



The 2003 Massachusetts Corporate Reputation Survey

Introduction

Reputation is the enduring character of an enterprise – it's the feeling people get when they think of a company or organization. Smart organizations understand that a reputation, however intangible, is a valuable asset in the marketplace.

Research has consistently shown that organizations with strong, positive reputations enjoy more successful sales initiatives and more consistent financial performance, greater trust with investors and partners, stronger customer satisfaction and loyalty, higher quality employees, better publicity and deeper community relations. Organizations with well-defined reputations are better positioned to communicate with any audience, from regulators to shareholders, in good times and during a crisis.

During the summer of 2003, Morrissey & Company, a Boston-based reputation management and public relations firm, decided to measure the reputations of Massachusetts-based institutions. The *Massachusetts Corporate Reputation Survey* is the first-ever attempt to rate the perceptions held toward the select private and public organizations that drive the state's economy, based on the attributes that experts agree form the core of reputation.

Methodology

Opinion Dynamics Corporation, a national leader in market research, polling and consulting based in Cambridge, Mass., conducted the first annual *Massachusetts Corporate Reputation Survey* on behalf of Morrissey & Company during September 2003.

Boston-area business leaders were asked to rate 144 Massachusetts businesses, universities and hospitals on a variety of criteria. Ratings were gathered from 201 top-level executives at companies with more than 150 employees. More than half of those interviewed were executives at companies with more than 250 employees.

Institutions were rotated, so that each executive rated a selection of institutions, producing a total of 4,130 ratings. Respondents used a 10-point scale to rate each institution on:

- Overall reputation
- Products and services
- Place to work
- Social responsibility
- Ethics and corporate governance
- And, financial stability

The scores of overall reputation were given a weight of five, while the other six scores were given a weight of one, producing a possible high rating of 100. Respondents who had not heard of specific institutions were not asked to give a rating. If a respondent had heard of an institution, but could not offer a rating on an attribute a score of zero was assigned.

Based on responses to these six questions, overall reputation scores were calculated for each institution included in the study.

The highest possible reputation score was 100. For analytical purposes, a score of 60 or higher should be considered a superior reputation, a score between 50 and 60 should be considered very good, a score between 40 and 50 should be considered good and a score below 40 can be interpreted to mean that the institution has not established a significant reputation for itself.

It should be stressed that while a high reputation score indicates an institution is held in high regard, a low score does not necessarily indicate that an institution is viewed negatively. In most instances, a low score is caused by a lack of familiarity with an institution.

As part of the *Massachusetts Corporate Reputation Survey*, business executives were also asked a series of questions regarding business conditions and issues in Massachusetts.

Executive Summary

Boston-area business executives generally see a bleak business climate in Massachusetts at the current time and foresee modest levels of growth in the coming. Executives see two main obstacles to business growth in Massachusetts – taxes and the high cost of housing for employees. Just one-third of executives expect that reforms made in response to recent accounting, management and compensation scandals in the business world will have a permanent effect on the way business is run.

Non-profit institutions enjoy the best reputations in the eyes of business executives. Universities are viewed as having the best reputations, followed by hospitals. Of all institutions tested, Harvard University tops the list, followed by Boston College. The Massachusetts Institute of Technology, Northeastern University, Boston University, University of Massachusetts-Amherst and Tufts University are all in the top twelve. Massachusetts General Hospital is the fifth highest rated institution overall; Children’s Hospital and Tufts/New England Medical Center rate in the top twenty.

Among for-profit institutions, Fidelity Investments is viewed as having the best reputation. Other financial sector business such as John Hancock, Fleet, and State Street Bank get good ratings, but lag significantly behind Fidelity.

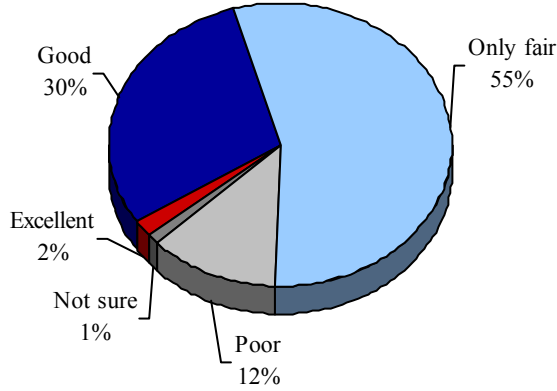
As a sector, HMOs have the best reputations among for-profits with Tufts Health Plan and Blue Cross Blue Shield of Massachusetts both in the top ten. Several of Massachusetts largest business also scored well; Reebok, Staples, Gillette and BJ’s Wholesale all rated in the top twenty.

Virtually no business in the technology, biotech, telecommunications or manufacturing sectors have established notable reputations for themselves. This result is more a function of lack of recognition than of negative perception. However, “no perception” can hinder business success as much as “problem perception.”

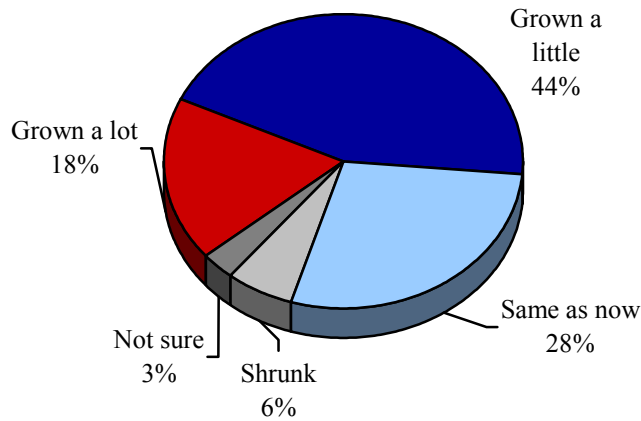
Summary of Findings

Business Conditions

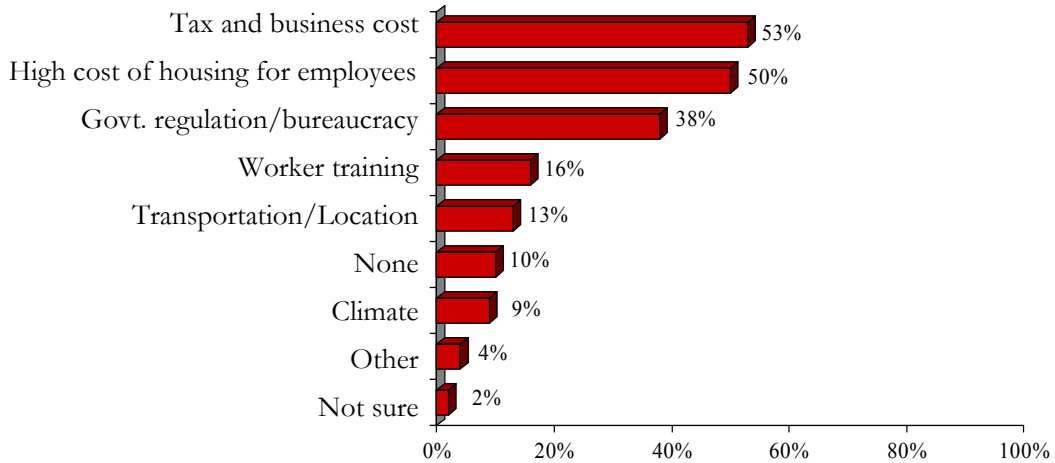
Currently, two-thirds (66%) of business executives describe business conditions in Massachusetts as fair or poor. Thirty percent of executives describe business conditions as good while 2% rate business conditions excellent.



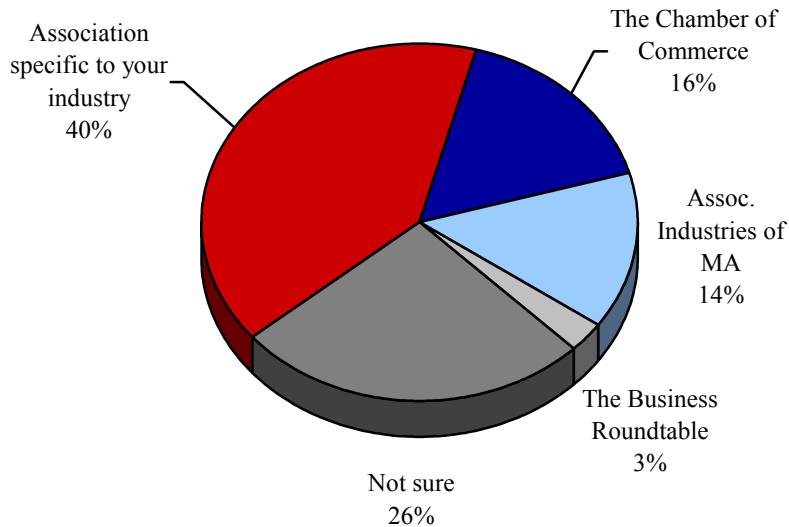
Most executives are optimistic that their business will experience some growth in the coming year, but few expect a lot of growth—44% expect their business to have grown a little and 18% expect their business to have grown a lot. Over one-quarter (28%) of executives expect their business to be at the same level one year from now, while 6% expect their business to shrink.



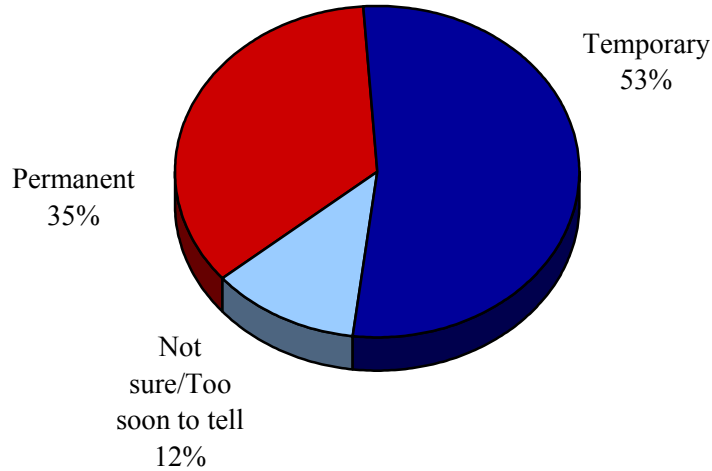
When business executives are asked to name the biggest obstacles to business growth in the state, 53% name taxes and business cost as one of the top two obstacles; nearly as many executives mention the cost of housing employees.



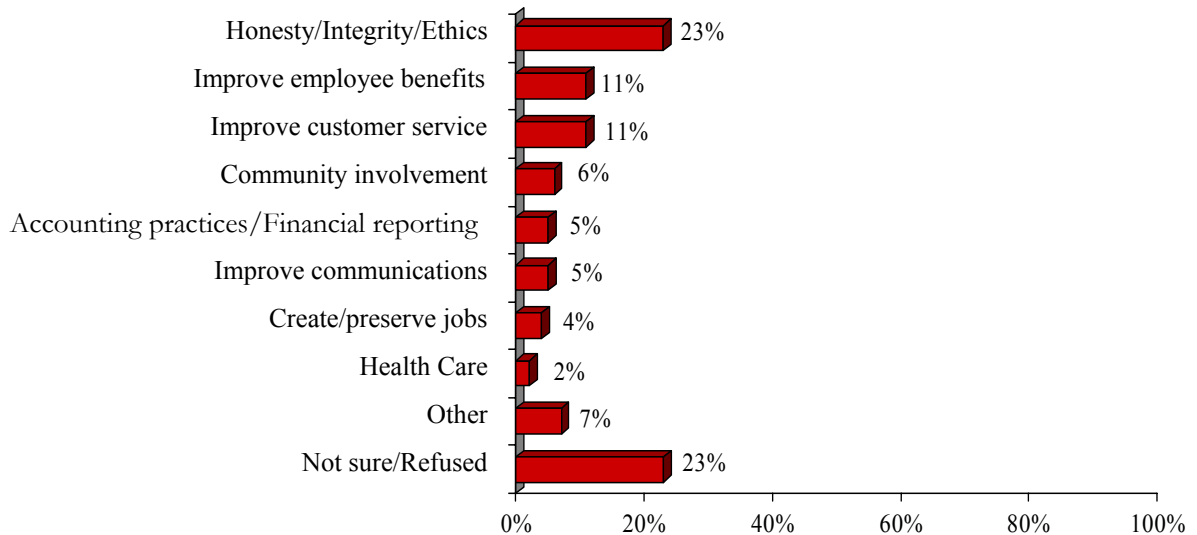
A plurality (40%) of business executives feel associations specific to their industry are the best representatives of their business needs. Less than one-fifth of executives mention The Chamber of Commerce (16%) or Associated Industries of Massachusetts (14%) as the best representatives of their business.



Approximately one-third (35%) of business executives feel that the recent accounting, management and compensation scandals in the business world will cause permanent improvements in the way businesses are run in the future. A majority (53%) of executives are less optimistic, believing that the changes will be temporary.



When executives are asked what one thing would go furthest toward improving its reputation, issues dealing with honesty and integrity (23%) are the most frequent mentions. Other frequent mentions include improving employee benefits (11%) and improving customer services (11%).



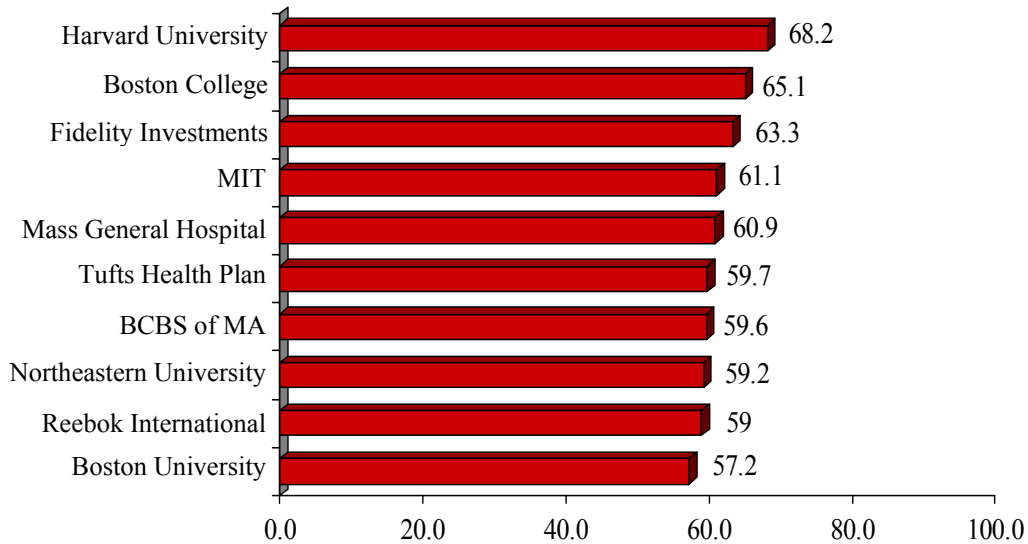
Interpreting Ratings in the *Massachusetts Corporate Reputation Survey*

As mentioned previously, business executives rated 144 Massachusetts institutions on six different attributes. Institutions were rotated, so that each executive interviewed rated a selection of institutions, producing a total of 4,130 ratings. Respondents used a 10-point scale to rate each institution on overall reputation, products and services, place to work, degree of social responsibility, ethics and corporate governance, and financial stability. The scores of overall reputation were given a weight of five, while the other six scores were given a weight of one, producing a possible high rating of 100. Respondents who had not heard of specific institutions were not asked to give a rating. If a respondent had heard of an institution, but could not offer a rating on an attribute a score of zero was assigned.

For analytical purposes, a score of 60 or higher should be considered a superior reputation, a score between 50 and 60 should be considered very good, a score between 40 and 50 should be considered good, and a score below 40 can be interpreted to mean that the institution has not established a significant reputation for itself.

Top 10 Rated Institutions Overall

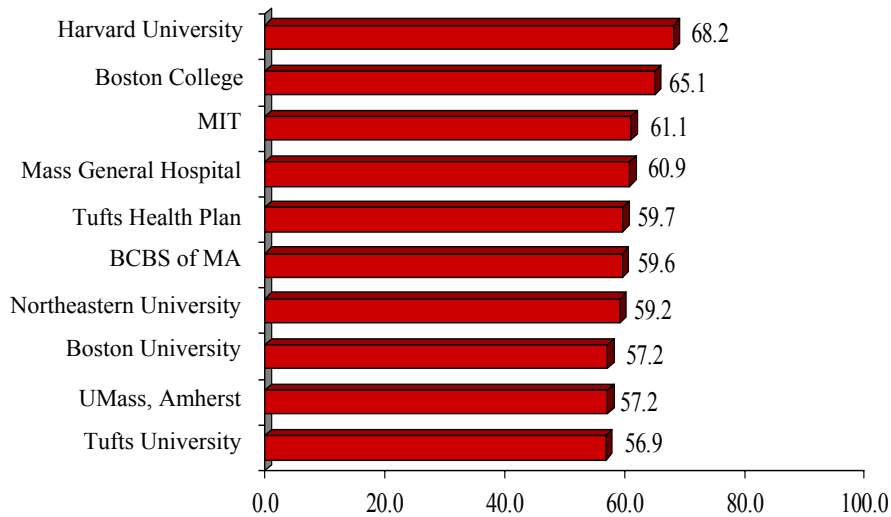
Educational institutions, as a sector, are viewed as the most reputable institutions in the area. Harvard, Boston College and MIT are all viewed as having superior reputations. Fidelity Investments is the only for-profit institution in the area viewed as having a superior reputation. Massachusetts General Hospital is viewed as having a superior reputation, while two health maintenance organizations, Tufts and BCBS, are viewed nearly as favorably.



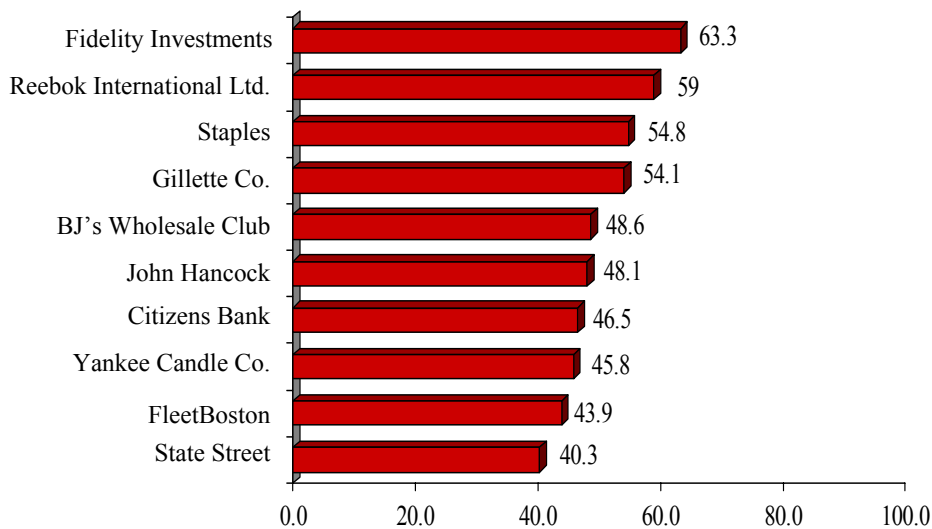
Top 10 Non-Profit/For-Profit Institutions

The two charts below group institutions by non-profit and for-profit institutions, respectively. As the charts illustrate, non-profits generally enjoy better reputations than for-profit organizations.

Non-Profit

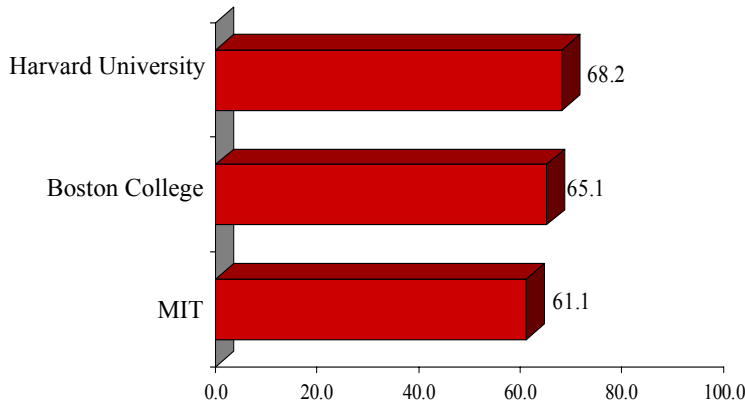


For-Profit



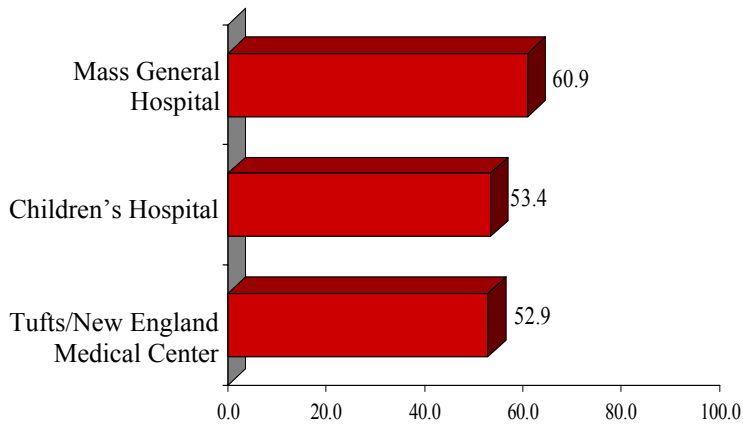
Colleges and Universities

As the chart below indicates many colleges and universities in Massachusetts have very good or superior reputations in the eyes of area business executives. Among other colleges tested and not shown in the chart, U-Mass Boston (51.0) and U-Mass Lowell (48.7) both have good reputation scores, while just Bridgewater State (34.9) does not achieve a good reputation score.



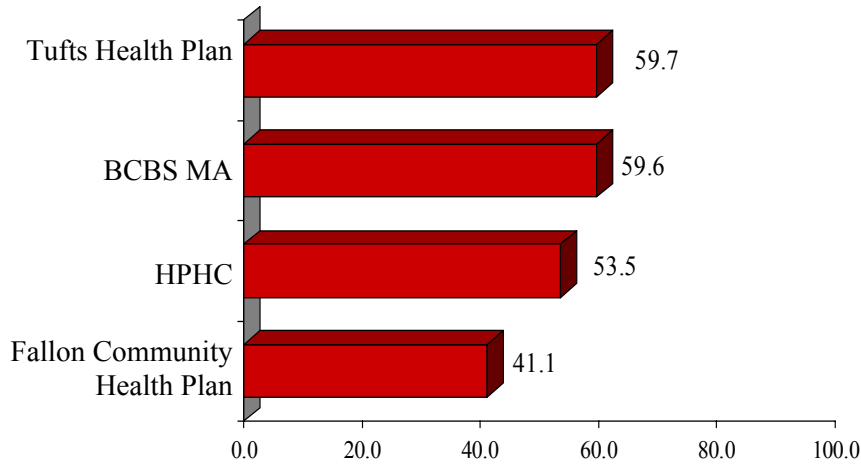
Hospitals

Area hospitals are clearly differentiated in the opinions of business leaders. Massachusetts General Hospital has a superior reputation, while Children's Hospital and Tufts/New England Medical Center have very good reputations. Boston Medical Center, the Lahey Clinic and Brigham & Woman's have good reputations.



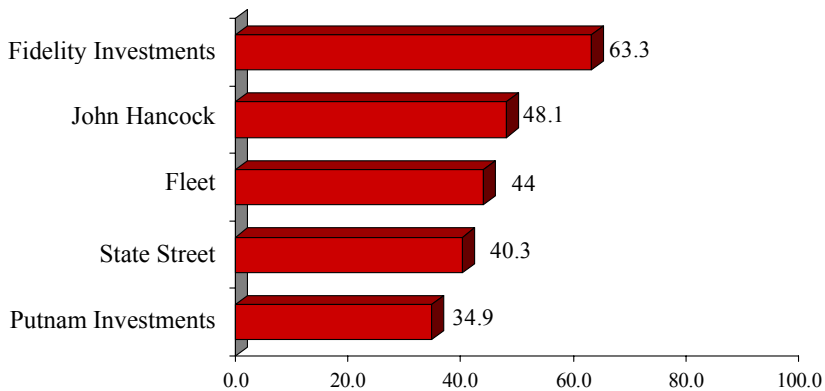
Health Maintenance Organizations

Tufts Health Plan and BCBS MA are both viewed as having borderline superior reputations. Harvard Pilgrim Health Care has a very good reputation; Fallon Community Health Plan has a good reputation. All other HMOs tested did not establish a significant positive reputation for themselves.



Financial Institutions

Fidelity Investments is viewed in a category of its own in relation to other financial institutions in the area. While John Hancock, Fleet and State Street have good reputations, they lag far behind the superior reputation enjoyed by Fidelity.



The Largest 25 Companies in Massachusetts

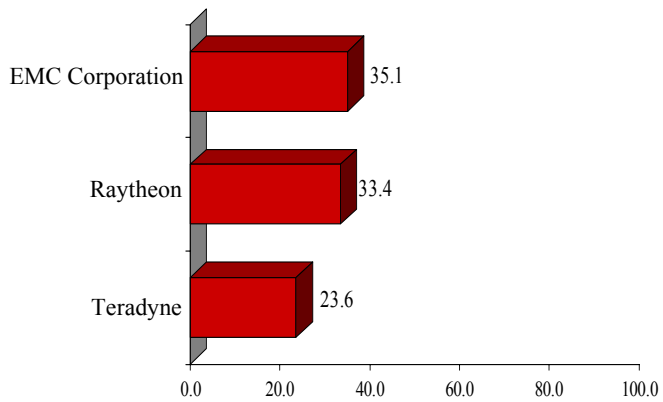
Among the state's largest 25 companies, based on assets, three stand out as having the best reputations: Reebok, Staples and Gillette. All three have earned very good reputations. BJ's Wholesale and Yankee Candle have good reputations, while none of the remaining companies score over 40-points.

Organization	Reputation Score
1.) Reebok International Ltd.	58.96
2.) Staples	54.79
3.) Gillette Co.	54.12
4.) BJ's Wholesale Club	48.63
5.) Yankee Candle Co.	45.81
6.) State Street	40.25
7.) TJX Companies	40.00
8.) Raytheon Co.	33.36
9.) Bright Horizons Family Solutions	23.25
10.) Genzyme General	19.07
11.) Millipore Corporation	17.93
12.) Investors Financial Services Corp.	17.71
13.) Waters Corp.	16.03
14.) New England Business Service	13.82
15.) Analogic Corporation	13.17
16.) Charles River Laboratories International	12.07
17.) J. Jill Group	11.65
18.) Interactive Data Corp.	9.54
19.) Boston Private Financial Holdings	7.50
20.) Watts Industries	6.83
21.) Abington Bancorp	6.29
22.) Parexel International Corp.	6.14
23.) Cytoc Corp.	4.70
24.) Kronos Inc.	1.50
25.) Polymedica Corp.	1.50

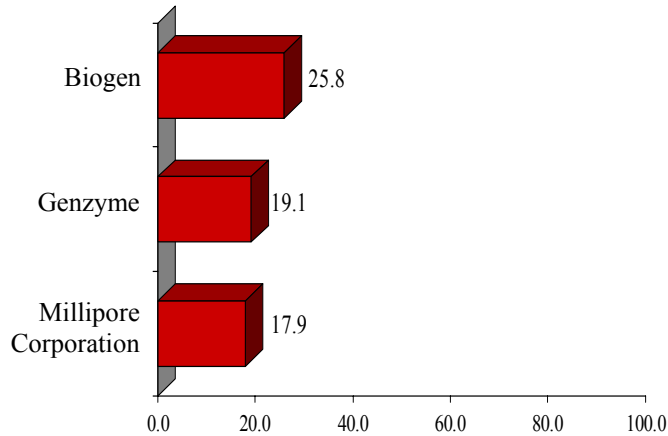
Technology, Biotech, Manufacturing and Telecommunications

As the below charts indicate, technology, biotech, manufacturing and telecommunications firms in the area lack reputation stature. The four charts below highlight the three firms with the highest scores in each sector.

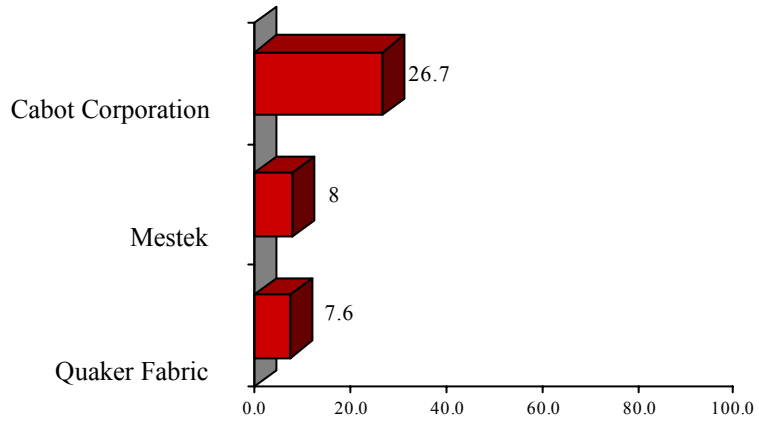
Technology



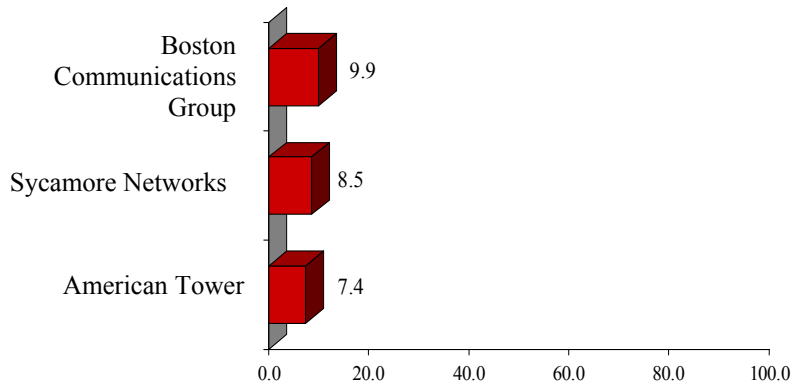
Biotech



Manufacturing



Telecommunications



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