



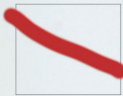
REPUTATION



VISION



GLOBAL OUTLOOK



COMMUNICATION



DECISIVENESS



SOCIAL MEDIA

The CEO Reputation Premium:

Gaining Advantage in the Engagement Era



weber
shandwick
engaging. always.

Introduction

The past several years have not been easy for big business and its leaders: CEOs. Research has found that respect for corporate leaders and large multinationals has declined. Between the global financial crisis, spread of worldwide protest movements such as Occupy, backlash against executive compensation, and even employee revolts, CEOs have faced numerous threats to their reputation and those of the companies they run.

Despite this erosion in positive perceptions of CEOs, Weber Shandwick's research continues to find that CEO reputation is a fundamental driver of corporate reputation, and is unwavering in its contribution to market value. Our newest research, reported herein, finds that global executives estimate that nearly one half of a company's market value is attributable to its CEO. CEO reputation continues to be a premium form of currency and wealth in an economy where companies trade on their reputations every day. As Michael Fertik, founder and CEO of reputation.com, says, "Reputation is the new oil." This CEO premium exerts enormous influence over enterprises and within the industries they operate, and should never be underestimated or neglected. What has changed, however, is the growing complexity of the global stakeholder audience coupled with a dynamic and radically changed media environment. The convergence of these new factors makes it harder than ever for companies to get heard beyond a whisper, leave a lasting impression, and figure out who holds the key to influence.

When it comes to shaping CEO and corporate reputation today, it is not just the usual suspects — investors, financial analysts, business media, regulators — whose perceptions matter most. As Goldman Sachs' CEO Lloyd Blankfein rightfully admitted during the financial crisis, everyone matters now:

"I think the average American probably had no contact and had never heard of Goldman Sachs before three years ago. Shame on us in a way for not anticipating how important that would be. We're an institutional business with no consumers. It turns out, another name for consumers are citizens and taxpayers. They became important for reasons that are obvious. They always should have been important, but it wasn't part of our audience as we thought about it. Now we will have to develop those muscles a little better than we have."

— LLOYD BLANKFEIN, CHAIRMAN AND CEO, GOLDMAN SACHS

According to Weber Shandwick's past research, the general public is quite aware of company wrongdoing, and its opinions of companies are often swayed by what CEOs and other executives say and do. When BP's former CEO Tony Hayward responded to a reporter about the Deepwater Horizon oil spill, the words that poured out of his mouth were heard around the world: "There's no one who wants this thing over more than I do, I'd like my life back." Those last five words were not only plastered in headlines and endlessly broadcast, but spread like wildfire on Twitter, Facebook, YouTube, text, blogs, and via word of mouth, and are still referenced by the media as an example of a major PR blunder. What CEOs say or don't say, where they say it, and to whom they say it increasingly makes or breaks reputations and derails job security.

Business leaders are at a pivotal point. They are emerging from a period in which CEOs kept fairly low profiles, raised to the public spotlight only by crisis or scandal. While they were keeping quiet, the media landscape exploded around them, effectively crowding out carefully crafted message points and spawning increasingly distracted audiences only interested in 140 characters at a time.

Truth be told, CEOs have entered a golden age of opportunity in which to tell their company stories. They are far less dependent on traditional media to profile their biographies and echo their future strategies. CEOs can now take their storytelling content directly to stakeholders without negotiating with the media. Content marketing and social media have opened up avenues of plenty for CEOs to communicate their narratives. CEOs now have more ways to connect and to do so consistently versus episodically (e.g., quarterly). In light of these radical changes in the business landscape, Weber Shandwick wanted to revisit the realm of CEO reputation and better understand what is required today. As we see it, CEO reputation matters today more than ever and needs to be managed, cultivated and shared. CEOs need to engage with their many stakeholders in deeper ways. They need to be seen and heard and be on the scene internally, externally and virtually.

“As CEOs regain their footing after the global recession, reputation is being shaped by new forces that require greater CEO engagement and presence. Although social media has placed nearly every CEO and company in the spotlight for good and bad, it has also given CEOs a once-in-a-lifetime opportunity to tell their company stories in unimaginable and untold ways. Our study updates the latest thinking on how CEOs are perceived today, and how their roles are changing in this topsy-turvy, never off media environment.”

— LESLIE GAINES-ROSS, CHIEF REPUTATION STRATEGIST, WEBER SHANDWICK

Our report is presented in three parts:

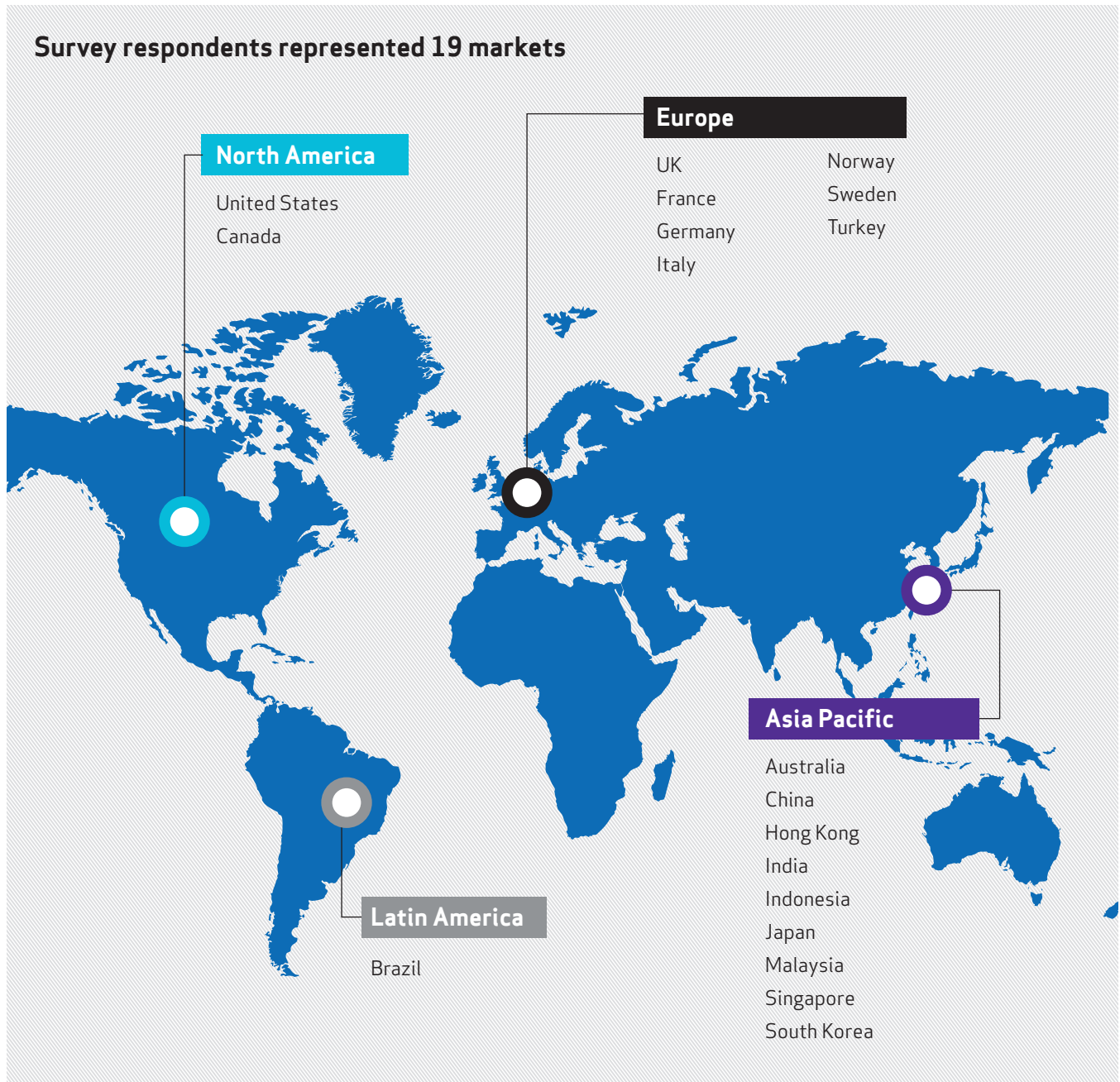
- ▶ **Part I: The CEO Reputation Advantage** demonstrates how and why CEO reputation matters, the premium it delivers, and the shifting drivers of corporate reputation. It also describes executives’ views on the importance of bench strength, CEO humility, and the rash of CEO apologies in recent years.
 1. CEO Reputation Matters
 2. What It Takes
 3. Bench Strength Counts, Too
 4. Corporate Reputation Today: Strong, Yet Vulnerable, with New X Factors
 5. Humble CEOs Come with Benefits
 6. Inside Look at CEO Reputation

- ▶ **Part II: CEO Engagement Now Required** takes a deep dive into CEO engagement and visibility — the new imperative for CEOs in the Engagement Era. This section covers the importance of CEO external engagement, preferred avenues for building CEO profiles, and the pluses and minuses of digital engagement. In addition, the section looks at whether CEOs should be taking public stands on political issues of the day.
 1. CEO Public Engagement is the New Mandate
 2. CEOs Need an External Profile in More Ways than One
 3. CEO Social Media Engagement Comes with Reputational Rewards
 4. CEOs Should Exercise Caution when Taking a Public Stance on Policy

- ▶ **Part III: The CEO’s Guide to Reputation and Engagement** provides strategies for business leaders and their companies in order to build executive equity, bolster CEO engagement on a visible scale, and reap the reputational benefits of effectively engaging stakeholders.

How We Did the Research

Weber Shandwick, in partnership with KRC Research, sought to quantify the value of CEO reputation and measure the importance of CEO engagement from those closest to the CEO. We conducted an online survey of more than 1,700 executives — managers through the C-suite, but excluding CEOs. Respondents worked in companies with revenues of \$500 million or more and represented 19 countries across North America, Europe, Asia Pacific (APAC) and Latin America (LatAm).





PART I

The CEO Reputation Advantage

1 CEO Reputation Matters

In today's business world, it's undeniable that CEO reputation matters to an organization's success and is one of its most valuable and competitive assets. Global executives in our survey agree: on average, they attribute nearly half (45%) of their company's reputation to the reputation of their chief executive officer. Neither is this inextricable link between CEO and corporate reputation expected to fade. Half of executives (50%) expect that CEO reputation will matter more to company reputation in the next few years.

CEO reputation matters to the bottom line, too. Executives estimate that 44% of their company's market value is attributable to the reputation of their CEO. This extraordinary interdependence between CEO reputation and market value demonstrates that leadership is a resource worth investing in and cultivating.

The benefits of cultivating a highly regarded CEO reputation, in addition to enhancing market value, are plenty. Executives report significant benefits that accrue from positive CEO reputation including attracting investors (87%), positive

media attention (83%), and crisis protection (83%). Strong CEO reputation also attracts (77%) and retains (70%) employees. Employees should be an important agenda item for CEOs today because of the influence they exert. Employees at an American supermarket chain took a stand against their company after their admired CEO was ousted by the board. Their revolt led to the CEO being reinstated.

Tellingly, one out of every two executives (50%) say that their CEO's reputation impacted their decision to accept the position, and even more — 58% — say it keeps them at the company. Six in 10 executives (61%) would vote to keep their current leader if the company held an election.

Our research shows that reputation is non-discriminatory when it comes to gender. Male and female CEOs are just as likely to run companies with very strong reputations and to have comparably strong reputations themselves. Moreover, the reputations of male and female CEOs contribute approximately the same levels to the market value of their firms.

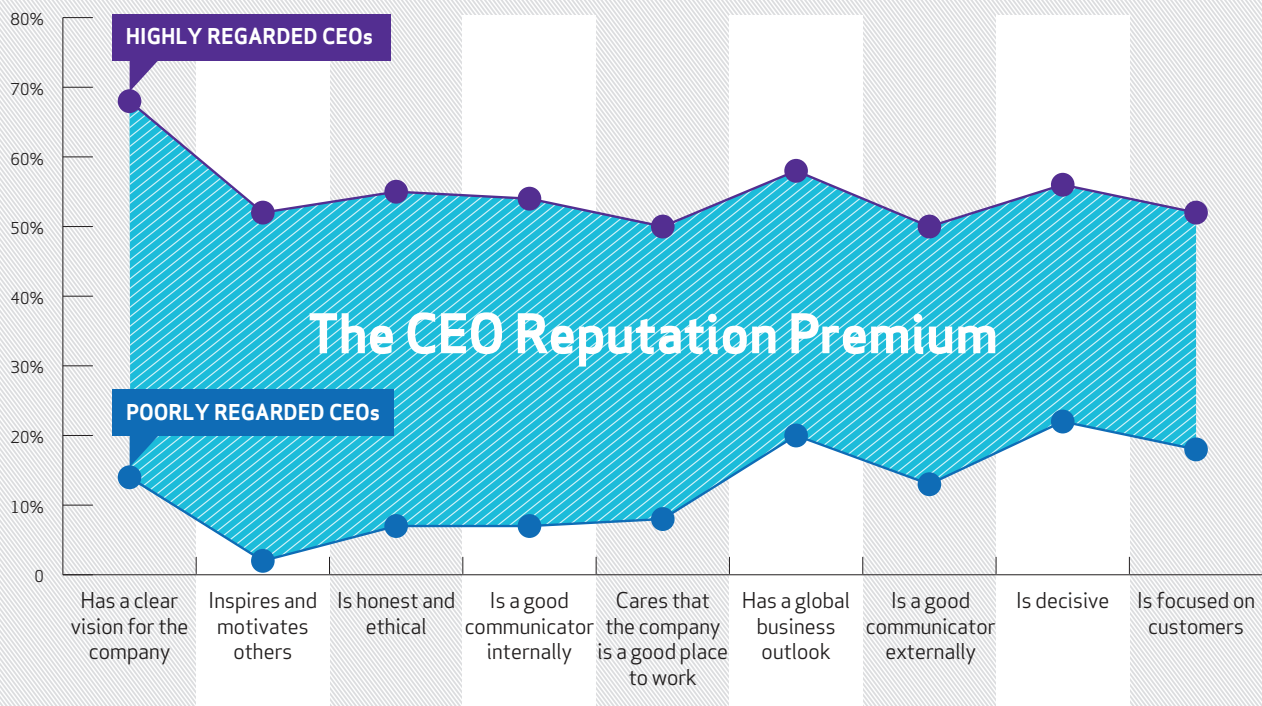
Strength and impact of company reputation



2 What It Takes

What attributes drive strong CEO reputation? By wide margins, executives who work with highly regarded CEOs, relative to those with lesser regarded CEOs, describe their CEOs as having a clear vision for the company, inspirational and motivational to others, honest and ethical, a good communicator internally, and someone who cares that the company is a good place to work. They also describe these highly regarded CEOs as having a global business outlook, being a good communicator externally, decisive, and customer-focused.

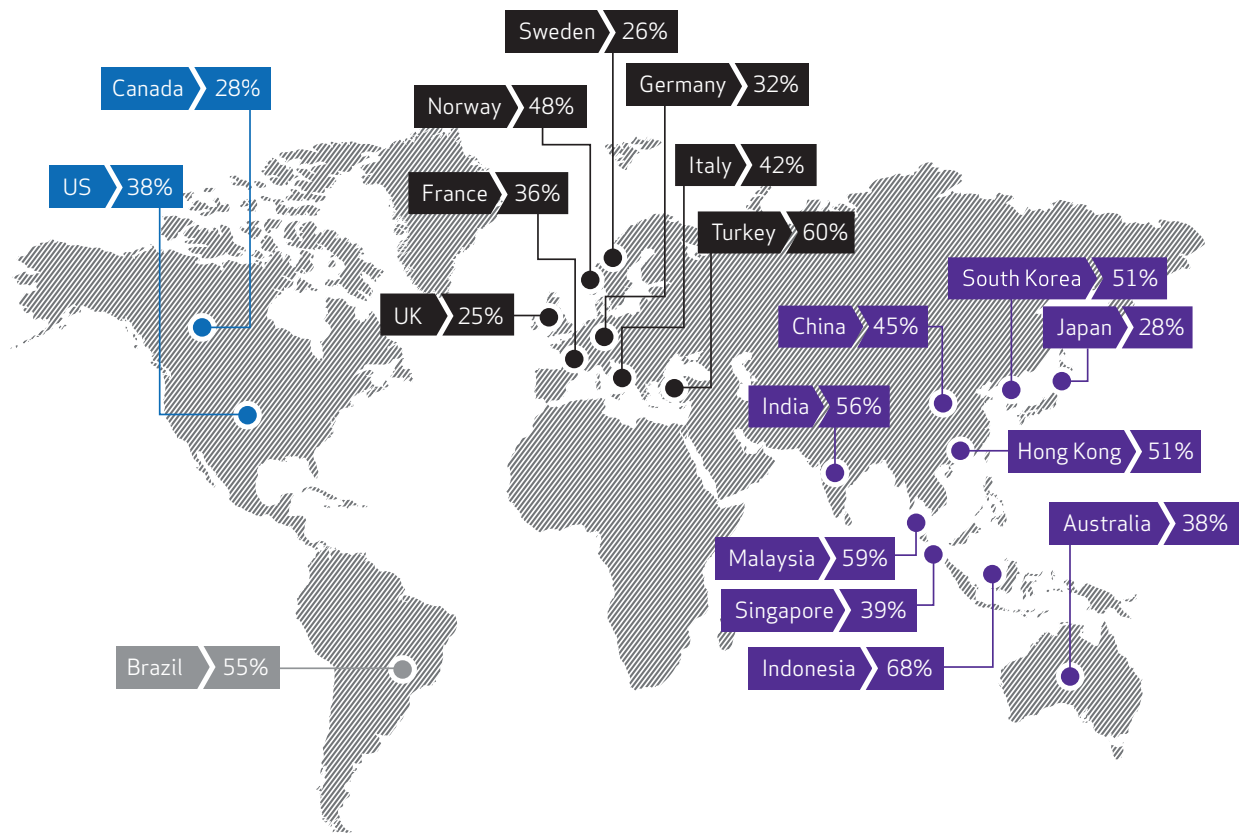
How executives describe their CEOs



The last few years of financial crisis, scandals, and looking the other way have raised the bar on ethics and honesty. More than eight in 10 executives with highly regarded CEOs (86%) also report that they trust their company leader to do the right thing for the company and that their company's leader emphasizes the importance of ethical conduct throughout the company (84%).

Value of CEO reputation across the world

% company market value attributed to the reputation of CEO



How survey respondents describe the CEOs they admire most...

“Those that balance all three sets of stakeholders: customers, employees and shareholders – in that priority order. Employees have almost become a commodity and a good CEO is one who cultivates the workforce to ensure talent in all disciplines remains to strengthen the company.”

— NORTH AMERICAN EXECUTIVE

“It is a person who always keeps the reins of the tasks he is in charge of and able to infuse trust and optimism within the company.”

— EUROPEAN EXECUTIVE

“Competent, has an outlook on the market and the future, concerned about the employees and their needs, focused on results and customers, a strategist.”

— LATIN AMERICAN EXECUTIVE

“Is familiar with the market, knows the competition, values managers, does not say ‘I know it all.’”

— APAC EXECUTIVE

PART I: THE CEO REPUTATION ADVANTAGE

3 Bench Strength Counts, Too

The CEO is not the only leader who influences corporate reputation. Globally, more than four in 10 executives (44%) believe a company's reputation is influenced a great deal by senior management other than the CEO.

The importance of the senior management team is even more pronounced in companies with strong reputations. More than half of executives in highly reputable companies (56%) believe a company's overall reputation is greatly affected by the reputation of the senior management team, compared to only one-third of executives (30%) in companies with weak reputations.

It is important for companies to recognize that while the CEO wields tangible power over reputation, other top executives have considerable influence and can add substantial credibility to the company's narration. Viewing other executives as a portfolio of storytellers can play a powerful role in the development of a strong company reputation.

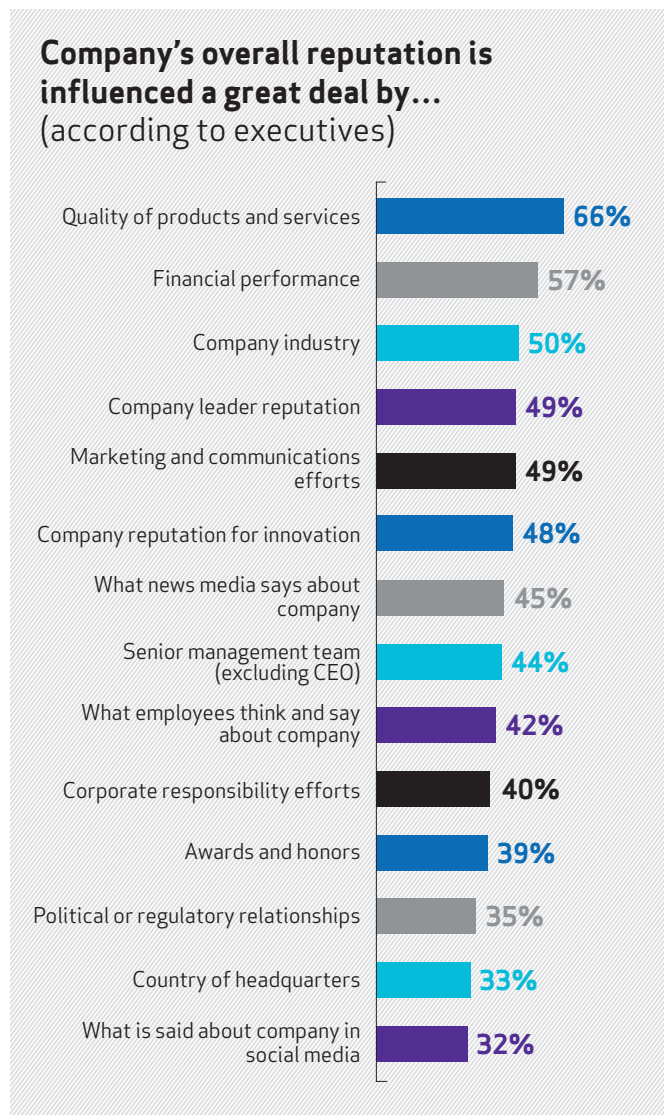
4 Corporate Reputation Today: Strong, Yet Vulnerable, with New X Factors

Nearly nine in 10 executives (86%) consider the reputations of their companies to be strong. However, fewer than four in 10 (38%) concede to a very strong reputation — hardly a cause for confidence in the ability to withstand a crisis or major threat.

Company reputations are shaped by a variety of factors, with quality of products and services identified as the most important factor by 66% of global executives, followed by financial performance (57%). Leadership reputation falls among the top five drivers (49%). The least influential reputation driver is how the company is discussed in social media.

Importantly, a company's industry ranks as the third most important driver of corporate reputation (50%) and is among the top five drivers of reputation for each industry represented in our study. Clearly, the reputational impact of an industry today ripples beyond a single company. As an

example, the BP oil spill impacted the reputation of other oil majors, and sizable triage had to be applied to improving their collective reputation. The same goes for just about every industry today. For executives responsible for managing reputation, the adage about being "tarred with the same brush" rings true.

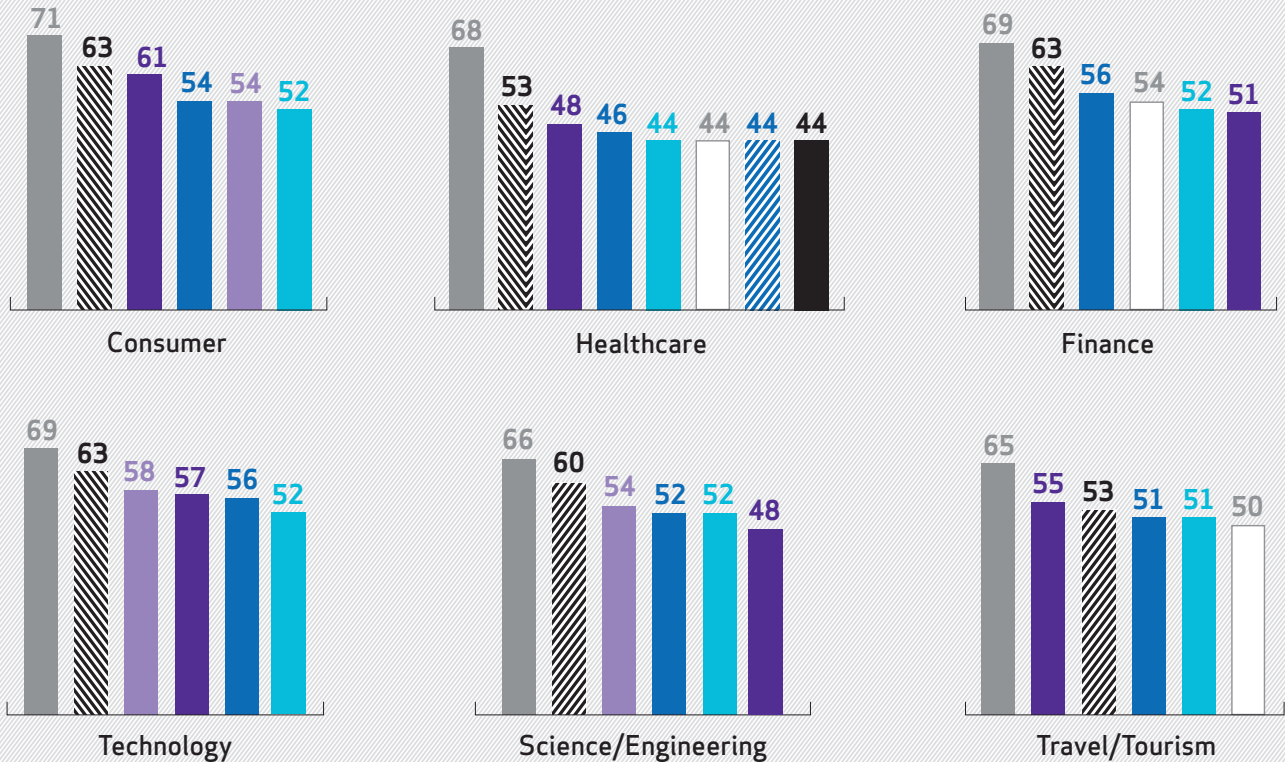


“That social media is not yet a top reputation driver is not surprising. Social media is still fairly new as a reputation-builder around the globe, but is fast becoming a reputational asset.”

— CHRIS PERRY, PRESIDENT, DIGITAL, WEBER SHANDWICK

Top six drivers of company reputation (by company industry)

- Quality of products/services
- ▨ Financial performance
- Marketing and communications efforts
- Company industry
- Innovation
- CEO reputation
- Media reports
- ▨ CSR efforts
- Senior leader reputation (besides CEO)



“It has not always been the case that industry is a leading reputation driver. When researching what impacted reputation years ago, industry reputation barely made the top five.”

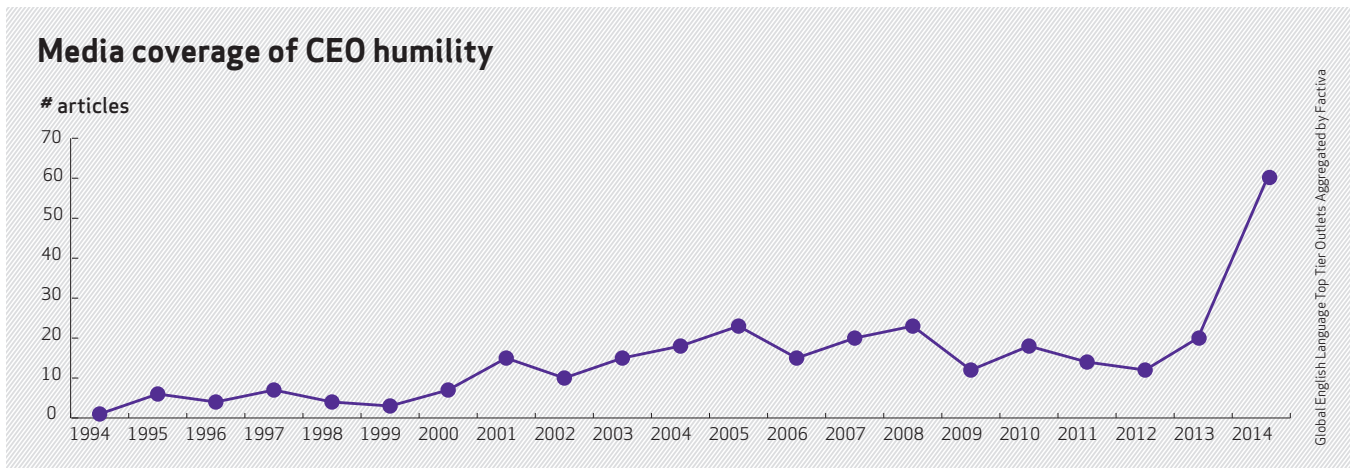
— LESLIE GAINES-ROSS, CHIEF REPUTATION STRATEGIST, WEBER SHANDWICK

Particularly noteworthy is the high importance that worldwide executives place on marketing and communications in driving reputation. Perhaps the proliferation of outlets and new ways that reputation can be communicated today is elevating the influence of marketing communications. In today’s digital age, consumers have countless ways of finding out information about a company, and the

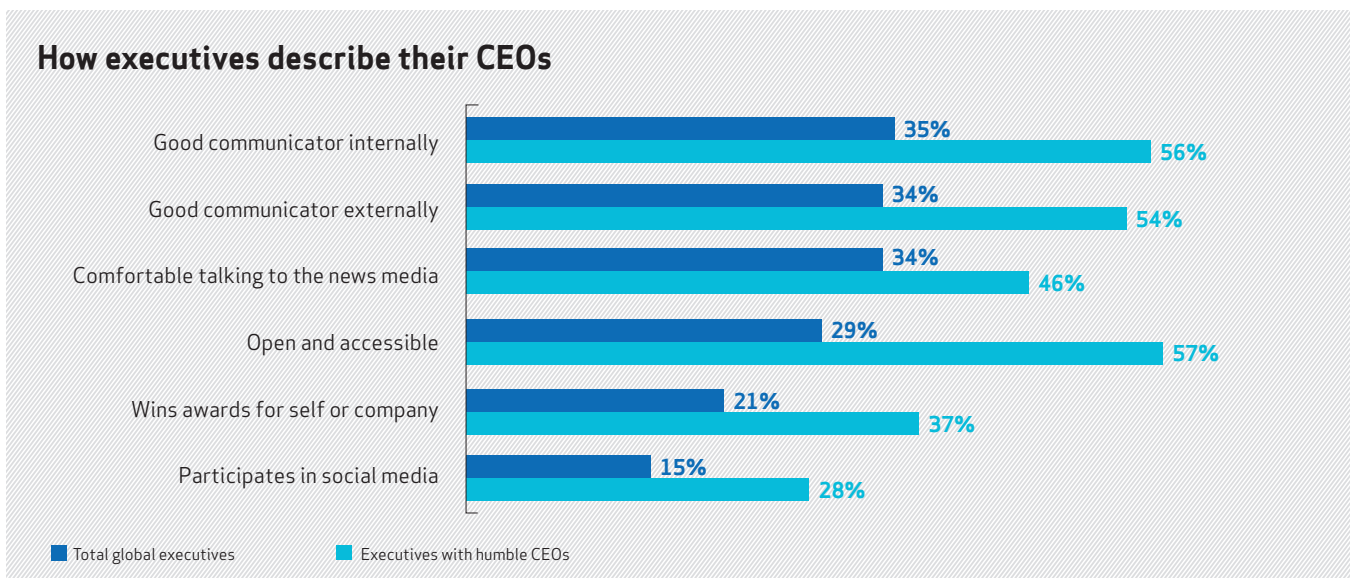
more effective marketers and communicators provide organizations with better ways to leverage the conversation. Additionally, whereas companies can easily imitate their competitors’ products and services overnight, how a company communicates and engages stakeholders can provide the differentiating and sustainable edge.

5 Humble CEOs Come with Benefits

Building CEO reputation is not about enhancing egos or celebrity. In fact, it would be hard to count on one hand the names of today's celebrity CEOs. Humility is now the new green among chief executives, possibly because they've all experienced their 15 minutes of shame in addition to their 15 minutes of fame in this tell-all world. A Weber Shandwick media search found that 2014 was a record year for coverage related to CEO humility.



In our research, two in 10 executives (22%) describe their CEOs as humble. Highly regarded CEOs are nearly six times as likely as poorly regarded CEOs to be considered humble by their executives (34% vs. 6%, respectively). Being humble is one thing, but is humility an effective CEO characteristic? According to our finding, the answer is a clear “Yes!” Executives with humble CEOs are more likely than average to describe their CEO as a good communicator (internally and externally), comfortable talking to the news media and open and accessible. Humble CEOs are even more likely to win awards for themselves or for the company and are about twice as likely as the average CEO to participate in social media. A new study among Chinese CEOs from the W.P. Carey School of Business at Arizona State University found that humble CEOs should not be underestimated. They can be strong bosses because they empower and motivate those around them.



PART I: THE CEO REPUTATION ADVANTAGE

6 Inside Look at CEO Reputation

One-third of global executives (30%) report that the reputation of their CEOs is very strong internally. That is, these CEOs have a strong reputation among their own employees. Knowing how influential employee opinion is today, Weber Shandwick wanted to understand the drivers of CEO reputation from the employee perspective.

What factors distinguish CEOs most liked by employees? The most noticeable differences are trust, ethical behavior, keeping a pulse on company goings on, being scandal-free, and being media-friendly. Less highly regarded CEOs are faulted for focusing too much on the bottom line and being apathetic toward the company’s reputation.

Global executives agree...	CEO has a VERY STRONG reputation internally	CEO has a WEAK reputation internally	GAP (strong reputation minus weak)
I trust my company’s leader to do the right thing for the company.	88%	18%	+70
My company’s leader emphasizes the importance of ethical conduct throughout the company.	85%	25%	+60
My company’s leader is aware of what goes on in every part of the company.	78%	25%	+53
I cannot envision my company’s leader being caught in a scandal of any kind.	72%	32%	+40
My company’s leader is more willing to talk with the news media than he/she was a few years ago.	50%	24%	+26
My company’s leader underestimates the importance of his/her participation in social media.	26%	23%	+3
My company’s leader is much less inclined to take risks than he/she was a few years ago.	29%	28%	+1
My company’s leader is focused almost exclusively on the bottom line.	47%	55%	-8
My company’s leader does not care what others think about the company.	21%	31%	-10

Mea Culpa: apologies are overused, but sincere

“To be effective, and ultimately beneficial, an apology must be done thoughtfully and well. Given the litigious world we live in, the stakes are high. As every corporate legal counsel will tell you, everything you say can and will be used against you in a court of law. At the same time, a growing body of research indicates that apologies and atonement can reduce monetary exposure in litigation, while perceived denial or recalcitrance only makes the plaintiff’s bar richer. So the decision to apologize in a crisis requires a balance between liability concerns and overall business interests.”

— PETER DUDA, EVP/MANAGEMENT SUPERVISOR, CO-HEAD GLOBAL CRISIS AND ISSUES, WEBER SHANDWICK
PR WEEK, JANUARY 2012

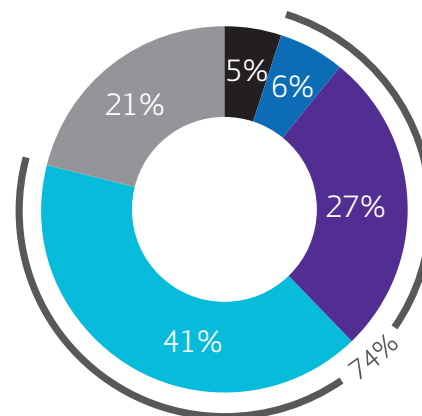
A company misstep or wrongdoing often necessitates a CEO acknowledging what went awry. Sometimes conceding to what happened can take the form of an apology, which, for the most part, executives often perceive to be sincere and genuine. Three-quarters of executives (74%) report that CEO apologies in general are genuine, at least some of the time. Of course, it is important not to overlook the fact that 26% also think that CEOs in general are rarely or almost never sincere in their apologies.

While executives predominantly give CEOs the benefit of the doubt on sincerity, half (49%) believe that apologies are overused.

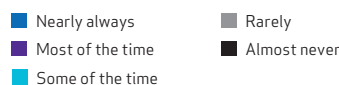
There is some merit to the claim that CEO apologies are overdone. In February 2014, *The New York Times* columnist Andrew Ross Sorkin called for an apology cease-fire. He says that the avalanche of CEO apologies is becoming theatrical. Sorkin and management guru Dov Seidman started Apology Watch on the DealBook website and hashtag #ApologyWatch to track apologies from chief executives. They intend to keep CEOs and companies accountable for what they promise to do post-crisis.

Our study does not suggest that CEOs should quit apologizing — on the contrary. Apologies should be both specific and strategic, acknowledging what happened while laying out a plan for how the company plans to overcome or address the issue. An apology must be followed up with action and a heavy dose of empathy.

CEO apologies are sincere and genuine...



74% agree:
CEO apologies are
genuine at least some
of the time



“Any leader who makes a mistake serious enough to warrant a public apology ought to take a look in the mirror and reflect on the root causes of the offense ... an authentic apology is best seen as a commitment to change behavior over the long term, a commitment that can’t be made without a pause to carefully consider what just happened and what comes next.”

“AFTER AN APOLOGY COMES THE REBUILDING OF TRUST”
THE NEW YORK TIMES, FEBRUARY 2014



“To fully leverage a CEO’s reputational equity, corporate communicators need to establish what the executive stands for, how that connects to larger corporate business goals, and how it relates to society at large. Once the strategic narrative is agreed upon, CEOs can tell their company story over and over at the right venues at the right time and to the right audiences.”

— MICHOS SPRING, CHAIR, GLOBAL CORPORATE PRACTICE
WEBER SHANDWICK

PART II

CEO Engagement Now Required

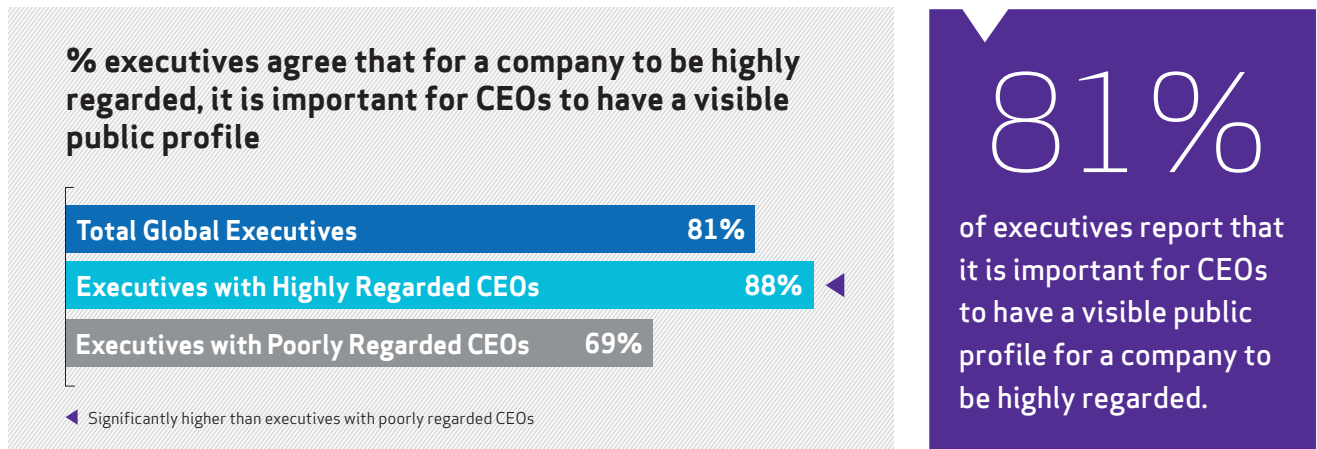
Part I makes it clear that CEO reputation matters to a company’s overall health and wellbeing. The challenge is how to build and manage it well. If CEO reputation is shaped by the perceptions of both internal and external stakeholders, how does a CEO get to be known and heard, respected and, ultimately, understood? How can CEO engagement or visibility be maximized effectively in this 24/7 world where everyone is a public figure and information is endlessly pixelated? CEO engagement today encompasses a range of activities, from a CEO’s internal and external communications to their willingness to be accessible to the media to having an online presence. Taken as a whole, the degree of a CEO’s engagement is something that he or she can control, dial up, dial back, or calibrate depending on the situation. There are risks, surely, but if carefully and strategically managed and driven by a greater purpose, a CEO’s reputation can be elevated and strengthened through greater public engagement.

Importantly, as CEOs engage their various publics inside and outside their organizations, they have to have something to say that keeps their companies at the forefront of change. CEO thought leadership should transcend sectors and geographic borders, and distinguish and differentiate a company from its competitors. As the CEO of GE Jeffrey Immelt said, “It’s got to be repeatable; it’s got to be learnable; it’s got to be teachable.”

This section of the report delves deeply into CEO public engagement and visibility, ground rules for success, and fault lines for failure. The research provides insights into building lasting and enduring corporate reputations as CEOs are increasingly seen on a wider public stage and even inside corporate walls.

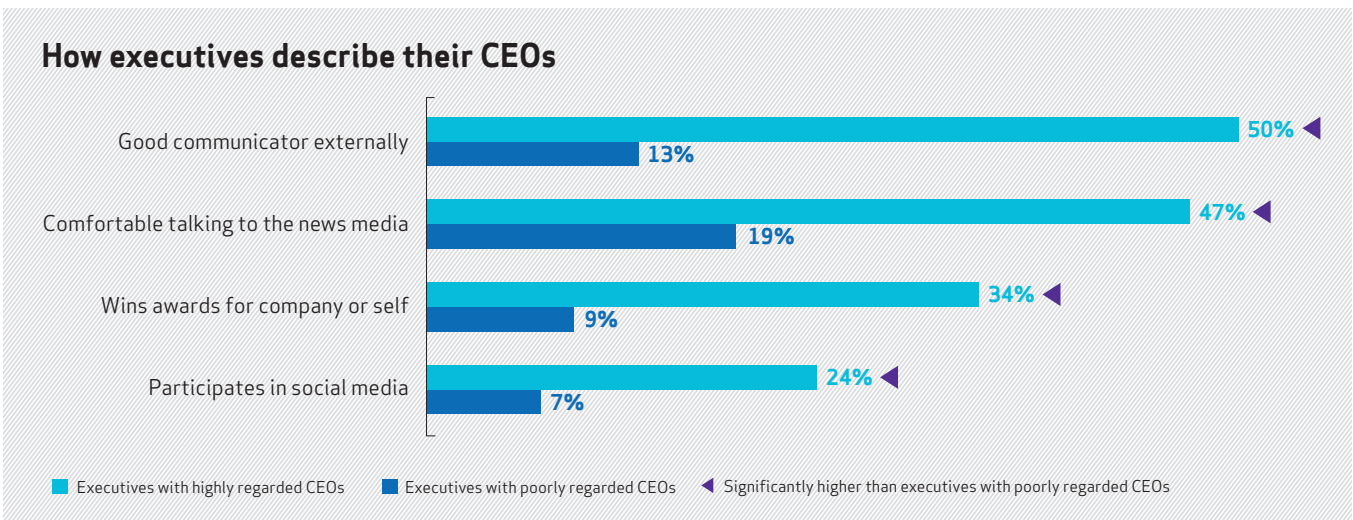
1 CEO Public Engagement is the New Mandate

For a company to be highly regarded, its CEO needs to be visibly engaged with its many audiences. **A full eight in 10 executives (81%) report that it is important for CEOs to have a visible public profile for a company to be highly regarded.** This was not always the case. Years ago, CEOs and those around them confused CEO visibility with CEO celebrity. Today, it is not about CEO celebrity, but CEO credibility. Today, CEO visibility means having a greater presence, but this time, with greater purpose.



Executives with highly reputable leaders are even more likely to agree that CEOs need a visible presence. Among executives who report that they work for CEOs with a very strong reputation, a full 88% believe that it is important for CEOs to have a visible public profile, a figure which is significantly higher than those with CEOs who have weak reputations (69%). Despite these differences, the findings are clear that executives expect their CEOs to be publicly engaged if they want better corporate reputations. To have admirable reputations today, CEOs are going to have to embrace their public personas.

There is a close tie between reputation and executive external relations. Admired CEOs are four times more likely to be seen as good at engaging the public than those with less admired status (50% vs. 13%, respectively). Highly regarded CEOs are also more likely to be perceived as comfortable with the news media, winners of awards and recognition and social media participants.



PART II: CEO ENGAGEMENT NOW REQUIRED

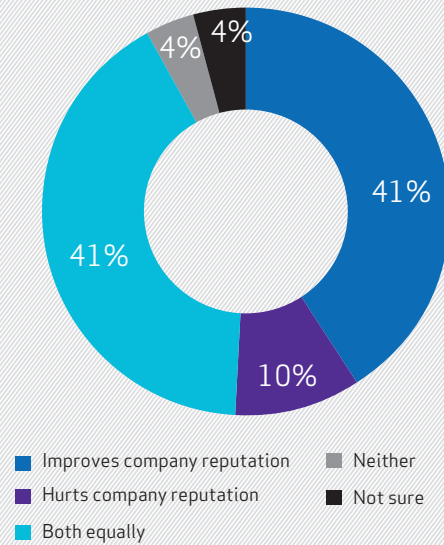
“Our research confirms that CEO visibility among external stakeholders is critical to corporate reputation. However, if not managed strategically, public visibility can be risky. It takes careful planning and thoughtful programming to ensure engagement activities are properly aligned to build maximum reputational equity for the CEO, the senior team, and the company.”

— CAROL BALLOCK, EVP, EXECUTIVE EQUITY & ENGAGEMENT LEAD, WEBER SHANDWICK

Active external relations by the CEO have the potential to be a highly effective reputation builder, but are not without some risk. Therefore, engagement activities need to be strategically planned and thoughtfully managed to fully leverage all the upsides. When executives were asked whether CEO visibility positively or negatively impacts corporate reputation, an equal number said it improves reputation (41%), or can either improve or harm reputation (41%). Only 10% think that CEO visibility hurts a company’s reputation. CEO visibility is not without risk, but the rate of executives who think it improves reputation suggests that effectively managing a CEO’s public presence can go a long way toward contributing to a company’s success and stature.

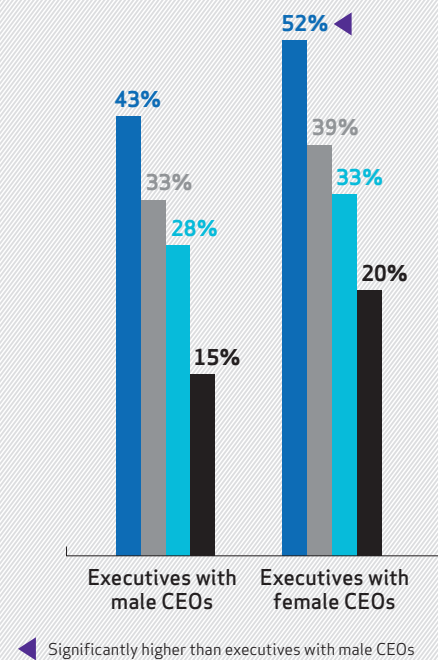
Compared to executives with male CEOs, executives with female CEOs have a greater propensity to report that their CEOs engage externally. Female CEOs are described as more comfortable than male CEOs when talking to the news media (39% vs. 33%, respectively) and are more willing to talk to the media compared to several years ago (52% vs. 43%, respectively). The female CEOs of executives in our study are also slightly more likely to participate in social media (20% vs. 15%, respectively). Their tendency toward public engagement is likely why female CEOs are also perceived as being more open and accessible. Perhaps female business leaders such as Yahoo’s Marissa Mayer, Facebook’s Sheryl Sandberg and PepsiCo’s Indra Nooyi appear to garner coverage easily and leave the impression that they are at ease with this role. Or, with so few women in the C-suite, it may be harder for the ones at the top to stay out of the spotlight. As more and more women enter the C-suite, it will be exciting to see if they continue to be as externally engaged as the pioneers reflected in our study.

Impact of CEO being highly public or visible



How executives describe their CEOs

- More willing to talk with the news media compared to several years ago
- Comfortable talking to the news media
- Open and accessible
- Participates in social media

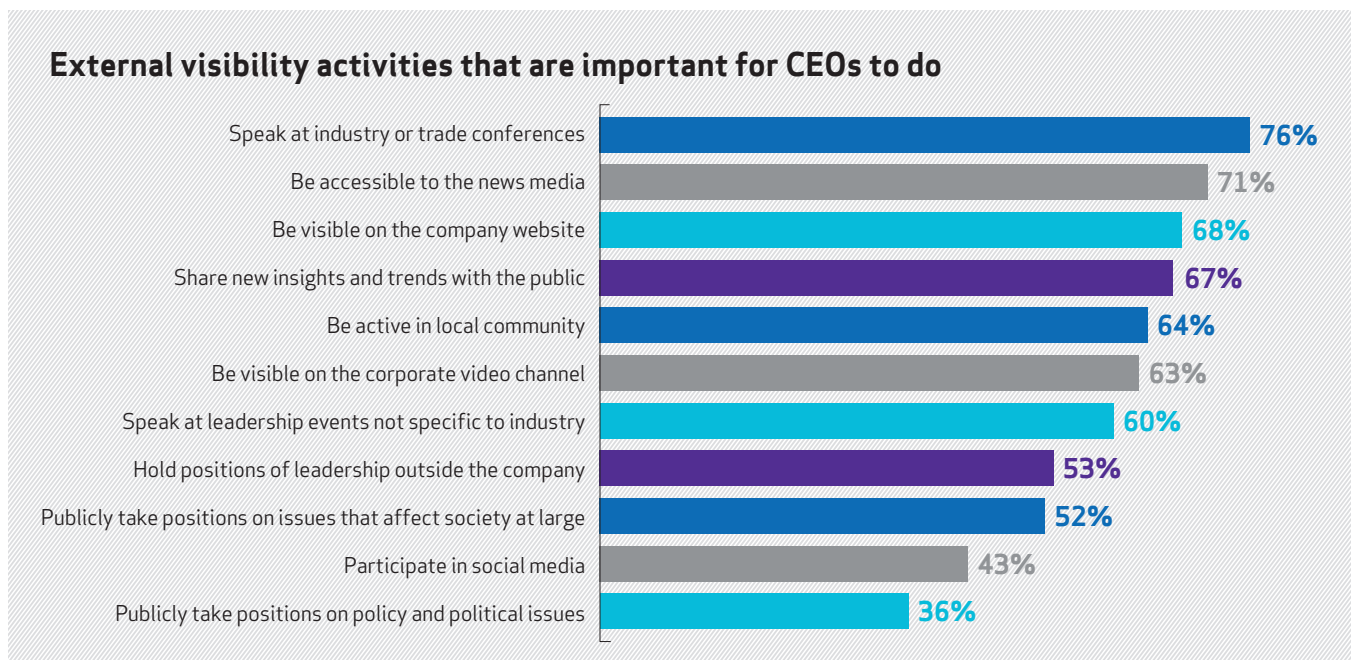


2 CEOs Need an External Profile in More Ways Than One

Executives believe it is important for CEOs to partake in external relationship-building and shine spotlights on their companies. The question is, which of the many available platforms are most important for CEOs when their time is so limited? Luckily, the options are plentiful. Here is what executives surveyed recommend for CEOs who want to step out onto a broader stage:

- **Speak at industry or trade conferences (76%).** At the top of the list of external engagement activities given to respondents, executives report that it's most important for CEOs to speak at industry-related events, which are even more important than non-industry-specific leadership events (60%). This may best be explained by several factors. First, and as seen in Part I of this report, the industry sector that a company sits within is one of the leading drivers of corporate reputation, according to executives. Conferences are an obvious stage for recognition as an industry leader. Second, speaking at industry-related conferences highlights a CEO's expertise and prominence in the industry and levels the playing field among competitors. An industry event is an equalizer — attendees share similar goals and experiences. Third, the audiences at industry platforms are usually comprised of the best contacts to advance the company's business and attract new talent.

- **Be accessible to the news media (71%).** Our research indicates that CEOs are more media-friendly today: four in 10 executives (43%) agree that their company leader is more willing to talk with the news media today than he or she was several years ago. This suggests that CEOs, like their colleagues surveyed in this study, see the importance of engaging with the news media. Board members would not be doing their jobs in selecting CEO successors if they did not require incoming CEOs to be media-savvy and media-prepared. In this polarized and "gotcha" media environment that waits for no one, it is imperative for CEOs to be able to interface skillfully with journalists.
- **Be visible on the company website (68%).** Weber Shandwick's prior research on social CEOs, **The Social CEO: Executives Tell All**, found that many CEOs use corporate websites to engage publicly, either with video, pictures, or the written word. Executives in that research reported many benefits of using the company website for CEO communications, including sharing company news and information, giving the company a human face, enhancing the company's credibility in the marketplace, and attracting best talent. In our new study, 68% of executives close to the top believe that the company website is an attractive choice for enhancing CEO reputation and that of the company.



PART II: CEO ENGAGEMENT NOW REQUIRED

Between one-half and two-thirds of executives also think it's important for CEOs to share new insights with the public, be active in the local community, be visible on the corporate video channel, speak at non-industry-specific leadership events, hold positions of leadership outside the company, and publicly take positions on issues that affect society at large (e.g., world hunger). Demand for public CEO engagement is high and is only expected to grow as more distribution channels develop and audiences fragment even more.

3 CEO Social Media Engagement Comes with Reputational Rewards

Highly regarded CEOs have a higher social media participation rate than the average CEO (24% vs. 15%, respectively), and are approximately three times as likely as CEOs with weak reputations to participate in social media (24% vs. 7%, respectively).

Despite the rewards that come with being social, not everyone is on board. Approximately four in 10 executives (39%) believe that it is inappropriate for CEOs to participate in social media. The fact that these executives' CEOs are largely missing from the social scene may contribute to their point of view. Only 6% of executives who think CEO social media use is inappropriate actually have a CEO who participates in social media.

55% of executives who have a social CEO follow him/her on social media

56% of executives follow business leaders on social media, including their own senior management and CEOs of other companies

4 CEOs Should Exercise Caution When Taking a Public Stance on Policy

Does public engagement mean that CEOs should get involved in big policy decisions or political issues? In a world where business and the economy often intersect policy, it seems

logical that CEOs would sometimes be expected to take a public stance on political issues — especially in cases where these issues impact how their organizations operate and succeed.

Our research suggests that CEOs would be advised to proceed with caution when it comes to taking a public stand on policy or political issues. Executives are more likely to think that it is inappropriate for CEOs to take a public position than it is important (48% vs. 36%, respectively). This does not mean that CEOs should refrain from taking positions, but that they should carefully weigh the pros and cons and be sure that their stance aligns closely with their company's business goals. Executives may feel that when a CEO takes a public stand on a policy issue, it places their CEO and company squarely in the public eye, and not on the sidelines. There is no doubt that negative publicity can ensue if CEOs take a stand on an issue that conflicts with the goals of their company and with customer attitudes.

36% of executives think it is **IMPORTANT** for CEOs take public positions on public policy or political issues

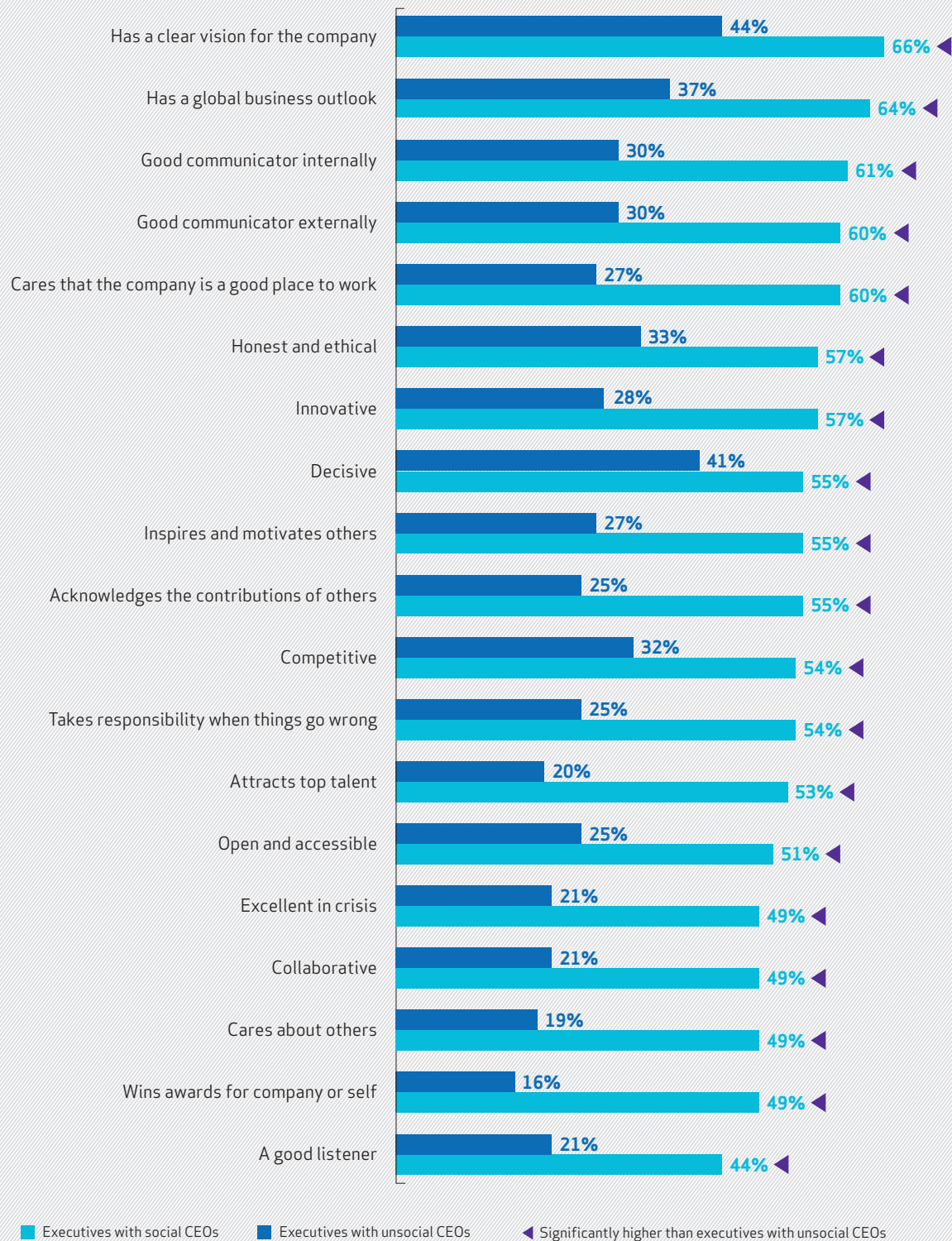
48% of executives think it is **INAPPROPRIATE** for CEOs take public positions on public policy or political issues

Sometimes CEOs opt to take on these roles as private citizens — an identity which is becoming increasingly difficult to maintain as the dividing lines between private and public lives erode. Other CEOs may prefer to band together to address political issues through industry associations or business organizations such as The Business Roundtable. No matter what a CEO chooses to do policy-wise, it would be wise to conduct some research before going public to determine whether there could be any vulnerability to the company's reputation.

PART II: CEO ENGAGEMENT NOW REQUIRED

Executives whose CEOs participate in social media are significantly more likely than those who don't to describe their leaders with multiple positive characteristics.

How executives describe their CEOs



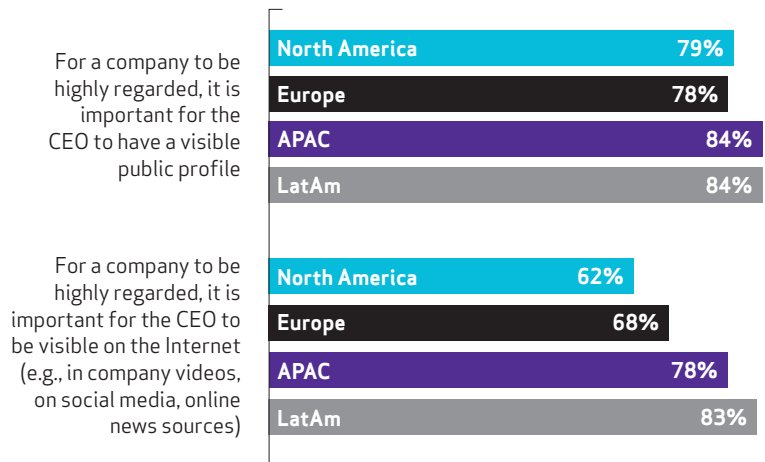
Regional differences in CEO engagement

The importance of public CEO visibility varies little by region. When asked about CEO visibility in general, executives from APAC and LatAm see slightly more importance. However, the difference is pronounced for online visibility.

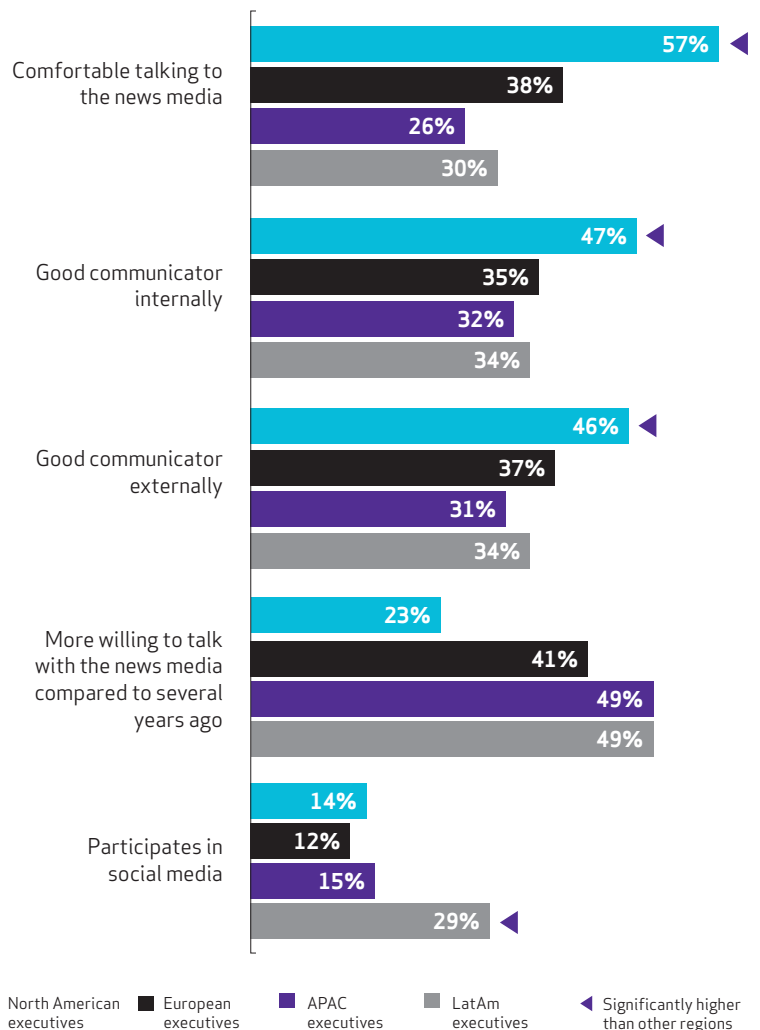
Theory and practice collide when it comes to regional views on CEO public engagement. When asked about their own CEO's visibility, North American executives assign higher ratings than do their European, APAC and LatAm peers to CEO engagement actions. Our research revealed some differences around visibility, including...

- Compared to European, APAC and LatAm executives, North American executives perceive their leaders to be better communicators, both internally and externally.
- North American executives are significantly more likely than those from Europe, APAC and LatAm to say that their CEOs are comfortable talking to the news media. However, Europe, APAC and LatAm may soon catch up. Four in 10 European executives (41%) and approximately half of APAC executives (49%) and LatAm executives (49%) report that their CEOs are more willing to talk with the news media today than they were several years ago.

Importance of CEO visibility (% executives agree)



How executives describe their CEOs





PART III

The CEO's Guide to Reputation and Engagement

Weber Shandwick recommends that business leaders and their companies consider the following strategies to bolster CEO engagement on a visible scale and reap the reputational benefits that come with effectively engaging stakeholders wherever they happen to be.

- 1 Assess the CEO's reputational premium.** Considering the impact that a CEO's reputation has on market value and the degree of influence it has on a company's reputation, a company's leader is too valuable to keep hidden or silent. Determine your top executive's strengths (their equity) and areas where he or she underperforms relative to peers and even aspirational peers to determine what to capitalize on and what to improve. Keep in mind that highly regarded top executives are known as being good communicators with clear visions for the company.
- 2 Develop the CEO's "equity" statement.** This defines what the CEO authentically and distinctively stands for and how that connects to the larger business goals of the company. It might reflect his or her leadership beliefs, or how he or she is a change agent within the industry. Without developing a succinct and credible equity statement, it will be difficult to fully leverage the CEO's reputation and capitalize on visibility opportunities.

PART III: THE CEO'S GUIDE TO REPUTATION AND ENGAGEMENT

- 3 Identify and develop the CEO's story on behalf of the company.** Once the equity statement has been determined and developed, the CEO's message or vision can be embedded in a compelling story that delineates the greater purpose behind the company. Some CEOs may want to visibly share company news, while others may see greater opportunity in making themselves known as an industry expert, a thought leader on a topic of societal importance, or an ambassador to the larger world. Ask hard questions such as whether your CEO is sufficiently communicating how the company is expanding or challenging industry horizons, creating new markets, developing innovative products and services that are bettering society, or creating new knowledge that radically changes what is possible.
- 4 Be an industry advocate.** Industry is a leading driver of corporate reputation today, which means a successful CEO will be an industry champion or possibly challenger of the norm. Speaking at industry events, holding positions of leadership in industry organizations, and having presence in industry trade publications are examples of ways CEOs can show that not only are they leaders of their own companies, but leaders of the industry at large.
- 5 Leverage the bench.** The CEO's senior management team influences corporate reputation, too. In developing a CEO's platform, story, and communications plan, it's important to consider how other senior executives fit into the picture and can help validate the corporate narrative. An integrated approach substantially increases the company's overall visibility and aligns all leaders with common messaging against common business goals.
- 6 Bulk up on media training.** Being accessible to the news media is one of the most important things a CEO can do to be externally visible. But the opportunity lies not just in being open to engaging with the news media, but in being adept at doing so, especially when your company is in the spotlight. The most reputable CEOs are the most comfortable and skilled at talking to the news media. To keep pace with this elite group and ensure that CEOs are in the position to communicate the company story that drives market value, organizations should continue to invest, or start investing, in frequent and formal media training. Effectively sharing company news or expertise with the media puts a human face to the corporate story and allows the company to at least be embedded in part of the conversation and spread of word of mouth.
- 7 Carefully evaluate CEO's stance on public policy.** Keep in mind that taking a public position on policy may not be the most appropriate way to make oneself and the company known. CEOs should be cautious in taking any position that isn't obviously aligned to advance the business. When communicating the position, it needs to be clearly and transparently connected to the business interests of customers and communities. This gives leaders "permission" to take the position. CEOs must also be mindful that any public position impacts other stakeholders such as employees.
- 8 Decide which venue is right for the CEO.** There are numerous ways CEOs can have a public presence, meaning engagement requires a multifaceted approach. Understand which kind of activity is the best channel for communicating the CEO's message, whether it's a speaking event, position of leadership outside the company, video, news article, or even a post on a social network like Twitter or Weibo. Think about whether your CEO should be making greater use of content publishing on LinkedIn, which can have enormous reach to curated and receptive audiences (with usernames attached to public comments on LinkedIn posts, comments are more likely to be positive than negative). Live media (conferences, summits, forums, etc.) is a fast-growing reputation-enhancer that offers an unprecedented number of channels to choose from. It would be hard to ignore how media companies have massively ramped up their live media business. For example, Atlantic Media stages more than 200 events a year, *The New York Times* had 16 events scheduled for 2014. Financial Times Live is the conference and events division of the *Financial Times*. Arianna Huffington's Third Metric was convened

last year and continues to thrive. CEOs and other top executives are flocking to these live events to get their messages out and repurposed before receptive and influential audiences that enhance reputation.

- 9** **Develop a solid social strategy.** Having a social presence, no matter how small, puts CEOs in the position to share their stories with a greater audience and experience the reputational benefits that come with being online. Social media participation is higher among well-regarded CEOs, highlighting that there are benefits to being social. To choose the right social platform, minimize risk and control the conversation, have a strategic plan in place that identifies the goals of social participation (e.g., conversing with stakeholders, sharing expertise) and the story the CEO intends to deliver. Social media training also goes a long way in making sure senior leadership understands the importance of being online and knows how to effectively use social tools to their advantage.
- 10** **Keep reputation drivers at the top of your to-do list.** Companies have more control over some reputation drivers than others. Have effective plans in place for communicating and engaging stakeholders because marketing and communications have a great deal of influence on company reputation today. Participating in CSR initiatives and applying for awards and rankings can also go a long way in improving corporate reputation. Know your company's strengths and weaknesses and have a measurement plan in place to track their performance. Include reputation drivers and metrics in your leadership dashboard.
- 11** **Bolster CEO reputation among your own employees.** How can a CEO improve reputation internally? Build trust by communicating plans for the company to show that the CEO understands the organization's best interests and is working to do the right thing for the company. This also helps to show that the CEO knows what's going on inside the company. Internal reputation can also be improved by acting ethically and communicating the importance of ethical conduct. This is one aspect that greatly sets CEOs with strong internal reputations apart from those with weak internal reputations.
- 12** **Don't view CEO humility as a weakness.** It is, in fact, a desirable quality that is associated with a positive reputation and effective communications style. It is also a trait that the global media has tuned into, so consider it part of the "CEO reputation premium!"

Conclusion

The goal of **The CEO Reputation Premium: Gaining Advantage in the Engagement Era** is to quantify CEO reputation and measure the importance of CEO engagement from those closest to the CEO. Due to the strong link between CEO and company reputation and market value, the reputation of the CEO is at a premium today, and is only going to grow more valuable. Keeping a very low profile is no longer an option in our increasingly connected and transparent world. Although there are risks that come with public visibility, taking the CEO out from behind closed doors actually puts control of the CEO's and company's reputation in their own hands. In today's highly volatile world, CEO and company reputations are constantly shifting due to what's being said about them in the media, on social media, blogs and in unexpected places by employees and customers. CEOs have no choice but to counter much of that he-said/she-said conversation by explaining what their companies stand for and why it is important to hear what they have to say. Of course, CEOs have to be comfortable in their own skins when taking on this new mantle, but as a new generation takes the reins, public engagement with a greater purpose will only increase, and will become the new corporate imperative.

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