be sure that your organisation attitude to the use of water will be evaluated by stakeholders in the years to come.

Water Resource use should also be in the Risk Register.

## Humour—A Subtle Tool

I have always been intrigued how humour manifests when there has been a crisis or issue.

Cartoonists caricature situations whilst creative minds often put a humorous spin on events. The dangers today though is that jokes, cartoons and nicknames can do damage in the online and connected global community.

The impact of the Muslim cartoons in Denmark comes to mind as well as the sharp wit of Shapiro here in South Africa.

As a speaker and trainer I know that humour can be an effective tool to get information across, I also know to choose it with care not to offend. This is not an easy task, but recently I **could not help and chuckle when I read this.....**

How the USA Bailout works

How the bailout works... Young Chuck moved to Texas and bought a Donkey from a farmer for \$100. The farmer agreed to deliver the Donkey the next day.

The next day he drove up and said, 'Sorry son, but I have some bad News, the donkey died.' Chuck replied, 'Well, then just give me my money back.' The farmer said, 'Can't do that. I went and spent it already.'

Chuck said, 'Ok, then, just bring me the dead donkey.' The farmer asked, 'What ya gonna do with him? Chuck said, 'I'm going to raffle him off.'

The farmer said 'You can't raffle off a dead donkey!' Chuck said, 'Sure I can Watch me. I just won't tell anybody he's dead.' A month later, the farmer met up with Chuck and asked, 'What happened with that dead donkey?'

Chuck said, 'I raffled him off. I sold 500 tickets at two dollars a piece and made a profit of \$998.' The farmer said, 'Didn't anyone complain?' Chuck said, 'Just the guy who won. So I gave him his two dollars back.'

Chuck now works for the Goldman Sachs.....

The difference between a Crisis and an Issue

Issue definition - When the client calls because they are trying to get a call girl out of their hotel.

Crisis definition - When the News calls because the client is trying to get a call girl out of their hotel.

By Glen Gracia, Account Director, Bishoff Communications

And here is a message that should be followed up with Action!!

In a Non-smoking Area:

*'If we see smoke, we will assume you are on fire and take appropriate action.'*

## Understanding the Rules of Engagement

Stakeholders have rules, expectations and needs. These rules both have tangible and intangible aspects.

In my Stakeholder Reputation workshops at the end of the 2nd day I use a technique called Collective Wisdom. In this exercise, the audience are divided into groups and told to develop sets of guidelines and rules on how reputation and relationships between an institution and its various stakeholder groupings can be maximised.

This exercise allows each group to come up with specific examples based on their experiences. This exercise is a must for any organisation that wants to become more proactive in its stakeholder engagement.

What I find fascinating is that many of these rules include tips that we take for granted. Recently in one workshop, delegates prepared this non-exhaustive list for dealing with the Media.

When I asked them to clarify their list, it became a bit more difficult for them. Yet, it is vital to expound on these catch phrases.

1. Always be accessible. *Yet, if you go to most company websites, you cannot get hold of the media spokesperson's details.*
2. Remember that media relations take place in an environment of trust. *How do you create trust? It takes time, effort and watering of the relationship.*
3. Always be honest and transparent. So I asked the group—*How? Transparency and honesty is subject to relationships, legal restrictions, best practice, intellectual capital, etc.*

The point I am making is that it is vital for institutions to sit down and debate what these terms and rules mean in your environment.

We have all seen the impact of high-level divorce cases gone bad, the struggle of Shell in dealing with communities in Nigeria and so forth.

Relationships are fragile. They do not come naturally. Building relationships in China do not occur overnight. Westerners often are shocked to find out that they cannot transact business at the first meeting.

Relationships are built on tangible and intangible rules. These need to be identified and documented if institutions want to maximise their reputations. After all, Reputations are derived from the way an organisation is perceived by its stakeholders.

Keeping a relationship, and hence a reputation in a win-win mode deserves attention, research and guidance.

Who in your organisation can evaluate the state of relationships with each stakeholder grouping? Who is to say, the relationship cannot change overnight?

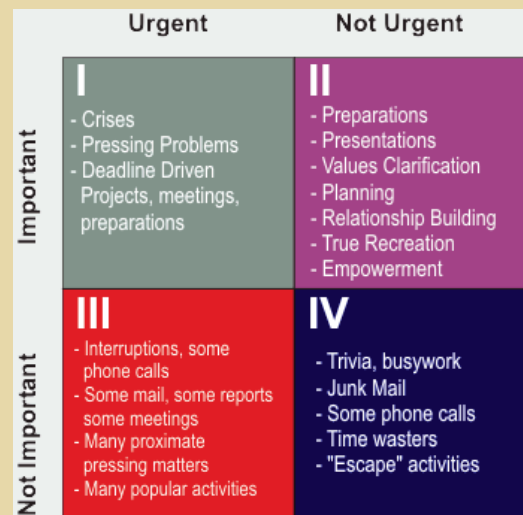
What are your measurement criteria? Just because I have not resigned, does not mean that I particularly cherish my working relationship!

## Social Media and the Tyranny of the Urgent

Changes in this field is taking place at such a rapid rate. Interesting to note that podcasting is sometimes now called "narrowcasting". Where you are NOT wanting to throw a wide net, but rather a much smaller net than Broad-casting!

With "friend requests," "pokes," "tweets," RSS feeds and the constant barrage of text messages and email blasts that invade our attention every second of every day, it's easy to lose sight of whether we are the dog wagging the tail, or whether the digital tail is wagging the dog.

In Stephen Covey's "First Things First" (1994), he speaks of moving beyond "urgency addiction" and focusing on "quadrant two" management. What is "quadrant two" management, you ask? Take a look at this graphic:



(Courtesy of : <http://champions.collectivex.com/post/avoiding-the-urgency-addiction-of-social-networking>)

Most of us spend the majority of our time in Quadrant 3 (Urgent but Not Important) activities.

Much of the growth of the social networking phenomenon can be attributed to either these or Quadrant 4 (Not Urgent and Not Important) types of activities.

I get it but do not totally agree. Being the new Facebook hero could be goofing off. Or it could be purposeful driven.

Perhaps I need to spend more time focusing on Quadrant 2 activities that are Important but Not Urgent. Perhaps I need to read my GTD book by David Allen again.

Take a moment to reflect on how you spend your time online and who you share your online time with.

Social Collaboration, when done right, is a Quadrant 2 activity. It can make important things happen.

So, will you Tweet me? Will you connect with me via Plaxo and LinkedIn? I see those sites as Quadrant 2 activities. They empower me to make contact. Do you agree or disagree?

Jim Collins of *Good to Great* fame says it takes a company seven years to go from good to great. The path is clearly long. The reason that reputation recovery has risen in importance is that the stumble rate among companies has risen exponentially over the past five years.

In fact, 79 percent of the world's most admired companies have lost their number one positions in industries in that time period. Companies that were once heralded as invincible, no longer are.

The stumble rate is a stark reminder that reputation recovery is as much a part of the reputation continuum as reputation building and reputation sustainability. In fact, it is the hardest part of reputation management equation.

### Sustaining a Position

Keeping a position on a chart is not that easy. Environments and markets change, new trends appear and sometimes companies cannot quickly and easily change direction.

Here are a few tips that may prevent your institution from stumbling:

1. Monitor reputation constantly. Have a relook at your measurement and tracking mechanisms.
2. Scan the environment for changes. Have a relook at knowledge management in the organisation
3. Be vigilant. Threats against reputation can arise from internal vulnerabilities or external threats.
4. Reinvent. Innovate. Be creative but by all means do proper product testing before you launch.
5. Equip your management teams with the knowledge and skills to manage reputation. To learn more about **how to protect an organization's reputation, take a**

*This is One way not to solve a Problem*

*"Some people ask the secret of our long marriage. We take time to go to a restaurant two times a week. A little candlelight, dinner, soft music and dancing. She goes Tuesdays, I go Fridays."*

Henny Youngman

## Reputation Xchange Link

I am so excited. I just found out that my blog is one of the links on Dr Leslie Gaines-Ross' **blog** - reputation Xchange.

The reputationXchange blog is intended for those interested in news, information and observations on building, sustaining and recovering reputations. This blog comment on all matters related to reputation - company reputation, CEO reputation, board reputation, country reputation, industry reputation, you name it!

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

**Dr Ross is Weber Shandwick's Chief Reputation Strategist.** She is the author of the books *CEO Capital: A Guide to Building CEO Reputation and Success* (John Wiley & Sons) and *Corporate Reputation: 12 Steps to Safeguarding and Recovering Reputation* (2008, John Wiley & Sons).

Visit [www.corporatereputation12steps.com](http://www.corporatereputation12steps.com) for more information about the book.

Weber Shandwick is a leading global public relations agency with offices in over 79 markets around the world and is a unit of the Interpublic Group (NYSE: IPG), which is one **of the world's leading organizations of advertising agencies and marketing services.**



*Reputation al ways at Risk!*



## Deon's Blog: a Valuable Resource

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

Subscribing to it 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.

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

## 6 News & Announcements



I would like to take this opportunity to wish all my clients and delegates who attended our events, everything of the best of the New Year.

During 2008, I was blessed to work with Engen, BHP Billiton, De Beers, Vodacom, the Institute of Internal Auditors and numerous other leading organisations who needed specialised input and advice.

I trust that my advice was useful, thought provoking and a stimulus for change.

To those that I reached out and touched during numerous conference appearances, may you put my words to task.

### CSR COMMUNICATIONS

A survey from the Natural Marketing Institute has shown that successful CSR communication is about the right message, the right amount of information delivered through the right vehicle.

The survey found that 54% of respondents said they would like to find out more about a company's social and environmental activities via news stories. This was closely followed by an independent/third-party rating with 49% and the company's own website with 48%. The least favoured source - via a salesperson at a store - was rated by only 5% of respondents. 22% said they would turn to a company CSR report and 25% to a company brochure. Further details can be found via: <http://www.nmisolutions.com/reports.html>

Contrast this survey with these results. New research from Brigham Young University and KDPaine and Partners has shown that the majority of Fortune 50 corporations use the Internet to disclose some information on their environmental performance but most are missing opportunities to involve stakeholders, tap the interactive potential of the web, and provide transparency in their reporting.

*Continue on Page 7*

## Training Courses—February 2009

10—11 Feb 2009, Johannesburg, South Africa  
STAKEHOLDER REPUTATION TRAINING COURSE

This flagship event is an interactive course is the only one in Southern Africa of its kind and enables companies and reputation management practitioners to build expertise in key aspects of corporate reputation, including stakeholder engagement, stakeholder management, relationship and trust building, key reputation management aspects and assurance. Delegates will benefit from practical exercises, and will learn how to create an integrated stakeholder reputation management framework for their organisation. **Please pass this on to your contact database. Thanks your help is appreciated.**

To register, go to: <http://stakeholderreputation.invite43.com/>

References are available on request.

12 Feb 2009, Johannesburg, South Africa  
MARKETING A CONSULTING PRACTICE IN DIFFICULT TIMES

This unique one day workshop enables consultants, professional services providers and business development managers to build expertise in marketing their services in a challenging and competitive marketplace. Times are tough, there are signs of a global recession and other difficulties emerging, that will make the year ahead a challenging year. It is therefore imperative that consultants renew their marketing efforts and plans now!

.This course offers..much, much more. Handouts and exercises will get delegates thoroughly involved in the planning process, creating a fast-paced workshop! A workshop at which a delegate will learn skills and tips that will enable marketing efforts to become even more impactful. This workshop now incorporates best practice from twenty years research as well as the use of social media tools like LinkedIn, Twitter and blogs, etc.

For more details of these events and others can be found at <http://www.deonbinneman.wordpress.com>. Alternatively send an e-mail to [reputationeducation@icon.co.za](mailto:reputationeducation@icon.co.za)

### CSR Communications continued

The research shows that only a minority of companies allow for any two-way interaction with stakeholders, which could inform and enhance the type of information.....they report.

- Few companies take advantage of the Interactive tools afforded by the Internet, such as blogs or discussion forums, which would allow real-time reporting. Most reporting is static, one-way and only conducted annually.

- Only 38% of companies offered evidence of stakeholder involvement in the development of the reports. Most environmentally reporting was two to three mouse clicks away from the company's home page.

- Many companies didn't score well in providing balanced information or accountability. For example, while 36% reported some sort of unfavourable result only 6% included an explanation.

- Most online reports lacked context to help readers understand the results.

- The results of only 13% of companies included third party verification.

The full set of findings can be viewed as a PDF at:  
<http://www.greenbiz.com/files/document/IPRRC%20Handout%20v01.pdf>

Lesson for Reputation Managers: CSR Communications needs to be strategically driven. What is Strategic Communications?

It is communications that achieve the desired result. For some handy tips on how to plan your CSR Communications effort, e-mail me on [deonbin@icon.co.za](mailto:deonbin@icon.co.za) for a copy of this list.



### Manufacturer Reputation

The reputation of the manufacturer matters a lot. You would never consider buying from a manufacturer who has a negative reputation.

**You don't even need to perform a formal search.** All you need to do would be to enter the name of the product in a search engine.

If there are any formal complaints or outstanding negative consumer reactions, you will be able to find these online. There will be warnings issued against manufacturers that are truly disreputable.

No longer can negative messages be controlled like in the past. The best way to minimise risk is at source event level.

Quality should be non-negotiable and deviations minimized.

## 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://www.speakersite.com/profile/-DeonBinneman>

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

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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.



# Deon Binneman at your Service

Deon Binneman is a speaker and trainer that has wowed audiences in more than 9 countries the past 13 years. Here is a list of some of my popular presentations. All presentations can be customised to incorporate corporate concerns and culture.

## Reputation – Always at Risk

**An Institution's and individual's reputation is always at risk, and if you do not believe that, just google the topic. From personal scandals to business malpractices, the list of reputation risk failure are staggering. What is Reputation, and why should you protect it all cost? This riveting presentation, does not just offer a timeline of disasters, but also prompts the audience to play a part in the protection of an institution's biggest, yet most fragile asset. (This is an extract of my two day Reputation Risk Management Master Class).**

## Stakeholder Reputation

An institution derives its reputation from the way it is perceived by its various stakeholders. These perceptions are influenced by the performance, behavior and ethical decisionmaking in the institution. This presentation examines the interface and importance of stakeholder relationships, engagement and communication and is an extract of a two day training course on the subject.

## Climate Change and Reputation – How on Earth can they be linked?

Weather Patterns and Reputation are closely linked, believe it or not. Both are amorphous, subject to change and affect lives and success everywhere. Many decisions are made in organisations, based on historical data. Yet, new patterns in weather forecasting are showing us real change and impact. This presentation examines the link and how reputation lessons and weather hazards are teaching us new lessons.

## Crisis! What Crisis? (A Storm in a Teacup)

Crises have the ability to destroy relationships, impact market share and create unnecessary and unwanted expenditure beyond budgeting forecasts. Often the ability to respond in a crisis depends on the level of awareness by management to recognise symptoms and react and respond appropriately. This presentation examines the phases of a crisis and the need for a level of preparedness in an organisation.

## I spoke to soon! (Words in a Crisis can damage)

Communicating correctly in a crisis is vital and often the most important difference between a damaging crisis and just a temporary incident. Research shows that crises will hit even the best companies. How we react and communicate is vital to creating the correct perception in stakeholders minds. This presentation examines the importance of correct communication response and what to say and not say in a crisis situation.

## Restoring the Financial Sector's Reputation

From Barings Bank (Nick Leeson) to Jerome Kierval (Societe Generale) to Bernie Madoff. The list goes on. If there is one industry whose reputation has taken a nosedive it is the financial services industry. The problem is that whether issues have been macro or micro, it has damaged the reputation of the industry. It is vital that players in this industry understand their role in restoring faith and trust.

One writer once said that a successful marriage is very much like a beautiful tapestry – it is depended on all the little stitches that goes in to make the final product. The same lesson applies. Faith and trust starts on a basic level and from there it is translated into a better reputation. This presentation examines the mistrust that has erupted and suggests key leverage points (those small, well-focused actions that can, when used at the right time and in the right place, produce significant, lasting benefits exponentially beyond the effort required to take the action step itself...) to restore trust.