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Reputation survey

Communication is of crucial importance for improving corporate reputation, because stakeholders want to know about the company behind the product. That is the main message to emerge from Philips' Reputation Survey. However, by communication, they mean something rather more than just press releases...

There are various definitions of reputation, but in essence it's very simple. As Amazon founder and CEO Jeff Bezos once said: "Reputation is what people say about you when you've left the room." It's a definition that Pieter Schaffels, who heads up the Communications Management unit of Corporate Communications, agrees with.

"Reputation or image," he says, "are a valuation of what your stakeholders think of your behavior or identity. And if there are five Philips stakeholders in the room, we want them all to say the same thing. We want to leave them with one clear perception of the company." Why? "Without a good reputation, you're out of business. Companies that rank high on the favorability index invariably come out top on the financial indices too."

Close eye

As the importance of corporate reputation has become better understood, so the wish to influence it has grown, driven by developments in society. Firstly, there is the media, with newspapers like the Financial Times, for example, and magazines like Fortune, which publish annual lists ranking the most successful companies in the world, something that plays a significant role in determining the reputation of companies among a readership that includes both opinion leaders as well as the financial world. Secondly, globalization demands that companies clearly communicate who they are and what they do - it's essential to stand out from the crowd.

Thirdly, non-governmental organizations keep a close eye on the business world, especially in areas relating to business transparency and sustainability. The conclusion is clear: a company needs a good corporate reputation. And the first step to achieving that is to really understand what stakeholders think of it.

Forming opinions

With this in mind, a project team representing Global Brand Management, Corporate Communications and Corporate HRM have spent the last few months studying Philips' stakeholders to learn more about what impacts their opinion of the company. The goal of this research was twofold: to measure the strength of the company's reputation, and provide the company's various businesses and key country organizations with the data they need to manage it effectively. "There is an entire suite of research available, but what we missed was a complete picture of what all our relevant stakeholder groups think about us," explains Roger Long, a senior project manager within Corporate HRM and, like Schaffels, a member of the project team.

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"Research had been restricted largely to consumers, dealers and employees, who were often asked different sets of questions. Also, different research methods were used in different countries. So putting together a comparable picture was very difficult. We needed a global research methodology."

Though Philips developed a survey method that fitted its specific needs, the company looked to the Reputation Institute for inspiration, a private research body that is working with large, international companies to build systems that measure reputation - still a fairly new field in the academic world. With its Reputation Survey, Philips is now one of the frontrunners. And at the same time, the company now has a survey that can be used both at group level and at local level.

Philips hired Mori and Research International to interview opinion leaders in eight countries: the US, Brazil, France, Germany, the Netherlands, the UK, India and China. Target groups included journalists, business schools, Non Governmental Organizations (NGOs), the financial community, senior business people, governments, recruitment agencies and the general public, as well as employees and suppliers.

The research also involved measuring Philips' performance against seven key factors, or drivers, that impact corporate reputation: innovation, performance management, employer values, product and services, sustainability, communication and market orientation. The final phase was to benchmark Philips against key competitors.

Time for talking

"Of course, a lot of what emerged was already known," says Marjolein van Nieuwkastele, project team member and head of Market Intelligence within Global Brand Management. "For instance, that we have a high global profile and a good product image, and that our relationship with suppliers is strong and that there is a lot of pride and goodwill among employees. But one thing that emerged is the fact that although we have a clearly articulated company vision and strategy, we need to get it across more forcefully."

"All our stakeholders gave us low marks on that," adds Schaffels. "We have been working hard at optimizing our broadcasting. The results confirm what we ourselves see as a vital next step - engaging our stakeholders in a dialogue." The lack of dialogue is confirmed by the results on two of the drivers: innovation and sustainability. Philips sees itself as an innovative company: "We are an innovative company," stresses Van Nieuwkastele, "but the reputation research shows that our external stakeholders don't necessarily perceive us as such. And remember, innovation isn't just about technology. It is also about the user interface, and marketing and business strategies." It's a similar story with sustainability. "We know we are socially and environmentally responsible. Our employees think green - they ranked us high on that driver - but not all our other stakeholders do. Journalists do, and, to a lesser extent, NGOs, but other stakeholders don't. We need to tell them the full story."

The findings of the Philips Reputation Survey were also consistent with the results of other surveys undertaken by the company, such as employer surveys and among employees and recruitment agencies. "What surprised us," remarks Long, "was that the same perceived strengths and weaknesses of Philips emerged across all stakeholder groups, external as well as internal. That means our actions can focus on those strengths and weaknesses and don't have to be designed individually for each stakeholder group."

Company advocates

One of the main findings of the survey is the need to communicate the company's wider objectives to stakeholders.



"Many of them concentrate on only one issue," explains Schaffels. "NGOs, for example, focus on the sustainability driver; the financial community discusses finance. We need to get them talking about sustainability, for instance, or innovation." He gives another example: "If we are purchasing components and only talk to the supplier about the things we want to buy and not about how they are contributing to the development of the company as a whole, then they will never be fully involved and never become advocates for the company. I'm not suggesting we incorporate brainwashing tactics in our induction programs, but we do need to convey the broader picture to our employees and our stakeholders, because they are interested in much more than products."

Interactions are crucial, whether at the level of a recruiter with a career office, a product manager with a supplier or customer, or top management speaking to a newspaper that's read by the financial community. Every Philips employee has the potential to influence a stakeholder's perception of the company, and this is even truer for managers, given that their position means they have frequent contact with the company's stakeholders.

Now, thanks to the survey, Schaffels explains, Philips can start providing them with the means to do so: "The country-specific information reveals that certain countries are influenced more strongly by some drivers than others, and while products and services were the main drivers in most countries, employer values also ranked highly. We now know exactly how the reputation of Philips in those countries is built up, so follow-up programs can target specific drivers. And, at the same time, we can also provide managers with tools to communicate about Philips in its entirety, and help them support the One Philips story at their own local level."

Getting the ball rolling

Although those follow-up actions are still being developed, they will hinge around one central idea: dialogues. And not only between the company and its external stakeholders, but inside too. Indeed, for Long, this internal dialogue is the starting point. "From top management to the shop floor, because you can't communicate a consistent message to stakeholders if you haven't had a chance to discuss it internally. And that's not done by email. It comes from having face-to-face conversations. Managers need to take the stand and engage their employees in a dialogue. People then have a chance to fully understand what's going on; they can then share it with the relevant stakeholder groups. If we can strengthen our position internally we will definitely strengthen our position externally."

In terms of implementation, the ball will begin rolling from corporate, with the rationalization of existing communications so that they become more focused, consistent - and cover the whole company. Next, the functions will pick up these action plans in an organized follow-up, developing country-specific presentations and measures. Country management and local PDs will then have to think about how to improve in their areas. "The main thing now," says Schaffels, "is to make the findings 'actionable.' Corporate Communications, together with Corporate Strategy, HR, Global Brand Management and other functions, will develop the follow up programs. We will focus on the countries that took part in the survey and build on the Plan-Do-Check-Act method. Corporate Communications will also be responsible for the deployment of the follow-up programs."

Or as Van Nieuwkastele puts it: "We will provide management with the tools they need to embed the action programs in their activities. We have also drawn up 'improvement grids' that show which drivers are important to a particular target audience and where we need to do something."

It's an approach that fits with Schaffels' belief that the

responsibility for communicating with your stakeholders rests with more than just your communications department. "I think there are a lot of people who think that way. But communications departments exist to enable their managers to communicate with stakeholders. Most managers underestimate their role in such communications, but it is essential, and especially so with an issue like corporate reputation."

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