

Issues Watch

In this special edition of Issues Watch, we take a look at how the issues landscape has changed since Register Larkin was founded 15 years ago. Since then, in all places where Register Larkin now operates, so much has happened: in the UK, an ailing Conservative government was swept aside by New Labour; in Asia-Pacific, Britain ceded power of Hong Kong to China; and in the Middle East the cities of the Arabian Gulf have become gleaming metropolises and household names across the developed world.

As Mike Register explores in Expert View, these changes in global geopolitics, regulation, technology and attitudes have made reputation management a more complex and fraught profession. This has profoundly affected our attitude to risk, our expectations and ultimately, our trust. The volume of international media coverage on key issues

reflects these changes, fed in part by an increase in the number of media outlets. The Tracker below displays a selection of cross-sector issues (several of which we have monitored in previous editions), showing how they have developed over the past 15 years. In every case, they have gained profile:

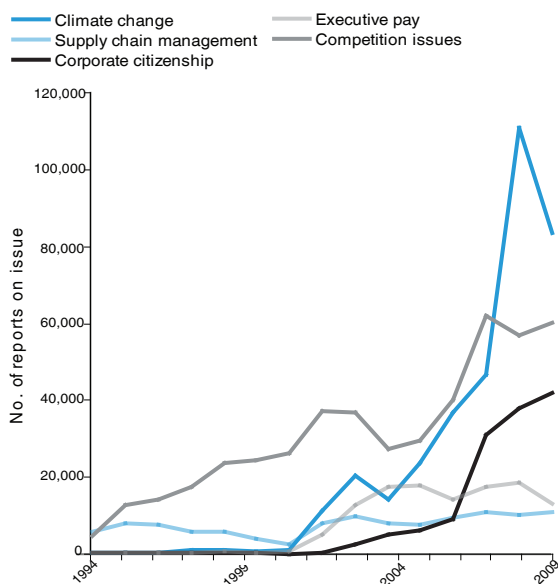
Climate change

Climate change has become a very salient issue since 1994, but also one subject to the whims of the global media – reporting on climate change fell as the financial climate worsened (as reported in June's edition). The prevailing environmental issue of 1994 was the damage to the ozone layer, the part of the atmosphere that protects us from ultra-violet light. Although this issue was often erroneously linked to climate change, the perception of the problem was the same: *New Evidence Ties Ozone Hole to Human Activity* (The New York Times, 20/12/94). The ozone layer is still a concern, but one that is being successfully addressed through good international policy and sound science. If we're as successful at reducing greenhouse gases as we have been CFCs, we may see a different environmental issue altogether on the issues radar in 15 years time.

Supply chain management

Supply chain issues continue to resonate and businesses still receive criticism about 'ethical sourcing'. Seventeen years ago, Levi Strauss & Co created guidelines to ensure sourcing relationships remained consistent with its brand image and company values. Yet in August 2009, an investigation found that a supplier for Levi was dumping hazardous waste in Lesotho. The public is rightly asking what has changed. A lot has probably changed, but the perception of unscrupulous corporations and 'sweatshops' will continue unless businesses show us that the vast majority of factories are well-run and provide valuable opportunities for people in developing countries. This story needs to be told, but should not replace thorough reputation risk audits of supply chains.

Issues Tracker 1994 to 2009*



*Powered and categorised by Factiva. Data gathered from 25,000 global newspapers, newswires, trade journals, newsletters, magazines and transcripts (01/01/94 - 01/08/09).

Corporate Citizenship

The notion of corporate citizenship (or however you choose to term it) has been around as long as companies themselves – whether it was concerns about the excesses of the East India Company or United Fruit Company's involvement in central American politics. But it was around the turn of this century when corporate citizenship really gained profile. A flurry of Corporate Social Responsibility (CSR) reporting – Shell in 1998, Starbucks in 2002 – truly solidified the concept. Corporations should ask if their role in society has been framed in the right way – CSR is so often managed reactively, defensively and on the territory of others. It is difficult to foresee improvement in corporate reputation over the next 15 years if the current CSR formula continues to be followed.

Executive pay

Remuneration, bonuses, share options and loyalty payments – all have been under the microscope recently. Executive pay has always been a reputation risk, but not quite as much as it is today. In 1994, with the UK having just come out of a recession, the number of headlines in key publications around the world including 'fat cat'

was 28. In 2009 at the time of writing, there have been 262 such headlines. Not only is the volume of coverage changing, but the tone too. We're seeing more personal and vitriolic attacks in headlines such as *Scumbag millionaires* and *Greedy beyond belief*. Financial leaders have a long road ahead of them to win back the public's trust and will only begin to do so if they can see from the viewpoint of multiple stakeholders.

Competition issues

Cartels, price fixing and consequent antitrust legislation are business critical issues on the rise. Indications are that businesses will face a more punitive operating environment over the next 15 years. During the Bush administration, not a single case was filed against a dominant firm for violating anti-monopoly legislation. The Obama administration has signaled a major change, aiming to align the US more closely with Europe. Neelie Kroes, the European Commissioner for Competition since 2004, has developed a reputation as a formidable enforcer of antitrust legislation. Her tenure ends in December, but she may still commit to another five-year term. Whoever is in charge, companies need to plan and prepare now as competition issues are evolving quickly.

I wish I hadn't done that

... The Polish business unit of Microsoft probably thought nothing of editing a promotional photo on its website. But it perhaps should have done, considering it involved changing a black man's head to that of a white man. Microsoft apologised after the altered image appeared on the Polish business unit's website, but remained in its original form on the company's US website. Whatever the demographics of Poland, those that made the changes would have been wise to consider how their decision might be perceived and its potential affect not only on their own reputation, but their company's too. Companies should also learn from each others' mistakes - Ford made the same error of judgement as Microsoft in the UK, editing white faces on to ethnic minority employees who had agreed to be photographed for an ad campaign.

... Social networking sites are optional communication channels during crisis management, but can also be where crises originate. Furniture retailer, Habitat, discovered this when it linked its sales 'Tweets' to unrelated current affairs topics – including to the riots during the Iranian elections – in an attempt to boost visibility. Angry Twitter users accused the company of 'piggybacking' on social unrest. Habitat apologised, saying the actions weren't 'authorised', but declined to name the culprit.

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