

How to Destroy Your Reputation in 7 Easy Steps

'Reputational Risk' is often in the news, and we've seen many role models to show how to handle – or not – a business crisis. Arrogance, greed, secrecy and easy shortcuts seem to characterize financial institutions and coal mines, Toyota, BP, BART, and now PG&E. We are witnessing some terrific learning moments for risk management.

Business reputations are almost always an organization's most important asset. A simple definition might be: "trustworthy and high-quality people, products and services." We all know reputations are carefully built everyday; since they can be lost with one false step, doesn't it make sense to review what NOT to do?

The Road to Ruin ~

1. Ignore very low probability or remote problems– like earthquakes, lawsuits, and gas pipeline explosions – because there's nothing you can really do about them anyway.
2. Don't annoy your customers, suppliers or employees with risk-related questions, best practices or concerns – that might take their focus off the sale or their job.
3. Don't worry about devastating risks – they probably won't happen to you. You can just download a generic crisis plan, like others have done, and put it on the shelf.
4. Contingency or disaster-recovery plans can be time consuming, and they'll be vague anyway – you can probably wing it if something goes wrong.
5. Don't bother to train employees or improve their crisis management or decision-making skills – they'll do fine with your leadership. Besides, what if they quit? You'll have wasted all the training time and money.
6. Let your cost-center managers – responsible for maximizing profit – take care of risk assessments and any needed plans. They probably know best, and what's a minor conflict of interest in the long run?
7. Cross your fingers and *believe* your insurance protects intangible assets like your reputation; that you can 'buy' your way out of any problems that may arise.

Avoid the heartache ~

Seriously, I recommend you take some simple steps and repeat this recipe regularly to preserve all you've built:

- Raise the big, thorny issues in your business, and discuss the consequences with all employees – they need to know you care and how they should act in the best interests of the firm, your customers, and their employment.
- Keep ears open for complaints – think carefully with an open mind, then answer them quickly and personally; don't fight with upset customers – fix the problem and thank them for their valuable input.
- Don't cut corners on quality and safety – get the best advice and do your best to implement recommendations promptly. If something 'costs too much' to fix, stop doing it immediately.
- Create one or two simple, but **real**, contingency or mitigation plans and role-play a practice scenario at least once a year.