

How proactively are you building your reputation capital?

By David Nour, author – *Relationship Economics*

Reputation: 1a: overall quality or character as seen or judged by people in general b: recognition by other people of some characteristic or ability or 2: a place in public esteem or regard: good name.

Merriam-Webster Dictionary

When it comes to business relationships, one of the foundational components to elasticity in your success is your *reputation capital*: the quantifiable and strategic significance of the value you've promised and delivered, consistently over a period of time. By the way, this isn't speed dating! By definition, the development, nurturing, and protection of this reputation – in essence, the building of your reputation capital – is an investment of time, effort and resources (human and capital). It also has comparable value as your reputation is often compared to those of others at equal or greater business stature. I equate this to building a house. Few will recognize the painstaking labor of love dedicated to the intricate details and investments you make in beams and supporting infrastructure, or the long-term viability, sustainability and protection you expect for you and your family. It's a far greater asset than a simple structure; it's a home you're proud to call yours.

Regardless of the investments you make in building your home, it will always have a comparable value. If the street or neighborhood is perceived to be undesirable, your home will likewise suffer from reputation by association. Similarly, the business relationships you painstakingly invest time, effort and resources in to develop over the years, whether you like it or not, directly contribute to your reputation capital. The employees you attract, the suppliers you utilize, and the customers and investors you serve all contribute to your reputation capital.

One of the biggest challenges with reputation capital is that very few executives *really* know how they are perceived! And you simply can't do anything about a reputation you're unaware of.

In working with clients such as Disney, Marriott, Scientific-Atlanta, a Cisco Company, and KPMG to name a few, we're coaching the next generation of leaders in a proactive, systematic, disciplined process to develop, nurture and leverage their reputation capital. They understand that corporate reputations are earned daily by the market's perception of the value their respective companies delivered from their promises yesterday, and the realistic expectations of what these organizations will deliver tomorrow. So what are the key ingredients of building, validating, and fostering your reputation?

- **The image of the industry you work within:** Beyond products, services, and even brands, keep the focus of the industry on the overall experience or perception based on a degree of confidence in predictability of behavior ("what you're going to get"). Also, be aware of guilt by association – missed opportunities to engage and transform typical transactions into memorable relationships.
- **Your corporate image and identity:** "Image" is a person's beliefs about an organization and "identity" is the attributes used to describe the organization. For example, *Character* describes organizational culture & competitiveness; *Ability* describes the CEO, employees, and resources; *Products & Services* are evaluated by quality, value, and range; *Behavior* is defined by leadership and profit. All of this is based on the individual's relationship with the organization, its past behavior, and what other people have said about it.
- **Your stakeholders:** Values and perceptions vary greatly by how much the organization's character, respective beliefs and values about appropriate corporate behavior are aligned. Stakeholders are becoming more sophisticated as they look for their expectations to be exceeded, not simply met. Customers are looking for dependable products and services today and an organization to fix them when they are broken tomorrow. Employees are looking for a salary today and skills development and reserved

funds for retirement tomorrow. Investors are interested in meeting today's cash flow requirements while building equity and increased shareholder value tomorrow.

Individual reputations are often described in terms of esteem, respect, trust, and confidence (or lack thereof). The outcome of the perception from the above ingredients is inherently simple: Good or Bad. The results of one forming an opinion from this perception is the notion that it's "safe" to do something with you or your organization such as apply for a job with your firm, buy your products or services, purchase your stock, or invest in your company and not boycott you during times of crisis.

According to Professor Thomas J. Kosnik at the Harvard Business School, visibility and credibility are the key components of measuring an organization's reputation. Similarly, your *visibility* in the marketplace, measured by the number of quality and diverse stakeholders who are aware of your characteristics and capabilities, as well as your *credibility*, which is the quality of your reputation amongst those who know it, determines your current market reputation. Recent college graduates often have low visibility and credibility – they simply haven't had the chance to earn it yet. As such, their reputation is predominately unknown. With increased visibility, your reputation becomes unparalleled. An undesirable scenario is a highly visible role with a diverse group of stakeholders, but low credibility in the perception of your vision or ability to execute.

So, when considering an individual, team or organization's reputation, what are the sources of these reputations and the quantifiable outcomes of reputation capital?

An individual's reputation comes from personal characteristics, (when was the last time you did a personal SWOT – strength, weakness, opportunities and threats – specifically around your reputation?), professional development efforts, non-working activities, and the company you keep! The quantifiable returns become individual and peer-level recognition, broader appeal and visibility / more interesting and demanding work, personal & professional growth, and personal rewards for performance.

A team or group's reputation is derived from HR practices which determine how the team recruits, develops, rewards, and terminates its employees; clear goals and objectives (KPIs) of the team; a clear understanding of "part" of bigger objectives; and the execution-centric skills of the team leader. Reputation capital dividends include business unit, departmental, or company-wide recognition; current "A Players" attracting other A players; reduced involuntary attrition and cost of position replacement; captured and shared best practices; and strong intra-company relationships that attract resources (both capital & human).

The organization derives its reputation largely through the personalities of the senior management, shared corporate values, and the financial stewardship of the organization. Viable examples include Steve Jobs' consistent knack for innovation at Apple, Johnson & Johnson's credo, IBM's values including respect for the individual, customer service and commitment to excellence, and HP's seven corporate objectives including profit, customers, field of interest, growth, people, management and citizenship. The quantifiable value of reputation capital at an organizational level can manifest itself in preferential access to market opportunities previously deemed improbable, unconditional support in times of business crisis, and lifelines when the bottom falls out of your company.

So, I ask you again, how proactively are you building *your* reputation capital?

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