

# Company Reputation: Valuable Asset or Potential Liability

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## Agenda



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Reputation Risk Overview



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Governance & Stakeholders



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Identification & Assessment



4

Response & Monitoring



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Crisis Management

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## Reputation is like...



*Reputation is like fine china, once broken it's very hard to repair.*

– Abraham Lincoln



You can glue it back together, but everyone is always looking at the cracks.....

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## What is Reputation Risk?

*"The threat or danger to the good name or standing of a business entity directly due to the actions of the company itself, indirectly due to the actions of employees, or through third-party relationships."*

- Investopedia



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## Difference between Brand and Reputation



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## Drivers to conduct a Reputation Risk Assessment



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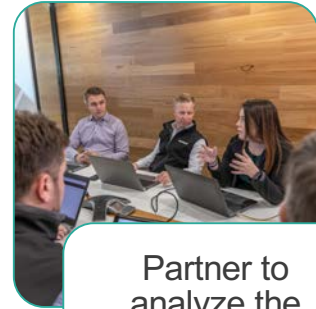
## How to start this process?



Risk Managers  
and BC  
Professionals  
partner with  
marketing and  
communication  
teams



Assemble a  
group of  
stakeholders  
across the  
organization



Partner to  
analyze the  
organization's risk  
exposure &  
create a  
streamlined  
response strategy

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## A Reputation Risk Assessment Provides Insights into...



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## Internal Stakeholders



Business  
Continuity

Customer  
Service

Employee  
Communications  
& Public  
Relations

Employee  
Relations

Environmental  
Health & Safety

ESG and  
Sustainability  
Managers

Government  
Affairs

Investor  
Relations

Legal & Privacy

Security  
(Physical and  
Information)

Social Media  
Team

Strategy Team

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## Assessing Risk Roles & Governance

*Reputation risk management & ownership across the organization*

Who is responsible for providing oversight of RRM efforts?

What functions in the organization should be included?

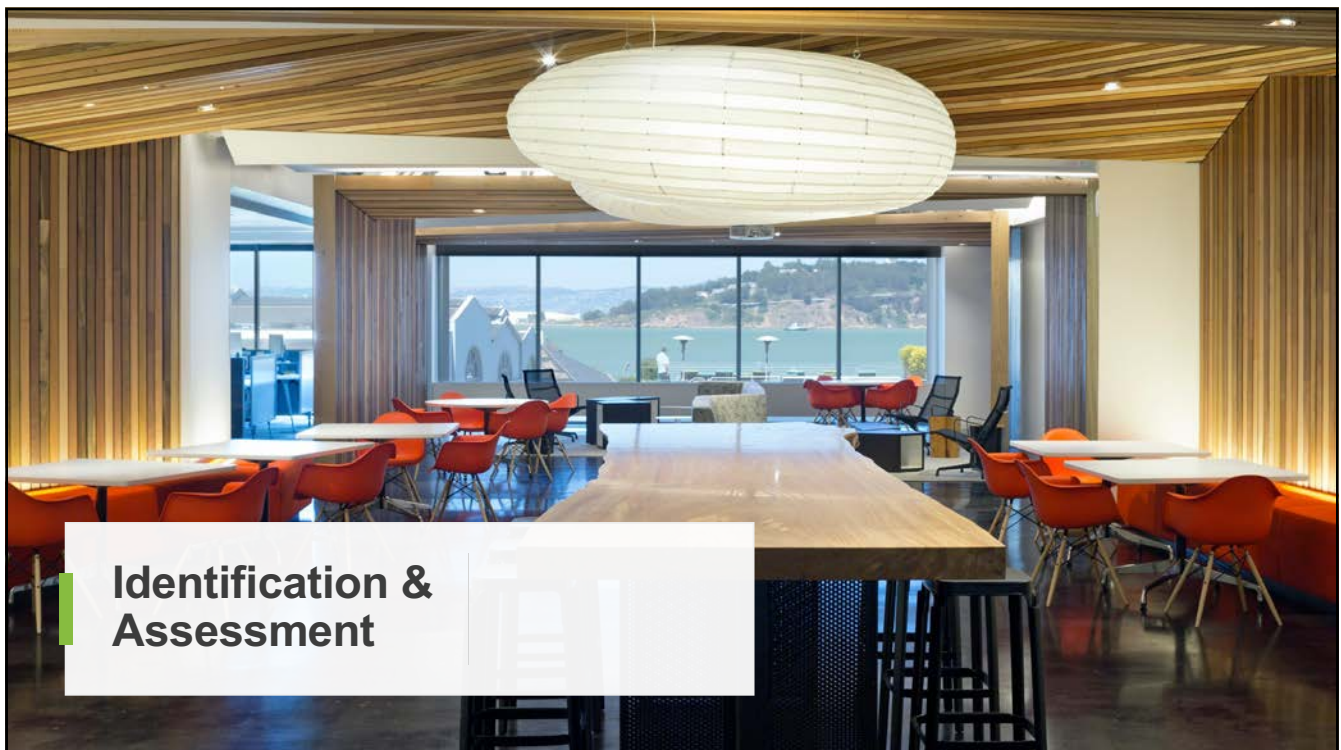
Do we have controls in place that affect reputation risk?

When do we leverage expertise from operational leaders?

Are roles and responsibilities assigned across the business?

\*RRM – Reputation Risk Management

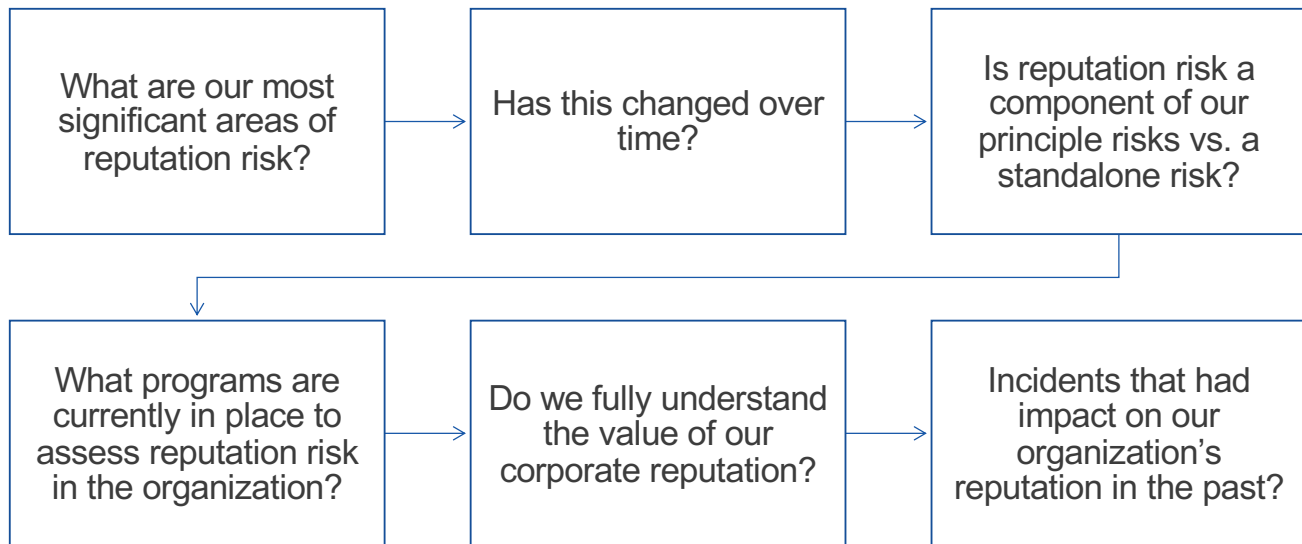
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## Identification & Assessment

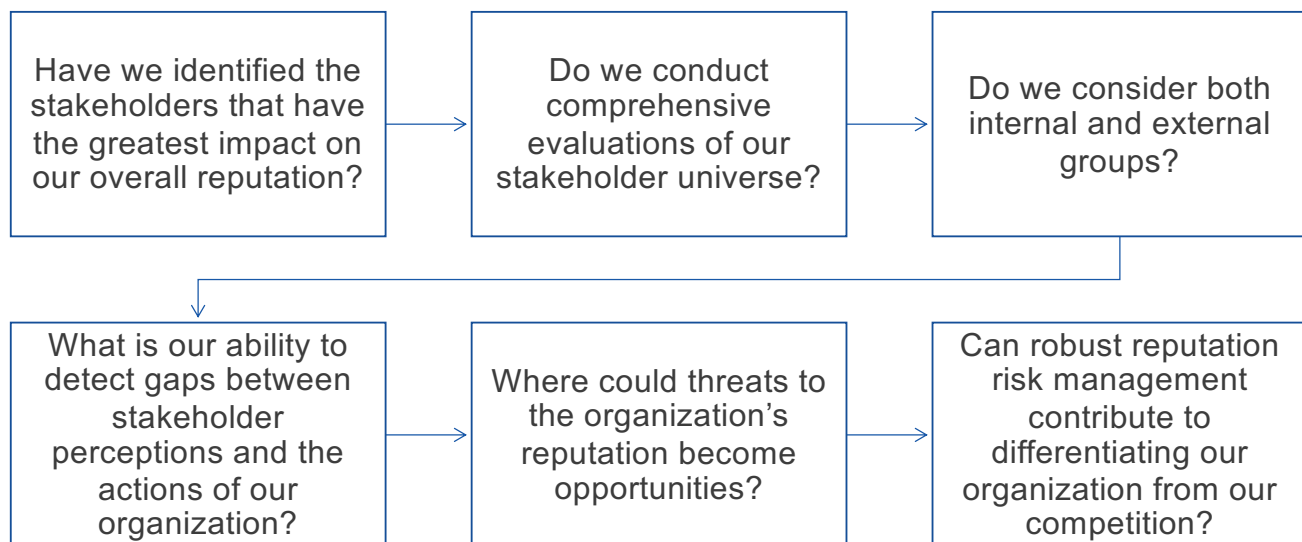
*Risk assessment techniques, methodology, and impact on the organization*



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## Identification & Assessment - Continued

*Measuring stakeholder perceptions and using reputation risks as opportunities*



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## Who are your external stakeholders?

Investors	Customers	Suppliers & Vendors	Employees
Independent Contractors	Interview Candidates	Regulators	Politicians
Non-governmental organizations	Communities in which the company operates	Professional Associations	Social Media Influencers

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## S&P ESG Industry Report Card – Technology Example



### Software and Services

- Privacy & Data Security concerns
- Collection and mgmt. to monetize sensitive information
- Risks of misuse



### Data Centers

- Environmental concerns
- Large energy consumption
- Mitigate efforts to improve energy efficiency



### Hardware and Subcontractors

- Social risks ex. criticism over labor management of poor working conditions
- Lax occupational safety standards, particularly in developing countries

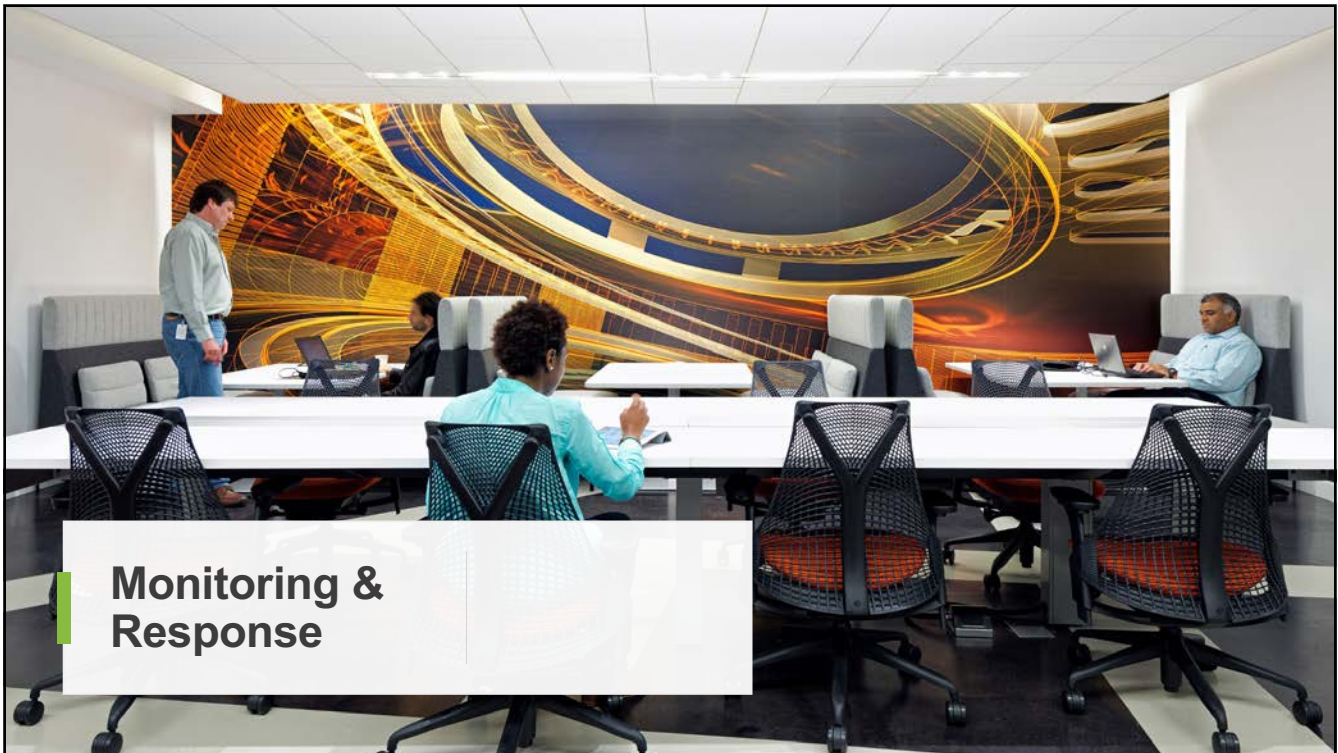


### Supply Chain & Manufacturing

- Mining of Precious Materials
- Production requires large volumes of pure water
- Wastewater generation
- Extreme weather notably in Asia Pacific

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## Monitoring & Response

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## Metrics & Monitoring

*Metrics and monitoring capabilities*

What reputation metrics do we track?  
Who selects these metrics?

How are thresholds determined? Are there standardized responses in case a metric threshold is breached?

What assumptions underlie how we measure and monitor risks to reputation?

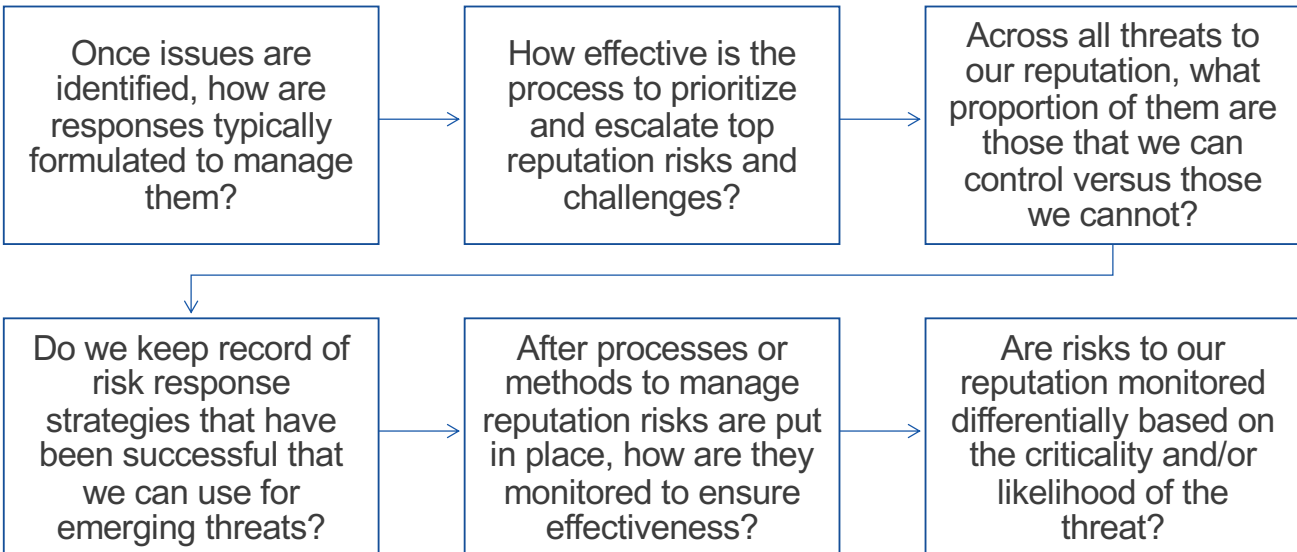
Can we directly monitor stakeholder perception towards our organization?

Does our metric information influence our approach to managing reputation risk?

What proportion of our monitoring efforts are leading indicators of reputation risk versus lagging?

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## Response Planning



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## Impact Sales: Example

Descriptor	Reputational Impact (examples)
Catastrophic	Global long-term negative media coverage
Major	National long-term negative media coverage
Moderate	National short-term negative media coverage
Minor	Local reputational damage
Incidental	Local media attention quickly remediated

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## Crisis Management & Prevention

*Crisis planning, reputation resilience efforts, and proactive reputation risk management*

How prepared is the organization to deal with any given reputation-related crisis?

How do we communicate our crisis communication plans throughout the business?

Are roles and responsibilities related to reputation crises clear?

To what degree are we capable of identifying the most critical aspects of our reputation?

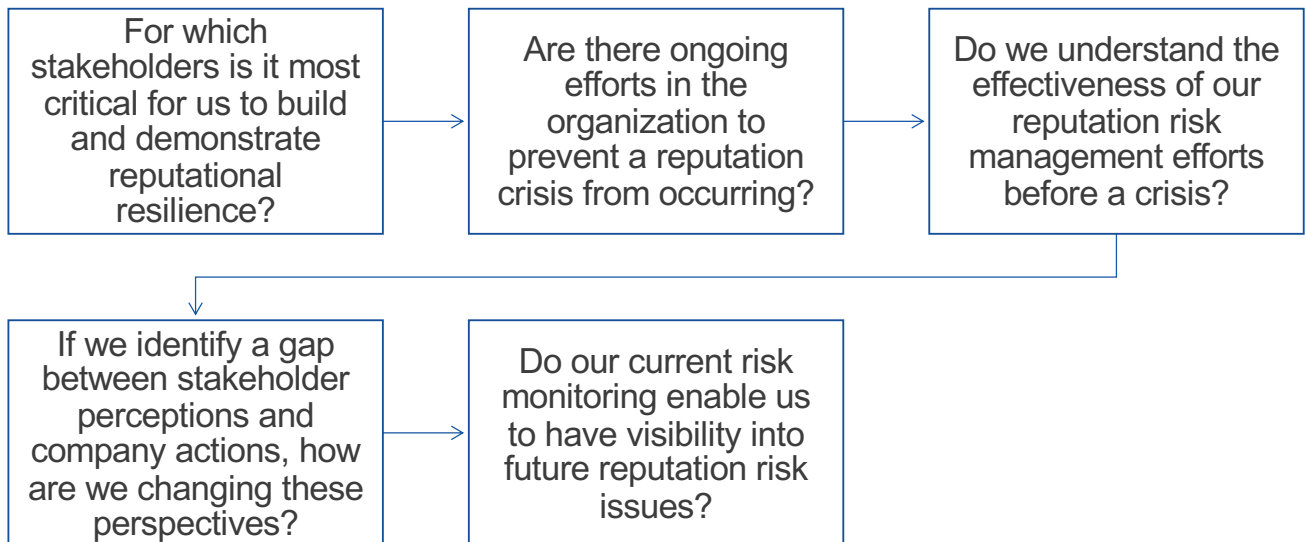
Through what channels do we have the ability to build trust among our various stakeholders in a crisis?

What efforts have been implemented to build reputational resilience?

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## Crisis Management & Prevention

## Crisis planning, reputation resilience efforts, and proactive reputation risk management



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## Situational Crisis Communication Theory

Respond to each situation accordingly, and for each crisis situation a certain strategy is required



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## SCCT – Crisis Clusters

**Victim**  
Organization is also a victim of the crisis

- Organization is also the victim of the crisis
- Natural Disaster
- Rumors
- Workplace Violence
- Product tampering or Malevolence

**Accidental**  
Organizational actions leading to the crisis were unintentional

- Challenges: stakeholders claim that the organization is operating inappropriately
- Technical error accidents: failure causes an accident
- Technical error product harm: Product Recall

**Intentional**  
Organization knowingly placed people at risk, took inappropriate actions or violated a law or regulation

- Human error accidents and/or product harm
- Organizational misdeed: no injuries
- Organizational misdeed management misconduct: law violations
- Organizational misdeed: injuries

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## SCCT – 4 Postures

*Promotes the idea that there is no crisis*

**Denial**

- Attacking the Accuser
- Denial
- Scapegoating

**Diminishment**

- Excusing
- Justification

*Play down the crisis and claim that it's not as bad as it seems*

*Lessens the impact of the incident on the victims*

**Rebuilding**

- Compensation
- Apology

**Bolstering**

- Reminding
- Ingratiation
- Victimage

*Trying to make the organization look good and reduce the effects*

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## Reputation 2020 – 10 Trends Driving Reputation Management



Know who you are first, and stick to it



Reputation Management will increase the value of the business



The big data revolution will have consequences



Stakeholders will increase in number and influence



Reputation Management will be a long journey



Personalized messaging will be the norm



The Chief Communications Officer will lead reputation Management in 2020



Industry reputations will more closely affect individual companies



Employees will be your reputation ambassadors



Social relevance will help companies stand out from the crowd

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## Resources

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- Investopedia – Reputational Risk: <https://www.investopedia.com/terms/r/reputational-risk.asp>
- The Case for Situational Crisis Communication Theory: <https://www.continuitycentral.com/index.php/knowledge/the-case-for-situational-crisis-communication-theory>
- The Reputation Risk Handbook: Surviving and Thriving in the Age of Hyper-Transparency by Andrea Bonime – Blanc
- Ongoing Crisis Communication: Planning, Managing, and Responding' by W Timothy Coombs.
- The case of Situational Crisis Communication Theory: <https://www.continuitycentral.com/index.php/knowledge/the-case-for-situational-crisis-communication-theory>
- [Situational Crisis Communication Theory](#)
- Reputation 2020 – Ten Trends Driving Reputation Management: <https://www.reputationinstitute.com/sites/default/files/pdfs/Reputation-2020-Ten-Trends-Driving-Reputation-Management.pdf>
- S&P Sector Risk Atlas - <https://www.spglobal.com/en/research-insights/articles/navigating-the-esg-risk-atlas>