Values-Driven Reputation

A modernized approach for building Corporate Reputation

PART 6

Customized Reputation Measurement

Building Reputation is an organization-wide, long-term commitment. It takes years to earn a strong Corporate Reputation, while it takes only moments to lose it.

This paper is the sixth and penultimate chapter of a series that will outline a new way of thinking about Reputation—one that seeks to address many of the chronic ailments that have traditionally plagued the field of Corporate Reputation strategy.

In the fifth part of this series— Stakeholders for Reputation Measurement—we looked at the stakeholders that influence a company's Reputation, underscoring the importance each has in a company's likelihood to achieve Reputation outcomes: Safeguarding Goodwill and Business Enhancements. Previously, in the third part of this series, we introduced the concept

of Resilience, a new framework for measuring and quantifying Corporate Reputation, which more accurately predicts these outcomes than measuring Trust.

In this paper, we finish the Reputation Roadmap by detailing three additional key components that are required to ensure Reputation measurement is holistic and robust: Corporate Values, Impact Behaviors, and Engaging Communications. More importantly, we emphasize how these measurements provide a more accurate evaluation of a company's efforts to shape a Values-Driven Reputation— customized to the mission and business objectives served

by that company's values-led communication and impact teams.

At its core, NRG's Reputation Roadmap is fundamental in aiding our clients on their journey to measure Reputation with a customizable framework that internal teams can see themselves in–enabling wider adoption, flexibility to changes in organizational philosophy, and integration of industry-specific topics that standardized approaches often miss. With a Customizable Reputation Measurement Framework, companies are better equipped to understand the implications and strategies for how they can earn, monitor, and protect their Reputations.

This Values-Driven philosophy is based on four core principles:

1 Establish the relationship between Corporate Reputation and real-world outcomes.

2 Measure the stakeholders who act on a sense of Values, rather than relying on demographically-defined audiences.

3 Distinguish Reputation from Brand, and build strategies that account for their inherent differences.

4 Analyze Integrity perceptions that effectively measure a company's Values-Driven Reputation, rather than relying on ambiguous concepts such as Trust.

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Three steps to effective Reputation measurement

In the fourth part of this series, Quantifying the Value of Reputation, we explained that Reputation is built through a consistent demonstration of Corporate Values, Impact Behaviors, and Engaging Communications over the course of many years. This requires a highly coordinated effort across internal teams that is specifically designed to meet the expectations of a full range of stakeholders, as explained in the fifth part of this series, Stakeholders for Reputation Measurement.

Many strategists, communications professionals, and business leaders may feel lost trying to decide how to measure Reputation. And understandably so, as there are a multitude of Reputation measurement methodologies available. However, as we covered in the second part of this series, Separating Reputation from Brand, most models available today are Brand-skewed, relying on measurements that are less effective for predicting Reputation outcomes.

Often, professionals quickly select a framework without carefully considering the resources and outcomes it should support. Instead, by following NRG's three steps to effective Reputation measurement (Roadmap, Framework, and Execution), companies can align strategic goals, internal teams, and corporate resources to effectively deliver Reputation measurements that activate the business in achieving Reputation's key overall outcome: <mark>Longevity.</mark>

01 Roadmap

WHAT IT IS

Guideposts for Values-Driven corporate communication and impact teams to align a company's strategy, mission, business objectives, and insights needs to the core priniciples of an effective Reputation measurement program.

KEY CONSIDERATIONS

- Identify key stakeholders—and their expectations
- Identify key issues and threats
- Identify Reputation outcomes
- Review corporate strategy, missions, and objectives to identify key Corporate Values, Impact Behaviors, and Engaging Communications

CONSULTATIVE APPROACH

- In-depth interviews
- Data & literature reviews
- Digital listening
- Strategy sessions

02 Framework

WHAT IT IS

Structured, consistent collection—and analysis—of a robust set of Reputation measurements—providing both indicators of overall Reputation performance and diagnostic evaluations or core drivers of Reputation.

Effective frameworks meet the following qualifications:

- Comprehensive
- Composite
- Comparative
- Customized
- Connected
- Capable

- Strategy sessions
- Quantitative testing
- Bulletin boards
- Factor analysis

03 Execution

WHAT IT IS

Data collection methodologies that effectively engage a range of stakeholders (e.g., employees) to consistently track progress over time. Identification of stakeholder expectations, strengths, and opportunity areas to inform strategy and execution.

Data collection:
- Online or phone
- Numerous interviews
- Compliance

Key Insights:
- Stakeholder expectations
- Reputational performance
- Reputational risk
- Comparative evaluations
- Communication strengths

- In-depth interviews
- Quantitative surveys
- MaxDiff
- Bayes net modeling

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Mapping the road to Reputational Resilience

For any journey we take, nothing is more critical than a map. After all, the road to Reputational Resilience is a long, arduous one—and a guide keeps us properly prepared both before and after we embark on our pursuit to measure Reputation effectively.

Simply put, a Reputation Roadmap provides guideposts from which strategists can outline key considerations that will serve as key milestones along the path to reaching an effective Reputation Measurement Framework. One common reason Reputation measurement approaches fail to meet a company's needs is that the Reputation Roadmap stage is completely overlooked.

STAKEHOLDERS
Influential voices that shape Reputation

CORPORATE VALUES
Beliefs and standards that guide behavior, decisions, and actions

OUTCOMES
Institutional Longevity: Safeguarding Goodwill and Business Enhancements

RESILIENCE

IMPACT BEHAVIOR
Performance against expectations and competency strengths

ENGAGING COMMUNICATIONS
Aligned to stakeholder needs and wants, delivered consistently

Stakeholders

Which stakeholders are internal teams engaging the most? Which stakeholders do internal teams need to understand more?

Corporate Strategy

What are the values, behaviors, and communications used to engage stakeholders? What do we want them to be?

Expectations & Issues

What actions are the company expected to take to address key issues? What expectations do stakeholders have?

◀ **Key Considerations of a Reputation Roadmap**

The primary objective of the Reputation Roadmap is threefold. First, it prompts a company to consider key stakeholders, as well as their expectations, and relevant values-based issues. Second, it uses this lens as a point of comparison against the company's current corporate strategy. Third, it serves as a point of welcoming and fostering internal teams (e.g., Sustainability, DEI, Government Relations, Employee Relations) to collaborate in shaping and defining the Reputation Measurement Framework.

This network of internal teams offers insights into their respective strategies for enhancing Corporate Reputation with stakeholders. Later in the measurement process, these teams can aid in data collection through employee surveys, for example. Moreover, early collaboration establishes a user network for Reputation measurement, which is essential for adoption and future resourcing in long-term Reputation management.

Beyond galvanizing internal teams, the practice of developing a Reputation Roadmap is also a critical exercise in expectation and issue mapping. Because Reputation is built upon consistent

demonstration of Corporate Values through Impact Behaviors and Engaging Communications, a careful analysis of values-based initiatives and stakeholder expectations is required to shape measurements that will later be used in defining the Reputation Measurement Framework. When a company lacks existing data or bodies of knowledge regarding these issues and expectations, it is often recommended that qualitative interviews and/or digital listening is leveraged to get a stronger sense of the expectation and issue landscape prior to advancing to the Reputation Measurement Framework step.

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The makings of an effective Reputation Measurement Framework

Reputation Measurement Frameworks provide a mechanism for consistent benchmarking and evaluation of various factors that influence a company's Reputational health. By prioritizing the measurement of how well Corporate Values meet stakeholder perceptions, a company can more accurately assess its ability to achieve key Reputation Outcomes: Business Enhancement and Safeguarding Goodwill.

While there are many appealing benefits of a Reputation Measurement Framework, the process of selecting one can feel overwhelming. Not all Reputation Measurement Frameworks ensure the most relevant data is informing the planning of Values-Driven initiatives and communications. Nor do they guarantee the development of effective analysis plans to inform strategic communications, initiatives, and policies. While having a framework in place is certainly better than not having one at all, the reality is not all frameworks are created equal, and some are superior to others.

THE SIX CS OF AN EFFECTIVE REPUTATION FRAMEWORK:

COMPOSITE

Reputation is multi-dimensional; the framework requires a collection of measures that effectively predict Reputation outcomes.

COMPREHENSIVE

Reputation is a sum of stakeholder perceptions. Including more stakeholders provides a holistic, complete evaluation.

CUSTOMIZED

Reputation is a demonstration of a company's values and behaviors. A framework must include a company's strategic vision, mission, values, and priorities to better understand business goals and generate buy-in across internal teams.

CONNECTED

Reputation insights serve a wide range of internal teams (e.g., communications, purpose and impact, DEI, CSR, etc.). A framework must reflect the initiatives, policies, and commitments these teams execute.

CAPABLE

Reputation requires consistent, repeatable measurement, while adapting to support benchmarking, specialized topical insights, and quick-turn crisis diagnostics.

COMPARATIVE

Reputation measurements across stakeholders, competitors, outside-industry organizations, periods of time, and unique markets must be comparable to effectively monitor and inform Reputation strategies.

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One of the most common weak spots found in most Reputation Measurement Frameworks is their tendency to focus on consumers. As we covered in Stakeholders for Reputation Measurement, there is a much wider Reputation Universe that must be accounted for to accurately measure Reputation. This underscores the importance of using universally relevant and easy to understand measurements that are applicable across a range of stakeholders.

Pushing further, it's important to not only use clear and relevant measures, but to ensure that these measurements strongly predict key Reputation outcomes: Safeguarding Goodwill and Business Enhancements. At NRG, we use our proprietary composite, Resilience—explained in our third release of this series, Resilience in Reputation—to achieve these goals.

While Reputation management thrives on consistency, crises can disrupt a company's Reputation overnight, demanding swift responses. An effective Reputation Measurement Framework is agile, accommodating both long-term growth and rapid crisis management with key measures tailored for diverse scenarios. As Reputation hinges on meeting evolving stakeholder expectations, customization is paramount. A truly customizable framework not only anticipates shifts in expectations but embraces them, ensuring it remains finely tuned for predicting Reputation outcomes.

Identifying the weak spots of Reputation Frameworks

While The Six Cs can help identify and choose effective Reputation Measurement Frameworks, they don't address common framework weaknesses.

While no framework can be flawless, if a Reputation model has many weaknesses, it becomes less predictive and less functional. Using an ineffective Reputation Measurement Framework poses the risk of insights being underutilized by internal stakeholders, undermining the justification for ongoing investment which leaves the company's Reputation unclear and vulnerable.

COMMON PITFALLS INCLUDE:

- ✕ Confusing terminology

- ✕ Overly complex; uses several statistics and calculations

- ✕ Reliance on a singular measure instead of a composite

- ✕ Use of Brand-skewed measurements

- ✕ Inability to customize to stakeholder expectations

- ✕ Inability to measure Reputation across industries

- ✕ Lacks capability to assess tactics, policies, and communications

- ✕ Excludes Reputation outcomes

- ✕ Omits modeling of key performance indicators for Reputation outcomes

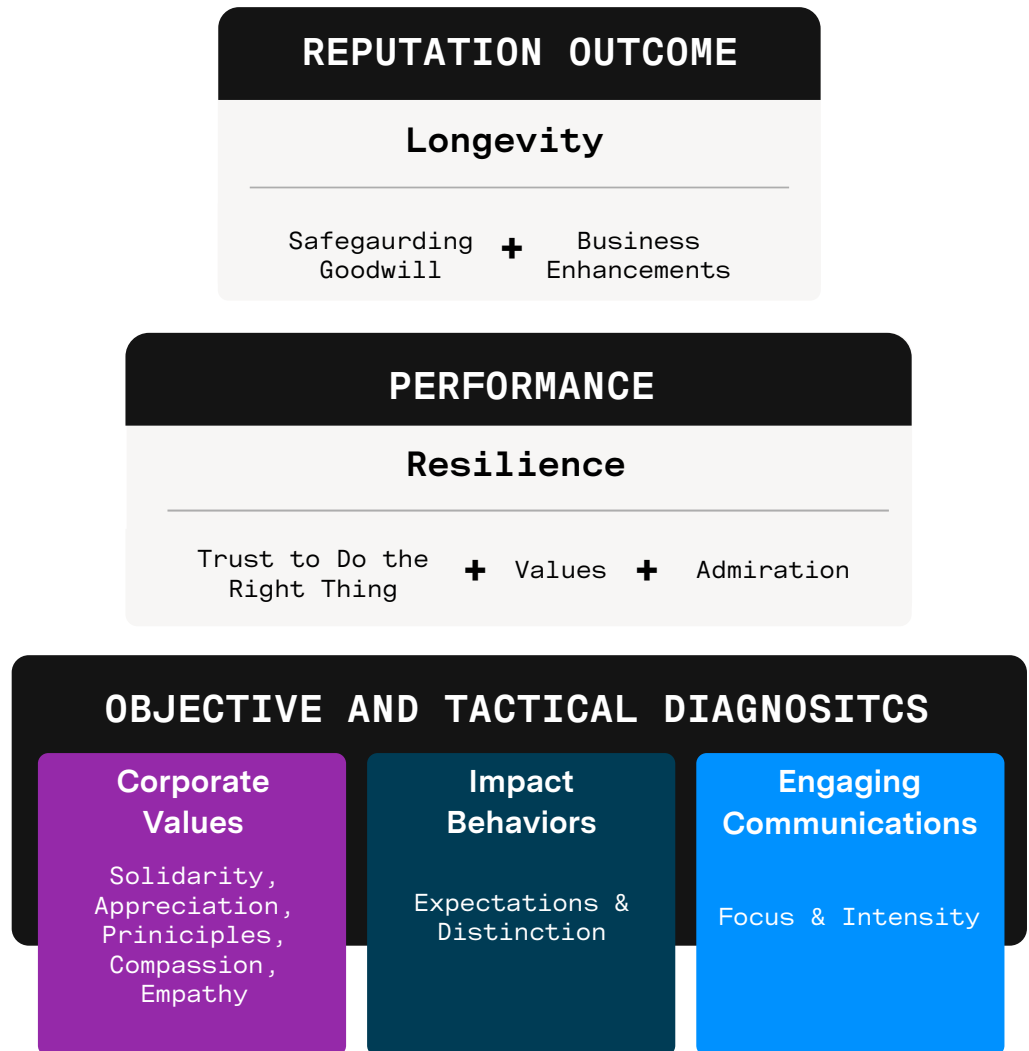- ✕ Makes overly-ambitious claims about precise ROI calculation

Introducing NRG's Values-Driven Reputation Framework

NRG's Reputation Measurement Framework is grounded in the philosophy that Reputation is formed at the intersection of company perceptions and stakeholder expectations. Corporate Reputation is a "company centric" concept that is based on the credibility and legitimacy a company has among a wide range of stakeholders. At NRG, we define the five key stakeholders as Public, Resource, Information, Investment, and Governance–as detailed in our paper Stakeholders for Reputation Measurement.

The most effective, tactical approach to aligning perceptions to expectations is to demonstrate strong Corporate Values, consistent Impact Behaviors, and Engaging Communications. By focusing Reputation measurement on these three objective components, Values-Driven internal teams are equipped with Reputation diagnostics that inform communications, initiatives, and policies that effectively build and protect a company's Reputation.

It is important to note the importance of having outcomes, performance, and tactical diagnostic measures, as each provides unique insight into Reputation. For example, performance measures are better suited for long-term applications as they provide a holistic understanding of how well the company has met expectations over a longer time period. While tactical measures provide a more sensitive, leading indication of specific actions, commitments, and initiatives that will impact Reputation in the near term.

NRG's architecture for an effective Reputation Measurement Framework

REPUTATION OUTCOME

Longevity

Safegaurding Goodwill **+** Business Enhancements

PERFORMANCE

Resilience

Trust to Do the Right Thing **+** Values **+** Admiration

OBJECTIVE AND TACTICAL DIAGNOSITCS

Corporate Values

Solidarity, Appreciation, Priniciples, Compassion, Empathy

Impact Behaviors

Expectations & Distinction

Engaging Communications

Focus & Intensity

As an organized measurement structure, a framework provides a comprehensive evaluation of a problem or knowledge area. And NRG's Reputation framework does exactly this by providing an architecture that links the outcomes companies seek from Reputation to key performance measurements,

right down to the tactical and objective building blocks. This provides Reputation strategists with both a holistic summarized assessment of Reputation as well as a diagnostic analysis of key components that apprise teams on efforts to build Reputation.

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Corporate Values

Corporate Values are guiding principles that companies use to address stakeholder issues and needs. They can be viewed as a company's "code of conduct," which shapes Impact Behaviors and Engaging Communications.

NRG's Reputation Measurement Framework is differentiated by its inclusion of and emphasis on Corporate Values, which are typically underrepresented in other Reputation models. This is a significant oversight, as Corporate Values offer a compass that companies can use to navigate the continued broadening and deepening of stakeholder expectations.

Five crucial Corporate Values for aligning stakeholder expectations

Principles	Honesty, Ethics, Transparency	Guides how organizations approach and respond to complex situations
Solidarity	Respect, Equality	Emphasizes unity, mutual support, and collaboration to achieve common goals and overcome hardship
Compassion	Community-Minded, Improves Society	Demonstrates efforts and commitments, beyond products, to positively impact communities and society
Appreciation	Values Employees, Values Supply Chain	Acknowledges investment into stakeholders that contribute to a company's operational capabilities
Empathy	Genuine care, Concern	Exemplifies a deeper understanding of the feelings and needs of stakeholders, then takes action in their best interest

Relationships require more than quality products, customer experiences, value for money, and innovation.

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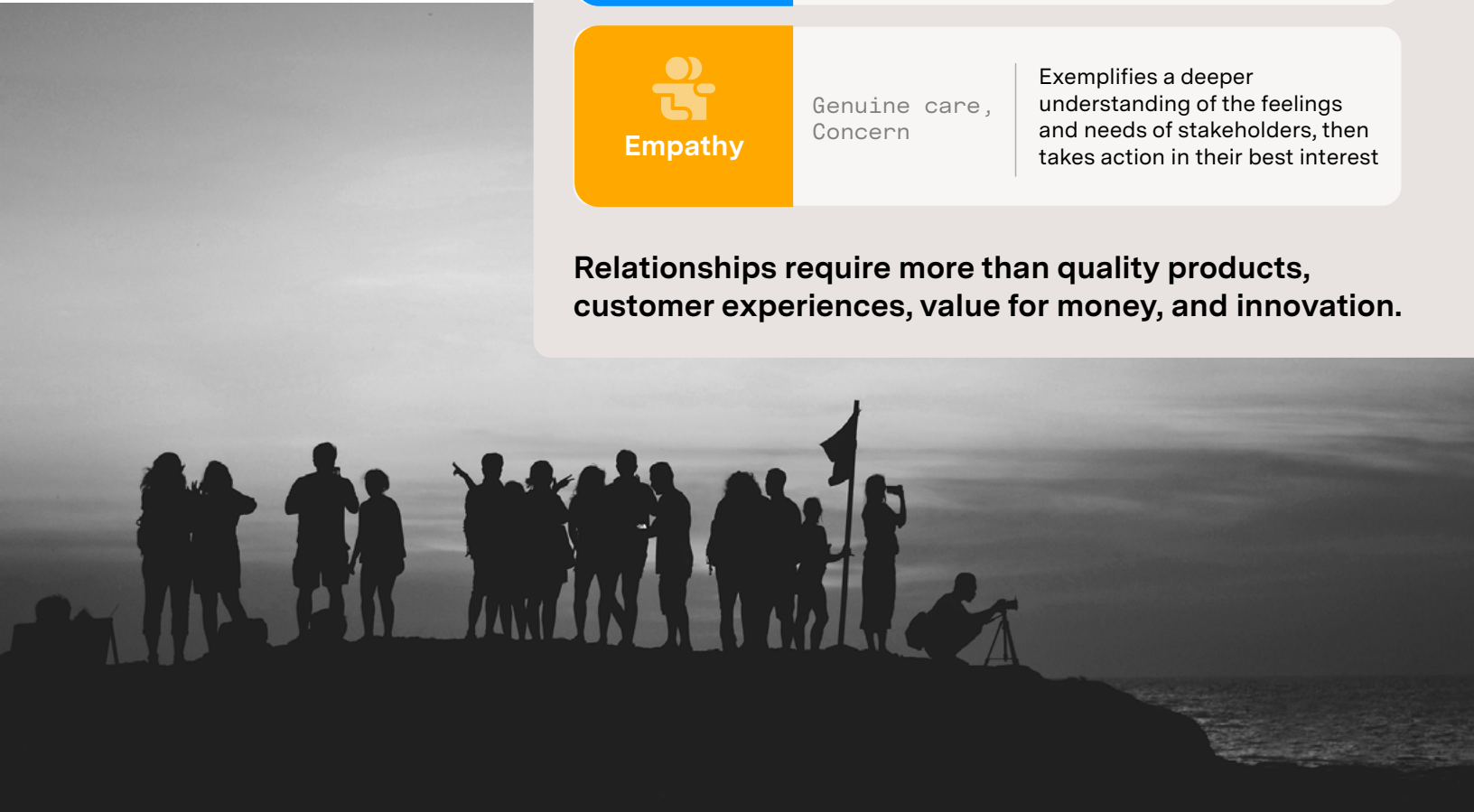
Impact Behaviors

Reputation, unlike Brand, is not constructed within the walls of the company. It's an evaluation of how well a company is addressing values-based issues and meeting the expectations of its stakeholders. Simply, when companies fail to meet expectations, Reputation will suffer; alternatively, meeting or exceeding expectations will build Reputation. As a result, a measurement framework must validate, inform, and prioritize the company behaviors which effectively meet stakeholder expectations.

While Reputation is largely influenced by meeting expectations, it's also a product of a company standing out from its peers. Highly accomplished and regarded, distinguished companies build positive perceptions that further build Reputation. For example,

perceptions that a company does a great deal to protect the environment, has a strong financial track record, has leadership known for good decisions, or is a good place to work are all Reputational characteristics that further distinguish a company by strong Impact Behaviors.

Generally, a company can distinguish itself in two main ways: Competency and Contributions. Traditional Reputation models tend to emphasize a strong degree of focus on competency behaviors. While these behaviors are helpful in distinguishing a company from its peers, it is only one of multiple aspects that impact a company's overall Reputation.

Instead, NRG's Reputation Measurement Framework offers comprehensive assessments that go beyond Brand measures to prioritize and customize

stakeholder expectations. After all, not all stakeholders evenly apply their expectations across a range of companies. For example, technology companies are expected to handle misinformation on platforms whereas a consumer-packaged goods company would be held to transparent product information. What's more, stakeholder expectations are prone to change based on societal movements and a growing consciousness of key issues.

Two ways to develop a distinguished Reputation

COMPETENCY

· Expected to grow
· Financially strong
· Leadership makes good decisions
· Known for quality products
· Industry leader
· Responsive to change

· Consistently meets expectations
· Strong Brand recognition
· Positive relationships with lawmakers and regulators
· A good place to work

01

CONTRIBUTIONS

· Contributes to the economy
· Supports local communities
· Positively impacts the environment
· Cares for their workforce

02

★ DISTINGUSHED REPUTATION

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Engaging Communications

Another differentiated aspect of NRG's Reputation Measurement Framework is the inclusion of Engaging Communications. While Impact Behaviors encompass visible actions, measuring the efficacy of Engaging Communications sheds light on the perceptions that a company is motivated and committed to living its values.

Without an evaluation of a company's communications, it's challenging to evaluate appropriate messaging, positioning, and engagements that build consistency and authenticity of Impact Behaviors. Moreover, effective communication strategies can not only help companies amplify positive Impact Behaviors but also mitigate behaviors that expose the company to Reputational risk.

There are two key dimensions of Engaging Communications: Focus and Intensity. Focus is simply a measurement of salience. More directly, this is an evaluation of stakeholders' familiarity with communications meant to demonstrate commitments to meet expectations and/or contribute positively to society. If stakeholders are not familiar with these communications, perceptions cannot be shifted. This leaves the Reputational narrative in the hands of other influential voices, exposing the company to Reputational risk.

Intensity is an overall measurement of communication effectiveness. Communications are more likely to resonate with things a company says when it meets three key criteria: what a company says is believable, what they say demonstrates an interest to act on behalf of its stakeholders, and what a company

The two dimensions of Engaging Communications

Focus is the salience stakeholders have with communications that address the issues / causes they care about

Consumers who have heard corporate communications showcasing efforts to positively impact...

COMMUNITY   **ENVIRONMENT**   **WORKFORCE**
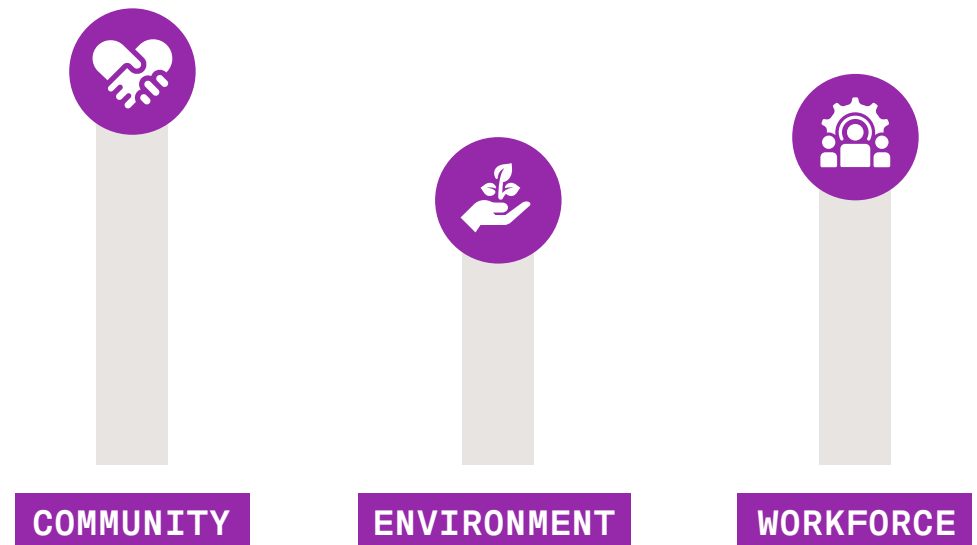
Intensity is the measure of company's potential to resonate with and impact stakeholders

BELIEVABLE

BEST INTEREST   **CONSISTENT**
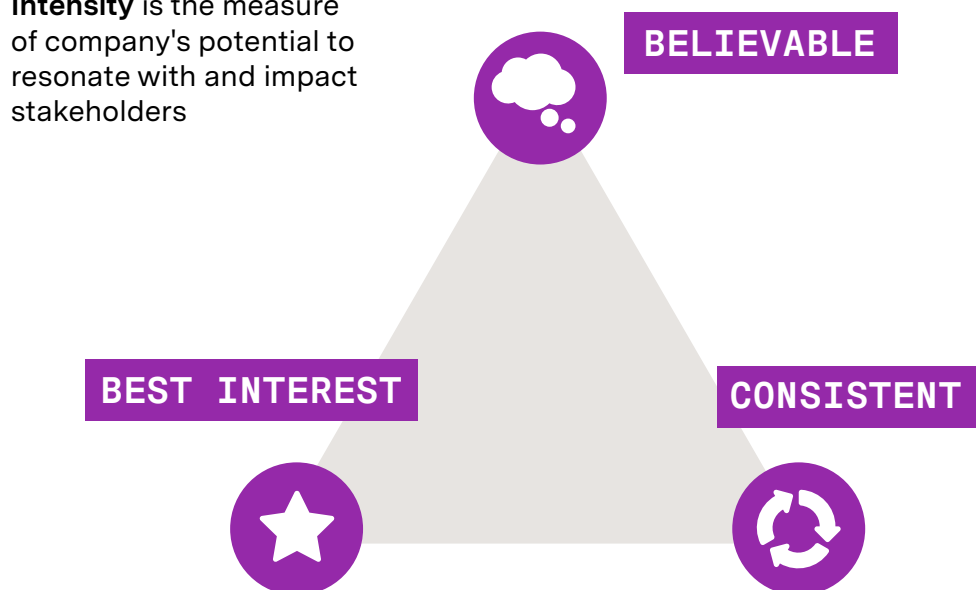
says fits a pattern of consistency. Similar to Corporate Values, communications measurements are another unique differentiator in NRG's approach to measuring Reputation. Failure to include communications measurement

is a serious oversight, as what a company says is just as important as what they do. Furthermore, Impact Behaviors are more likely to build positive perceptions when accompanied with consistent Engaging Communications.

At NRG, we provide a Values-Driven Framework to measure Reputation

The journey to effective Reputation measurement is a complex but essential endeavor—one that requires a layered and multi-faceted approach. As highlighted in this series, Reputation is cultivated through a consistent demonstration of Corporate Values, Impact Behaviors, and Engaging Communications. This process unfolds gradually, requiring a deep understanding of stakeholder dynamics and steadfast coordination across various internal teams.

While selecting appropriate Reputation measurements may seem daunting, developing a roadmap that outlines key considerations and expectations can ensure that Reputation insights align with internal team objectives.

A well-structured Reputation Measurement Framework is vital for translating Reputation complexities into actionable insights. As a consultative tool, frameworks should provide clarity, comprehension, and a shared understanding of Reputation across diverse internal teams, while also being customizable, adaptable, and comparable across stakeholders, industries, and timeframes.

NRG's Values-Driven Reputation Measurement Framework offers a distinctive, holistic approach; one that emphasizes the importance of Corporate Values, Impact Behaviors, and Engaging Communications in building Reputation. These focal points not only help companies better understand and act on stakeholder expectations, they also inform actionable insights for strategic Reputation management in an ever-evolving issues landscape.

IN SUMMARY

Factors leaders should consider when evaluating and building Reputation frameworks

01
Reputation is built through consistent demonstration of Corporate Values, Impact Behaviors, and Engaging Communications over a long period of time.

02
Effective Reputation measurement requires an understanding of stakeholder expectations and strong coordination among internal Values-Driven teams.

03
A Reputation Roadmap serves as a foundational step, outlining key considerations and guiding the development of a Reputation Framework by identifying stakeholder expectations, issues, and corporate strategies.

04
The Six Cs (Composite, Comprehensive, Customized, Connected, Capable, and Comparative) are crucial for creating a robust and adaptable Reputation Framework for assessing and enhancing a company's Reputation.

05
Signs of an ineffective Reputation Measurement Framework include complexity, reliance on a single measure, and lack of customization, adaptability, outcome measures, and communication evaluation.

06
NRG's Reputation Measurement Framework is distinguished by its emphasis on Corporate Values, comprehensive Impact Behavioral assessment, and evaluation of Engaging Communications.

Values-Driven Reputation

A research series from NRG Reputation

PART 1

The Myth of Trust

PART 2

Separating Reputation from Brand

PART 3

Resilience in Reputation

PART 4

Quantifying the Value of Reputation

PART 5

Stakeholders for Reputation Measurement

PART 6

Customized Reputation Measurement

PART 7

A Modernized Approach for Future of Reputation

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AUTHOR
Roy Persson

ADDITIONAL CONTRIBUTORS
Nick Crofoot, Lucy Murrey, Fergus Navaratnam-Blair, Grady Miller

DESIGN
Emily Murphy and Grace Stees

METHODOLOGY

Unless otherwise stated, data in this report is from *Resilience in Reputation,* a study of 4,000 Americans ages 14+ conducted online from February 2-14, 2023. Sample was sourced from third-party, non-probability based research panels. Sample outgo was balanced to be nationally representative of the online population on age, gender, education level, region, and race/ethnicity. Post-field, data was weighted to these same set of demographic variables to ensure alignment with the population.