two streams of research on reputation continuity that contribute to corporate reputation management: (1) business continuity and (2) operational continuity as it is tied to image restoration.

Business Continuity

In the crisis management literature, the importance of a timely, immediate, and adequate response to maintain the critical functions of an organization and keep intact the key organizational goals has been embodied in the field of business continuity. Theorists argue that business continuity's task is to identify critical processes, assess the damage that an organization would suffer in the event of crises and disruptions, and ensure minimum effects on the overall systemic and organizational capacity. Business continuity, initially developed as an information technology concern, has grown substantially to the extent that it often replaces traditional crisis management plans and functions.

A reputation continuity approach produces interesting results for the overall task of business continuity. Business continuity may be seen as a mind-set and a value-based set of capabilities. The results are precisely how reputation continuity may reinforce these mind-sets, build a sense of trust in the organization among its stakeholders, and act as a survival resource. The opening of stakeholder communication and reputation preservation may facilitate the work of business continuity and the handling of emergencies, in the sense that the emerging networks of collaboration can potentially assist the operational resolution of issues. It is due to preserving reputation capital that organizations are able to work effectively and without a hidden agenda for the immediate and effective resolution of a crisis and the analysis of a problem.

Operational Continuity and Image Restoration

While operational continuity and image restoration have been seen as two exclusive tasks, often understood as in a linear sequence, it is part of the immediate organizational tasks to work closely with stakeholders in order to ensure that trust links are not lost and reputation is sustained. This approach requires from organizations three changes in the way crises are handled. First, they are required to embed reputation actions and consequences as part of their operational crisis-handling procedures and not neglect the stakeholders. Second, they must abandon a dedicated and exclusive communication-based perspective in favor of a more profound collaboration with their stakeholders and their audiences. Finally, organizations need to be able to monitor their reputation capital, mainly through intensive surveying, in order to make sure that they are aware of damage to reputation as soon as it emerges. The strategic view of reputation as a value that needs to be sustained and protected in times of crisis can lead to image restoration and postcrisis image recovery while empowering an active and ongoing reputation continuity approach.

This approach calls for a new reputation management approach, one that sees corporate crisis communications as an open, shared, and collective process. Most crisis communication frameworks require a high degree of centralization, information control, and a tight strategic set of boundaries. While those principles are validated in practice, a more flexible, decentralized, human-based, and relatively unstructured communication process may lead to good results, particularly when outsiders consider the organization as being in a "noncrisis" situation and normal communication continues.

Epaminondas Koronis

See also Image Repair Theory; Reputation Management; Situational Crisis Communication Theory

Further Readings

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REPUTATION COUNCIL

A reputation council is a cross-functional senior team at a company entrusted with the stewardship of the company's reputation. A reputation council is not unlike a brand council, which may even be composed of the same people. The principal difference is that while the brand council monitors what the company says and does, a reputation council focuses on how stakeholders perceive a company and how their actions affect that perception.

CEOs have always understood that a good reputation is an essential condition for the short- and long-term success of their company, but until recently, they had few tools to manage it. The use of reputation councils has helped change this. Many of today's most reputed companies now have a sort of reputation council. Exact figures are not known, as companies are typically discreet about their reputation management programs, but such councils are becoming increasingly common among the Fortune 500 companies.

Since the mid-1990s, the Internet, and in particular the rise of social media, has allowed the behavior of companies to have greater visibility for every stakeholder, making a strong corporate reputation a source of comparative advantage. Now that reputation represents as much as 15 percent of the market value of some companies, many executives have recognized that to protect this powerful yet delicate asset they need an active reputation management program that includes an empowered reputation council. This entry discusses the roles, responsibilities, and advantages of reputation councils and how organizations set up reputation councils.

Roles and Responsibilities

The mission of a reputation council is to provide the governance necessary to manage a company's reputation while mitigating risks. A reputation council assesses the company's overall risk profile, weighs the relative seriousness of each key risk the enterprise faces, and then proposes plans to reduce those threats. A reputation council is not a crisis management team; instead its focus is on preventing reputational problems from developing.

The vision of a reputation council is to act as a unifying force that creates alignment and consensus across the organization with regard to the seriousness of its reputational risks. The council advises the organization's executive council on the measures that should be taken to contain those risks and works to ensure that every major decision is only made after considering its potential reputational impact.

The responsibilities of a reputation council include a deep understanding of (a) the company's key stakeholders, (b) how the company is regarded by those stakeholders, (c) the root causes of their opinions, and (d) what metrics the company needs to focus on in order to maintain or improve those perceptions.

Advantages

Reputation councils offer companies a number of advantages. First, a reputation council gives a company a structured approach to think ahead in defensive rather than reactive terms. For example, if an important public policy issue faces the banking sector, a bank's reputation council would study how various outcomes might affect the bank's reputation. The members would return to their departments to consider the right course of action to mitigate the risks and then reconvene to develop recommendations to propose to the executive committee.

Second, centralizing the handling of reputation concerns through reputation councils also helps raise awareness of risks throughout the company. Often, in a large company, the actions of one unit may have an impact on the company's reputation in other units or as a whole, but without a mechanism for general consideration, the company won't perceive the reputational risk until it's too late.

Finally, and perhaps most important, such a council serves a kind of evangelical function in making each of the company's units more aware that its actions will have consequences for the reputation of the entire organization. Rather than leaving reputation to corporate communications' or marketing's purview, a reputation council spreads general awareness that every action the company takes—from the mailroom to the executive suite, from setting up a factory in China to opening a retail store in Phoenix, AZ—may have an impact on the company's reputation as a whole.

Setting Up a Reputation Council

Establishing a reputation council is an investment. Reputation councils are typically small (five to eight person) groups, but they represent an expensive opportunity cost as they are composed of senior executives drawn from marketing, corporate communications, product development, investor relations, human resources, information technology, and finance. The best candidates are curious, have an affinity for measurement, are knowledgeable about the business, and are very adaptable and flexible in their thinking. The chair is typically an appointee of the CEO and should have been the chief marketing officer or chief communications officer, although more chief reputation officers are likely to emerge in the next 5 to 10 years. A newly formed council should meet often, but once established, it should meet no less than quarterly. Meetings should coincide with the budget cycle to make the recommendations more financially actionable.

Before it undertakes its regular tasks, the council should develop standard operating procedures for the group's governance. This living document should have several sections:

- It should specify the roles and responsibilities of each participating department; for example, the information technology representative will be entrusted with questions of information security and with customer data protection.
- It should define the company's key stakeholder groups and prioritize them. In the bank example discussed earlier, the bank might identify its current customers, potential customers, investors, and regulators as four distinct groups of stakeholders. (In general, a key stakeholder is any group whose respect the company needs to survive.)
- It should develop a "risk register," aimed at outlining enterprise-wide risk scenarios and analyses illuminating the impact those threats might have on the business. The council should spell out the distinctive reputational risks the company faces with respect to each stakeholder group, rate those risks in terms of seriousness, and develop strategic playbooks for each of them.
- It should select a reputation framework to allow for measurement, tracking, and insights. The measurement aspects can be critical in determining the scope and potential impact of risks among stakeholder groups and in helping the company navigate potential actions and communications to mitigate those risks.

Once that is all in place, the council then needs to design cross-functional processes for making business decisions and taking actions that prevent and manage reputational risks.

The council's annual work is charting the internal and external landscape for reputational risk and opportunity. It should monitor how the risks facing the company evolve, refreshing the register of principal risks facing the company and reviewing its priorities and recommendations for action in light of those changes.

Conclusion

In today's transparent business environment, papering over problems is no longer an option. Stakeholders want honesty, not perfection—actions and communications that are not aligned with a company's value and mission are apparent to stakeholders and pose reputational risk. A reputation council is the key to any successful corporate reputation management program and an essential aspect of 21st-century business strategy.

Leonard J. Ponzi

See also Alignment Between Identity and Reputation; Corporate Governance; Crisis Response Strategies; Ethics of Reputation Management; Executive Leadership; Leadership's Role in Reputation; Mindful Learning; Organizational Listening; Organizational Renewal; Reputation Crisis; Reputation Risk; Stakeholder Theory; Stakeholders; Strategic Alignment; Strategy

Further Readings

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Reputation Crisis

A reputation crisis is the perception of an unpredictable event that threatens stakeholder expectations of an organization. Organizations are expected to adhere to certain norms. When an entity's action or inaction is viewed as contrary to the expected social norms, an expectation gap