

Where do you go to get  
your reputation back?

# REPUTATION

**During Ronald Reagan's Presidency, his Secretary of Labour, Ray Donovan was cleared of all charges in a very high-profile corruption case. Following his acquittal, he asked: "Where do I go to get my reputation back?"**

In that plaintive question, he recognised that good reputation built over time is very easily lost – and that innocence of the allegations would not translate into an overnight restoration of hard-won reputation.

In the current climate many reputations – both business and personal - are being challenged.

Personal reputation can be defined simply as people's view of your character – and trust-based relationships are based on that view.

For companies and organisations, the public view of reputation or character is made up of a range of elements. At the most basic level, people will have a view of your products and your services. But even if your products and services are above reproach, the public view will take into account other aspects of your corporate character - how you treat your staff, whether you contribute to the local and the wider community, your environmental record, the character and reputation of your key people.

Damage in any one of these areas can taint the entire reputation of your organisation, irrespective of the strength of your core product or service.

Many businesses – and individuals - take their good reputation for granted and only become really conscious of its value when it is threatened. A time of crisis, however, is not the ideal time to start managing reputation. At such a time, damage limitation may be the best you can hope to achieve.

Protecting reputation during a crisis – and restoring it when the crisis has passed – are more easily achieved if you had built up 'credits' to begin with. People may be more inclined to give you the benefit of the doubt if they already have a sense of who you are, what you have done, and how you have contributed.

Rather than wait for a crisis to happen, there should be a more considered and strategic communications plan in place to ensure your reputation is being proactively managed.

## Developing a Reputation Management Plan

Some organisations have a Public Relations Department that monitors and manages the organisation's profile and reputation. In smaller companies and bodies, it is often overlooked. A growing number of organisations, however, now recognise that Reputation Management and Reputation Protection should be on the senior management agenda at all times.

Proactive reputation management is about identifying your key audiences, the messages these audiences should hear, and then ensuring that these messages are transmitted effectively. Audiences being taken into account should include customers, potential customers, shareholders, staff, suppliers, regulators, auditors, bank managers, State agencies, industry influencers – and the media. The media are a route to many audiences – but they are themselves also an audience.

## Damage Limitation in Times of Crisis

The default instinct in many organisations in a time of crisis is to 'say nothing until we're absolutely sure.' But while you're saying nothing, the vacuum is being filled with rumour and speculation and a belief that since nothing is being said, ergo, nothing must be happening or worse 'bad things are happening and we aren't being told.'

During a crisis, you need to communicate openly and often. You need to act: to contain the issue, to build recovery and to rehabilitate reputation. Above all, you must act to review what happened and to prevent reoccurrences in the future.

## Our Services

In Carr Communications, we bring a range of disciplines and expertise to bear on proactive Reputation Management and reactive Crisis Management.

Our PR division is one of the leading public relations companies in the country and provides strategic communications planning, crisis management, media relations, stakeholder communications and media monitoring and analysis.

We have assisted some of the country's largest businesses and organisations in managing potentially damaging issues in a way that limited the damage and minimised the long term negative impact. We have supported individuals who were facing significant damage to their personal reputations and helped them to retain, and / or restore a positive public profile.

In the case of both reactive and proactive reputation management our Executive Training and Consultancy division provides support in the areas of high-impact presentation, negotiation skills, persuasion and influencing, leadership in crisis, and executive coaching.

We have worked with a range of organisations to manage the communication of redundancy and other HR issues.

## Our Partners

Carr Communications maintain strategic partnerships with leading organisations to provide additional assistance in the areas of:

- insolvency
- legal matters
- tax, accounting and financial advice
- estate / property management

All of our services can be tailored to ensure that the right support is in place to provide the proactive support you may need. If you or your company find yourself in a situation where your reputation is potentially threatened and you would like to have a confidential discussion regarding how we might be able to help, please contact Donal Cronin on +353 1 772 8900 or donal@carrcommunications.ie

## Case Studies

One of the most well-known case studies of a superb response from an organisation in a time of crisis was that of Tylenol in the US. In the early 80s, someone began putting cyanide capsules in jars of Tylenol on the shelves of shops in Chicago. Seven people died. Johnson & Johnson, the parent company, found itself in a profound crisis not of its own making – people buying Tylenol were dying.

The response from Johnson & Johnson was the epitome of open communication. Rather than try to contain the story, they immediately went public and alerted all consumers telling them not to buy or consume any Tylenol products. They withdrew all product from all shelves across the United States, a vast product recall. They kept the public and the media informed at all times.

And then they came back with their solution – a tamper-resistant seal on all bottles. Their clear focus on the safety of the public and their open communication led to an enhanced reputation following a crisis which could have destroyed the brand and the company. There are clear lessons in their approach for any organisation facing a crisis that has the potential to damage their corporate reputation.

Client confidentiality naturally prevents us from providing detailed case studies from our own clients. Our team at Carr Communications has, over the last 35 years helped many businesses, organisations and individuals to protect their reputation. In the recent past we have helped create and implement communication plans for issues as diverse as poor results for a major company resulting unexpectedly in the loss of hundreds of jobs to the potential threat to a client organisation on foot of the work of an investigative journalist. We are available 24 / 7 / 365 and this flexibility was recently demonstrated when an issue of international importance for a major client surfaced at midnight on a Saturday night. Proactively, and reactively when required, we have helped to manage the communications plans for a range of sensitive issues surrounding product, regulatory, commercial and financial performance.

# AN INDIVIDUAL CASE STUDY \*

\* This case study has been reproduced with our client's permission. Some personal details have been changed to protect their identities.

Frank (39) and Mary (34) own a significant portfolio of residential development sites, with gross debt from five banks at €70m, much of it personally guaranteed. None of the sites has been developed, and all are now stranded in an illiquid market. Interest charges will amount to €3.5m p.a., currently being rolled up. They live in a large house, newly built, of which they are naturally inordinately proud. It is mortgaged for €4m. Mary owns a travel agency business, which has contracted in twelve months from 82 staff and 10 branches to 3 staff in one branch. John owns a printing company, which has lost half its volume and all of its profitability, and is indebted. Cash reserves are nil. Income is nil.

## Facing Reality

Carr Communications became involved in October 2008. We started with a 'reality session' and developed a number of outcome scenarios, then rated them for probability. Mary and Frank found this enormously useful, having previously failed to consider some of the possible outcomes they generated.

## The Strategy

An ambitious but realistic work-out strategy was created along with an associated programme of work. This involved discounting the proposed houses to cost based on the existing debt levels plus the now reduced cost of building out. The establishment of a JV relationship with a credible, bankable constructor partner and the production of a communications plan for all key stakeholders including agreed messages for each audience.

## Plan Implementation

Through our property partner Carr Communications introduced a constructor partner, and chaired two meetings, following which the parties developed a sustainable independent relationship. A formal JV was entered.

Another key stakeholder were the banks. Carr Communications financial partner began to prepare Mary and Frank for formal presentation and a trial presentation was facilitated with a friendly banker. The banker was subsequently retained to advise them directly in the bank interactions. These commenced, starting with the smallest debt, working to the largest. Carr Communications attended all five meetings, as a silent advisor, providing feedback after each meeting.

As part of the process we identified their extended families and social network as a key communication audience, as they had borrowed extensively from this group, and rumours abounded – all negative. We agreed a structured approach to communicating with each party, and they set about proactive (sometimes painful) discussions, negotiating as they went to achieve pre-defined outcomes.

## Outcomes to Date

Following the extensive strategic planning and implementation outlined above Frank and Mary surfaced extremely strongly, hugely prepared, all questions answered, with a constructor JV partner and a workable solution, albeit with significant bank assistance required. They were calm and clearly in control.

As a consequence, all banks have now agreed to the proposed strategy and facility letters are being delivered. The constructor will commence on site, providing significant project management assistance right across the portfolio. The travel agency and the printing business have been stabilised, and are now receiving greater focus. Their relationships with key people in their support network are now stronger, following clear, planned communication. We are now commencing on a plan to stabilise their personal finances in preparation for a difficult, but budgeted, two years ahead.

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