# Managing Reputational Risk

## The RepTrak Risk Solution



### The RepTrak Company

At The RepTrak® Company, we define Reputation as the emotional connection between a company and the audiences it cares about - the public, customers, employees, investors, employees, regulators, etc.

We measure a company's corporate reputation using a reputation score that enables benchmarking across competitors, industries, and countries.



### Why is Reputation So Critical?

In a rapidly evolving business climate, companies are evaluated by much more than what they sell – it's about what they stand for, what they say, and what they do.

Companies are especially vulnerable to anything that damages their reputation as a result of the enormous weight of intangible assets on their market value.

Corporate reputation has become central to your business success and survival. Companies that are slow to act or don't act at all risk getting left behind as market dynamics evolve.



#### Evolution of market value: 1975-2020



Source: https://www.oceantomo.com/intangible-asset-market-value-study/ \*Interim study updated as of 7/1/2020



### How can you identify opportunities and risks?

RepTrak's rigorous, academically tested Reputation Model has provided trusted results for more than 20 years. The world's leading companies measure their reputations across more than 60 countries among a diverse range of industries.

The RepTrak Reputation Model helps companies identify areas of opportunity and risk to optimize business outcomes and achieve longterm profitability.

While RepTrak's Reputation Score summarizes how stakeholders feel about a specific company, Reputation Drivers reveal how stakeholders assess key business areas, to identify company strengths, weaknesses, and immediate business opportunities.



### **The Reputation "Value Equation"**

Reputation is a long term asset companies need to protect every single day





### What is Reputational Risk?

Reputational risk is a negative event that diminishes the perception that stakeholders have towards your company, and in turn their willingness to support your company.

The stakes for carrying reputation risk are higher than ever before – negative events have an immediate impact and can go global instantly. Costs due to a lack of preparation can be catastrophic.

There are also more potential risks for firms operating in a complex global economy, such as product recall, accounting malpractice, employee turnover, fraud and abuse allegations and so on.



### **6 Challenges Related to Reputational Risk Management**



**Unclear definition of reputation.** What is reputation and how does it relate to brand andtrust?



**Confusion on the categorization of reputational risk.** Is it a risk in its own right, or a causal factor of other risks?



No commonly agreed upon, consistent measurement of the business impact from specific risks to reputation. How do organizations measure and quantify the impact of issues on reputation?

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### No framework for linking the strategic, operational and tactical aspects of reputational risk management.

How do organizations get datato support all three levels?



An absence of integrated ownership and accountability across organizations. Do reputational risks sit with corporatecommunications, risk management or the issueowners?



**Slow development of solutions for risk transfer.** Can reputation be insured?



### The RepTrak Risk framework

### **Reputational Risk Management**

### Mapping

Identification and selection of thematic Reputational Risk for the Company What are our risks?



### Response

Develop response plans for priority Reputational Risks. Create action plans that develop internal capabilities to manage Reputational Risks

How to manage priority Reputational Risks?

### Assessment

**Internal**: Evaluation of the likelihood that Reputational Risks will materialize. **External**: Measurement of the impact of Reputational Risk on Business

What is the impact of risk on our Reputation?

### **Prioritization**

Based on results: Reputation Risk Audit issues are prioritized and categorized What risks should we prioritize and address?

### **The RepTrak Risk Solution**

RepTrak's Risk Solution helps you evaluate, report, and monitor critical reputational risks across your business. You are able to capture the impact that reputation risk has on your business more accurately so you feel more confident in your risk management approach.

RepTrak provides four Reputation Risk Audits over a twelve month period, where you also receive access to your data, results, and one-to-one guidance.

Our integrated solution combines the power of our reputation intelligence software with personalized support from our reputation, risk, and industry subject-matter experts.

Learn more about how RepTrak's Risk Solution can protect your business today. Visit <u>https://ri.reptrak.com/reputation-risk-solution-2020</u>

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