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# **DIRCOMS AND THE CHALLENGE OF REPUTATIONAL MANAGEMENT**

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There has been an undeniable evolution in corporate communications, which has changed in parallel with an increasingly demanding hyperconnected world that provides and consumes an immense amount of information. Against this backdrop, it is possible to look at the current role communication managers play and see how it is likely to change in the near future—or sooner—to make them the heads of their companies' reputations.

## TRADITIONAL COMMUNICATIONS MANAGER: IF YOU IDENTIFY WITH THIS DESCRIPTION, BE WORRIED

Dircoms (Directors of Communications) have historically been tasked with defining internal and external lines of communication, using their knowledge of both what their company does and the sector or industry in which it operates to do so. They determine the contents, forms and channels used to inform stakeholders of the organization's daily work, aiming to boost the company's image and identity.

Under this, the Dircom's daily duties include organizing corporate events; preparing basic messages and news releases; acting as a company spokesperson; and managing relationships with the media, collaborators and other stakeholders

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(both internal and external) to reach predetermined communication targets. They report and boost each company department's actions, based on the organization's overall strategy.

As a field, communications has traditionally acted in response to company goals for sharing messages regarding the organization, its philosophy and its values, constantly updating information and managing both the media and internal relationships within the company.

This definition comes from the idea that communications is an administrative, or even operative, task rather than a strategic task in its own right. If your duties fit in with this description, be worried; you may soon cease to be valuable to your organization.

## THE “REPUTATION” FACTOR WAS ALWAYS THERE, BUT WE DID NOT SEE IT UNTIL THE DAY IT WAS DISCOVERED

Several years ago, and even today in certain organizations, communication departments only discussed image, identity, culture and institutional relations, ignoring a concept we now consider decisive for a company's success: reputation. Now, perhaps because of interactions with consumers, organizations have started to look at the value reputation and its effective management can contribute to businesses by winning customer trust.

By definition, reputation is “the recognition by other people of some characteristic or ability” and “a place in public esteem or regard.” Based on these definitions, we believe reputation has always been manageable. Maybe that opinion or prestige is built along the lines of strategic communications that clearly explain what the company does well.

However, we might not secure user, customer or consumer loyalty even if our company works well. If our communications do not have the necessary impact, or if we do not see the acceptance or response we sought, that's when we should ask what we're not taking into account. Something must be causing the strategy to work inefficiently.



asset that portrays the company as fair, ethical and sustainable.

However, this is not the work of a single person. Reputation depends on everyone, from senior executives down to the lowest collaborators on the organizational chart. Everyone is responsible for building, maintaining and enhancing a good reputation.

## REPUTATION IS WHAT THE CEO DOES AND SAYS IN THE PRESENT, FUTURE AND PAST TOO

In this information society, where individuals can produce and access content immediately (not to mention influence and distribute it), companies are more at risk of being criticized or judged according to their actions. There are two ways this happens: a company can build its own reputation and manage it for its stakeholders to assess, or it can let everyone judge how it does things without providing its own perspective.

This is when we should assess the need for reputation management, which aims to position the company at the top of user preference ratings.

There is another common, though undesirable, scenario that also reveals the importance of having an integral strategy to shield, protect or rebuild reputation: times of crisis. These situations require the company to rely upon contingencies to avoid losing the trust it has cultivated within the community and the associated negative impact on business.

Reputation is often built silently, without any direct indication it's there or of the contributions it makes. The Dircom's job is to manage that reputation and bring out its value to highlight their company's good performance and growth.

These strategies must be led by a person or team within the company, an expert who knows the best way to handle the interplay between what the company is, what the company *does* and what the company says to maintain the organization's license to operate—an intangible

For the leaders of organizations, especially in the largest global organizations, it will always be important to know how people see their company, what they say about it, how they judge it and, above all, what bearing all that will have on their business. "Reputation is fundamental to everything in our business," says Andy Pharoah, Vice President of Corporate Affairs, Strategic Initiatives and Sustainability at MARS, Inc., on the Reputation Institute portal. "It influences our strategy and the commercial gains that go with it."

As shared in *A Memo to CEOs about Reputational Risk*, an article on the Reputation Institute portal that quotes figures from a study on corporate communication officers around the world, 67% of executives believe reputation is a high-priority topic for their companies. Furthermore, 75% of executives said reputation has become more important in recent years, but only 36% are ready for proactive reputation management.

CEOs used to be concerned only with behavior, not communications, but it is no longer possible to separate these concepts because

how I communicate is how I behave. Therefore, communications has become a transformational force that forms part of a company's behavior; now, it's *storydoing* (telling it while it's being done).

Now that reputation has been recognized as a valuable resource for a company's success, CEOs consider it one of the pillars to be managed under internal leadership, and Dircoms are receiving increasing pressure to help them understand where they are, what influence reputation has on their business and how it contributes to long-term decisionmaking. The growing concern among companies seeking to top the reputation rankings challenges the Dircom's job and encourages them to take the next strategic step forward.

## THE CHIEF REPUTATION OFFICER

We live in the era of ethics, in which companies are perceived and ranked according to their behavior. Now, whether they are fair, ethical and sustainable adds value to their management in the eyes of stakeholders. In this context, the Dircom's job takes a leap forward to focus on getting the company positioned in terms of its reputation—the essential intangible asset that will sustain and protect the organization's leadership.

We are talking about becoming reputation strategists. The Chief Reputation Officer (CRO) leads the corporate communication strategy, working to consolidate trust and boost credibility in line with the company's goals, target storytelling and storydoing toward stakeholders, generate interactions, listen to what people say about the company and analyze and evaluate its results. Along the same lines, positive reputational ratings work as a good indicator, showing that the company does things well and successfully communicates what it does. It's a reflection of a sufficient focus on communications.

One of the CRO's most important tasks is to interpret and integrate reputational information into the corporate strategy so they can identify advantages and opportunities to enhance success. Their main job is to advise the CEO and contribute toward making decisions based on the company's KPIs. To do all this, the CRO must possess strong economic, political, social affairs and environmental skills, as well as the ability to handle any other issues that may affect their organization's business.

Rather than just providing information, it is more a question of highlighting the company's impact on the various business sectors to generate meaningful conversations that connect with stakeholders. To do this, it is important to stop seeing communications as an administrative task and consider it part of the strategic area.

In Mexico, 52% of companies said protecting and enhancing organizational reputation is one of their main goals, according to the *Perspectivas de la Alta Dirección en México 2018* (Senior Management Perspectives in Mexico 2018) study by KPMG. The fame of any company worth highlighting here is synonymous with good reputation. In this respect, it is not only company image or identity; CRO's must make communications work for the company's reputation, while also generating business value.

## EVEN IF YOU DID NOT IDENTIFY WITH THE ABOVE, YOU STILL HAVE TIME! BRING ON THE CHALLENGE

According to a poll conducted by PwC (quoted in the Reputation Institute portal's blog) that surveyed CEOs across the world, most senior managers are not entirely satisfied with what is available in terms of the information necessary to help them understand corporate reputation. This falls within the CRO's mandate. Advising the CEO is a new challenge, and it requires professional development for the Dircom.

A communications and reputation strategy is key for any organization. The CRO will reveal that hidden value, which can now be measured and is potentially beneficial for the company. The growth this brings is accompanied by growth in whichever professionals take their position to the next level to turn reputation into an economic multiplier.

Companies like Nestlé or AB InBev could be considered benchmarks in terms of reputation management. While taking care of communications, their teams work on strategies that enable them to climb the reputation rankings, holding and maintaining the top positions at both regional and global levels. If you're not yet on this path, it's time to take up the challenge. You still have time to prove a company's reputation is built on communications.

## AND WHAT SHOULD YOU DO IF YOUR CEO UNDERESTIMATES THE IMPORTANCE OF MANAGING REPUTATION? THE FOLLOWING MAY HELP YOU CHANGE THAT OPINION

It is no coincidence that the companies at the top of the global reputation rankings are those who most value trust. Each one of them realized the importance of being valued and respected a long time ago. One example is LEGO, who ranks second worldwide in terms of reputation, according to the [Reputation Institute](#). The brand is a leader in transparency and social contribution, basing itself on making a positive impact and building trust among stakeholders. As we can see, LEGO speaks of transparency and trust, two key words when it comes to reputation.

According to *Mantener identidad y reputación corporativa (Maintaining corporate identity and reputation)*, an article published by Forbes February 2019, some recent studies valued intangible assets at over 70% of total assets—and the only ones that cannot be duplicated. In order to rouse your CEO's interest and communicate the real value reputation management has for the company, it is necessary to speak of ethical behavior, fairness, product/service value and transparency as decisive factors for protecting the company during possible times of crisis. It's an investment with a strong impact on business, reducing risk exposure and generating value.

On the other hand, when we talk about reputation, it's important for us to consider not only external stakeholders, but the internal ones as well. One of the most powerful assets underpinning a business is its collaborators, stakeholders whose expectations must be met by the company. Once again, ethics and transparency are important here. Along with attributes such as sustainability,

growth, projection, flexibility and a good work atmosphere, they make a company desirable to potential employees. It is important to have a good reputation as an employer, especially among millennials, who habitually use new technologies and trends to challenge companies to be more aware of the need to establish a balance between industry, human beings and the planet. According to Expoxnews, the ten global leaders in their ranking have stronger reputations among millennials.

If your CEO does not yet see the value reputation has for the company, these arguments will help begin to change their mind, making them reflect on this asset's strategic value. In practice, you should begin to seriously evolve and develop your contribution by linking reputation to the business.

**“When we talk about reputation, it's important for us to consider not only external stakeholders, but the internal ones as well. One of the most powerful assets underpinning a business is its collaborators”**

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