Personal Governance – 8 Principle VII

Reputation

Leadership

By
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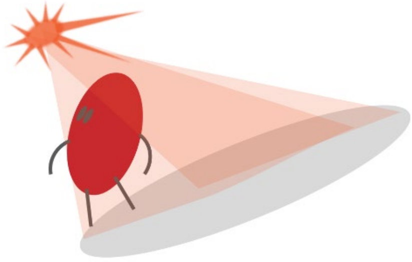
Amrop
Leaders For What's Next

Personal Governance - 8

Principle VII – Reputation



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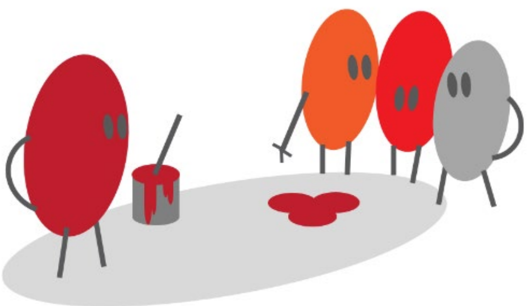
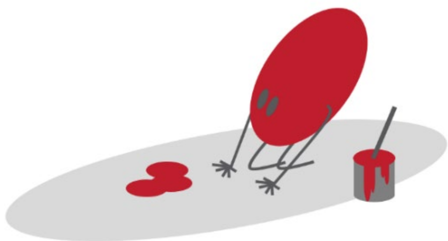
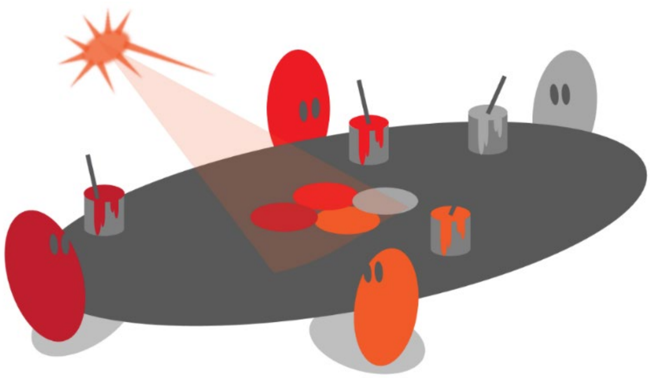
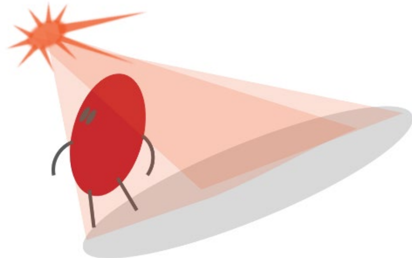






Executive Summary



Managers with good Personal Governance carefully cultivate their personal reputation, and by association, the reputation of their organization. Doing so has never been more critical.

CEO reputation drives organizational health

In 2015, Weber Shandwick published a survey of over 1700 senior executives from around the world ("The CEO Reputation Premium, Gaining Advantage in the Engagement Era"). It revealed that 50% expect CEO reputation to be of increasing importance to a company's reputation going forward. They also estimate that 44% of their company's market value can be attributed to CEO reputation. Most think a positive reputation is significant in attracting investors, employees, and around half say it influenced their decision to join the organization, and stay. The 2019 Edelman Trust Barometer also finds CEOs judged as key: 76% of people think that CEOs should take the lead on change rather than waiting for governments to impose it – a leap of 11% over the previous year.

Reputation is a matter of opinion

What would a client say about you, after you leave the room? This will be passed on and over time, coalesce into your reputation. So we could summarize reputation as *the opinion formed by different people, with a high degree of consistency, over a long period, about a subject (a person or a company)*. Experience leads to labels: *fast, dependable, performance-oriented*, etc. Over time, these start to bear considerable weight for a reputation and brand. Our 'active references' – people with positive attributions about us - pave the way to fruitful relationships and business development.

Reputation is a relationship GPS

Reputation reduces uncertainty in evaluating who we choose to interact with. It makes it easier for us to navigate new relationships on the basis of certain assumptions (behavior, quality, etc.). An enormously important factor when it comes to showing up on the radar of potential business partners.

6 factors underpin reputation management

It's vital to engage in an ongoing, (low-key), evaluation of our reputation. Some drivers:

1. The way in which relevant observers perceive us acts as a navigation aid. For example, our values, our credibility, trustworthiness, dependability, authenticity
2. The positive motivations of the partners with whom we interact
3. Our ability to maximize positive co-evolutions[1] (when "the possibilities of intellectual energy unfold, and an optimum amount of happiness energy is released") and minimize negative ones.
4. Our sense of our relationship with feedback
5. Significant biographical achievements, or missing achievements, and our relationship with these

[1] (Geissler, 2003). Managers with good Personal Governance inspire and motivate each other in their interactions. This leads to a climate of job satisfaction, and allows potential to be developed.

6. Our communication and self-marketing competences.

External communications require caution

The media landscape is changing fast, and all is not as it seems.

The exponential growth in social media has become a modern cliché, but opinions are shifting. It's impossible to ignore the exponential rise in the use of social media over the past ten years. However, CEO's have yet to fully engage with the medium (and may never do so). Research by influentialexecutive.com published in 2019 confirmed that the world's leading CEO's are lagging behind the general public (and hence consumers) in social media adoption: 46% of Fortune 500® CEOs still had no presence on the platforms.

Social media is a double-edged sword. It allows fluid, agile, deep and wide community-building, and communication 24/7. But when a leader or organization falls out of line, (consider Uber's Travis Kalanick), negative opinions can spread like wildfire, further fueled by 'fake news', rumor or trolling. As writer and consultant Tony Schwartz, author of 'The Art of the Deal', recently told Amrop: "Customers can come along on social media and blow up your business overnight if they're dissatisfied in ways that are compelling."

Quitting social media may be the new counter-movement.

In 2018, Tim Martin, Chairman and Founder of JD Wetherspoon, a leading bar and hotel chain in the UK and Ireland, announced a stop to all the company's social platforms, as a distracting, over-rated medium. Instead JD Wetherspoon will focus on (fully controllable) web and print communications. Mr. Martin also focusses on personal engagement and presence, systematically walking through town to visit his bars. This direct contact yields important information, and personal engagement has become part of Tim Martin's own brand.

For traditional media, too, there's trouble afoot.

Whilst the Edelman Trust Barometer reported in 2018 that trust in journalism is rebounding, six out of ten ordinary readers are unable to distinguish good journalism from rumor.

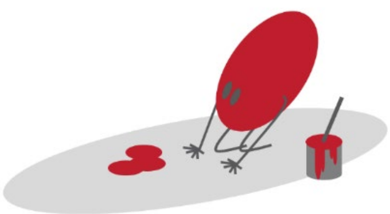
These findings only serve to remind leaders of the importance of carefully evaluating which channels best serve their reputational purpose, and deploying each in a strategic, responsible and authentic way.

Good Personal Governance is decisive in the reputation of executives and companies.

The seven Principles of Personal Governance underpin the rollercoaster of public engagement and reputation. The related attitudes and behaviors go a long way to shaping an executive's image and charisma.

Reputation - 7 self-check questions

1. Which biographical events, experiences, relationship etc., shaped my reputation?
2. What is its essence?
3. Which observers and stakeholder groups are key influencers in building it?
4. Which personal characteristics are particularly important?
5. What are the different elements of my reputation management?
6. How does my personal reputation influence that of my company?
7. Which attributes or labels would third parties assign to my personal brand?



Personal Governance - 8
Principle VII – Reputation

Executives with good Personal Governance take great care to cultivate their personal reputation, and with it, the reputation of their organization.

There's no doubt about it: the credibility and reputation of supervisory and executive boards play a vital role in the sustained success of any organization, together with the development of its values, its share price, its employer brand.

When it comes to organizational reputation and performance, several studies clearly demonstrate the weight of the CEO's reputation in particular (as well as that of other senior managers such as Board Members).

Building reputation and trust: now more than ever a must for senior executives

The Case for Reputation

In 2015, the public relations firm Weber Shandwick published a groundbreaking survey of over 1700 senior executives from around the world ("The CEO Reputation Premium, Gaining Advantage in the Engagement Era"). Seeking to quantify the value of CEO reputation, the survey reveals that 50% of senior executives expect this to be of increasing importance to a company's reputation in the years ahead.

They also estimated that 44% of their company's market value could be attributed to CEO reputation, with 87% believing a positive reputation helps attract investors. Most believed that CEO reputation plays a significant role in employee attraction (77%) and retention (70%). Around half said it influenced their own decision to join – or stay – in the organization.

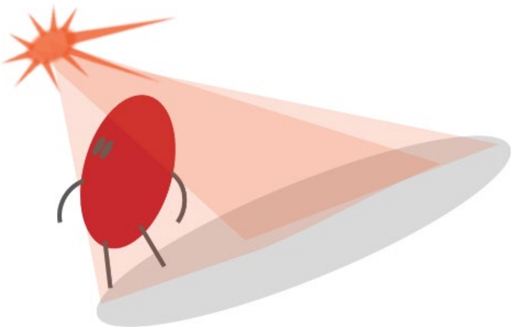
Credibility is rising, but doubts linger

CEO reputations matter very much. But just how healthy are those reputations in the eyes of the general population (and by association, consumers)? The news is mixed. For 19 years, Edelman, a global brand and reputation management consultancy, has been measuring public perceptions of major institutional segments, sectors and geographies. The 2018 Edelman Trust Barometer showed that CEO credibility is slowly on the rise. It jumped by seven points over the past year, with 44% rating CEOs as 'very credible'. Edelman attributed this to the fact that several leaders have "voiced their positions on the issues of the day." And they must stay active: in 2019, 76% of respondents said that CEO's need to take the lead on policy change, a rise of 11% over the previous year.

Even if CEO credibility is nudging in the right direction, more than half of the general public still have doubts. Worryingly, 60% believed in 2018 that CEOs were driven "more by greed than a desire to make a positive difference in the world." When it comes to employee trust in an organization (and the CEO is its most visible figurehead), 72% said they trust their employer. So over a quarter of the population, by inference, are somewhat less confident.

So significant work – and opportunities – lie ahead.

Senior executives estimated that 44% of their company's market value could be attributed to CEO reputation, with 87% believing a positive reputation helped attract investors. Most believed that CEO reputation plays a significant role in employee attraction (77%) and retention (70%. Around half say it influenced their own decision to join – or stay.



Trust, Reputation, Brands

"A brand is crystallized trust," German management author Reinhard K. Sprenger has said. Reputation, too, is about accumulated trust. Over time, trust can forge a new brand, or multiply existing brand equity.

So a strong brand remains central to a company's market value. And this has a direct implication for the brands of a company's most high-profile managers in terms of *building and cultivating their personal reputation.*

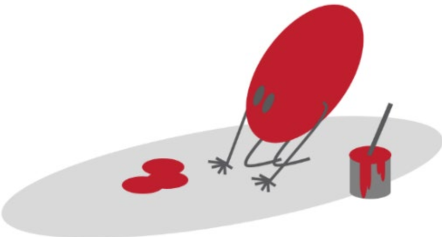
Over time, like company brands, personal reputations can build into personal brands (and personal brand equity). In turn, the personal brands of an organization's senior managers, when taken together, account for a large share of an organization's brand. Personal branding is also an important component of autonomy in the workplace (see Personal Governance Principle I - YOU Inc.).

We could simply express reputation as the opinion formed by different people, with a high degree of consistency, over a long period, about a subject (a person or a company).

Reputation – Definition, Origins, and Dynamics

What would a client say about you after you have left the room? This information will be passed on to others, and over time, will coalesce into your reputation. So we could simply express reputation as *the opinion formed by different people, with a high degree of consistency, over a long period, about a subject (a person or a company).*

When opinions are communicated to third parties – often via experienced narratives - images about him, her or it emerge. To these images, labels are then assigned - such as *fast, dependable, performance-oriented, expensive*, etc., Over time, these labels start to bear considerable weight for a reputation, and for a brand.



As any marketing professional knows, it's vital to consciously cultivate and communicate positive, desirable images in order to transform a brand into a 'legend' (the object of generally supportive narratives). And so 'brand pull' is strengthened.

Reputation and brand also define our *status* in society, as an individual or organization.

It follows that fluctuations in reputation can also cause fluctuations in status: we can view *status* as a more or less formal and open classification of *reputation*.

Status awareness, the drive for social prestige and recognition, are an important extrinsic motivational factor when it comes to cultivating a reputation. This is because the fear of losing status (the 'status anxiety' popularized by the philosopher Alain de Botton) should never be under-estimated, and particularly not in leadership circles. Status anxiety can lead to obsessive image-grooming – and this, of course, does no favors for either Personal or Corporate Governance.

Active references pave the royal avenue to fruitful relationships – and business development.

Personal reputation-building demands, beyond a certain period of time, a certain number of partners to interact with (how many and who depends on our situation). It means leaving deeply positive impressions that create compelling mental images, inspiring people to tell third parties about their experiences. In this way, strong recommendations are generated - 'active references'. And these in turn have a multiplier effect. They pave the royal avenue to fruitful relationships - and business development.

Reputation is like a GPS for relationship-building.

Reputation reduces the uncertainty-factor in evaluating who we interact with. A good reputation makes it easier for us to find our way around new relationships, on the basis of certain assumptions (behavior, quality, etc.). We can then continually cross-check those assumptions against our actual experiences, as these unfold. In this way, reputation helps people make choices, and it's enormously important when it comes to showing up on the radar of potential business partners. Yet this is exactly where the disadvantage of reputation-based decisions lies. The value of third-party experiences hangs on the quality of the source, and if you can't determine what that source is, as we'll see, it's hard to form a judgement about how valuable the information really is.

When we cultivate and care for our reputation, we take equal care to avoid any behavior that doesn't conform to that reputation, and could risk tarnishing it.

Reputation Management

Reputation management implies having a good feeling for its key drivers. An ongoing, (low-key), evaluation of our reputation – its overall level and health, its core components - is a pre-condition for successful reputation management.

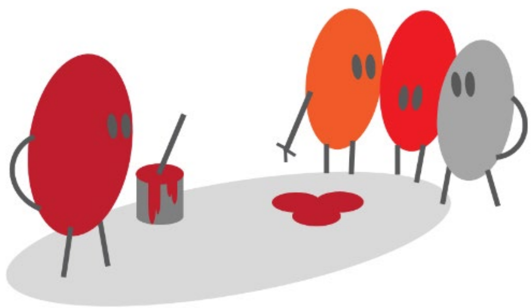
Six important reputation factors

1. The way in which observers perceive us acts as a navigation aid. For example, our values, our credibility, trustworthiness, dependability, authenticity
2. The positive motivations of the partners with whom we interact
3. Our ability to maximize positive co-evolutions[2] (when "the possibilities of intellectual energy unfold, and an optimum amount of happiness energy is released") and minimizing negative ones.
4. Our sense of our relationship with feedback
5. Significant biographical achievements, or missing achievements, and our relationship with these
6. Our communication and self-marketing competences.

Reputation factors 2. and 3. are part of Geissler and Sattelberger's concept of valuable manager relationships. We touched upon them in Personal Governance Principles III and IIIa.

[2] (Geissler, 2003). Managers with good Personal Governance inspire and motivate each other in their interactions. This leads to a climate of job satisfaction, and allows potential to be developed.

CEO’s have yet to fully engage with social media, and may never do so. In 2019, 46% of Fortune 500® CEOs had no presence on social platforms, according to influentialexecutive.com.



A skilled and constructive relationship with feedback. Input and insights from coaching. These are all valuable sources we can draw on when we’re ‘calibrating’ our reputational factors, and for reputation management in general.

To build and carefully cultivate our own reputation and that of our organization, Personal Governance Principles II (Ethical Behavior) and III (Self-Reflection, Self-Assessment and Self-Regulation) are particularly important, together with regularly benchmarking our own behavior against these principles.

Reputation – Self-Check Questions

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2. What is the essence of my reputation?
3. Which observers and stakeholder groups are key influencers in building my reputation?
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Messages and Channels – a changing landscape

By Steffi Gande, Global Marketing Director, Amrop

Voicing positions on issues of the day is a key to personal and corporate reputation-building, according to the Edelman Trust Barometer. But which channels should leaders use for this?

Social media is a double edged sword for senior leaders and organizations.

It’s impossible to ignore the exponential rise in the use of social media over the past ten years. However, CEO’s have yet to fully engage with the medium (and may never do so). Research by influentialexecutive.com published in 2019 confirmed that the world’s leading CEO’s are lagging behind the general public (and hence consumers) in social media adoption: 46% of Fortune 500® CEOs still had no presence on the platforms.

On the upside, social media allows fluid, agile, deep and wide community-building and 24/7 communication across selected channels. It also permits ‘fly on the wall’ insights into audience engagement and mood, thanks to sophisticated social media monitoring tools.

Having a presence on social media was once seen as a cutting-edge act for executives who wanted 'digitally-literate' to be part of their personal brand.

Ironically, quitting it may be the new counter-movement.

On the downside, should an organization fall out of line with its audience, or a CEO make a communication mis-step (such as Uber's Travis Kalanick), negative opinions can spread like wildfire. This may be further fueled by fake news, baseless rumor and at worst, systematic trolling. As the writer and business consultant Tony Schwartz, author of 'The Art of the Deal', recently told Amrop: "The transparency of the world we live in, because of the internet, has given power and influence to groups of stakeholders that didn't have it before. So the CEO and senior leadership has to contend with customers in wholly different ways because those customers can come along on social media and blow up your business overnight if they're dissatisfied in ways that are compelling."

Social media is also receiving some push-back from the public at large.

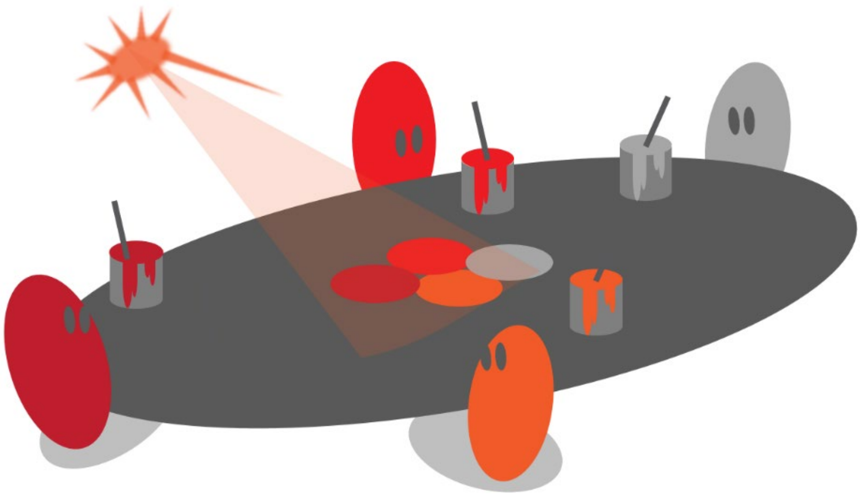
The Edelman Trust Barometer in 2019 showed a yawning gap between traditional and social media – the former is trusted by 64% of the public, the latter, by 44%. Having a presence on social media was once seen as cutting-edge for executives who wanted 'digitally-literate' to be part of their personal brand. Ironically, quitting it may be the new counter-movement. One striking example is Tim Martin, Chairman and Founder of JD Wetherspoon, a leading bar and hotel chain in the UK and Ireland. In 2018 Mr. Martin announced that JD Wetherspoon would stop all its social media platforms. Social media, he claimed, is a distraction, and its importance vastly over-rated.

His announcement was greeted by a tsunami of criticism by business leaders and digital experts. One influential voice in his defense was raised by Marketing Week, a leading publication for communications professionals. Impressed by Mr. Martin's move, it commented that "a very smart, very switched-on leader has worked out that when he looks at his target market, his product offering, his brand position and the objectives for the year ahead, he has concluded that social media does not fit."

What can we learn from this case?

One insight lies in Tim Martin's preferred approach to connect with the frontlines. Henceforth, he has said, the company will focus on its website and print magazine to communicate news, information, and events. (Channels, we might add, which can be fully controlled).

Another insight, more interesting still, is Tim Martin's personal engagement and presence. He makes a point of visiting his company's bars, according to Marketing Week, parking his car at the opposite end of town so that he can sense the environment and its people as he walks to the venue. Not only does this direct contact yield important information, personal engagement has become part of Tim Martin's personal brand.



If social media is losing some traction (or like water, finding its natural level), should CEO's and senior executives focus instead on traditional media, as Tim Martin is doing? Here, too, there's trouble afoot.

Returning to the findings of the Edelman Trust Barometer concerning what the general public want from business leaders, Tim Martin is also an example of someone who has voiced his position on an issue of the day: Brexit. He told BBC News: "I campaigned very vigorously for leave and I did it through writing articles, speaking to the press and the television." Again, "I think tweets and Facebook underestimate the intelligence of the public and it's all a bit of marketing hype really."

If social media is losing some traction (or like water, finding its natural level), should CEO's and senior executives focus instead on traditional media, as Tim Martin is doing? Here, too, there's trouble afoot. In 2018 the Edelman Trust Barometer found that six out of ten ordinary readers were incapable of distinguishing good journalism from rumor, or knowing if a news story was produced by a respected media organization.

Low trust in social and traditional media, the dismissal of social media by a high profile business leader in a sophisticated market - should executives turn away from these channels, at least until trust returns? The answer is *no*. These findings and events in no way signal the end of media, whether traditional or social, as reputation and brand-building vectors. However they do serve to remind leaders of the importance of carefully evaluating which channels best serve their reputational purpose, and deploying each in a strategic, responsible and authentic way.

In Conclusion

Perceptions surrounding the attitudes and behavior of supervisory and executive board members are a decisive factor in successful leadership and in good Corporate Governance. The seven Principles of Personal Governance can be seen and deployed as the engineering that underpins the dizzying rollercoaster of public engagement and reputation. The attitudes and behaviors linked to the seven Principles go a long way to shaping an executive's personal image and charisma.

Good Personal Governance is a decisive factor in the reputation of executives and companies.

About Amrop

With over 70 offices in nearly 50 countries, Amrop is a trusted advisor in Executive Search, Board and Leadership Services. Amrop advises the world's most dynamic organizations on finding and positioning Leaders For What's Next: top talent, adept at working across borders in markets around the world.

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Credits
This series is based on 'Personal Governance als unverzichtbarer Teil der Corporate Governance und Unternehmensführung' – Fredy Hausammann, (Haupt Berne, 2007). Translation and editing by Steffi Gande.