ethikos Volume 32, Number 3. May 01, 2018

Reputation Risk Management: Everything you always wanted to know but were afraid to ask

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A good reputation has always been the cornerstone of any successful partnership.

A company with a solid reputation will be more successful than a company with a poor reputation. This success can create a positive feedback loop, further enhancing a company's reputation and leading to even more success, propelling earnings, and raising the value of a company. The inverse holds true as well — poor performance followed by a reputation hit can send a company into a tailspin.

"A company's reputation should be managed like a priceless asset and protected as if it's a matter of life and death," wrote the authors of a 2014 report from leading consulting and advisory firm Deloitte. "Because from a business and career perspective, that's exactly what it is."[1]

As early as 1992, researchers defined reputation as a strategic intangible asset, and in the last decade and a half, with the fallout from the Great Recession and the rise of social media as the dominant medium of discourse, the impact a company's reputation can have on earnings has never been greater. Corporate executives increasingly recognize reputation as a business asset central to maintaining and increasing business value.

So whose job is it to manage an organization's reputation? The short answer is: everyone's. However, as compliance and ethics professionals know, "protecting an organization's reputation" stands among the top reasons for having an effective compliance and ethics program.[2] In fact, the work of preventing, uncovering, and responding to corporate misconduct is compliance and ethics professionals' contribution to the overall job of reputation risk management.