



# The evolution programme

## Building a reputation – developing a core asset

### What you should be thinking about now

Reputation, like respect, cannot be bought. It has to be earned – and earned continuously. A positive corporate reputation is crucial to the successful development of any business and is probably its most valuable intangible asset.

Organisations today are increasingly judged on their intangible assets: corporate brand strength, know-how, customer satisfaction and proprietary processes. Traditional, tangible assets such as equipment and manufacturing plants are no longer the sole defining factors of the value of a business.

*“If you lose dollars for the firm, I will be understanding. If you lose reputation for the firm, I will be ruthless.”*

**Warren Buffett, 1991**

Reputation is the reflection of an organisation over time as seen through the eyes of its major stakeholders, i.e. its employees, customers, investors and the media. They will judge you on factors such as product and service quality, management decisions, financial performance and social responsibility through their experience of dealing with your business. So, having set up your business, your next key goal should be to build a good reputation.

The importance of a good reputation cannot be over-estimated. An organisation will only succeed for as long as it enjoys public consent. This is gained in many ways. For customers, it is formed by the quality of accumulated customer experiences. Are customers happy with your products or services?

Do they find the experience of dealing with your organisation a pleasant one or are they left frustrated and enraged? Within the company, are you making decisions that your employees and investors recognise to be good ones that will benefit them and enhance shareholder value? Are your goals and strategies for achieving them understood and supported by your stakeholders?

**PKF Top Tip – work out what “promise” you are making to each of your main stakeholder groups: your customers, suppliers or staff. Is your product/service “faster”, “smaller”, “more reliable” etc? Are you delivering consistently well on this promise?**

### Reputation-building strategies – options to consider

#### Good understanding of marketplace

Successful businesses understand their marketplace and their customers and are sensitive to their changing needs. For retailers, in particular, the match between the product or service offering and the local demographics is absolutely critical. For example, there would be little point in opening a garden centre in the heart of the City of London or an office supplies shop in a rural village. Even for businesses that don't sell directly to the end-consumer, an understanding of motivations, needs and expectations of the customer are critical to success.



#### Investing in corporate identity

Invest in a strong and attractive corporate identity which supports the company's values and positions it effectively in the market niche that you want to occupy; such an investment is never wasted.

All of your marketing communications collateral such as your logo, letterhead, website and brochures will help to reinforce your corporate key messages and help to build a strong visual identity for the business. A professionally designed corporate identity will also enable the business to “punch above its weight”, attract the attention of customers and build shareholder value.

**PKF Top Tip – research what your customers and suppliers think about your business, its strengths and weaknesses, and the way your employees and products perform. Amend your “promises” to reflect the needs of your customers – and raise your performance standards to meet their expectations.**

An effective corporate identity or brand can help to give potential customers an idea of what they're buying before they buy it and then reassure them about what to expect once they become repeat customers.

Don't think that brands are just for big companies with big budgets – they can help to differentiate smaller businesses from their competitors.

There is useful information about how to build and manage a brand on the Business Link website: [www.businesslink.gov.uk](http://www.businesslink.gov.uk). There is also a useful guide to selecting and briefing a designer at [www.designdirectory.org](http://www.designdirectory.org).

**PKF Top Tip – be distinctive in your market.** This is particularly important for smaller companies, but it's hard to get it right. Whether it's your visual identity, product attributes or standards of service, you need to be distinctive, otherwise you will have to trade on price, not value. For example, Apple has built an empire by creating computer-ware that combines aesthetics with an intuitive operating system.

## The power of public relations

Use the discipline of public relations effectively to generate positive publicity and third-party endorsement in local media. It is unlikely to be cost-effective to retain this specialist expertise in-house so consider using a small local agency or a freelance with experience of your industry sector or local media. For advice on selecting an appropriate PR consultant for your needs, log on to the Institute of Public Relations website at [www.ipr.org.uk](http://www.ipr.org.uk).

## Quality accreditation

Accreditation with publically recognised and trusted organisations such as Investors in People and the International Organization for Standardization (ISO) will provide public endorsement of your business' commitment to quality and best practice, and will contribute positively to your reputation.

**PKF Top Tip – brand is behaviour.** Reputation cannot be shaped by good design and effective PR alone. It's vital that the promise of the brand is delivered through consistent product or employee behaviour. Make sure that all your employees clearly understand the behaviours and service standards expected of them, and that your reward structures support, rather than undermine, these behaviours.

## Use your advisers

Another successful strategy has been the judicious use of professional advisers, private investors and venture capitalists to provide good advice and a sounding board for new ideas and fine-tuning the business development.

**PKF Top Tip – stick to your plan and keep monitoring your progress.** Reputations need continual support, whether it's having and respecting a clear visual identity, checking customer and staff perceptions or generating pride in your people, products and company.

## Frequently asked questions

- Q. Is there an optimum single strategy for building a positive corporate reputation?
- A. There are four main strategies that businesses usually adopt to build a reputation:
- 1) short-term exploitation of existing assets
  - 2) development of core competencies
  - 3) image management
  - 4) strategic alliances.

Each strategy is likely to have a different outcome but research reveals that investment in an integrated package of reputation-building strategies is most likely to be successful for systematically creating the intangible asset of corporate reputation.

- Q. How important are the media in building a good reputation?
- A. The media can be good allies or dire enemies depending on how you handle them. Any communication with the media should always be based on truth and substance. You will only attract unwelcome scrutiny if you attempt to falsify or conceal information, and derision if you have nothing to offer but puff and spin. If you are an interesting business which understands its marketplace and can offer a good insight into it, you will find that your local and trade media can be a cost-effective way to raise your profile and build your reputation amongst key audiences.

Guard your reputation. Socrates' advice that "The way to gain a good reputation is to endeavour to be what you desire to appear" is as valid today as it was 2,500 years ago. Never forget that a "good name, like good will, is got by many actions and lost by one". Just ask Gerald Ratner.



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