



Proactive Reputation Management

Harish Bhayani established Proactive Reputation Management ('PRM') after a 20 year corporate career in a variety of industries and Big Five consulting.

Are there many consultants specialising in this field or is it confined to the City?

There are consultants in the field outside the City, and our own practice services all industries. The skills, methodologies and tools are generally common across industries; we work with businesses to apply these in the context of the industry they operate in. Much of the historical demand in this field has come from the regulated and high public profile industries, with consulting offerings to match. Because of factors such as increasing scrutiny by stakeholders and increasing access to and speed of information, the needs are greater now in all sectors.

In general terms, are organisations sufficiently aware of the potential consequences of reputational damage?

Generally, yes. More of an issue is a lack of awareness that there are very practical solutions they can apply to systematically address this key risk area. This means there is significant potential for value creation.

Where does responsibility for reputational risk lie in most organisations?

Regarding proactive reputation risk management, this varies, reflecting the early stage that its development is really at. Contrast this with traditional public relations type activities which usually have their own function, with a close link to the Board of Directors. Typical homes for proactive efforts are Risk Management, Compliance/Legal, Company Secretariat, Internal Audit, HR. Human Resources is not as prevalent as one might expect in this field – yet. Ultimately of course, responsibility lies in the boardroom.

Most people hear about the high-profile cases, but can you give examples on a smaller-scale of how reputation can be damaged ie what are the common mistakes you come across?

Reputation risk is all-pervasive; exposures exist in all decision-making by management, staff or agents of an organisation. And it is the *perceptions* of their behaviour which determine reputation. Often, mistakes occur when :

- Well-intentioned people act without seeing the big picture risks, i.e. how their actions may be perceived by other stakeholders.
- People are under pressure to deliver, to tight deadlines, with limited funds or manpower, from demanding supervisors or peers, or to meet targets with large financial incentives attached
- People simply do not have the right guidance to help them deal effectively with their situation; written procedures/rules/principles, training, access to people other than supervisors for independent guidance, helplines and so on
- The decision-making is in rapidly changing organisations/business environments, where there is greater uncertainty about outcomes
- Individuals do not have the appropriate skills/experience to make the best judgement calls

- Dishonest individuals are not filtered out of employment applications in the recruitment process
- Culture differences between merger & acquisition/joint venture/strategic alliance entities are not anticipated or managed
- Attitudes and behaviours evolve over time to a degree where there is significant disparity between the behaviours and the organisation's values/its stakeholders' expectations.

What is the best way of communicating company values to employees, particularly in large organisations?

Communicating effectively is critical, but behavioural change comes about overall by employee learning. At the core of learning is training and development. One of the best ways to train employees is to simulate as near an experience to real working life as possible, for example through role plays, case study analysis and discussion with peers. Especially in larger organisations, there is a trade off to be considered between such options and more efficient means. Technology offers more options than ever, for example, web or CD-Rom based training, video, audio. Consider also the pros and cons of a large single initiative versus a series of activities over time. The best way will depend on the circumstances of the particular organisation.

Real "learning" also requires other complementary elements beyond training and effective communication of company values, for example demonstrating top management commitment, managers walking the talk, and actively seeking feedback from employees on an ongoing basis. Without such complementary elements, cynicism is likely to arise.

Can mission statements have any real impact on the actions of individuals?

Yes, but not in isolation. They are received skeptically when some of the supporting elements mentioned in the previous answer are not in place, or where the statement is itself ill thought through. When those elements are in place, mission statements serve to crystallise in people's minds the ethos of the organisation. The more complete, consistent and complementary the elements, the greater the positive impact.

Do you play a part in damage limitation (i.e after the event) or is your job solely to advise firms how to avoid the reputational damage in the first place?

Our current focus is deliberately on proactive reputation management, but this extends to interfacing with damage limitation approaches. As organisations evolve their approaches, no doubt the two areas will interface more. At this stage in the evolution of reputation management, the distinction between proactive management and damage limitation is an important one.

Are people more aware of how one individual can bring the downfall of a global organisation since the collapse of Barings, or is it still underestimated?

Companies are increasingly aware of this risk, which has grown because of the increasing scale, speed and complexity of business activities. They are less aware of solutions. Regulators are certainly more aware, and we also work with them more and more to help design and implement risk management models for more effective regulation of their industries.

What would be your advice to an HR manager who has responsibility for an employee who poses considerable risk but is of exceptional worth in terms of generating revenue?

Resist any inclination to ignore the issue; it is unlikely to go away. Recognise and acknowledge that risk management is the lifeblood of any business. Be clear about the specific risks he or she poses, and which of those are manageable and which are not. Check that your perceptions of the specific risks are accurate. Strive to ensure that other

internal stakeholders are aware of the issue and have appropriate input. That will be your best chance to portray a balanced and objective assessment. Then manage the issue to a conclusion.

Are people ignoring the warning signs as early as the recruitment stage?

People are missing opportunities to identify and act on warning signs at the recruitment stage. Good people are harder to find, and inappropriate people are harder to manage out of organisations than before. Fraud surveys regularly report that basic character checks are often lacking in recruitment processes. More could also be done by organisations to systematically gauge *fit* between the individual's values and those of the organisation. Applicants are often more focused on the latter in the recruitment process than recruiters.

What do you consider to be the biggest misconception about your role?

Two in equal measure I think!

One is the perception that it is only a question of hiring "ethical" people. The reality is that it is about having the right organisational infrastructure to mitigate wrongdoing. Often it is inadvertent wrongdoing that causes the reputational damage. Methodologies, tools and best practice knowledge does exist and is being applied successfully by some leading organisations.

The other is that because at its core it is about the behaviour of individuals, it is perceived as too "intangible" and cannot be anticipated, and therefore cannot be guarded against. The reality is that behaviours can be anticipated, and practical and often simple solutions do exist.

What do you consider to be the most satisfying aspect of your role?

The opportunity to help to improve organisational decision-making to create value for organisations and make work more enjoyable for their people.