The New Reputation Risks:  
What You Need to Know for 2015

by Shannon Wilkinson | January 14, 2015

Reputation risk isn’t new to business. But over the past two decades, it has taken a more prominent role in the business world. The internet, and social media in particular, has introduced a new level of transparency to business operations and culture, and a new level of empowerment to consumers. If one employee makes a misstatement on social media, and it gains viral momentum in the community at large, it can be a crisis for the company.

In response to this new environment, several of the world’s leading business media platforms have launched new columns dedicated to reputation risk. Dealbook, the New York Times’ widely read business platform, announced the new “Apology” column. It tracks the follow-through from industry leaders after they have acknowledged mistakes. The Wall Street Journal’s Risk and Compliance section launched the “Crisis of the Week” column, where experts on reputation and crisis management discuss how they would manage a current high-profile reputation crisis (I am one of the commentators). The WSJ also launched “Corruption Currents,” a daily roundup of headlines pertaining to corruption and corporate crime.

Along with my staff, I follow those columns and closely track trends in public relations, reputation management and internet use (we also blog about reputation issues, write case studies about iconic companies and have dedicated twitter feeds monitoring reputation news and issues 24/7).

These are our predictions for the biggest potential reputation-related crises for 2015. Like all crises these days, they will play out online.

1) CEO and top leadership gaffes. Social media allows companies, and their leaders, to communicate directly and instantaneously with their consumers. The benefits can be great, but so are the risks. Gaffes will happen. Careful policies and planning can reduce their frequency. Sometimes the best solution is an apology.

2) Social media-fueled crises reflecting public opinion on those gaffes. The public now responds quickly and heatedly to evidence of unfairness and insensitivity within
the C-Suite. That criticism can easily find an audience online. Hashtag activism and MoveOn.org are two powerful forms this movement has taken.

3) Grassroots criticism of corporate behavior will focus on issues related to diversity and sexual harassment-related issues. Pay levels perceived to be unfair will continue to be a focus of heated online discussion. College campuses may have peaked as a focus of the discussion surrounding sexual harassment, but that discussion is far from over.

4) Internet-related security. Many crises will be initiated by hacked and leaked emails going public (as well as emails obtained by court orders, a particularly large danger in the financial industry).

5) Internet-related company policy. Approximately 50% of companies still do not have social media and bring-your-own-device (BYOD) policies. Those companies will continue to experience issues ranging from the embarrassing to the litigious. Employees will more often post material that damages a company’s brand, or leaks privileged material, when there are not clear guidelines. That employee may sue if he or she is subjected to disciplinary policies that aren’t governed by clear policies that are in line with current legislation.

6) Brand boycotts. Reputation capital has always impacted bottom-line numbers. But as these online campaigns grow more organized, consumers will look to more directly affect companies’ bottom lines. We anticipate seeing online activism more often include off-line components—including boycotts.

Less than a decade ago, the overwhelming online reputation management issue was anonymous and negative commentary. Most major companies now have a strong online presence, with customer service systems that utilize Twitter, Facebook and other platforms. They have more control over the online conversation and such commentary is not the threat it used to be.

But an active online presence creates new risks. And the way the internet as grown to be more organized, yet also more encompassing of the multiplicity of voices, presents new challenges. For risk professionals, this will require vision, planning and vigilance.