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analysis

Staking your reputation on the digital age

August 2014

In these days of increasingly sophisticated social media it only takes one off-message supplier and a backpacker with a phone camera, to bring corporate reputations crashing down. So what steps can a responsible business take?

Miranda Ingram reports

Smart companies have already made supply chains sustainable and are active in CSR (Corporate Social Responsibility), and promote their initiatives on web sites and Facebook in order to build trusted brands and reputations.

Yet in these days of increasingly sophisticated social media it only takes one off-message supplier and a backpacker with a phone camera, or a disgruntled customer whose complaints are being ignored, to bring those reputations crashing down. What is seen in Bangladesh today can affect sales in Glasgow tomorrow; bad news travels from Twitter to Newsnight in a matter of minutes.

And this is happening in a world where increasingly conscientious consumers don't just want a great product or service but demand good behaviour and full disclosure as well. In addition to these consumers, activists (who may have no interest in your product or service), regulators, bloggers, stakeholders - even employees - are scrutinising corporate behaviour as never before. In this instant and global world, "managing" corporate reputations is no longer in the hands of CEOs or communications teams - it is every and anyone's business. If kids with smartphones can bring down governments in North Africa and the Middle East they can certainly destroy a corporate reputation.

Or, as Greenpeace put it: "targeting brands was like discovering gunpowder for environmentalists".

Successful companies have already understood that to be a sustainability leader they need active CSR policies, blogs and tweets, irreproachable supply chains, social media monitoring teams and a crisis management plan in place. But matters have moved on - again. Forget trying to manage your communications - the big shift, now, is towards managing behaviours.

"Behaviour" is the new buzzword, according to Sally McGeachie, Head of Communications at GoodCorporation, the business ethics advisors and auditors who count giants like BBC Worldwide, l'Oréal, O2 and the FTSE among their clients.

Behaviour focus

"It is no longer a matter of having a crisis management plan but about prevention. Every aspect of the corporation should now be behaviour focused," she says. "This starts with identifying behavioural risks such as bribery, fraud, corruption, human rights abuses. Your code of conduct must be embedded in the company and your employees absolutely clear what it is."

Indeed, one impact of social media is that employees not only have a bigger voice than before but can also play a huge role in shaping an organisation's reputation.

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According to research carried out in the US in 2012, nearly twice as many people trust information about a company that comes from an ordinary employee than from a CEO.

All the more important, then, that they know and believe in - even contribute to - their company's vision which is why internal communication is now as vital as external PR work. "Your stakeholders, employees and suppliers must understand what is expected of them, your standards of behaviour must be instilled into them," says McGeachie.

"But at the same time you must be looking at how you behave as an organisation: how quickly do you pay your suppliers? What are their terms and conditions? What are your anti-bullying policies?"

"What about whistle-blowing? Do you have a culture where a disgruntled employee can bring a problem to management - and be listened to - or will they seek out a journalist?"

"It is all about managing behaviour and if you have an ethical culture inside the organisation, and one which your employees and suppliers are involved in and passionate about, this will pay off in terms of your reputation."

"Today, you have to ask not only "is it profitable?" and "is it legal?," she says, "but also "is it right?" And don't for one moment think you can cover something up and that "no-one will find out". This is the biggest sin of all."

Externally, it is also a matter of studying and managing behaviour. What platforms do your consumers use and have you made it easy for them to complain effectively to the company rather than being forced to air your shortcomings on Twitter? Do you know how to communicate your CR triumphs in a way which engages your stakeholders?

And what about activists - how and where do they gather their information and are you making it easy for them to interact with you?

We live in a cynical age so it is no longer possible to slap a CSR statement on your website or to try and hide behind cloaks and screens, warns McGeachie. "Your behaviour, what you actually do, travels faster than your statements. It is when your actions underpin your words that you start to build trust."

Of the social media platforms available to consumers, activists and stakeholders, Twitter is probably the most powerful, not least because most journalists (and politicians) use it. It is also a powerful tool in the hands of corporations - but handle with care, as these two examples quoted by the reputation management company Portland, illustrate.

Handle with care!

Clothing retailer Uniqlo, for example, created a great campaign with their Twitter page, the "Lucky Counter". This featured ten items of clothing and the more people who tweeted about each one, the cheaper it became on Uniqlo's website.

Starbucks, on the contrary, suffered a disastrous hashtag hijack when its UK tax avoidance was disclosed.

The company created its #sharethecheer tweet and displayed the messages on a big screen at the Natural History Museum. Unfortunately, they forgot to monitor the messages, leaving 'tax dodging MoFos,' and 'Hey Starbucks, PAY YOUR ***** TAX,' emblazoned across the London skyline.

More recently during the World Cup, both Delta Airlines, with their picture of a giraffe representing Ghana, where there are no giraffes, and KLM with their "Adios Amigos" departure sign, had to apologise for insensitive tweets.

Nevertheless, the worst corporate reaction to the digital media revolution is to live in fear of it. Yes, it has given the consumer a louder voice - thus altering the balance of power - and yes, it is forcing business to clean up its act, à propos employees and suppliers as much as consumers and activists.

But this is all to the overall good and even though it is impossible to control your reputation, if you imbue the company with an ethical culture and behaviour, this will go a long way towards building the trust good reputation you are after - as well as standing you in good stead in the case of an unforeseen disaster.

GoodCorporation's Dos and Don'ts

Do

- Focus on behaviour: establish a clear code of conduct which states how the company will behave towards all stakeholder groups
- This approach should start with an overt commitment to establishing an ethical culture from senior management
- Ensure that the code of conduct is properly embedded and implemented through

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effective training and communication (e-learning can be a useful tool here)

- Identify the areas of the business that may expose the company to reputational damage and develop policies and processes to manage those risks
- Conduct internal and/or external audits of behaviour and conduct
- Create an open-door culture with a speak-up system that encourages malpractice to be reported and respond when it is
- Ensure that an effective and responsive customer complaints programme is operational
- Include a stakeholder feedback link on the website; monitor comments and respond promptly
- Provide clear guidelines for all staff on the responsible use of social media with examples of what would be considered misconduct and what is acceptable and appropriate
- Consider incentives for good behaviour, managed through the appraisal process
- Ensure a crisis management system is in place and understood.

Don't

- Try to solve a problem by covering it up
- Assume that no one will find out
- Punish those who raise concerns
- Make promises that can't be kept
- Make dishonest or misleading statements about company, products or services

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