

# Building Resilience in the Age of Advocacy and Activism

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**In today's dynamic business environment, companies need to move beyond reactive crisis management and adopt a more agile, proactive approach to reputation building. Ensuring organisation resilience begins with a clear outcome in mind, then assessing potential risks, engaging stakeholders, ensuring transparency and driving these efforts through strong leadership.**

On 7 October 2023, as conflict erupted in Gaza, a social media storm was brewing that would impact one of the world's most recognisable brands. Photos and videos circulated showed McDonald's franchised stores in Israel providing free meals to the nation's soldiers. Within days, the fast-food giant faced widespread boycotts across Muslim-majority countries in the Middle East, Malaysia and Indonesia.

McDonald's sprang into action. It swiftly announced that it would buy over the Israeli franchise. Franchises in Saudi Arabia, Oman, Kuwait, the United Arab Emirates, Jordan, Egypt, Bahrain and Turkey distanced themselves from their Israeli counterpart.

Together, they pledged more than US\$3 million (\$\$4 million) to support Palestinians in Gaza.

Such is the speed at which reputations are built, lost and repaired in the age of activism and advocacy. What began as a local act of support quickly spiralled into a global reputational crisis. The best brands adopt a nimble, integrated approach to reputation management in a bifurcated, multipolar world.

To build and protect reputations in today's volatile business landscape, companies must shift their focus from reactive crisis management to agile and proactive reputation building. This means starting

with a clear outcome in mind, assessing risk, engaging stakeholders, ensuring transparency and driving this with strong leadership so that brands do this across organisational silos.

What used to be operational risks are now reputational risks. Building, managing and repairing reputation has become a cross-functional priority that demands constant attention and, more importantly, strategic foresight. It transcends the confines of the corporate communications function.

### **Building and managing a resilient reputation strategy**

It isn't just consumer brands that risk public backlash. The same applies to business-to-business organisations. Let's take Silicon Valley Bank (SVB) as an example.

On 8 March 2023, SVB issued its Q1 investor letter and press release announcing a US\$2.25 billion equity raise, seemingly counteracting a US\$1.8 billion Q1 loss on the sale of US\$21 billion in securities.

The next day, shares plummeted 60 per cent, sparking a bank run. CEO Greg Becker urged calm, while venture capitalists and depositors on social media encouraged withdrawals. By day two, the government had taken control of SVB.

What went wrong? CEO Greg Becker's message to "stay calm" without taking questions backfired, and the bank's refusal to clarify its decision-making process fuelled panic.

SVB also neglected to engage with customers on digital platforms. This, in turn, left a vacuum that was filled by speculation and fear. These communication failures, coupled with underlying risk management issues, turned a challenging situation into a full-blown crisis.

### **The evolving reputation landscape**

How did we get to where we are today? Diverse stakeholders, from consumers and employees to non-governmental organisations and governments, are paying closer attention to societal and cultural issues as

well as corporate behaviour. From consumer boycotts to shareholder activism to employee advocacy, stakeholders are increasingly taking action to demand accountability and transparency from corporations.

Social media and digital platforms spread information at lightning speed, making reputation management more challenging. As the response to McDonald's shows, increasingly polarised communities mean discussions need to be more nuanced, complicating how companies navigate contentious issues. And, with diverse groups of stakeholders, companies now need to weigh the interests of one group against the other.

In this landscape, the board must make reputation management part of its regular discussion and provide strategic oversight. It is crucial to align reputation with business strategy, management accountability and a culture of integrity and transparency.

### **Managing reputation in a crisis**

In any crisis, swift and coordinated communication is essential. This means having a dedicated crisis management team, led by a senior executive with direct access to the CEO. This team typically includes representatives from corporate communications, legal, risk, human resources and other relevant business functions.

This team will man the "war room", physically or virtually, and serve as the central hub for information gathering, decision-making and communication dissemination. Clear call trees and escalation protocols need to be in place to ensure rapid information flow and decision-making. The speed of response is crucial – within the first hour of a crisis breaking, the company should issue a reactive statement, at least to acknowledge the situation and promise further updates.

Even before a crisis hits, organisations have to align on clear protocols, conduct scenario planning, test their crisis plans and educate their people in the field.

Communications must be consistent, transparent and empathetic. Social media monitoring and responses

## The Board's Role in Reputation Management

### 1. Provide strategic oversight

- **Establish baselines and targets.** Organisations need to get a baseline of where they are, in terms of reputation and perception. They need to establish clear goals describing where they want their reputation to be and by when.
- **Enhance and integrate listening.** The data an organisation gathers about itself should be integrated across functions, incorporating stakeholder maps and analysis across key business units and sharing insights. Data sources could include social media sentiment, brand health studies, stakeholder surveys, net promoter scores and critical business insights. An integrated view provides a clearer picture of the company's reputation landscape and gives the organisation a better chance to discover potential issues and trends.
- **Outside-in and inside-out influencer management.** Effective reputation management involves cultivating relationships with external key opinion leaders and educating them about the company's business and strategies. This creates a network of informed advocates who can provide valuable third-party perspectives. Simultaneously, engaging with policymakers and regulators ensures they understand the organisation's position on key issues.

Internally, identifying and developing key opinion leaders within the organisation can facilitate dialogue and represent the company's views in industry associations and committees. Younger employees can serve as a talent pipeline of future leaders to communicate the organisation's values and perspectives.

### 2. Ensure alignment between reputation and business strategy

- **Clear, authentic narratives.** Identifying and developing clear positions and communication strategies before crises emerge puts the company on a stronger footing. Driving consistent, fact-based narratives that support the company's positions on key issues and integrating them into all aspects of business strategy, from product development to stakeholder communications, is key.
- **Align business with social purpose.** Initiatives like McDonald's decades-long Ronald McDonald House exemplify how companies can align their business strategy with their corporate social responsibility and reputation-building efforts. The Ronald McDonald House Charities supports families with sick children and has become an integral part of the company's brand identity, demonstrating a long-term commitment to social responsibility.

have to be activated to manage online narratives. Regular stakeholder updates are key. Post-crisis, a thorough review and update of crisis plans based on lessons learned is essential.

#### Role of the board

Organisations need to continually execute a strong

reputation management plan. The board plays a key role in providing strategic oversight, ensuring alignment between business strategy and reputation, holding management accountable, and fostering a culture of integrity and transparency. See box, "The Board's Role in Reputation Management".

### 3. Hold management accountable for effective reputation management

- **Make reputation part of risk audits.** The integration of reputation risk assessments into strategic planning processes and risk audits strengthens the company's resilience. Developing early warning systems and cross-departmental mechanisms to identify potential reputational threats before they escalate combines technology, human insight and clear escalation protocols.
- **Resource the teams.** The board should ensure adequate resources for reputation-building initiatives, including in-house capabilities in external affairs with dedicated teams possessing the right mix of skills. Regular review of resources allocated to these functions, compared with industry benchmarks, ensures appropriate investment.

### 4. Foster a culture of integrity and transparency

- **Build the right culture.** The board sets the tone on ethical business practices, ensuring senior executives provide middle managers with the skills and support they need to drive transparency and accountability. Championing a culture where ethical behaviour is expected and ensuring the company's stated values are consistently reflected in its actions, from top-level strategic decisions to day-to-day operations, allows for a culture where issues are surfaced rather than hidden before they become full-blown crises that damage reputation.
- **Enable clear channels of communication.** Focusing on transparency, with clear communication channels that allow employees to raise concerns without fear of retribution, creates trust. Promoting cross-functional collaboration on reputation-related initiatives breaks down silos that can hinder effective reputation management.



By focusing on the four areas (strategic oversight, business strategy alignment, management accountability and culture), directors enhance their company's ability to build and maintain a strong reputation in today's complex environment. Recent corporate crises offer valuable insights for more robust, proactive reputation management approaches.

The stakes are too high to confine this to corporate affairs teams alone. Reputation management must be elevated to a key business function, integrated into risk assessment, strategic planning and operational decision-making processes. This integration is crucial for building trust and goodwill in an increasingly scrutinised business landscape. ●