

RISKY BUSINESS

REPUTATIONS ONLINE

15 REALITIES & 15 RULES FOR MANAGING REPUTATION ONLINE

WEBER SHANDWICK

Advocacy starts here.

A survey conducted in cooperation with

Economist Intelligence Unit

The
Economist

EACH YEAR BRINGS A NEW SET OF CHALLENGES TO LEADERS. Yet, one challenge that not only endures but also grows in importance is managing and protecting company reputation. Raising this challenge even further on the leadership agenda is the evolving online community. Here, the sound of splintered stakeholders, intensifying media scrutiny, escalating scandals, globalization, and demands for stronger economic governance and corporate responsibility has reached deafening proportions.

The Internet's influence is sweeping through corporate corridors and boardrooms, suddenly illuminating before the public not only the latest in progress and innovation but also a company's secrets. Nearly overnight, many companies transformed from steel-framed monoliths to glass houses. Risks that did not exist a decade ago are now on full display—internal e-mails going astray, negative online campaigns by dissatisfied customers, and online grumblings (“digital picketing”) from disenchanted employees, bloggers and any one else who has an opinion to voice.

Online company reputation risks facing leaders are already growing more complex as new digital platforms—social networks, blogs, virtual realities, Twitter and RSS—rapidly gain acceptance. No digital eraser exists to wipe away company missteps. Today we are witnessing both the positive and negative features

of this new era of transparent corporate behavior and instant communications: the possibilities for building long-lasting competitive advantage coupled with unprecedented threats to corporate reputation.

Global public relations firm Weber Shandwick recognizes that companies need to better understand how to successfully manage their reputations in an always-on and always-open marketplace. Leaders are increasingly asking questions about how they can build, enhance and defend corporate reputation when it is continually under siege, and redefined, by online and offline communities.

On behalf of clients and companies worldwide, Weber Shandwick commissioned the Economist Intelligence Unit (EIU) to conduct a worldwide online survey of 703 senior executives from 62 countries. The survey, *Risky Business: Reputations Online*[™], was conducted in June and July 2008. Sixty percent of companies in the sample generated more than \$500 million in annual revenue.

This executive summary reveals 15 realities about how companies and their leaders are managing corporate reputation in a digitized world. The 15 realities are followed by 15 rules that show business leaders how to manage company reputation online. For the full report, please visit www.online-reputations.com.

15 REALITIES

LEADERS NEED TO KNOW

1 REPUTATION THREAT LEVEL IS HIGH

A striking 67% of top executives regard their company's reputation as vulnerable. This finding shows that executives clearly recognize the shifting reputational tides that surround their companies. Due to heightened economic concerns since this survey was conducted, this threat level is likely to rise.

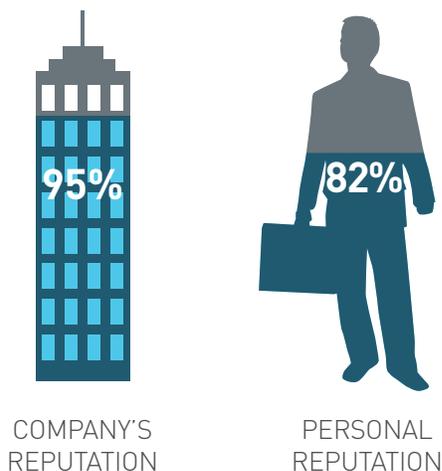
2 REPUTATIONS ARE REVEALED ONLINE... BUT NOT COMPLETELY

Nearly all executives surveyed – 98% – “use” the Internet to evaluate company reputation. However, less than 6 in 10 (57%) find the Internet “useful” for making final judgments.

3 NAIVETE CAN LEAD TO SURPRISE

Most global executives think more often about their company's reputation than their own. Although they are very focused on company reputation, many executives may be disregarding their own, with fewer than 4 in 10 executives (38%) reportedly doing an online search of their own names during the 30-day period before they participated in the survey.

PERCENTAGE OF EXECUTIVES WHO THINK ABOUT REPUTATION “VERY OFTEN/SOMETIMES”

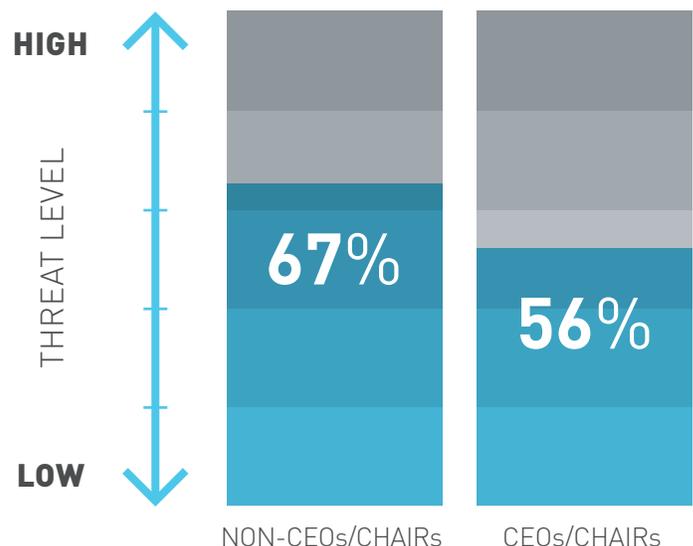


4 WHAT...ME WORRY?

CEOs/chairs in particular – a full 100% – frequently think about their company's reputation. Despite this universal preoccupation with company reputation, they perceive a lower threat level to their company's reputation than those reporting directly to them or below them.

They are also much less anxious about online risks to reputation such as confidential or leaked information appearing online, dissatisfied customers or critics (“badvocates”) campaigning against the company, company e-mails or instant messages being used against the company, and employees – current and former – speaking out critically against the company.

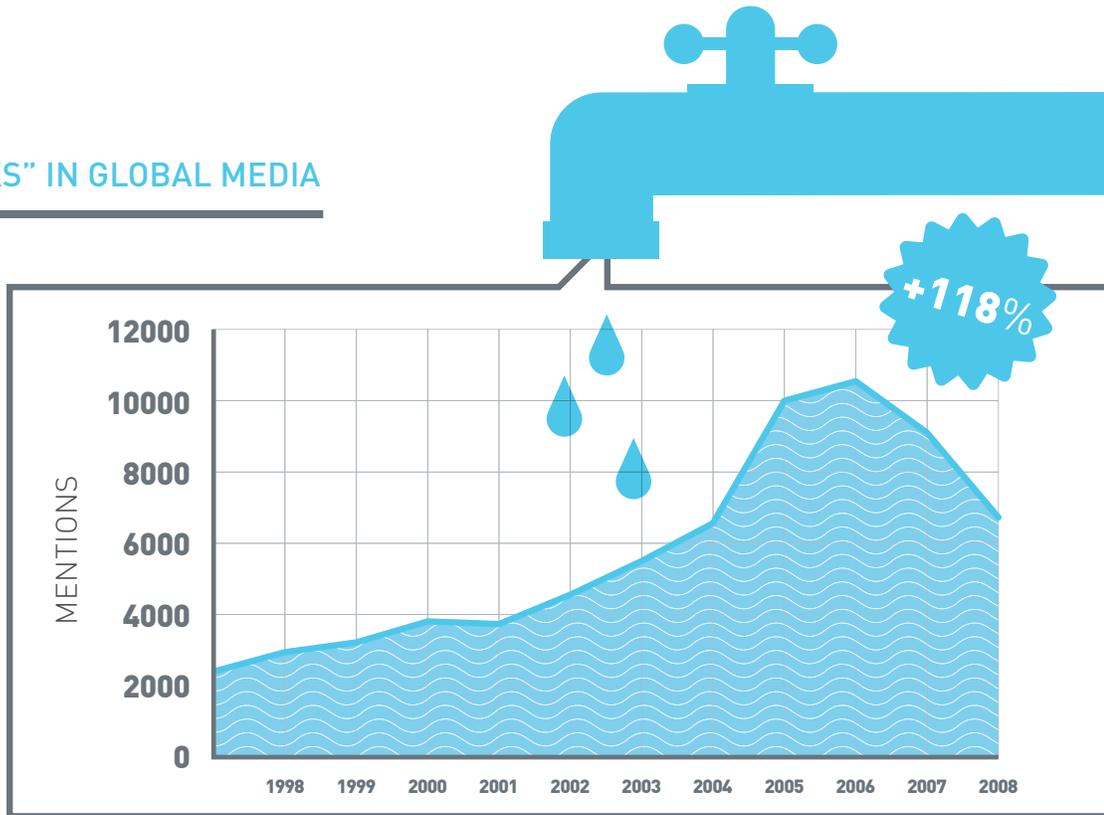
HIGH/MODERATE THREAT LEVEL TO COMPANY REPUTATION TODAY



5 EXECUTIVES ARE ONLINE REPUTATION SLEUTHS

Nearly two-thirds of executives go online to uncover activities of business rivals and partners, product complaints and new employment opportunities. It is clear that executives are now staking their claim to a gold mine of competitive intelligence within the Internet.

"MEDIA LEAKS" IN GLOBAL MEDIA



Source: Factiva mentions in global major news and business media (terms: "media" and leak")

6 TRADITIONAL MEDIA OUTRANKS NEW MEDIA AS REPUTATION REFEREE

Global executives say that traditional media (television, radio and newspapers) plays a greater role in deciding reputational fates than new media (Web sites, blogs and social networks). The study also found that global executives are five times more likely to trust traditional media appearing online as they are to trust strictly online media (72% vs. 13%, respectively). In fact, the debate over separate offline and online communications will eventually disappear as companies realize the benefits of integrating all their media. Weber Shandwick calls this "inline" communications.

7 FIRST STOP: COMPANY WEB SITES

According to 99% of executives surveyed, the leading online source for company information is the corporate Web site. Although it may not singlehandedly have the supreme power to build a positive reputation, the company Web site is digital ground zero for reputation-building among the executive class.

8 OLD AND NEW REPUTATION SPOILERS

By far, the greatest perceived cause of reputation damage among global executives is negative media coverage (84%). In today's distressed economic environment, few companies are escaping media attention about their performance.

9 LEAKS GUSH DANGEROUSLY ONLINE

Global executives regard confidential or leaked information appearing online as a top risk to their company's reputation (41%). Their concern is understandable considering that in the global media, the words "media" and "leak" appeared together in 6,449 stories in 2008, a 118% increase from 1998. Clearly, just the tip of the iceberg for information leaks.

10 REPUTATION ASSASSINS ARE HARD AT WORK

Today, the Internet provides innumerable platforms for current and former employees to strike, usually anonymously, at a company's reputation. Employee criticism (41%) tied for first place with leaked confidential information online as the greatest online reputation risk to the company's reputation. As employees wrestle with declining pensions and possible layoffs, reputation bandits will be even harder at work online.

Despite high anxiety over potential employee sabotage, only about one-third of executives (34%) know, or admit to knowing ("don't ask don't tell"), of a fellow employee who badmouthed their company online. Leaders may naively expect that their employees are abiding by company principles about their online activities.

11 E-MAILS ARE ON THE LOOSE

A large 87% of global executives admit to having erroneously sent or received at least one electronic message (private e-mail, text or Twitter). However, e-mails do not always fall into the wrong hands or inboxes accidentally – approximately one in four executives (27%) say they have intentionally forwarded a private e-mail to someone else. While this percentage may appear relatively modest, it still represents a significant number of stray e-mails that have the power to inflict tremendous reputation damage.

12 ACTING ON EMPLOYEE FEEDBACK IS BEST DEFENSE

Executives believe that the best way to reduce the number of online assassins and protect reputations online is to monitor employee satisfaction levels and respond to results from employee satisfaction surveys (46%). Satisfied employees who are company advocates are the best antidote for – and defense against – reputation failure. Good internal communications, especially during trying economic times, can minimize employee unrest.

13 MONITORING IS NEEDED FAR AND WIDE

After paying strict attention to employee satisfaction levels, executives' next two highly ranked reputation safeguards are examining comments made about their companies in the traditional media (42%) and using information generated by search engines or social media monitoring tools (38%).

14 EXECUTIVES ARE BLIND TO THE BLOGOSPHERE

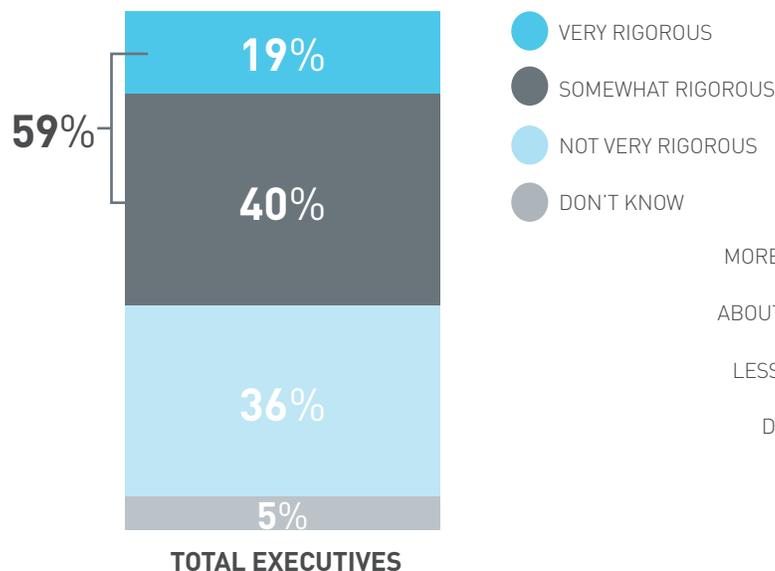
Global executives believe that the least effective way to protect corporate reputation online is to build relationships with influential bloggers. Only 10% consider this strategy helpful in keeping reputations secure. Reinforcing this lack of confidence in blogging as a reputation-builder, executives in all regions combined estimate that only 49% of the information in corporate blogs is accurate.

15 ONLINE REPUTATION MANAGEMENT (ORM) COMES OF AGE

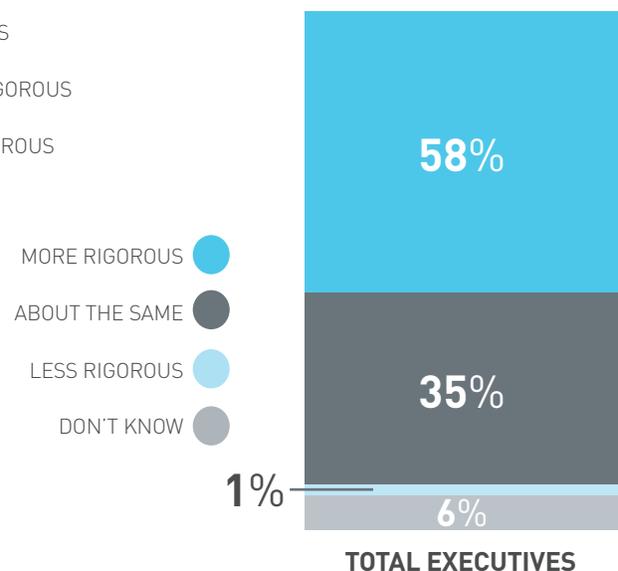
Nearly 6 out of 10 global executives say their companies are now rigorous about online reputation management and expect to be more rigorous three years from now. This high estimate underscores the growing importance of online reputation management on corporate board agendas.

ONLINE REPUTATION MANAGEMENT RIGOR –PRESENT AND FUTURE

LEVELS OF ONLINE REPUTATION MANAGEMENT RIGOR TODAY



LEVELS OF ONLINE REPUTATION MANAGEMENT RIGOR IN THREE YEARS



15 RULES FOR ONLINE REPUTATION MANAGEMENT

CONDUCT AN INITIAL LANDSCAPE ANALYSIS OF YOUR PROFESSIONAL AND COMPANY REPUTATIONS ONLINE

Take a 12+ month look back into online sources such as blogs, social networks, forums and chatrooms to benchmark and obtain a clear understanding of what has been said historically about you and your company.

MONITOR YOUR DIGITAL REPUTATION REGULARLY AND EMBRACE SEO

Search engine results, blogs and other forums can help determine what exists in the public view since competitors, customers, allies and the media are making split second judgments about your and your company's reputations. Make online monitoring a critical element of your ongoing reputation management process. Learn more about Weber Shandwick's SocialPULSE™ approach to tracking online conversations, issues, sentiment and media penetration.

ENGAGE IN THE ONLINE COMMUNITY

Identify one or more passionate employees who can participate in the social networking arena on your company's behalf. To legitimately engage in online conversations, these digital company ambassadors, or advocates, should be upfront about providing positive content or correcting misinformation.

BUILD A REPUTATION SHIELD EARLY ON

Plant the seeds of genuine positive content or stories in multiple destinations across the Web as soon as possible to create an enduring online reputation. Realize that journalists may be getting their reputational intelligence from the Internet, too. If a company delays its efforts until a crisis unfolds or other negative news appears on the horizon, its reputation will not be strong enough to repel the flood waters that can engulf and wash away years of strong performance.

KNOW WHEN TO RESPOND ONLINE

Create a plan for incidents that takes into account all categories of issues: those requiring an immediate response, a wait-and-see approach and no response at all.

GET *INLINE* USING ALL YOUR MEDIA ASSETS—TRADITIONAL AND ONLINE

Recognize that reputational power lies in using all available communications channels. Also, the growing number of new online media sites and new technologies are only going to increasingly wreak havoc in the corporate world. The core of any successful

public relations program will be a combination of online and offline (“inline”), not one or the other.

IDENTIFY REPUTATION THREATS EARLY ON. PLAN FOR THE WORST-CASE SCENARIO

Rule out any surprises and always be on your guard. Many companies now have, or need to consider building, a ready-to-launch “dark site” that can be activated if a worst-case scenario suddenly occurs. Remember, whoever talks first is in a better position to set the tone.

ENDLESSLY LISTEN TO YOUR EMPLOYEES

Listen and respond to employees before they potentially attack you online, intentionally or unintentionally. Listening means more than fielding a survey or putting a suggestion box in the lunchroom. It means reviewing employee satisfaction surveys and exit interviews, and monitoring your reputation daily using key words that can be searched on sites such as Facebook, Twitter and MySpace. Turn your employees into advocates!

MULTIPLY YOUR BAD NEWS ONLINE BY 100

Realize that once bad news reaches the corner office, it may sound like a whisper but it's already a shout. You can take this news and multiply it hundredfold.

DON'T NEGLECT INDUSTRY DISCUSSION BOARDS AND BLOGS

Enlist your senior management and other members of your workforce in digital boot camp. Ignoring influential bloggers and complaining customers causes reputational harm. Reach out to bloggers and posters with solutions to problems with your products/services.

REVIEW YOUR WEB SITE AS IF YOU WERE A PROSPECTIVE CUSTOMER OR COMPETITOR

Road test the user experience of your company Web site in terms of functionality, interactivity and transparency.

CUSTOMER-IZE THE ONLINE REPUTATION OF YOUR PRODUCTS AND SERVICES

Ask for and respond to customer feedback, and include customers in new product development. Boost your company's credibility by including on your Web site negative customer comments (excluding those that may be slanderous or similarly inappropriate) as well as positive comments. Use technology to build consumer trust.

ACCEPT YOUR EMPLOYEE NATION

Understand that employees will go online to criticize and praise your company – so prepare, review and communicate your corporate employee blogging and social media guidelines. Online conversation will only increase in the years ahead as online conversation continues to heat up.

BE ON THE LOOKOUT FOR ERRANT E-MAILS

Use technology to audit outbound e-mail content and monitor text in webmail and other HTTP traffic. Also use technology to detect intellectual property that should remain within corporate firewalls. Regular employee training in electronic message liability and propriety must be enforced at all levels.

FIND YOUR ONLINE ADVOCATES.

PRIME THE PUMP FOR BADVOCATES

Create an ongoing dialogue with your supporters, fans and enthusiasts before problems spread via word-of-mouth or on the Web. These brand champions are a company's best defense against badvocates, whose words and actions detract from brands or products. Weber Shandwick's Advocacy Ignition™ approach can help map out a company's advocates and badvocates before it is too late.



DESPITE VOWING TO BE MORE REPUTATION-CONSCIOUS, MANY EXECUTIVES STILL FACE THE CHALLENGE OF IDENTIFYING DISTRESS SIGNALS BEFORE THEIR COMPANIES' REPUTATIONS BURST INTO FLAMES AND MAKING THE INTERNET WORK FOR THEM IN OUTPACING THE COMPETITION. THE OPPORTUNITY FOR SENIOR EXECUTIVES IS TO STRATEGICALLY INTEGRATE ALL THE OFFLINE AND ONLINE TOOLS NOW AVAILABLE TO SAFEGUARD REPUTATION AND ENGAGE MEDIA, EMPLOYEES, CUSTOMERS, BLOGGERS, ADVOCATES AND OTHER KEY STAKEHOLDERS.



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The Economist Intelligence Unit's editorial team executed the online survey and the report was written by Weber Shandwick. The views expressed in this paper are Weber Shandwick's conclusions of the study data. However, the survey data do not necessarily reflect the views of Weber Shandwick or the Economist Intelligence Unit. Whilst every effort has been taken to verify the information, neither the Economist Intelligence Unit, Weber Shandwick nor their affiliates can accept any responsibility or liability for reliance by any person on this information.

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Weber Shandwick is a leading global public relations agency with offices in over 79 markets around the world. The firm's reputation is built on its deep commitment to client service, creativity, collaboration and harnessing the power of Advocates—engaging stakeholders in new and creative ways to build brands and reputation. Weber Shandwick provides strategy and execution across world-class practices such as consumer marketing, healthcare, technology, public affairs, corporate/financial and crisis management. Its specialized services include digital/social media, advertising, market research, and corporate responsibility. Weber Shandwick received the highest client-satisfaction honors in the 2007 Agency Excellence Survey by *PRWeek* U.S., in 2008 won Large PR Firm of the Year (*PR News* U.S.), and in 2006 was named European Consultancy of the Year (*The Holmes Report*) and Network of the Year (Asia Pacific PR Awards). The firm also won the United Nations Grand Award for Outstanding Achievement in Public Relations for the past three years. Weber Shandwick is part of the Interpublic Group (NYSE: IPG). For more information, visit <http://www.webershandwick.com>.

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