

Tackle reputation by monitoring the perceptions of different stakeholder groups

RELATIONSHIPS ARE REPUTATION

Reputation is a notoriously nebulous issue to tackle. But by focusing on stakeholder relationships companies get closer to influencing perceptions and gauging how they contribute to organizational success.

Reputation matters, but only when it concerns *those things* that matter to *those people* that matter to the organization. For example, a prospective employee considering joining an organization will be strongly influenced by that company's reputation for being a good employer. A customer or investor, however, may look to other reputation drivers.

The Oxford English Dictionary describes reputation as "the general estimation in which a person is held by the public." If reputation is "estimation," then it's about perception rather than reality. So its perceptions that govern the relationships organizations have with their stakeholders. And relationships with a number of different stakeholder groups underpin organizational success.

Key drivers of reputation

Reputation is too immense to measure unless you can pin down what matters to people. This is why research is needed to understand what the key drivers of reputation are for different stakeholder groups.

For example, in a study we recently undertook for a healthcare company, we were able to establish that the key drivers for their customers were that the organization was "highly active in their industry," "committed to finding cures for diseases" and that it "invests in research."

Armed with this understanding, it's now possible for the company to start tracking how stakeholders perceive the organization to be

delivering on their key measures, how this changes over time and to what extent a favourable perception creates stronger relationships.

Managing relationships

In order to manage relationships, organizations need to have a good understanding of:

- Which stakeholder groups matter the most?
- Within each stakeholder group, who are the most and least loyal members?
- What matters to these people?
- How do you perform in those areas?
- What do they think of you?
- What are the bonds you have with them?
- What are the barriers?

In an ideal world you would be in contact with all your stakeholders and monitor your relationships with them over time. But unless you have a mechanism in place to do this, you need to be able to identify homogeneous groups of people that think and act similarly within each of your stakeholder groups.

Segmenting stakeholders

At i to i research, we have an approach to organizing companies' relationships with each of their stakeholder groups. The approach is based on a way of segmenting stakeholders according to two sets of variables – contact and connection.

Measures of contact are typically to do with the depth and frequency of contact between the stakeholder and the organization and their familiarity with, and knowledge of, the organization and its activities.

Measures of connection are to do with perceptions, for example do people trust you, do they think you're a good organization?

Figure One: Stakeholder segmentation by i to i research



The measures that are chosen for contact and connection should be deep-seated and ones that are unlikely to change. Through a research process, you can arrive at a segmentation of your stakeholder groups based on these two sets of measures (see Figure One). Those who score high/high on both sets of measures become your loyal base. Conversely, those scoring low/low are disaffected. Those in the middle – your potential loyalists and weak base – are those with whom you have the potential to build relationships.

Once you have grouped your stakeholders in this way, you can start to track your reputation in a more meaningful way. It's also possible to track how communication affects perception and strengthens relationships within each of the segments.

Relationships provide a better guide to organizational success than reputation alone. And if you enjoy strong relationships with stakeholders, you can better withstand the knocks that are only too common in corporate life. scm



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