

Lord Watson of Richmond

Managing reputation

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An extremely full and hyperactive life has given Lord Watson of Richmond a ruddy complexion but most local businessmen would probably go even redder in the face if they heard his startling (and startling) precept — that today's businessmen are on a par with politicians as public figures.

How can we possibly be compared with politicians, your average businessman would splutter with rage — surely everybody knows that politicians are windbags who live in a world of their own and are totally spendthrift with other people's money while we businessmen pay our own way, have a brass-tacks grip on reality and judge ourselves by solid performance, not empty words.

Before expounding on what Lord Watson has to say, let us first assure the reader that our man knows what he is talking about. His vast experience with the BBC and Panorama, his active presence on countless and diverse boards of directors, his chairmanship of Britain's Liberal Party at the time of its merger with the Social Democrats (today's Liberal Democrats) and his chairing of the University of Cambridge Foundation (not to mention being chairman emeritus of the English-Speaking Union) all mark him as an authority in the media, business, political and academic worlds who is eminently qualified to speak on business in the public eye.

Being in the public eye on a par with politicians and thus fair game for media persecution might sound like nightmarishly bad news for most businessmen but Lord Watson is firmly convinced that the bottom line of being famous (or even notorious) is positive — indeed business today can hardly survive without the glare of media exposure.

A global survey of four continents (Europe, North America, Asia and Latin America) run by Lord Watson conclusively shows that a high public profile helps businesses in all sorts of ways. Corporate reputation is essential for making alliances and mergers; it can buy time in periods of crisis and maintain confidence in company shares; it attracts people to buy shares; it boosts customer loyalty and confidence; it expands access to products and services and (an attractive bottom line for any businessman) it justifies higher prices.

Publicity has transformed corporate expectations of good management. Indeed the famous "bottom line" of the balance sheet finishes pretty near the bottom of a list of the 10 most desirable executive qualities — in 9th place, in fact. The list runs: 1) credibility, 2) quality management, 3) a clear internal vision, 4) high standards of business ethics, 5) the ability to inspire employees, 6) crisis management, 7) the maintenance of internal stability, 8) concern for the customer, 9) company solvency and 10) good corporate citizenship. As a result, the CEO is dubbed the CRO for today's purposes by Lord Watson



HERALD-MARICE MASER

Lord Watson of Richmond at Monday's annual business lunch of the English-Speaking Union — a jack of all trades and master of all as an old BBC hand, a veteran Liberal Democrat politician (and life peer since 1999) and a driving force on the boards of numerous companies and foundations (including chairman emeritus of the ESU).

— Chief Reputation Officer instead of Chief Executive Officer.

Communicating skills are thus at a premium in today's business world but the old mentality dies hard, the Liberal life peer admits. He recalls two hopeless cases from a time when he was called in to train top IBM executives in media relations. One told him that the whole point of reaching his high post was so that he did not have to sell himself any longer and that he had risen to the top by holding his cards extremely close to his chest. Another revelled in the bracing winds of reality to the extent that he gloated over having fired half his workforce.

Yet the writing is on the wall for such people. Lord Watson's survey findings also include today's CEO being given one or two years to prove effective, as opposed to four years in the recent past — and the trend is pointing downwards all the time (perhaps toward the 100 days granted politicians?). Being effective increasingly involves taking good care of the company's public image. Both the speed and the intensity of media coverage are growing exponentially, says Lord Watson, while their scope has become truly global (no doubt aided by the English language). Not only have business leaders become as much public figures as politicians but management teams as a whole are increasingly coming under media scrutiny. The intrusive media will simply not go away — businessmen may run but they cannot hide.

Paradoxically enough, the increasingly global acceptance of the virtues of the market economy in the last 15 or so years has created pressures for businessmen which an Ebenezer Scrooge would never have had to face. Because public esteem has risen, businessmen are widely expected to be good corporate citizens, entirely free from avarice or

hypocrisy — indeed in many parts of the world the will and ability to solve social problems is deemed to be an essential part of capitalism.

Yet given the way that today's media have become big business, how can they intensify the spotlight on business life without turning it against themselves — what is the accountability of the media?

Lord Watson accepts this as a good question without an easy answer, especially since in Britain at least journalists are about as deeply sunken in public esteem as politicians (not that public esteem is everything because doctors, nurses and social workers enjoy the highest rankings and who invests in them?). But while media moguls may be no more free from pressure than any other big businessman, where does the pressure come from? Other media (a highly "carnivorous" business, comments Lord Watson). The fact that the media share the problem by no means removes the problem, he concludes.

The *Herald* asked the ex-newspaperman about his semantic preference for the word "reputation" as opposed to the term "image" more prevalently used these days. The two words are indeed distinct in Lord Watson's opinion but he stands by the former because while a solid reputation does not necessarily result in a good image, a positive image is hardly possible without a good reputation.

(This article was based on a speech delivered by Lord Watson of Richmond at Monday's annual business lunch of the English-Speaking Union; it was also enriched by the writer's good fortune in being seated at the same table as the guest speaker and being able to converse directly with him. Readers interested in other aspects of the ESU meeting should make sure they obtain a copy of this Saturday's *Herald*.)