

» Corporate Empathy: a new approach to reputation management

Five expectations to improve corporate reputation

Madrid » 01 » 2018

Understanding the influence of shared beliefs on reputation is key. One thing is behavior and another is the interpretation (or meaning) that such behavior can have among certain groups or collectives. In light of the same behavior, the rating can be very different. And the final assessment (that is, the reputation) depends more on the interpretation of the behavior than on the behavior itself.

Reputation is a subjective and emotional assessment. The reputation management approach in the last decade has focused on properly managing the gap between perception and reality. The logical scheme was the following: "do things well, communicate them well and, as a consequence, you will obtain reputation and recognition." Therefore, with this scheme, the key to reputation can be found in the excellent management of intracompany dimensions such as economic results, commercial aspects, human resources, innovation, social responsibility, etc.

However, recent research in neuroscience puts the focus on the management of shared beliefs and the expectations that derive from them as the basis of reputation management. The reasoning would be: "act as it is expected of you. If you exceed expectations, you will have a good reputation."

A movielike example of how a system of shared beliefs is the framework in which reputation is built can be noticed in the following argument: a man returns to the village of his childhood to start a new life, but constantly collides with what "is expected of him", with the expectations of the community placed on him. In the end, he must act accordingly to the expectations in order to be accepted and valued. Surely you know, we talk about John Wayne, Innisfree and *The Quiet man* (John Ford, 1952).

There are five types of expectations whose satisfaction can effectively improve the reputation of a company, brand or person.

I Aspirational expectations. The image or attractiveness that the organization / person projects socially and with which we want to associate ourselves with.

Who does not want a fun, healthy and full of friends life? A family business in New Zealand has revolutionized gyms around the world with the concept "*Les Mills*". Associated with Reebok, thanks to its connection with the dreams of the urban western citizens it has become a giant of the sector. Millions of people every day share their passion for a brand that offers them happy moments and has been able to identify fully with their aspirations.



2 Pragmatic expectations: the utility, the fulfillment of promises and the expected results.

Iberia and Iberia Express received the “World’s most punctual international airline in 2016” award. This is a prize of great importance in a sector in which the promise of good service and punctuality is key to compete, and in which pragmatic expectations play a decisive role.

3 Relationship expectations: determine the type of relationship expected with the company / person (trust, closeness, no deception, etc.).

All sports lovers associate the **All Blacks** (Princess of Asturias Sports Award 2017) with generosity, effort, greatness or empathy with the fans. Once the World Championship finished, a child jumps to the field to hug a player. The reaction of that athlete, Sonny Bill Williams, reinforces the collective reputation of the team, because it totally exceeds expectations: it gives the young man his medal as a world champion.

4 Ethical expectations: linked to the values of the organization / person in relation to their own values. On November 3rd, 2017, just a few days after **Kevin Spacey** was involved in a scandal over allegations of sexual harassment of minors, Netflix announced **that it would not renew the hit series** “House of Cards” (starring the actor) while Spacey was part of it. Also, it stated that it was cancelling a film project on Gore Vidal starring him.

5 Social expectations: linked to the purpose or contribution of the organization / person for the solution of social problems.

Climate change and the **drought process**, in particular, made of the rational use of water, a frequent subject of discussion and one that is sensitive among Spaniards. Aligned with that concern, Coca-Cola is committed to minimizing the water it consumes and returning to the environment **all the water** contained in its products.

These five types of expectations are transferred to the management model in the following 5 dimensions:

- **Image.** This dimension describes if the company or person “generates positive feelings among people.” It allows us to obtain an indicator of attractiveness that measures the degree of alignment with the aspirational expectations of the stakeholders (whether they want to see themselves or not related to that brand or person). It allows us to classify the image of the company or person based on its assessment as innovative, differential, current, devalued or obsolete.

“Reputation management works the other way around: part of listening and interpreting the beliefs and expectations of the public (first understanding), to be able to formulate an empathic response (to be understood)”

- **Credibility.** This dimension describes if the company or person “responds to the promises it generates.” It allows us to obtain an indicator of reliability that measures the degree of alignment with the pragmatic expectations of the stakeholders in relation to the fulfillment of the promises made (proposal of perceived value). It allows us to classify the company or person according to their assessment as excellent, rigorous, disciplined, informal or fraudulent.

- **Transparency.** This dimension describes whether the company or person “provides clear and sufficient information about its activities, products and services. Do not cheat.” It allows us to obtain an indicator about the ability of a company to explain itself and establish sincere relationships with its public that measures the degree of alignment with the expectations of dialogue and relationship of the stakeholders. It allows us to classify the company or person according to their assessment as close, proactive, reactive, opaque or lying.

- **Integrity.** This dimension describes if the company or person “acts ethically and honestly in the market.” It allows us to obtain an indicator of the behavior from the values that measure the degree of alignment with the ethical expectations of the stakeholders in the sense of being an honest, fair and respectful company (one with an exemplary conduct). It allows us to classify the company or person based on their assessment as exemplary, honest, legal, cheating or corrupt.

- **Contribution.** This dimension describes whether the company or person “contributes positively to the improvement of society.” It allows us to obtain an indicator of relevance that measures the degree of alignment with the social expectations of the stakeholders. It allows us to classify the company or person based on their assessment as committed, responsible, insensitive, irresponsible or harmful.

Naturally, companies that want to enjoy a good reputation will have to “do things right” and “communicate them well.” However, doing things right means, firstly, understanding the expectations of the stakeholders.

The traditional approach to reputation management works using communication as a directional tool to convey messages to the public through channels.

Today, we know that reputation management works the other way around: part of listening and interpreting the beliefs and expectations of the public (first understanding), to be able to formulate an empathic response (to be understood). This response includes both the action plan and the communication plan, since both variables affect the interpretation and final assessment of the stakeholders.

Communication and reputation are part of a master formula that results in the generation of value for companies, institutions or people. Increasingly, these economic actors know that the two factors can help them grow their business, improve the Results Account, manage better in a very complex and demanding market. Great expectations that we have to know how to respond from within the profession.



Juan Cardona Director of the Leadership and Corporate Positioning Area at LLORENTE & CUENCA. Cardona has 20 years of professional experience in the areas of corporate communication, reputation and social responsibility, and has advised Neinor Homes on its communication strategy, in its creation and launch. He has been Director of Operations in Corporate Excellence, and Director of Corporate Responsibility and Reputation of Ferrovial.

jcardona@llorentycuenca.com



Jorge Tolsá Senior Consultant of the Leadership and Corporate Positioning Area at LLORENTE & CUENCA. Tolsá has 10 years of experience in research and management of reputation and corporate communication. Before joining LLORENTE & CUENCA, Tolsá worked as a consultant at the Reputation Institute and as a Project Manager at Telefónica's Interactive Generations Forum. Tolsá holds a European PhD in Communication and a Degree in Advertising and Public Relations from the University of Navarra, as well as a Master in Media Research from the University of Stirling (United

jtolsa@llorentycuenca.com



d+i developing ideas

LLORENTE & CUENCA

Developing Ideas by LLORENTE & CUENCA is a hub for ideas, analysis and trends. It is a product of the changing macroeconomic and social environment we live in, in which communication keeps moving forward at a fast pace.

Developing Ideas is a combination of global partnerships and knowledge exchange that identifies, defines and communicates new information paradigms from an independent perspective. **Developing Ideas** is a constant flow of ideas, foreseeing new times for information and management.

Because reality is neither black nor white,
Developing Ideas exists.

www.developing-ideas.com

www.uno-magazine.com



AMO is the leading global partnership of corporate and financial communications consultancies.

Our best-in-class approach brings together local-market leaders with unrivalled knowledge of stakeholder perceptions, financial markets and cross-border transactions in the key financial centers of Europe, Asia and the Americas.

Providing sophisticated communications counsel for reputation management, M&A and capital market transactions, media relations, investor relations and corporate crises, our partner firms have established relationships with many S&P 500, FTSE 100, SMI, CAC 40, IBEX 35 and DAX 30 companies.

www.amo-global.com