

Reputation & Risk in a Fast-Changing World

ADVERTORIAL PUBLICATION
FOR THE DALLAS BUSINESS JOURNAL

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"Your brand is what people say about you when you are not in the room." – Jeff Bezos



YOUR COMPANY'S

REPUTATION IS EVERYTHING.

ASSUMING ALL IS WELL IS JUST TOO RISKY.

Your company's brand is one of the few assets in the business that can provide a sustainable competitive advantage. But in today's competitive reputation economy, passively allowing the day-to-day functioning of the business build your reputation is simply not enough. The stakes are simply too high. A World Economic Forum study claims reputation can drive up to 25% of an enterprise's market value. And we've seen too many great companies ignore the power of corporate reputation at their peril.

Research shows that a full 70% of the public's willingness to buy, recommend, work for or invest in a company is driven by perceptions of who a company is and what they stand for. Only 30% is driven purely by product quality or technical innovation. Anyone who has bid an RFP, pitched a product or service proposal, or presented a business plan knows this to be true.

Reputation management doesn't just happen. Some corporate leaders may think of their firm's overall reputation purely in terms of product strengths, operational safety, profitability, financial risk management, high brand awareness or even just good administrative processes. In fact, these are all critical ingredients. But best practice firms are aware that a good reputation is more than the sum of these parts.

Pierpont brings over 30 years of depth and expertise to building brand awareness through the lens of driving corporate reputation. Because we know the dimensions and impact of reputation, we take a systematic and analytical approach to assessing and auditing reputational risk, identifying internal and external vulnerabilities/opportunities, working across the enterprise to build internal crisis-proofing

strategies, establishing best practices in crisis and risk management and ensuring what is communicated to all internal and external stakeholders is aligned.

We've worked with global multinationals, mid-sized high growth companies and early stage pioneers building their brands. We've guided companies through reputational minefields and helped them achieve new heights. From energy and healthcare to technology and financial services, to mention a few, Pierpont's philosophy of building both awareness and reputation in alignment leads to higher-value brands and more profitable businesses.



We'd welcome the chance to speak with you about how to best enhance and showcase the value of your great reputation. Phone Jim Savage, SVP General Manager, at 214 217 7300 or email Jim at jsavage@piercom.com.



ROB SCHNEIDER

Brand, Reputation and Risk in a Fast-Changing World

How Top DFW Companies Meet the Challenge

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Moderated by James Savage, Sr. VP & General Manager, Pierpont Communications

ABOUT THE PANELISTS

- ▶ Andrew Elliott, Vice President, Strategic Marketing, ZTE (USA), Inc.
- ▶ Shelley Whiddon, VP Public Affairs, Alliance Data
- ▶ Chris Niles, CFO, Associated Bank
- ▶ Jessica Pulliam, Partner, Baker Botts
- ▶ David Kohl, Principal, RHSB
- ▶ Casey Norton, VP Corporate Communications, Dallas Fort Worth International Airport (DFW)

Corporate reputation historically is seen as either the product of prudent financial risk management or a matter of brand management by marketing and communications teams. These worlds rarely meet, yet both consider themselves the guardians of a brand's reputation. Moreover, when operating within their own silos they often neglect other touchpoints that define reputation, from supply chain issues to operations to customer experience (CX) management.

One of the lessons that came out of the financial crisis, as well as the continuing series of corporate crises we have seen worldwide,

Do you think the management of financial risk is becoming more holistic in its approach and takes a more enterprise-wide perspective?

CHRIS NILES: Financial stability is part of what customers want to see at the heart of any brand, whether a tech company, law firm or bank. If you're not a strong, viable business, people will shy away from doing business with you. The reality is that, for a long time, most financial managers and companies hadn't fully appreciated the implication of how a changing reputation at the margin would influence future customer buying behavior in real and tangible ways. There was a lack of appreciation of that linkage.

For example, prior to the financial crisis, banks had plans to address both the ratings agencies as a reputation challenge and how regulators maintain confidence in the bank; however we didn't have a plan to proactively market our strong reputation to wider sets of stakeholders, like our customers. There can be real consequences to neglecting public perception. Thankfully, we haven't had a material event that has caused brand repercussions, but we are very aware of the challenges at the largest banks that

are these blinders are dangerously narrow, as they discourage even boards and C-suites from taking a holistic view of reputation. They can also breed over-confidence, even when companies think they are being prudent.

But best practice companies now embrace a wider view of managing reputational risk in a proactive manner that builds business value, promotes brands and mitigates risk.

This lively discussion brought together leading companies in the Dallas-Fort Worth market that take exactly this kind of approach towards best practice risk management and best practice marketing and communications.

have had tremendous customer impact.

SHELLEY WHIDDON: There are a couple of key drivers of why companies are managing reputational risk, aside from traditional financial risk management. One is erosion of trust. Whether it is political leaders, global business leaders or professional athletes, the reputational damage from bad behaviors or malfeasance adversely impacts reputation. Understandably, consumers and other stakeholders are ever-more dubious. Because of that, you have growing expectations from stakeholders to be even more transparent about your company's operations.

Today, people want to know your brand or company's values and how you live them. What do you stand for regarding corporate social responsibility? What is your take on the environment? It goes beyond financial performance. We now live in a reputation economy. You have to make sure that you're connected with your risk managers. It keeps us on our toes.

Beyond managing financial risk is the dimension of operational risk. Casey, from your perspective, I am sure the

sheer scale of operations at DFW drives its own reputational considerations. Is there a reputation philosophy that drives DFW?

CASEY NORTON: One of the incredibly beneficial parts of working at DFW is that the entire organization recognizes the value of corporate communications and public affairs, because everything is so visible.

From an operational perspective, we drill on a regular basis to talk about how we prepare for events, as common as winter weather. Audiences for us include customers going in and out, the airlines, the FAA and various government agencies, and many others partners in North Texas.

It's a highly visible role on the operations side of things, but more broadly there is the wider reputation of DFW International Airport as the front door for international business travelers. As the region looks to lure Amazon and other corporate headquarters, issues include not only accessibility but our overall customer experience. Corporate communications has invested

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heavily in just the last twelve months to make sure we're monitoring every conversation we can on a 24/7 basis in order to respond with speed and accuracy. For DFW, we actively listen to the conversations around us and communicate back internally to key decision makers – in other words, truly managing the brand in real-time.

Jessica, from a professional services perspective, there is both the reputation of both the firm and clients. How do you define branding and managing reputational risk from a professional services standpoint?

JESSICA PULLIAM: As a professional services firm, there are two issues. One is the brand of the firm, including the brand of the individual lawyers who are practicing at the firm, and the other is our efforts to protect the brand of our clients. I'm a litigator, and I really think of myself as a storyteller. At the end of the day, I'm either telling one of my client's stories to a judge, jury or a regulator. So my job is to go tell the stories of my clients effectively. And that feeds into our brand: client service is based upon being effective storytellers and dealmakers.

It's interesting that as a litigator, storytelling is essential. The PR people see that as our job, too, but anyone in business knows the importance of this. But it also raises the thought of who is the owner of reputation?

DAVID KOHL: This ownership issue reminds me of an instance about 15 years ago when companies were becoming increasingly concerned about privacy and cyber risk. I was at a conference of business leaders, and I asked "Who owns cyber risk?"

There was absolutely no consensus. Today, there's probably more agreement and I think reputational risk is evolving. Most people would say it's the CEO who owns it, but they don't have time to be involved in the process of it. Some of the large-cap companies will have risk committees or chief risk officers. In the mid-market it tends to reside more with the CEO.

But there's also a generational difference taking place. In today's social media environment, younger leaders seem more aware of how fast reputations can be impacted and because of this take action very quickly.

Andrew, given your experience is there an international dimension, or is brand reputation seen differently in different parts of the world?

ANDREW ELLIOTT: There is. Look at my company, ZTE. We are a Chinese company that has been around for about 30 years. Within the last seven years, we've grown in the United States and we are now number 4 in terms of handsets. We have recently come to better understand how everything that we do here has a direct impact on global reputation. This includes operations, of course, but also the partners we work with, the countries where they work, managing a labor force, and of course the product itself, how products perform, employee engagement and consumer experience. ZTE now has a chief compliance officer, this has played a



JAMES SAVAGE



SHELLEY WHIDDON



DAVID J. KOHL



N. ANDREW ELLIOTT

key role in ensuring how regulators and legislators the understand who ZTE is, our products and how we operate.

CHRIS NILES: I was reflecting on a book I read a long time ago by Francis Fukuyama called "Trust". The basis for today's modern capitalist system is the idea that we can trust that on my flight to Dallas the plane will be safe, the airport will be there, and everything will largely work.

Trust and expectations are at the root of what we do. Expectations may differ between our customers, management, regulators and others around us, but trust is in the center of it all.

But the expectations of managers haven't always been geared toward maximum effectiveness. Most of us grew up in an era before everything was automated and instantaneous, so we aren't geared to compliance being

100 percent effective. Fast forward to today, FedEx doesn't seem to ever lose a package and I haven't lost a bag at the airport in decades.

As the quality of service rises, so do customers' expectations. The regulatory expectations also keep rising because they believe that in theory banks can be 100 percent compliant. But the human element matters and this intersection of trust and rising expectations from regulators and customers isn't being met by all of our managers.

SHELLEY WHIDDON: When talking about who owns reputation, it does ultimately start at the top. But everyone in the company has some ownership of reputation. It is part of the workforce culture, a reflection of ethics, compliance and more. Communications alignment is critical, internally and externally. CASEY NORTON: Brand, reputation and culture must be in lockstep. If you're telling investors one thing, then you have to tell the media the same thing. In my experience, if you don't tell employees at the same time or before you tell the world, then you have broken that element of trust. Employees can't be blindsided. They have to feel like they are within the circle because it influences how they communicate externally.

JESSICA PULLIAM: One variable to this we're seeing in mock-jury exercises and the like is a great and growing distrust of institutions. This is something companies have to be aware of as it tends to catch clients by surprise. People tend to think, for example, "We're Baker Botts, the oldest law firm in Texas. Why wouldn't you trust us?" Awareness of this new environment of distrust is essential in communicating our brand as a law firm and in telling the stories of our clients.

Do reputations only now live day to day?

CHRIS NILES: Reputations, like relationships, take a long time to build, yet they can be lost overnight. You need to earn the ongoing trust of customers every day; in our case, it's by making sure a good experience meets customer expectations in a timely way. If you're not doing that, you are going to erode that trust. Sometimes it takes a while to erode, other times it happens very quickly.

I was looking at some city photos from the 19th century with bank storefronts showing their total capital amount: "Capitalized at \$90 million" and so forth, right on the side of the bank. How can brands convey trustworthiness in today's far more complex environment?

CHRIS NILES: It used to be that when you came into a bank's lobby, you saw marble columns, a stately hall – all of this implied the stability of the institution. Now it is about experience. Retail banking customers want banks to get things done correctly and quickly for them 24/7. That's a mindset shift, but it's reflected in our business practices, our reputational sensitivities, and even in the way we want to present our physical footprints. Trust is based on the perception of us now, not our 150 year history.

Here's a philosophical question for the group: Does a bad reputation hurt more than a good reputation helps?

ANDREW ELLIOTT: Who said all PR is good PR? It can be, up to a point, in that bad news can actually help raise awareness and can get you in front of new audiences. We've seen where that has occurred. In the end, it has provided ZTE an opportunity to tell a story that wasn't being told, and to engage in conversations you might not have had otherwise.

DAVID KOHL: How competitors react to a company that has a lot of adverse news is sometimes unexpected. The responses tend to be much more dynamic.

Someone has a large breach and you see competitors stepping in to help people understand what those options are and how to mitigate further problems.

JESSICA PULLIAM: To your point, it's less about having made a mistake, and much more about how you handle it.

Casey, at DFW you have a lot of brands that aren't under your control, from hotels to airlines, that can impact your reputation. How do you handle that in an active sense?

CASEY NORTON: We're walking through that right now, which is how can you be helpful to a customer when they have a complaint and it's not about the airport, but it is someone who is doing business at the airport? When it comes to the airlines, our response is, "Let me understand where you are coming from, and let me see what I can do to help and put you in touch with people who can solve your problem."

Tone is important. Travel has an emotional component. Our customer is traveling to close an important business deal, or going to a funeral, or going on vacation – "It's not my problem" is never an acceptable response.

CHRIS NILES: My assistant has a sign at her desk that says, "Life is all about how you handle Plan B." In fairness, I've never seen a company that is knowingly taking reputational risk. It's all about your Plan B, and reputation is all about how the public sees how you execute Plan B.

Jim Savage: It all comes down to people. What role does personal branding play between the people who represent the company and the reputation of the company?

JESSICA PULLIAM: In our business, it's almost everything. It's rare that large law firms get hired just because of the brand. We focus on the personal brands of our partners. Their commonality is commitment to excellence, client service, adherence to ethics, which feeds into the firm's brand. For us, the brand of our professionals is everything.

DAVID KOHL: Character matters, too. Everything flows from it. When you look at top-performing companies, you're going to find they have people of strong character. The ones that don't, tend to have issues.

To that end, what do you see as the biggest sources of reputational risk that may not be directly connected to your company but that are out there?

JESSICA PULLIAM: One concern is that even when companies are talking about values, many people assume they don't really mean what they are saying; that it's a form of corporate-speak that doesn't

ROUNDTABLE

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really mean anything. I think that's one of the biggest impediments out there. Our job in telling the stories of our clients is to bring authenticity to their brand. **ANDREW ELLIOTT:** You have to be authentic, but there are certain words that are triggers for me and I'm like, "Oh no, not this again. There has to be a better word." The word innovation is an example of that. ZTE is one of the largest filer of patents in the world, and a word like innovation seems also-ran and doesn't scratch the surface. ZTE is quite original in what we create in smartphones, cellular networks and enterprise solutions.

DAVID KOHL: I'll throw out a different angle on this. There is a trend toward fragmentation: big companies are pushing things down, you have more outsourcing, more independent contractors, more people in unmarked vans delivering things to your door. If you're not dealing with the right partners, what are the implications of that from a brand perspective? Who is doing the training, providing the values, to this "decentralized" person? What is the possibility this person will do something that damages your reputation? **SHELLEY WHIDDON:** The sense of control is definitely diminished. We all rely on outside vendors whether it's for cost-cutting or just to function. Everyone's accountable and you have to manage the expectations of the suppliers without finger-pointing if something bad happens.

CHRIS NILES: In banking, the regulators are pretty clear with us. Feel free to subcontract out a variety of things, but you are 100 percent on the hook for the deliverables, including the security of the information. You can't hide behind subcontractors or get shielded from regulatory responsibility. At the end of the day, they are our customers and we own the outcome.

ANDREW ELLIOTT: The one variable that worries me is on the consumer side. Anyone can say anything about you by just putting it out there on social media. Sometimes you can comment on it, sometimes you can't. It's a weird dynamic but from our perspective we really want to be highly sensitive to the wants and needs of consumers.

We hear of social media narratives that are wrong and not grounded in reality. How do you handle that sort of a social media situation?

CASEY NORTON: Social media is a lot of background noise, and the volume can get pretty intense. In situations where the wrong brand has been blamed, or the facts are wrong, we find the voice that cuts through all of the clutter. Personal relationships with influencers, stakeholders and key media members are incredibly important because they can amplify your voice and make important corrections in fact or tone.

Is there anything that you see internally in your companies that you feel is actually a reputational strength that you don't see reflected in how you are seen in the outside world?

CASEY NORTON: One of the key findings in our employee engagement survey was that close to 90 percent of the employees said they were extremely proud to work for the airport. I don't know that there is a quasi-governmental institution out there that would be anywhere close. It's 15-percent over the national average.

That's our biggest strength. We have 1,900 employees who actually work for the airport itself. But there are 65,000 people who work at the airport on a daily basis. We want to equip them to be our best advocates.

We share news with employees so they can feel empowered and equipped to talk about the good that DFW brings, whether it's our \$37 billion economic impact or having the only carbon-neutral airport in the Americas.

ANDREW ELLIOTT: At ZTE, our founder sets our uniquely strong charter. We spend a lot of resources, time, and effort on philanthropy, it's a really special trait I admire about ZTE. ZTE also hires a lot of engineers worldwide, and they produce an astounding number of patents. Last year, our company was one of the top patent filers in the world.

DAVID KOHL: A key part of this conversation is understanding how critical reputational risk really is from a company leader perspective. About 70 to 80 percent of the U.S. economy in terms of market capitalization is directly attributable to intangible assets. If you are a company leader, or on a board, or accountable in an organization, managing reputational risk takes on the same importance as managing the fundamentals of the business. That's a shift people have to get their arms around.

JESSICA PULLIAM: We definitely see that in our business. We sometimes get hired after someone has overpromised. Our hidden story is that while we are known for our work for energy clients, we are also a technology firm. This is particularly true in our Dallas office. We have a robust intellectual property section, we prosecute patents and handle intellectual property disputes, and we do a lot of technology transactions. For an old Texas law firm with a rich history we are incredibly innovative. Our best-kept

secret is that we are very forward-thinking.

SHELLEY WHIDDON: I'm really proud of our management strength. Our senior leaders recognize the importance of empowering our associates to grow and contribute through greater ownership and accountability. We tend to have a high retention rate at our headquarters.

We're also really proud of our corporate social responsibility efforts, and our strategy around charitable giving. Just as we do with our business, we leverage data to drive impact in our communities.

CHRIS NILES: We can't just transplant our 150-year reputation to Texas; it has to be earned. We want to be as transparent and supportive of our community here as we have been in our historic markets around the country.

Managing the internal and external communications effectively, especially in light of rising social media, is especially important. We built our franchise over time, we're hiring, and we're committed to Dallas and the Texas market for the long-term.



CASEY NORTON



CHRIS NILES



JESSICA PULLIAM

BIOS FOR PARTICIPANTS

CHRISTOPHER J. DEL MORAL-NILES, CFA

Executive Vice President & Chief Financial Officer, Associated Bank

Moral-Niles joined Associated Bank in 2010 and is currently the executive vice president and chief financial officer. He has the overall responsibility for the company's financial management. He also serves on the executive committee for Associated Banc-Corp. Niles brings more than 25 years of financial services industry experience to Associated Bank, most recently in the positions of deputy chief financial officer and treasurer. He holds an MBA from UCLA's Anderson School of Management and studied economics at the University of California, Berkeley.

ANDREW ELLIOTT

Vice President, Strategic Marketing ZTE USA

Elliott is a technology veteran with expertise in marketing and business development for mobile devices, mobile technology solutions, applications and ecosystems. As the Vice President of Strategic Marketing for ZTE, Elliott is responsible for developing strategy and executing marketing plans to boost the ZTE brand in the U.S. Prior to joining ZTE, Elliott spent 10 years with Nokia, where he helped transform the company into an ecosystem player. Prior to joining Nokia, Elliott worked at Microsoft Corporation. Elliott graduated with an MBA in International Management from the Monterey Institute of International Studies, a Graduate School of Middlebury College. He also holds a BA in East Asian Studies from Wittenberg University.

DAVID J. KOHL, CPCU, AIM

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Kohl, CPCU is a Senior Vice President and Principal with RHSB, a boutique insurance brokerage arm based in Dallas providing specialized insurance solutions to middle market companies for over 70 years. He serves on the board of the Dallas Committee on Foreign Relations (DCFR), is a Director of the Institute for Excellence in Corporate Governance at the University of Texas where he leads a key initiative designed to help company leaders become "Future Ready," and serves on several private company boards. Kohl helped create and launch Financial Executive International's Manufacturing & Distribution CFO Forum in Dallas and recently co-founded Mangrove which invests in microcap companies across a number of industries.

CASEY NORTON

Vice President, Corporate Communications DFW Airport

Casey Norton is Vice President of Corporate Communications for Dallas/Fort Worth International Airport and is responsible for all internal and external communications, Board of Directors processes and administration, stakeholder relations, media relations, social media, community engagement and relations for the fourth busiest airport in the world. Prior to joining DFW, Norton was the Director of Corporate Communications for American Airlines. He also held the position of Vice President - Media Strategist at Weber Shandwick, one of the world's leading global public relations firms. Norton gained his newsroom experience working with reporters in multiple markets and served as a television anchor for networks in Dallas, Seattle, and Tulsa. He holds a Bachelor of Journalism from the University of Texas at Austin.

JESSICA PULLIAM

Partner & Department Chair - Litigation (Dallas) Baker Botts

Jessica Pulliam chairs the trial department in Dallas. She is nationally recognized for her leading role defending public companies and their officers and directors, private enterprises and professional firms. She has handled a variety of complex litigation matters including class actions, accounting and disclosure issues, securities fraud, fiduciary litigation, SEC and PCAOB investigations, whistleblower claims, post-deal disputes. Following graduation from law school, Pulliam served as law clerk to the Honorable Barbara M.G. Lynn of the United States District Court for the Northern District of Texas. She long served as Secretary of the Board of Directors of the Dallas Contemporary, Dallas's contemporary art museum. She serves as a Director of the Texas Law Review Association.

JAMES SAVAGE

Senior Vice President & Dallas General Manager Pierpont Communications

Savage is the SVP General Manager of Pierpont Communications in Dallas, Texas, where he leads a growing team dedicated to the communications and marketing needs of local, regional and global clients. He joined Pierpont after successfully leading the corporate practice of Edelman as SVP. Throughout his career, Savage has held various senior leadership roles as Executive Vice President of Corporate Communications and Brand Marketing at Canada's Western Financial Group, Vice President of Public Affairs and Corporate Communications at the Federal Reserve Bank of Cleveland and Director of Corporate Communications and Brand Marketing for Philips Healthcare. Savage founded RainCoast Group, a Dallas-based global tech sector communications and marketing consultancy, and led groups with Verizon, the Pacific Telecommunications Council, and the Canadian Federal Department of Industry. He began his career as an economist at the International Institute of Communications in the United Kingdom. He has an M.Sc. in economics from the London School of Economics (LSE) and an honors BA from the University of British Columbia, Canada.

SHELLEY WHIDDON

Vice President of Public Affairs Alliance Data

Whiddon is Vice President of Public Affairs at Alliance Data's global headquarters based in Plano. In her role, Whiddon heads up external communications, including PR, media relations and social media strategy, and also oversees corporate responsibility initiatives that include community relations and philanthropy. She joined Alliance Data in June 2001, two weeks after its IPO. Prior to that, she held positions in marketing and public relations for Mary Kay Inc.'s global headquarters, Premiere Radio Networks (now iHeart Radio), and an Internet startup specializing in bundled telecom services. Whiddon earned her bachelor's degree in journalism and minor in marketing from the University of North Texas, and masters of liberal studies, sequence alternative dispute resolution (ADR), from Southern Methodist University.



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