

# Best foot forward

How to build and protect your corporate reputation

**A** business's continued success is most fundamentally determined by its reputation in the marketplace.

And in today's environment, in which scandals seem to occur on a daily basis, people often think of reputation only in terms of integrity or ethics. But it is much more than that, says John F. Schlechter, director, Auditing & Accounting at Kreisler Miller.

"Certainly being ethical in business practices is critical, but reputation includes such things as leadership and vision, quality of products or services, the workplace environment, financial results and corporate citizenship, to name just a few," says Schlechter. "The challenge is to balance all of these elements in a way that produces a reputation that leads to a successful business."

*Smart Business* spoke with Schlechter about how to build your corporate reputation — and how to protect your good name.

## What are some keys to building a company's corporate reputation?

A company's reputation is most significantly impacted by its management team, which is responsible for developing and nurturing the company's vision or mission. The tone is set at the top.

Many companies have well-thought-out and articulated mission statements, codes of conduct and business practices. Employees are indoctrinated in these practices through training sessions, and a company's hallways are filled with constant reminders of key components of the company's mission. But the single most important factor in building a company culture is how management models it on a daily basis. Management must walk the talk. When management leads by example, employees get the message that mission, codes of conduct and treatment of the customer are important and they must follow if they want to be successful in the organization. A strong corporate culture develops, which ultimately leads to a positive reputation in the marketplace.

Fundamental to building a corporate reputation is providing quality products and services. Branding and marketing efforts, while they might help to create a corporate image, do not build reputation. You can have the world's greatest marketing campaign, but if you do not produce quality products and services, you will not create a sustainable business. The focus on quality is paramount to a sustainable customer base. Other shortcomings may be overlooked if people love your product.



**John F. Schlechter**  
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## How can the work environment contribute to reputation?

The workplace is an important aspect of creating reputation. Organizations known for having a great working environment have no trouble attracting quality people. Quality people, typically, help produce quality products and services. If people are challenged, treated respectfully and properly rewarded for their efforts, they have a positive view of the organization, which affects how they work and how they talk about their employer in the community.

If you have sound leadership, quality products and good people, financial results will typically follow. Solid financial results are, obviously, an important indicator of the success of the business, which enhances the public's image of the company.

Dealing fairly with suppliers, i.e., paying a fair price for the vendor deliverable, and paying bills on time are also important contributors to corporate reputation. Financial results at the expense of the business's supply chain can create another kind of reputation.

## How else can a company enhance its reputation?

Getting involved in the community by participating on nonprofit boards, sponsoring

community events, or making charitable donations is another key element of creating corporate reputation, but these things must be done out of a genuine desire to contribute. Being self promotional in such endeavors can lead to less-than-desired results. Having a keen interest in the project and enjoying the participation is the key to corporate citizenship.

## How do you maintain your reputation once you have earned it?

Corporate reputation takes years of cultivation, but it can be destroyed in an instant. A lapse in judgment, an uncontrollable event, a misspoken word, a bad product batch, or even a simple misunderstanding can suddenly impair the best of reputations.

Particularly in this technological age, when information flies around the Internet at unfathomable speed, businesses need to be vigilant about their good name. However, even with the utmost diligence, high-profile events can occur that are outside the business's control. In these situations, it becomes important to deal with the issues as quickly as possible. Speed can only be a mistake if the response is made before there is a full understanding of what has occurred and what all the implications may be.

## How should a business respond to a reputational crisis?

A business does not want to have to make continual responses or modifications to initial responses unless it is a fluid situation and the circumstances warrant a continual dialogue with the marketplace. As with most problems, the quicker a problem can be dealt with, the quicker the healing can begin.

Taking responsibility for a mistake is also an important element in responding to a problem. Most people are more forgiving of businesses that acknowledge their mistakes and fix them than they are of those that either try to cover them up, or make excuses as to why the mistake happened. Taking responsibility and fixing it as fast as possible are measures that go a long way to preserving corporate reputation, or at least minimizing the damage.

A strong reputation is fundamental to successful businesses. Build your reputation with great care, and closely monitor and guard it once it is established. <<

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