

# Chief Reputation Officer: is effective communication enough for a good reputation?

Davos 2012

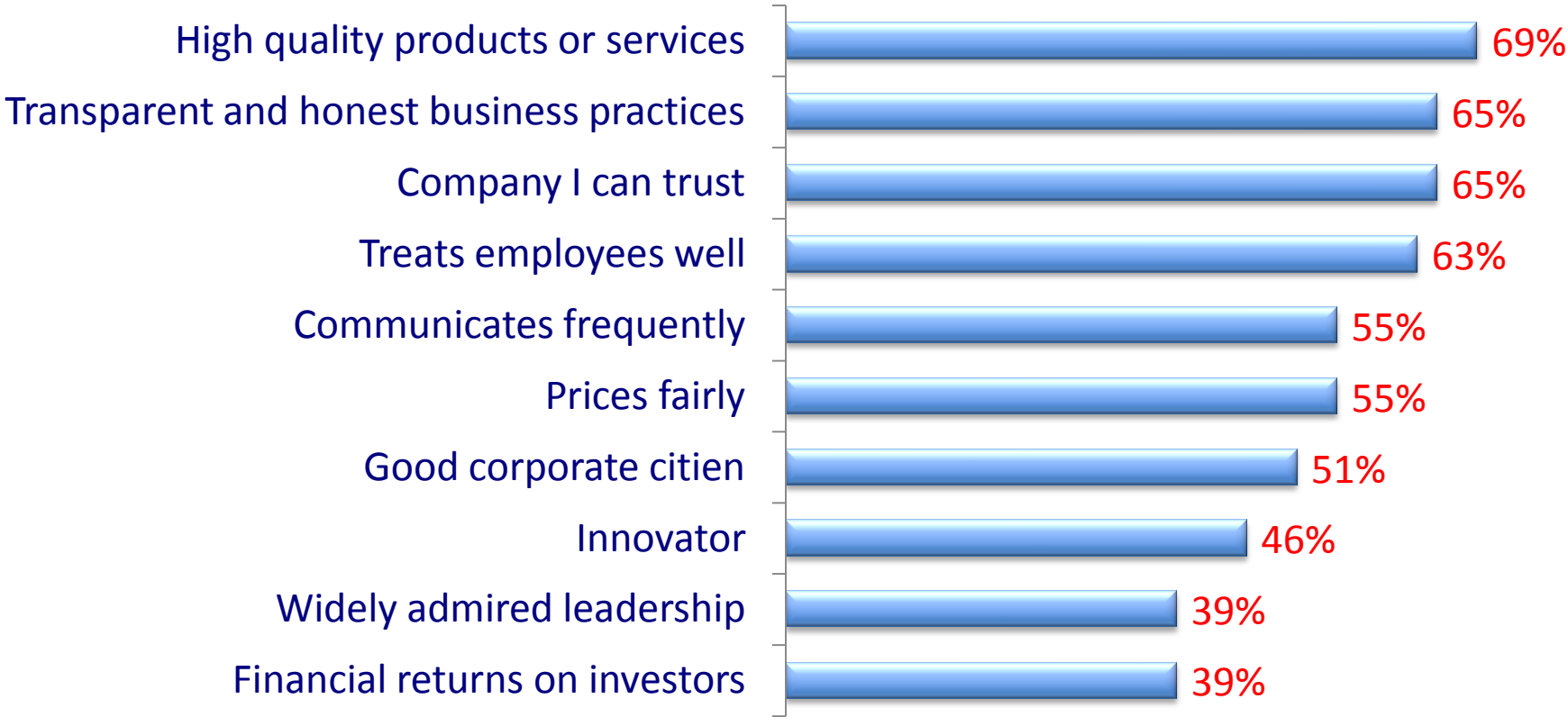
The devil is in the details. Success is in the systems.

J.W.Marriott, JR., Chairman and CEO, Marriott International

# Issues to discuss

- How do we measure our business results?
- Which Key Performance Indicators (KPIs) are influencing both sales and reputation?
- Social media's impact on clients and employees satisfaction and reputation
- Mission (im)possible: How to achieve that KPIs influencing reputation would be included in employees' motivation systems?

# Most important factors to corporate reputation



Source: Edelman trust barometer 2011

# How do we measure our business results?

## LAG MEASURES

- Show past performance
- Appear too late for course correction
- Are easier to measure

All financial indicators are lag measures

## LEAD MEASURES

- Are predictive for future results
- May be influenced in shorter period
- Are connected to the 80/20 activities that drive results
- Are more difficult to measure

Client satisfaction index  
Employee satisfaction index  
Sustainability index  
Others

Source: FranklinCovey. Leadership program

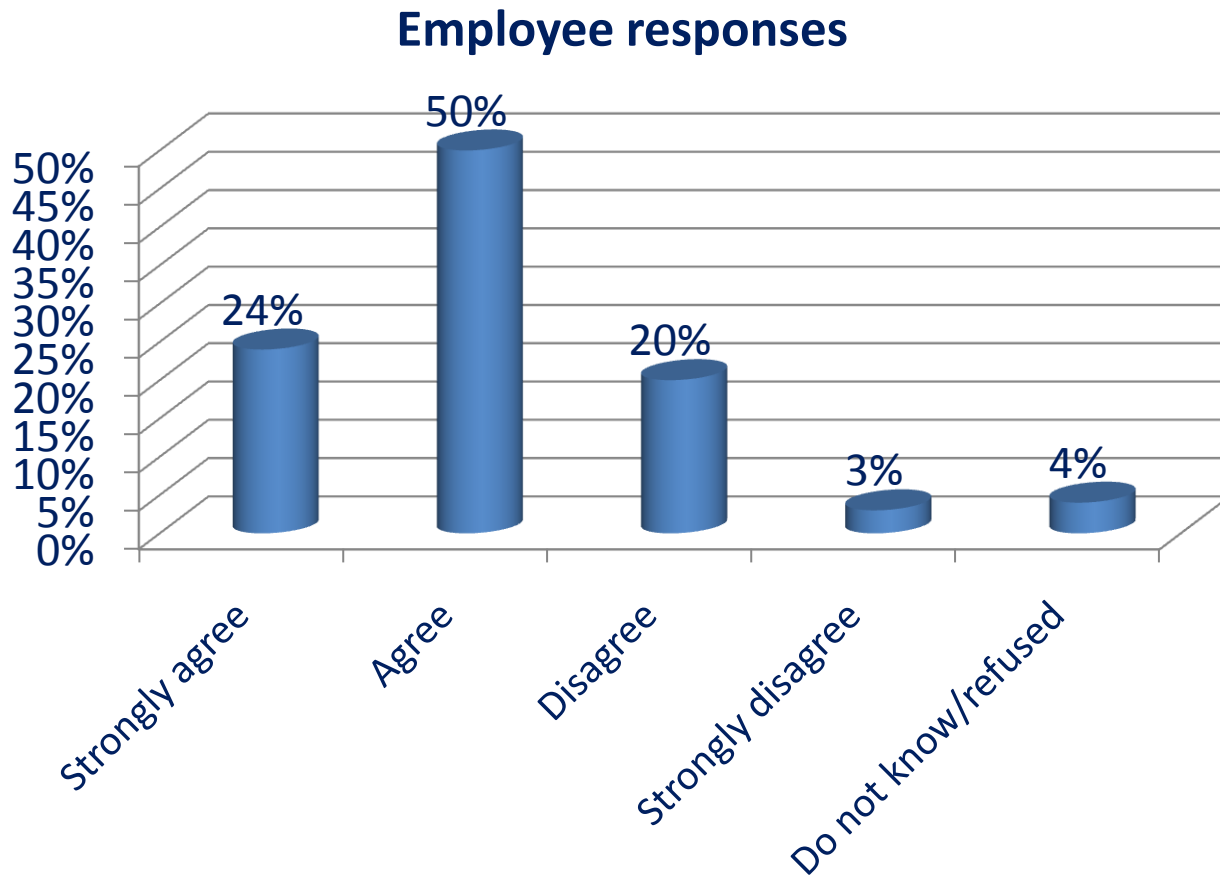
# Do motivation systems contribute to better reputation?

- Most of motivation systems are based on the “pay for performance” principle only.
- This may induce the executives to take company - killing risks on the highest level.
- On the sales and client service level it produces bad profits that harm clients’ satisfaction, loyalty, future sales and reputation

Average S&P 500 CEO pay to average employee salary went from **40:1** in the 1970 to **325:1** in 2010.

Source: B.S.Frey & M.Osterloh HBR Jan-Feb 2012

It is simple to damage company's reputation on social media –  
claimed **74 %** of surveyed employees



Reputational risk and social networking should be a boardroom issue – claim **58%** of executives.

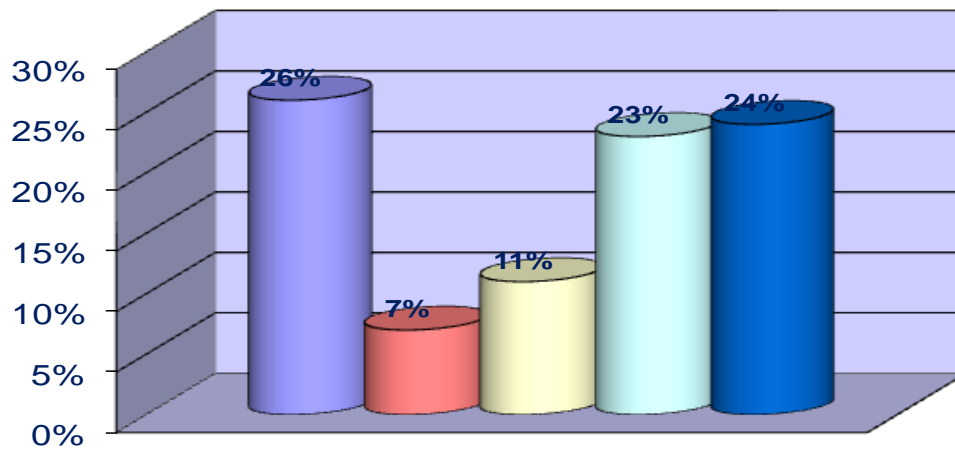
Just **15%** of executives claim that it actually is a boardroom issue.

Source: Social networking and reputational risk in the workplace.  
Deloitte LLP 2009 Ethics & Workplace Survey results



# When it comes to employee use of social networking channels, what is your company's official policy?

Employee responses



- ▣ There are very specific guidelines what you can and can not say online in relation to company and/or client matters
- ▣ The policy is to use your discretion when it comes to posting comments and opinions on the world wide web and social networking sites
- ▣ There is a policy, but I do not know what it is
- ▣ There is no policy
- ▣ Do not know if there is a policy

Source: Social networking and reputational risk in the workplace.

Deloitte LLP 2009 Ethics & Workplace Survey results

**53%** of employee respondents claim their social networking pages are none of their employers' business.

**61%** of employees claim that even if employers are monitoring their social networking profiles/activities, they would not change what they are doing online. Employees have already made significant adjustments to their online profiles because they know it is not private.

Source: Social networking and reputational risk in the workplace.

Deloitte LLP 2009 Ethics & Workplace Survey results

- **Question:** Could a company policy change how you act online?  
“No” say 49 % of employees
- **Question:** Does your company have a policy on using social networking channels?  
24% of employees don't know
- **Question:** Would you comment online if your employer did anything that you did not agree with?  
15% say “yes”

Source: Social networking and reputational risk in the workplace.  
Deloitte LLP 2009 Ethics & Workplace Survey results

# Conclusions

- Reputation is usually suffering if motivation systems of any organization are not aligned to main goals of a company or an organization.
- Client, employee satisfaction and sustainability indexes should be included in motivation systems.
- Social media puts more light on client and employee satisfaction level of any organisation and makes it more visible for other stakeholder groups.
- CRO or other person in charge should be deeply involved in the process of adjustment of motivation systems.

# Thank you!

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