

WEATHERING THE PERFECT STORM

HOW TO PROSPER IN THE REPUTATION ECONOMY

Mike Mooney

I speak with leaders and entrepreneurs on a regular basis about the power, value, and need to proactively manage our reputations.

In those discussions, I've heard responses like, "reputations are important, but it seems like a soft-skill. Sure, I should keep an eye on it, but it's not very tangible to me."

Suppose we ask the leaders at Marriott, Papa John's Pizza, Facebook, or Michigan State University if reputation is a soft-skill? Perhaps, we'd learn more of the tangible nature of reputations if we had the opportunity to ask Matt Lauer, Lance Armstrong, Brian Williams, or Harvey Weinstein?

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This perfect storm consists of the values-gap in behavior among leaders that litter the headlines, the fact that we are all now citizen journalists carrying smartphones to capture events, all colliding with the hyper-connected and shareable world that Social Media channels have created.

It's a new day in the court of public opinion and oftentimes these moments go viral and a bad situation gets worse in a hurry. It doesn't just impact high-profile leaders, executives, celebrities, and professional athletes. It's true for us and can be just as devastating as individuals as it is for companies.

Why does this matter so? Because if you have skin and a heartbeat, your reputation is your most important asset. There's a sizable cost associated with the damage, when it happens. Building and protecting our good name just cannot be left to chance. We have to be proactive, consistent, and diligent. Doing so will reap huge dividends in every way. On the other hand, if we get lazy, bad things will happen and recovery is not guaranteed.

With the stakes so high, doing nothing is not an option. Below, I outline one key strategy that will help you weather this perfect storm by building up a strong balance at The Bank of You.

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Your Reputation Bank: “The Bank of You”

We all have a Reputation Bank and your account is either increasing or decreasing every day and is based on every action and decision - better yet transaction - that you make (right or wrong). Like many companies today, the Bank of You is open 24/7/365, and more than ever, your balance can be a matter of public opinion and discussion.

Remember, your reputation speaks for you when you are not there to speak for yourself! It is more memorable than your website or business card and, in our saturated social media world, is always subject to review without your knowledge.

While the internet allows instantaneous access to information, a digital snapshot, let's be clear that the core element of personal reputation management truly is our analog, day-to-day, face-to-face behavior, which becomes the foundation of anyone's reputation.

At a time when trust in leadership is extremely low, with studies showing that only 24% of employees believe their CEO exhibits ethical behavior and 36% of employees believe their leaders act with honesty and integrity, we can't afford to sit back and try to ride this storm out.

Here are four components to consider when evaluating the Bank of You and what is in your reputation account:

- 1. Relationships count and are paramount for success.** You should establish, nurture, and maintain strong personal and professional relationships. Sounds simple, right? But how many of the people in your current circles would stand by your side when you are trying to fix your reputation issues? Building relationship management into your reputation management game plan will increase your Bank of You account balance. People who know you and care about you will be your safety net in times of trouble. In fact, having those

kind of people who have no agenda, beside your self-interest, will keep you out of trouble in the first place. They are comfortable telling you the unvarnished truth, and we all need that. In fact most of us do not have enough of those people around us. Author Bob Beaudine calls this group our 'Who'. If you don't already have a dozen or so trusted advisors like this, start cultivating those relationships now.

2. Diversify—there is strength in building your reputation currency in multiple accounts.

Sometimes the first instinct is to run from or ignore a situation when a problem arises. The reality is that the problem may eventually go away, but at what cost?

Better to address it head on—own it. And, while you are working on it, find and engage other areas in your life to focus on and draw support—your church community, a local civic group, or professional organization. Stay involved and fight the temptation to crawl into a shell. Consider volunteering your time and talents to a local college, hospital, or charity. That approach will demonstrate your resolve and resilience, and, if done for the right reasons, can have a positive impact on others while you work on what might be “broken.” The bottom line is that you can build relationships to help you rebuild your reputation!

- 3. Are you withdrawing more than depositing?** We are human and humans make mistakes. Our human-ness can often turn into a human-mess because we aren't perfect all of the time. However, make no mistake that our daily decisions, actions, words, and interactions are either making deposits or withdrawals from the Bank of You. In a world of Twitter blasts, Facebook posts, highly trafficked customer review sites, and 24/7 media outlets it's more critical than ever to be mindful of how your consistent actions and behavior mold and impact your reputation. A proactive approach to personal reputation management—grounded in your values - will be one of your greatest resources when building the Bank of You. An honest, introspective look at ourselves easily allows us to recognize how we treat and respect others

on a daily basis. An honest conversation with colleagues, friends, and family will immediately let you know if you are taking too much out too often.

- 4. Do you have an interest-bearing account?** Don't you love it when your money makes money? At the Bank of You, your account can grow on a daily basis when you have a strong reputation. Consider these questions as an indicator of the interest you are or aren't earning: are people recommending you for jobs based on your reputation? If you own a business, how many new clients are you getting from referrals? Did you know that 65% of all new business comes from referrals? How quickly are your calls returned? When was the last time a recruiter reached out to you? Are people asking to work with you on projects?

Any idea of what your balance is?

I've learned, first-hand, over the last 25 years in managing reputation/crisis situations, that reputational risk is never a question of if, it's only a matter of when. So, the only real questions to ask yourself are, "Am I prepared?" and "What's my reputation worth?"

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An Organization's "Bank of You"

Even organizations have a Bank of You. Technology has ratcheted up social engagement between corporations and customers and it has created a new and powerful dynamic. This dynamic is based upon in relationships where customers aren't just data points in spreadsheets—they are individuals with global and influential voices. And what they say or post online about a company, its people, products, or services can build a brand or destroy it.

Think about this: Seventy eight percent of consumers trust peer recommendations, while only 14 percent trust advertising. Why is that? For the same reason that four out of five consumers changed their minds about a purchase solely on negative information they found online. Simply put, we now have global outlets to share our experiences and interactions and search engines that help organize them for easy and nearly instantaneous access—and we often trust each other (even if there is no preexisting relationship) more than we trust a corporation.

This drives home the new reality that a reputation cannot be provided by a "Made in the USA" label or offshored to reduce production costs. For corporate brands, reputations are crafted and managed (or mismanaged) every day from the highest executive suites to the cubicles where employees earn hourly wages. This is no different for individuals, who can have their popularity skyrocket or fall from grace based on their behaviors.

What comes to mind when you hear the names Enron, Goldman Sachs, Harvey Weinstein, Tiger Woods, Anthony Weiner, and Lance Armstrong? Those are corporations or individuals whose reputations were damaged by their own behavior and decisions, and whether right or wrong, were found guilty in the court of public opinion. Besides the personal embarrassment, there were significant financial losses and negative impacts to their future corporate/personal earning potential as well as careers.

All of these people and companies lost reputational equity, career opportunities, and money and tarnished their legacies. But the reality is that for each of them, there was a moment of choice. There was a moment when a slight pause—a few seconds of reflection to think “what if?”—could have changed the outcome of what they experienced.

Customer expectations about how a brand will engage with them, help them, and understand them are at levels never seen before. Why is this? One of the most significant drivers of those expectations is knowledge. We’ve all heard that knowledge is power, and in the digital world in which we live, knowledge is in our hands, our purses, or back pockets in the form of smartphones. This has radically shifted the balance of power between consumers and brands.

Most, if not all, consumer brands have a shopper marketing division. These are the people who study the “whys” of shopper behavior and decisions. They work to understand, unravel, and create consumer “shopping occasions” to change how brands position themselves in the retail environment in an effort to meet the needs of various customer segments during specific times of the year and ultimately sell more product.

Proctor & Gamble first used the phrase “first moment of truth” (FMOT) in 2005 to identify the moment after consumers have been made aware of a product by advertising or word of mouth—essentially, the moment when consumers would decide whether to purchase a product or not. P&G contended that the FMOT was when the shopper saw the product on the shelf.

While the FMOT was an important time stamp for marketers to understand how their product went from shelf to shopping cart, there was also a second moment of truth (SMOT), which was also an important element in the consumer purchasing cycle. The SMOT was identified as the moment of use, or experience, when the consumer’s need was satisfied by the product, thus creating brand or product loyalty.

That all changed when Google unleashed its e-book *Winning the Zero Moment of Truth* in 2011. The theory of ZMOT built upon the existing P&G model but shed light on the pre-FMOT purchasing process that consumers now employ given their access to information. Jim Lecinski, the author of *Winning the Zero Moment of Truth*, asserted that consumers are still made aware of the products through advertising and word of mouth channels, but before they even step foot inside a brick and mortar store, they are scouring the Internet for product information and user reviews.

The period of time when the consumer is searching and reading about the product to gain insight and knowledge to shape his or her purchasing decision is the ZMOT. According to a 2011 Google study, 88 percent of US consumers engage in ZMOT behavior before making their final purchase decisions. In fact, consumers sought out product information, on average, through 10.4 digital or traditional sources before making a purchase decision. The Google study goes on to say that that is twice the number of channels sought out in 2010; it grew to 12 sources in 2012 and continues to grow today. We do this almost instinctively now when considering buying everything from paint to cars. We tend to look at the manufacturer information for what the product will do as well as its promise and benefits, but what often carries more weight are the user reviews, which gives us validation from our peers. Those reviews were written by consumers whose experiences shaped the reputations of products and brands.

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However, social channels come with a double-edged proposition. With their ability to instantaneously share information globally to humor us, educate us, or inspire us, they also carry the power to tear people down, just as quickly as the information is downloaded onto the latest digital device. Why is this? It's because not only is news shared, but people are also sharing their experiences. That is how reputations are often developed, either through firsthand experience or by hearing about others' experiences.

The bottom line? The Bank of You is transparent and powerful. Pay close attention to it. Manage it. Long-term success in the Reputation Economy requires it. 📌





Info



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About the author

Mike Mooney uses personal stories from more than two decades at senior leadership posts in the fast-paced world of motorsports to illustrate the impact of actions and behaviors. You will learn the same strategies he has used for global companies in motorsports to shape, protect, and rebuild reputations.



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