



B K KHARE & Co
CHARTERED ACCOUNTANTS

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Risk Advisory

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**How well is your organisation protected from
Reputational Risks?**



“It takes 20 years to build a reputation, and five minutes to ruin it”.

- Warren Buffet

A world economic forum study indicates that more than 25% of the market value of the company is directly attributable to the reputation of the company. Reputation is all about perception and sometimes perception can be bigger than fact. Reputation is built as a result of ongoing interactions between a company and its key stakeholder groups. If the stakeholders' experience is consistent with the values the company claims to uphold, as well as with the promises it makes through advertising and other marketing communications, this helps build and sustain the reputation. Thus, actual corporate behaviour far outweighs corporate communications about behaviour — especially promised behaviour.

Hence, it is imperative that the company staff, suppliers, vendors and contractors are made aware of the reputational risks so that they are aligned with the measures to prevent reputational risks.

Building blocks of reputation

Ethics and Integrity, Quality of Goods and services, Innovation, Safety & Security of the stakeholder, Corporate Social Responsibility, consistent financial performance and ability of the company to ensure timely appropriate Crisis Management are important building blocks of the reputation of a company. Lack of any of them can adversely affect the reputation of the company.→

How companies protect their reputation?

Leading companies consider reputation as a strategic asset and consequently develop frameworks and processes to identify events and triggers that may lead to reputation loss. This helps them create appropriate responses and assign responsibilities and accountability to proactively manage reputation on one hand and ensure timely and provide appropriate responses on the issues to minimise the impact of unexpected events affecting reputation.→

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