

"Issues Affecting Reputation Management and Strategic Communications"

Going Global: Your Company and Its Reputation

For the past 25 years, Interbrand, a leading international brand consultancy specializing in brand services and activities, has partnered with *BusinessWeek* to publish its annual report on the world's most valuable brands. Evaluating the best global brands involves a proven,



straightforward and profound method; the Interbrand approach examines brands through the lens of financial strength, the importance of the brand in driving consumer selection, and the likelihood of ongoing revenue generated by the brand.

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WORLDWIDE REPUTATION COMMUNICATION AND CRISIS MANAGEMENT

Working in the international world of reputation communications, public relations and crisis management for the past 30 years has presented some enjoyable and interesting moments. I celebrate the successes and try to forget the embarrassing gaffes made along the way. I suppose that I have been guilty of being the ugly American businessman unknowingly insensitive to the cultures, language and mores of the country in which I was operating.

Watching President Obama delicately balance the do's and don'ts of Japanese bowing etiquette in the presence of Japan's Emperor Akihito and Imperial Empress Michiko makes for high stakes diplomatic theater. The State Department and diplomats appreciate his efforts, while the more hawkish conservatives at home think and say that no American president should bow to anyone. Consider Obama's approach, in comparison to Teddy Roosevelt, who bent to no one and sent the Navy's Great White Fleet into Yokohama for a visit. This was the age of "walk softly and carry a big stick."

The new media propagandists are very good at manipulating the truth on all sides of the war of words. So today we must all have a newfound sensitivity to what we say and do. We may not mean to offend, but do so inadvertently, and now the audience is not limited to the person in front of us – a snafu can be recorded by an iPhone and transmitted around the globe instantly.

Our actions are, by their very nature, global. While this may present some new challenges, the instant audience shows the good as well as the bad, so there is an opportunity to make friends and influence people by showing we are trying to speak their language, eat their food and enjoy

different styles of dress and customs. I believe this age will create a whole new breed of communicator, one that is very good with words but also expert at human behavior of all race, cultures and ethnicities. It will be necessary for this new wave of communicators to be well-travelled.

There is no substitute for being on the ground to learn to behave like a local and to understand their point of view. As St. Ambrose said in 387 A.D., "When in Rome, do as the Romans do." One half of communications is the spoken and written word, but the other is the art and science of understanding – being able to listen to your audience wherever they are – down the street in a suburban supermarket or in the bazaar of some far-off land. Our voices will be heard everywhere and every place. New voice recognition technology might make instant translation a possibility, but it will be a long time before the nuances of the conversation can be interpreted by a computer. But stay tuned; the geniuses are working on it.

This issue of the Mt. Vernon Report is dedicated to global communication and greater global understanding. We are not alone on this planet, but are a community of people. The promise of globalism may be fulfilled in our lifetime when we can all agree to a common purpose for our continued survival.

President and CEO
Morrissey & Company

I invite you to join the conversation and share your thoughts and ideas about safeguarding an organization's reputation. Please join me on my Reputation Excellence blog – <http://blog.morrisseyco.com>.

Global Public Relations: A Dynamic Approach

The practice of public relations has long been employed in the United States as a means to reach consumers and key stakeholders. Media relations, public affairs, crisis management and – our specialty at Morrissey & Company – reputation management are major tools in our arsenal to convey messages and influence opinions and behavior. As countries around the world gain ground on the economic stage, they are both adapting western PR tactics and, most importantly, devising their own based on demographics and psychographics.

In countries with a lower literacy rate, PR practitioners rely more on direct contact than third-party sources like media. Word of mouth, for example, is a very useful tactic. In “Better: A Surgeon’s Notes on Performance,” Atul Gawande describes a campaign to eradicate polio in India. One of the districts health care workers visit has an illiteracy rate of 52 percent among males and 74 percent among females. In order to spread the word about vaccinations, the team went door-to-door to talk to residents about the importance of vaccinating their children and used “miking” (announcing the campaign and vaccination availability via loudspeakers) to spread the word village-wide. Thanks to the team’s ability to reach people on a personal level, the overall campaign in India vaccinated 4 million children, and, in 2005, the country reported just 66 new cases of polio.

Other evolving public relations tactics around the world include:

- **Japan:** With a reputation for technological innovation, many tactics revolve around social media and online forums to reach influential audiences. The country boasts the highest blog readership in the world by far, and, according to an Edelman study, 74 percent of the population reads blogs regularly and 91 percent of “influencers” follow blogs (compared to 27 percent of the total U.S. population and 34 percent of U.S. influencers).
- **Latin America:** Public relations is arguably growing and changing most quickly in this region. As the governments in these countries become more moderate, public relations is no longer associated merely with event planning and lobbying, and strategic PR is thriving. For example, many of these countries are developing strong independent media, and as such, media relations based on newsworthy content is valued over networking and connections.

In the United States, too, we must adapt our strategies and tactics. With the decline of newspapers, audiences’ shorter attention spans and citizen-journalists gaining influence, we must respond faster, ensure transparency and engage in conversations, not one-way communications. These changes will help us disseminate information to the *right* audiences and receive the kind of feedback that will make public relations programs even more effective.

~ Sarah Gerrol

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The top ten best global brands of 2009 are:

1.	Coca-Cola
2.	IBM
3.	Microsoft
4.	GE
5.	Nokia
6.	McDonald’s
7.	Google
8.	Toyota
9.	Intel
10.	Disney

One company in particular has become an icon of globalization; representing the complexities of culture and the debate on cultural convergence and divergence is McDonald’s. McDonald’s franchise restaurants serve a varied, limited, value-priced menu in more than 100 countries. Beer is served in Germany, a McArabia is a menu item in the Middle East and there is no beef in Indian McDonald’s. Corn is an alternative to fries in many Asian countries, and it is very hard to find a Veggie Mac in Italy.

The company’s operations demonstrate the opportunities for building a reputation and business through globalization. Understanding cultural differences can be a source of opportunity and synergy for international management. For example, when McDonald’s first entered the

European market, most countries protested the low nutritional value. As a response, McDonald’s developed a wide range of healthy food options for Europeans such as salads, sandwiches, drinks and a Happy Meal alternative including Chicken McNuggets, Apple Dippers with Low Fat Caramel Dip and a 1 percent Low Fat White Milk Jug. When U.S. consumers started to

become more health conscious, McDonald’s was ready, and applied what they had learned in Europe in the U.S.

As globalization increases, more companies consider going global to expand their reputations, market reach and revenue sources. Determining whether or not a company should bring its products or services abroad is a big decision. Based on insights from [Entrepreneurs.com](#), your company should consider the following before going global:

1. Get company-wide commitment.

Every employee should be a vital member of your international team, from the executive suite to customer service, engineering to purchasing, production and shipping.

2. Define your business plan for accessing global markets.

An international business plan will define your company’s goals and commitment and enable you to measure results.

3. Plan at least a two-year lead-time for world market penetration.

It takes time and patience to build a great, enduring global enterprise, so be patient and plan for the long haul. For example, Google was founded in 1998, but it didn’t make money until 2003 when it started auctioning ads that appear alongside the search results. Advertising today accounts for 99 percent of the revenue of a company whose market capitalization now tops \$100 billion.

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4. Build a website and implement your international plan sensibly.

You must decide what language you'll use to communicate with your target audience. English is arguably the most important language in the world, but only 28 percent of the European population can read it. That percentage is even lower in South America and Asia. Over time, it would be best to slowly build a site that communicates sensibly and effectively with the world.

5. Pick a product or service to take overseas.

You can't be all things to all people; decide on something and stick with it. For example, Volvo launched the S80L, a limousine version of its standard S80, exclusively for the Chinese market. These spacious luxury cars are in great demand in China because their business people prefer to be driven places rather than drive themselves.

6. Conduct market research to identify your prime target markets.

Market research is a powerful tool for exploring and identifying the fastest-growing, most penetrable market for your product. For example, American fashion retailer Abercrombie and Fitch has become synonymous with American youth. The company opened its first international store in the UK in 2007, and its fashions quickly became in great demand throughout Europe.

7. Hire a good lawyer, a savvy banker, a knowledgeable accountant and a seasoned transport specialist,

each of whom specializes in international transactions. You may feel that you can't afford these professional services, but you really can't afford to do without them. For example, High Street Partners is a consulting firm that specializes in helping U.S. companies do business abroad. The company has a large network of specialists across the world who help companies handle the local details of setting up shop and operating in an unfamiliar country.

8. Make personal contact with your new targets, armed with culture-specific information and courtesies, professionalism and consistency.

You are a foreigner in their country and they expect you to adapt to their culture and way of doing business. Read up on the modes of communication, negotiating business deals, business meeting etiquette, etc.

9. Investigate international business travel tips.

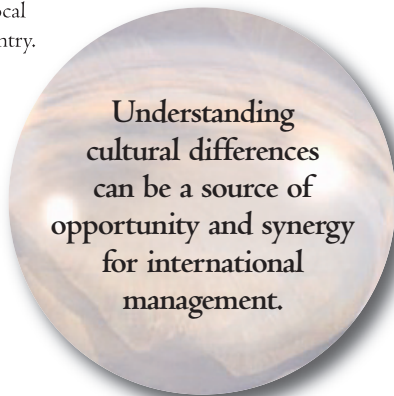
The practical aspect of international business can make or break the success of your trip. In preparing to go boldly where you've never gone before, plan accordingly. For example, globalEdge is a knowledge web-portal that connects international business professionals worldwide to a wealth of information, insights and learning resources on global business activities.

10. Last but not least, effective communication is key.

A communications specialist with knowledge of your new markets can be invaluable. Product names, words and graphics that are effective in one country may be offensive in another. Also, determine what modes of marketing are effective in reaching your target audience. For example, Twitter is widely used in the UK, Canada and Australia, but is not as popular in India and South Africa.

Entering new markets doesn't have to be a scary proposition. By considering and developing these ten factors before going global, your company can realize the full potential of globalization. With a successful transition into other economies, your company will increase sales and profits, create jobs, possibly level seasonal fluctuations and ultimately enhance your reputation.

~ Liza Stewart



A Scholarly Perspective on International Reputation Management

An Interview with Dr. Nicholas Athanassiou

Q *How do you strike a balance of maintaining corporate integrity and adapting to cultural standards?*

A Social responsibility and ethics are very different from legal requirements. Some say operating within the law is all that is necessary. But there are situations where ethical responsibility goes beyond the minimum legal requirement, particularly if a foreign country's laws are less binding. Companies must clearly articulate their code of behavior and apply their principles regardless of where they operate.

Q *Are technology and social networking making it easier or more challenging for companies to control their reputations?*

A As with personal reputation, there is no longer room for error. Executives in today's international business communications environment face quite a challenge. You don't want to make timid decisions that avoid all risk. Yet you need to be much more aware of consequences now because there is little room for corrective action.

Q *What is the biggest takeaway from international crises?*

A Companies need a well thought-out plan before disaster strikes. When a crisis occurs, it is too late to determine how best to react, especially in today's world of instant communication and citizen journalism.

Dr. Nicholas Athanassiou teaches global management, business policy and cultural aspects of international business at Northeastern University.

~ Laura Hedges

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Reputation Advisor

GLOBAL BUSINESS ETIQUETTE 101

Within the global and multi-cultural marketplace of the 21st century, it is important to learn about cultural differences in the approaches and practices of business people.

The *Boston Globe* recently published a story, "Learning to Play Their Cross-Cultural Cards Right," highlighting the efforts that Cambridge, MA-based Millennium Pharmaceuticals is taking to work effectively with executives at Takeda Pharmaceuticals, the Tokyo-based pharmaceutical company that recently purchased Millennium. In an effort to bridge the divide between colleagues working over 6,700 miles away, Millennium engaged a group of experts experienced in cross-cultural management training and corporate teambuilding to help executives avoid lapses in etiquette with their Japanese counterparts – everything from dining tips to the role of business cards (the Japanese equivalent of a fingerprint) – play in conducting business in our expanding global marketplace.

Below are just a few examples of the thousands of different customs, ways of life and proper business protocols for conducting business abroad. For more complete resources on business etiquette, there are several books, including Terri Morrison and Wayne A. Conway's *Kiss, Bow or Shake Hands* series, and in-person executive programs and workshops.

GENDER ROLES AND INTRODUCTIONS

Gender etiquette and proper introductions play a significant role not only in business, but in general foreign travel.

In the Arab world, for example, shaking hands is mandatory in a business setting, but touching women in traditional, western dress is forbidden. In India, men and women shouldn't make physical contact in public other than handshaking. In Japan, older generations may not be comfortable shaking hands with Westerners, and it's important that you don't stand too close.

In Argentina, women should initiate handshakes with their male colleagues. Visitors are expected to be punctual, but don't be surprised if your counterpart is late. Argentine executives put in long days, often lasting until 10:00 p.m., so an 8:00 p.m. appointment is not unusual.

Always shake hands, firmly but briefly, when introduced to a German businessman. When introduced to a woman, wait to see if she extends her hand. Germans accompany their handshake with a slight nod of the head. Including this nod is a good way for a foreigner to make a positive first impression.

In Italy, titles are used in all forms of address. Professors and doctors are esteemed; use the title *Dottore* for a man, *Dottoressa* for a woman. Italians also feel comfortable standing closer together than the normal U.S. range of two feet. Try your best not to back away.

MEETINGS AND PRESENTATIONS

In Hong Kong, present all materials and ideas in a modest and patient manner. It is not necessary to direct all your information to the senior executives, whose presence may simply be ceremonial. The junior members of the team often relay the material to the group leader.

Conversely, the Argentines are more serious and formal. Personal relationships are far more important than corporate ones. Changing your representative may stop a negotiation process.

There is a great respect for debate in France. Eye contact is frequent and intense, so much so that North Americans may be intimidated – which is not the intent.

Colors hold great significance in China. Use black and white in your materials. Never exaggerate your capabilities or successes. The Chinese believe humility is a virtue – they will investigate your claims. Show little emotion, and do not talk about your deadlines.

DINING

One area of importance in cross cultural customs and awareness is the different dining etiquettes of the world. Understanding dining etiquette can help business people polish their skills while dining or entertaining.

In China, prepare for a banquet. Learn the protocol for seating arrangements, do not discuss business during the meal, and do prepare a toast.

In Spain, a business dinner will last well into the early morning hours – many restaurants don't even open until 9 p.m.

New Zealanders love to entertain. Afternoon tea is just as important as dinner. Conversation is lively, and New Zealanders are vocal about politics. Someone without apparent beliefs or convictions loses credibility and respect.

Japanese hosts will order for you. Be enthusiastic while eating and show great thanks afterwards. Never point your chopsticks at another person. When not in use, line them up on the chopstick rest. Also, be prepared to answer how much money you earn or how large your home is – even during a meal.

In Malaysia, it is customary to take advantage of all invitations to social events, although invitations may not come immediately. Let your hosts make the first invitation.

Finally, unlike lunch, business dinners in Venezuela are considered an enjoyable time for socializing and getting to know each other, not for business. Dinners are always exciting and usually last until after midnight.

~ Margaret Brady