

Reputation Management in a Polarized Age

Best Practices for Determining If, When and How to Respond to Issues in Today's Politicized Environment

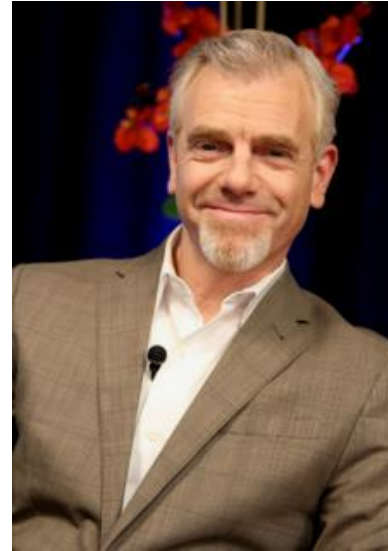
March 27, 2018



Intro



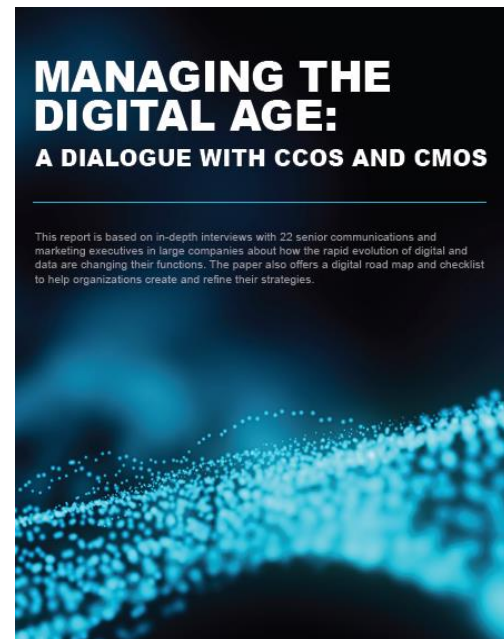
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Overview of research

- I. Handling the new presidential administration – April 2017
- II. Managing the digital age – September 2017
- III. Responding to issues in today's highly politicized environment – Spring 2018



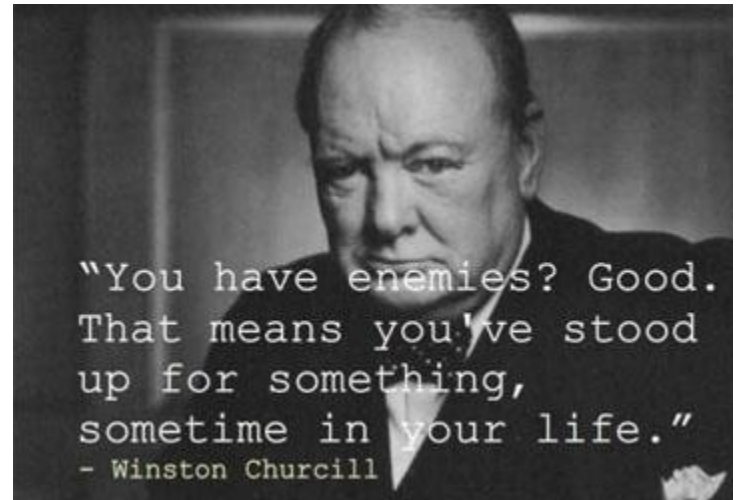
The public expects corporate purpose

- **47% of millennials** believe CEOs have a *responsibility* to speak up about important social issues
- **51%** are more likely to buy from a company led by an *activist CEO*

- KRC Research

- **62% of employees** of all ages expect their employer to *take a stand* on major issues of the day.

- Glassdoor



The leadership vacuum and rise of CEO advocacy

CEOs expected to step up and fill the leadership gaps existing in today's society



Unintended consequences

Oxford University and McDonald's both had gaffes stemming from actions taken during International Women's Day



Yesterday's mistake can be today's opportunity

Organizations with past transgressions can fix what's been broken



The New York Times



Taking a stand

Delta Airlines CEO Ed Bastian stood his ground on a polemical issue

*"Our objective in removing any implied affiliation with the NRA was to remove Delta from this debate. While Delta's intent was to remain neutral, some elected officials in Georgia tied our decision to a pending jet fuel tax exemption, threatening to eliminate it unless we reversed course. Our decision was not made for economic gain and **our values are not for sale.**"*





Peppercomm/IPR 2018 CCO/CMO study findings

Accepting Uncertainty



- More emphasis around putting plans and procedures in place to handle any crisis as it happens
- Is your brand immune to getting into potential debates with the presidential administration or government officials?

Rethinking Preparedness Plans for the Unexpected Crisis



- Are you relying on traditional crisis plans? Or are you developing more sophisticated vetting procedures to evaluate when and how to respond?
- CCOs/CMOs closely aligned with CEO on these matters
- Respond to issues directly involving your business or actively look at social/political/cultural issues in the public sphere?

The changing face of employee communication

- Increasingly expecting and pressing leaders to take a stand on issues and events
- Many brands feel more comfortable taking a stand with employees rather than publically
- Many rely on employee resource groups (such as LGBT, black, women's groups) to communicate and build programming on related issues



Responding with the truth

- Fact-finding is essential (clarify misinformation)
- Consistency across all channels, one set of messages
- To get the truth out, consider telling your story through a beat reporter familiar with your brand/industry.

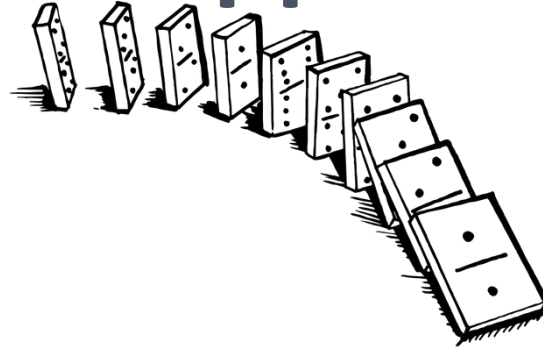


Working through government relations



- How would you rate your relationship with your colleagues on the hill? How does it inform your communications strategy?
- Many communicators rely on their government relations colleagues to identify key issues and arrive at mutually beneficial decisions.
- Lobbyists may fight the fight, but communications pros must be prepared to issue their stance as well.

Team-oriented approach



To avoid a chain reaction of events that could affect the brand, one major airline brand put a team together to:

1. Monitor social media for conversations on relevant issues that may be gaining traction
2. Meet monthly to discuss issues and whether to engage, using purpose as a guide and North Star
3. Account for every constituent who may be affected or agree/disagree with your stand
4. Scenario plan the different outcomes to see the benefits or consequences of each decision



Measuring the effects and impact of a crisis

No Greater Downside Risk



- ✓ Lost CEO
- ✓ \$2B in costs



- ✓ Lost CEO
- ✓ #DeleteUber = 200K lost users in 6 days!



- ✓ Recruiting?
- ✓ Alumni giving?

But also no greater upside...

The Stengel 50 vs. S&P 500



Source: Millward Brown Optimor
*The 42 publicly traded brands within the top 50 were included in the comparison

Companies with a strong brand purpose and aligned culture outperformed the rest of the S&P 500 by ~400% over ten years and two recessions!



Avg. increase of 19% in operating income, 28% growth in earnings-per-share



300% more creative, 31% more productive, 37% greater sales

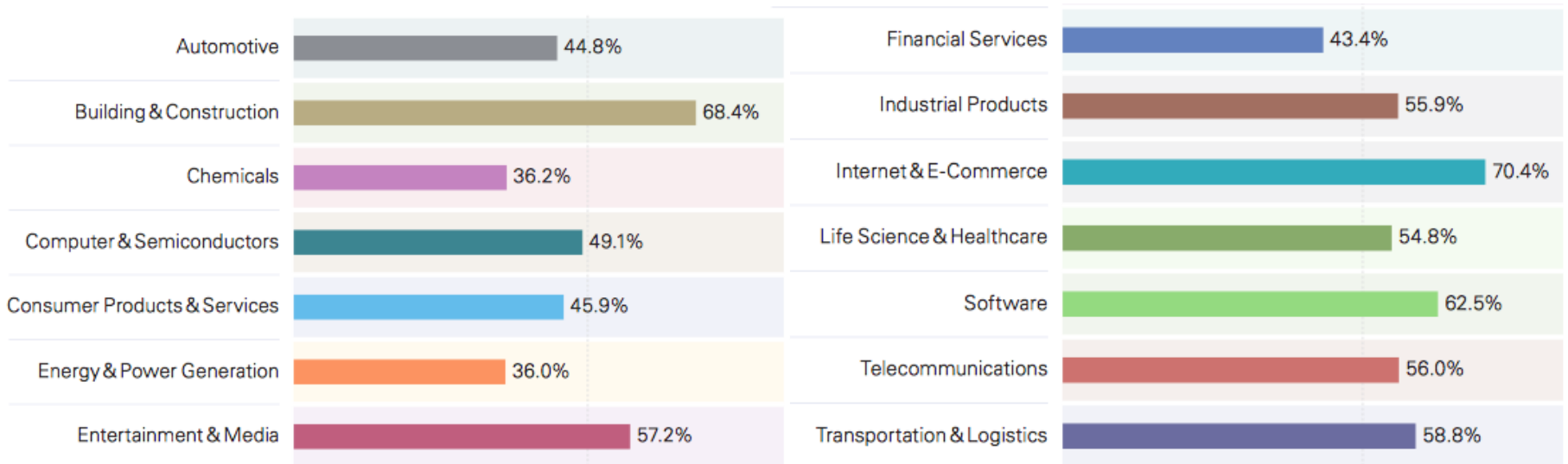


Up to 50% less turnover, profits increase 12x, 4x cumulative stock market returns

Tangible Value in Intangible Assets



Percentage Allocation of Purchase Price to Goodwill By Industry





Understanding Stakeholders

Remember: It's Not Just About You...



Know the Character of Your Audience



INNOCENT
Method, Zappos,
Coca Cola



CREATOR
Adobe, Pintrist,
Pixar



MAGICIAN
Disney, Apple,
Dyson



EVERYPERSON
Ford, Craig's List
AAA



REVOLUTIONARY
RedBull, Über,
Netflix



RULER
Mercedes, Brooks Bros.,
British Airways



HERO
Nike, US Army,
MADD



LOVER
Starbucks, Tiffany,
W Hotels



SAGE
Harvard, Smithsonian,
The Weather Channel



CAREGIVER
Dove, AllState,
Amnesty International



EXPLORER
NASA, Patagonia,
Discovery Channel



JESTER
Southwest, Ben & Jerry's
GEICO



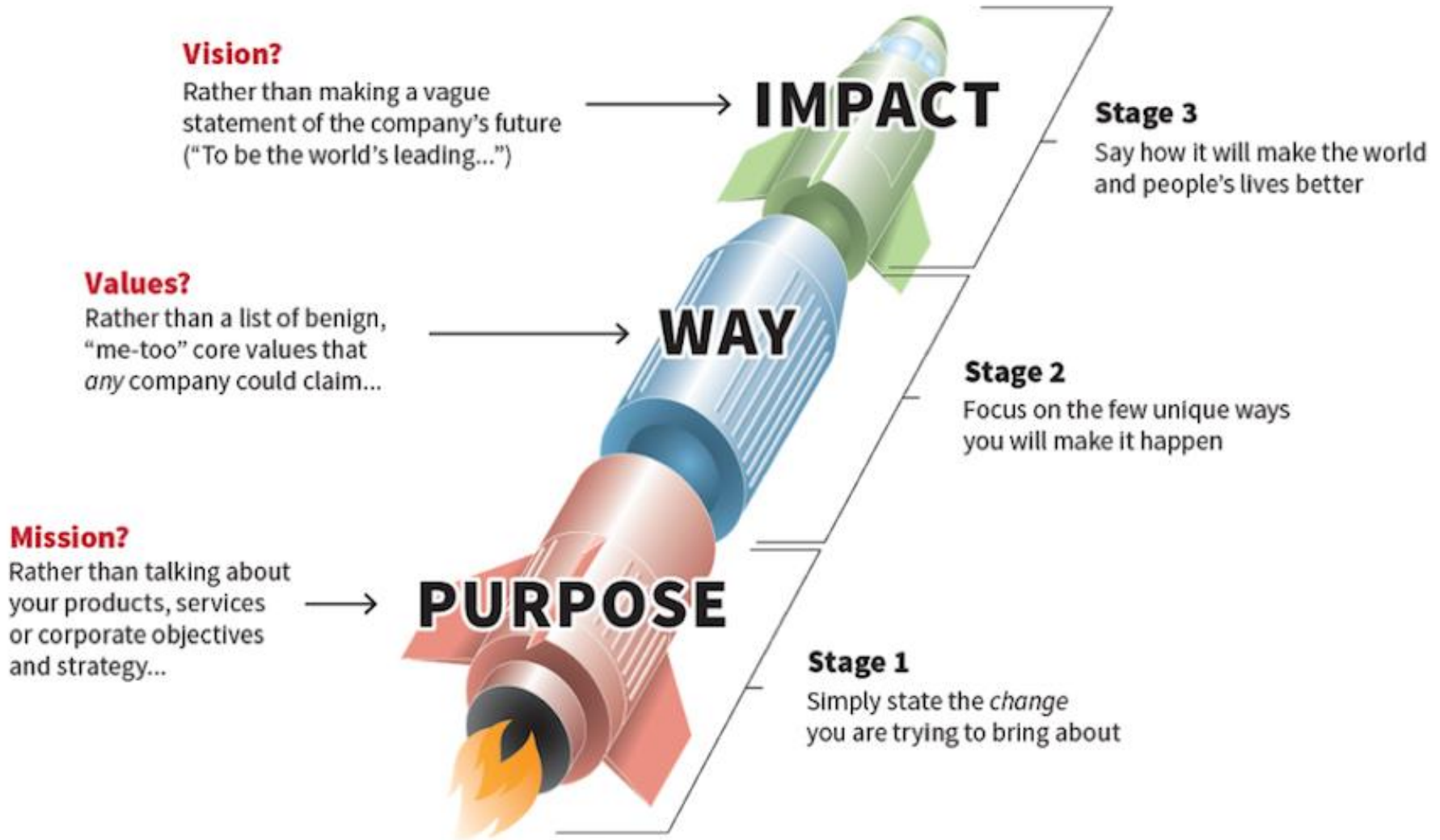
Communicating with Purpose

Move Beyond Mission, Vision & Values...

- Undifferentiated (e.g. “Integrity”)
- WW2 era mentality (“mission”) fails to inspire Millennial generation (“Purpose”)
- Unclear how they relate to one another (mission vs vision?)
- Often ignored, sometimes ridiculed



A Better Model: Purpose-Way-Impact



Purpose Defined

These four brands embody what it means to have a premiere corporate purpose



Tell a Story

- We're genetically wired for storytelling
- Our brains are more active when we are reading or hearing a story
- We can recall (and retell) stories better than facts

Example:

"A small group of powerful interests have aligned to rig the system and perpetuate their power at the expense of ordinary people."



Bad Guys:
Wall Street

Bad Guys:
Washington

Put it in Writing... & Celebrate it



IN CONGRESS, JULY 4, 1776
The unanimous Declaration of the thirteen united States of America

When in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. — That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed, — That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness. Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes; and accordingly all experience hath shown, that mankind are more inclined to suffer under the worst of Governments, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same Object, evinces a design to reduce them under absolute Despotism, it is their duty, to throw off such Government, and to provide new Guards for their future security. — Such has been the patient Sufferance of these Colonies, and such is now the necessity which constrains them to alter their former Systems of Government. The history of the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct or indirect consequence, a total Denial of the Rights of the Colonies.

He has refused his Assent to Laws, the most wholesome and necessary for the public good.

He has forbidden his Governors to pass other Laws for the accommodation of large districts of People, unless those People would relinquish the right of Representation in the Legislature, a right inextinguishable and inalienable.

He has refused to assent to Acts of the Legislature, the most equitable and necessary for the support of the Colonies.

He has called together legislative Bodies at places unusual, uncomfortable, and distant from the depository of their Public Records, for the sole purpose of wearing out their Members by long and tedious Sessions, and for expending vast Sums of Money in one and the same Session upon a trivial and unimportant Business, to amuse them to the last moment, and to prevent their attending to any other Affairs that may concern the Public.

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Questions & Comments

