

INTERVIEW ON CORPORATE REPUTATION WITH PETER FIRESTEIN

Barbara: Tell us a bit about your background, qualifications and expertise. Please provide the Amazon link to any books you have written.

Peter: I began my consulting career in investor relations. As a Managing Director at Thomson Financial (now Thomson Reuters) I was lucky enough to lead the Latin America group at an exciting time when many countries were privatizing state utility monopolies and listing their shares in New York. I became an advisor to entities within the government of Brazil and got to play a part in transactions that were not only financial in nature, but carried great social implications, as well.

Since 2003, I have run my own consulting group, Global Strategic Communications, Inc. The practice focuses on helping senior managements understand what their investors really think of them—and why they think it. To do this for them, I practice a proprietary, forward-looking market intelligence methodology called the Open Perception Study™. While continuing to do this work, my field of play has expanded to helping client companies develop and maintain reputation in ways that maximize their advantages during good times and help ensure their sustainability during difficult ones. This work was advanced substantially with publication of my book last year: ***Crisis of Character: Building Corporate Reputation in the Age of Skepticism***.

My corporate reputation consulting practice begins with the perception that companies live today in an unpredictable world that is rife with influential critics, an Internet that makes both truths and lies about them universally available, and a press that looks for the hot story rather than the accurate one. And let's not forget those politically-driven regulators. So, how does management protect the company in this environment? I believe it has more control over its fate than many realize. Why? Because much more information about its stakeholders is available than most managers realize. Yet the means of acquiring it generally requires a transformation in management's ideas about how a company interacts with its social and financial environment.

The best way to build understanding of the issues on stakeholders' minds is to ask them in systematic and intelligent ways. The fundamental insights that become available to management through this process enable it to build strategy and communications on an informed basis. In my book I describe a specific set of practices that position companies to do this. But ultimately, to achieve meaningful improvement in reputation, companies have to engage their stakeholders in ways that demonstrate a greater openness to diverse points of view. They must, in other words, become more vulnerable, and this involves not only an evolution in institutional processes, but a personal journey for corporate leaders. It involves most of all, an attentive listening to both the company's financial and social environment.

Barbara: Trust Across America's mission is to rebuild trustworthy behavior in North America, starting with public companies. How would you generally define trustworthy behavior?

Peter: The term “Trustworthy Behavior” is generally taken to refer to conduct that arouses the kind of trust that is accorded by others. But before you can attract such trust, you have to offer it. So a prerequisite for developing a reputation for “Trustworthy Behavior” is the demonstration of your own belief in the primary values of reputation. These include transparency and open communication. To be transparent means that you believe others will interpret information you disclose about yourself responsibly. It means that you have faith in the intentions of your investors, the media, external interest groups, and communities. It does not mean, of course, that you see a world of angels around you. It means that you believe, on balance, that candor derives better outcomes than attempts to manage information and manipulate your image.

Barbara: What steps should companies take to improve their reputation through better communication with their stakeholders?

Peter: I recently suggested on a television news program—with no agreement from my fellow guests—that a certain international oil company contending with a disastrous undersea oil spill of historic proportions simply stop communicating to the public until it could come to terms with what authentic communication meant. Its communication lacked the fundamental qualities necessary to maintain reputation—candor and consistency. My father used to tell me that if you can't say anything nice, don't say anything at all. Substitute the word "credible" for "nice," and you have a pretty good recipe for responsible corporate communications. It doesn't take a genius, but at times it can require a modicum of courage. That courage to offer the whole truth is an essential requirement of strong reputation.

Barbara: Can you provide some examples of companies that are doing this well?

Peter: Communication and transformation of a company are different things, and communication is easier of the two. It's turning around the aircraft carrier of a company's culture that deserves by far the more credit.

Coca-Cola, long criticized for its massive use of water in a thirsty world, has committed to developing technologies that will allow it to become water neutral in the next decade. That means it intends to conserve as much water as it uses, indicating its active willingness to adapt to the values of a world that is changing around it.

Wal-Mart, which has seldom bowed to popular opinion in its disruption of communities across America, has committed to substantial reductions in greenhouse emissions in its supply chain. It has created this initiative with the knowledge that if its customers are not demanding it today, they soon will.

Barbara: When faced with a crisis, is there a best way to preserve reputation in the long and short term?

Peter: Tell the truth. Tell it all, and tell it now. Understand that there are victims deserving of your empathy. You may have to take the blame even beyond what you consider to be your real responsibility for the simple purpose of demonstrating your commitment to those who have been damaged.

Barbara: Is the “trust” climate in corporate America improving or worsening? What actions will turn things around?

Peter: Trust, of course, is suffering because of the searing damage caused by the financial meltdown and revelations of the kinds of wildly irresponsible corporate behavior that brought it about. What will turn this trust deficit around is the recognition by a new generation of corporate managers that companies are now more or less glass houses, that ubiquity of information and intense public scrutiny now deprive companies of their past ability to hide what’s true. Many companies are still not getting this message, however, and it can be shocking to observe those who, at this late date, remain immune.

Barbara: Any final thoughts?

Peter: Someday soon candor and transparency will become competitive factors in corporate valuation. Already, boards are looking to hire leaders qualified to navigate their companies' way in a world that commonly makes environmental and social demands of a kind that were unheard of just a decade or two ago. The successful corporation is now one capable of recognizing and accommodating the norms of its social environment. In the 17th century a certain English poet taught us that no man is an island. In the 21st we’re learning that no corporation is, either.

Barbara: Peter, thank you for taking the time to talk about how companies can maintain their reputation through both good and bad times. Peter’s contact information:

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