

CBI – REGIONAL PRESENTATION

# Covid-19 and Managing Reputational Challenges

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How you **act and communicate** now as leaders will help **shape your reputation** for years to come.

# Media scrutiny of business is building. So is criticism.

**The Telegraph**

What bosses do next will define their reputations for years to come

**FT**

The CEO's coronavirus conundrum: how much pay to sacrifice?

**FT**

CEOs must turn their coronavirus-prompted pay gestures into real reform

**FT**

Accountancy firms weigh up the reputational risk of furloughing staff

**theguardian**

Furlough furore after Premier League ignores aim of protecting jobs

**THE TIMES**

"Selfish in a crisis," FT' Lex column on Tesco paying its dividend.  
*Tesco pays dividend as it takes taxpayer cash*

**yahoo!**  
finance

Easyjet pays founder £60m whilst asking for UK State Aid to deal with the crisis

**Daily Mail**

Save the airlines but don't let tycoons profit - introduce a ban on dividends and a cap on bosses' pay and bonuses

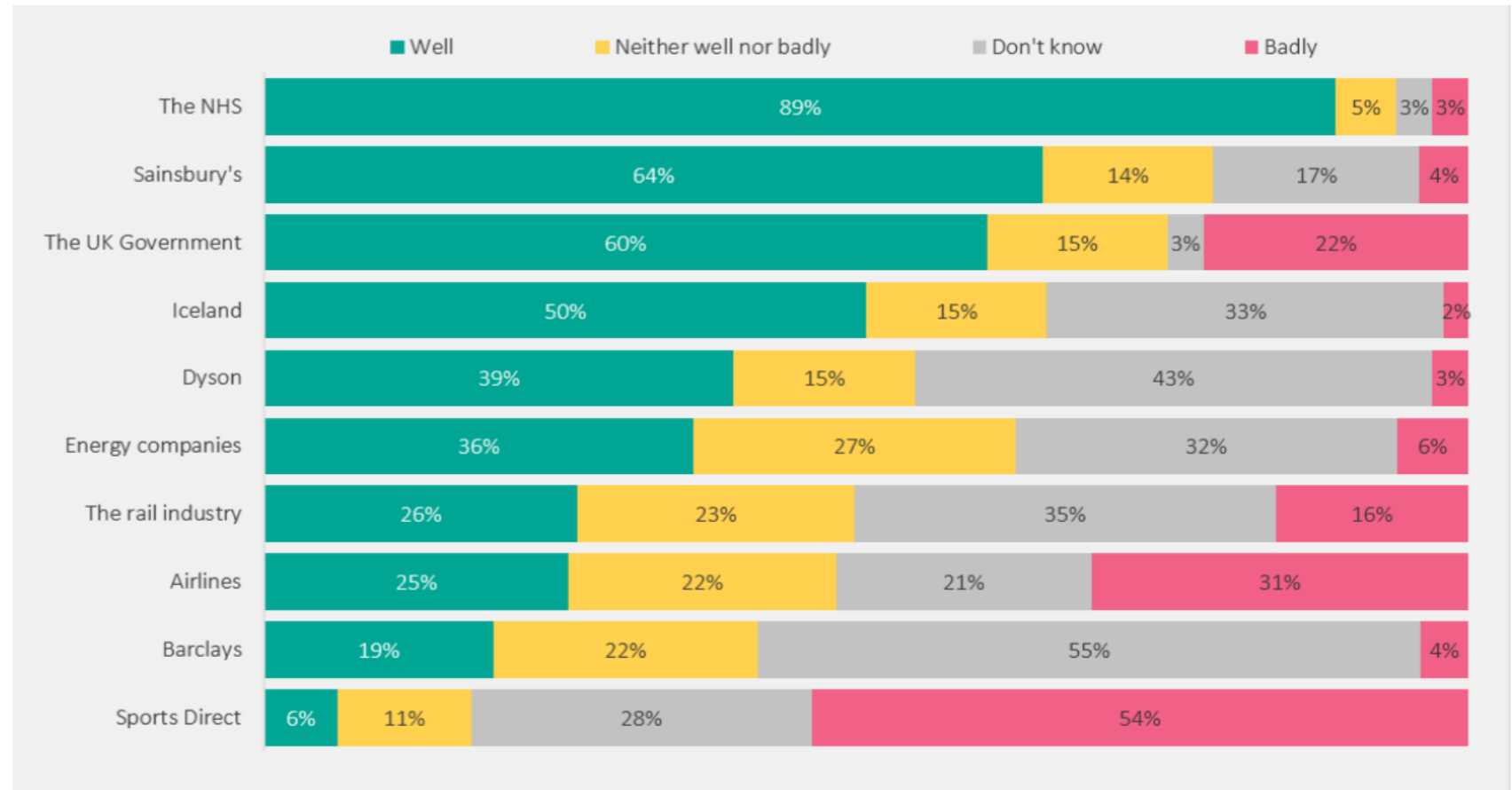
**Daily Mail**

Flog your private island and pay your staff': Richard Branson among billionaires facing demand to open their OWN wallets

# Early signs of reputational winners and losers

But scale and length of crisis may mean these effects are subject to rapid change...

**Q: How well or badly are the following doing so far in their response to the coronavirus?**



Source: Populus  
Fieldwork: 3-5 April, among 2,093 members of the public. Showing selected organisations from a wider list

Some current issues driving reputation



Employee Engagement



Digital and Social Media



Insight and global



# Issues driving reputation

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# Furloughs and potential job cuts

## Ensure your people know this is a last resort

CEOs and spokespeople describe the situation as unprecedented, and describes decision-making as difficult, but necessary – and importantly, that all other options have been considered

## Constant communication is critical. Amid uncertainty, try to be clear on timeframes

Some companies emphasise that job losses are temporary, while others are clear that layoffs may be longer-term or even permanent

## Emphasise resilience and a commitment to endure

Almost all companies aim to emphasise their organisation's flexibility and resilience, that the current situation poses an existential threat, and that this is felt sector-wide and globally

## Get your tone right

The human tone in any communication is critical - balancing compassion and empathy with the required key messages. Anything too formal risks being insensitive. Anything sentimental may or lack the requisite legal specifications of the scheme.

# Executive and board pay

If there are furloughs or cuts, changes to boardroom pay at the same time are becoming the norm – for big and small.

Of the FTSE 100, 20 companies so far have changed pay:

- Most of these cuts affect the executive committee and the wider board (including non-execs).
- In the FTSE100, a 20% cut for Q2, to reflect the salary hit for the furloughed, is the minimum reduction
- Some CEOs are giving up 100% of their salary: (e.g. Philip Jansen, **BT**, Jeremy Darroch, **Sky**, Arne Sorensen, **Marriott**, Bob Iger, **Disney**, Larry Culp, **GE**)
- Fifteen of the 20 FTSE 100 companies have also announced that any cash bonuses payable for FY20 performance are cancelled
- A majority of companies have **set time limits** on the remuneration changes.
- Many FTSE 250 and private companies have done the same.





# How can your business help fight Covid-19?



**Contributing financial and in-kind donations**



**Providing solutions and expertise from your business**



**Continuing operations that impact basic services**



**Making unused assets available to local health authorities**



Dyson to build 10,000 medical ventilator for the UK Government



Airbus is using its factory to manufacture ventilators



Brewdog has created its own 'punk sanitizer' for the NHS and to local charities



Barclays UK to waive interest on overdrafts



Richard Branson will be investing \$250 million to save jobs at Virgin



Amazon to \$20 million to help accelerate research and development of diagnostic solutions



The university has given up land for a Nightingale Hospital



Facebook is giving \$1,000 to every employee



Burberry to make masks and PPE isolation gowns



Gucci announced €2 million donations



Diageo said it would donate 2 million litres of grain neutral spirit

## Some examples of what other companies are doing



Unilever to contribute €100m



Leonardo is paying for free meals for all staff



Target offering paid leave program for employees



BP to provide free fuel at retail sites



Pernod Ricard donating 70,000l of pure alcohol



Uber Eats is waiving delivery fees for local restaurants



Nike announced a series of donations totaling more than \$15 million



Home Depot Inc. is giving employees extra paid time off



Bank of America has committed \$100m in support of local communities



Moncler announced a donation of €10m euros



Vodafone to offer unlimited data to the vulnerable for free

# Employee Engagement

The background features a dark blue field with two prominent diagonal stripes. A purple stripe starts from the bottom left and extends towards the center. A teal stripe starts from the top right and extends towards the center, overlapping the purple stripe. The stripes are solid and have a consistent width.

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# What comes next?

There are three employee engagement issues as we prepare for recovery.



How we respond to the crisis now will set new expectations for the business and its leaders.

When we return to 'normal', the transition will need thoughtful change management – especially after a tough period of furloughs or job cuts

In the longer-term we must show that we've learned from the crisis and have become a better business.

# Setting New Expectations

## Why

The actions business take now will set new expectations for the future.

The COVID-19 crisis is game changing for the employer-employee relationship.

Compassion, intensity of interaction, transparency and trust have never been more important.

Leaders at every level in business are needing to step up and engage differently.

## Practical actions

- Redesign employee communications now to reinforce the kind of employer you want to be.
- Re-shape your current leadership standards to reinforce new behaviours and sustain them into recovery.
- Build new ways of engaging with leaders and equipping them to engage with their teams.

# Transitioning Back to 'Normal'

## Why

Every business should have a transition plan for the end of this crisis, accounting for employee needs and expectations.

And every business should be mindful that 'recovery' might actually be 'reprieve'. Business should help employees prepare for this possibility.

## Practical actions

- Start setting expectations that there may be a 'new normal' once this period has passed.
- Develop a flexible change management plan to get ready for a return to 'normal' – and thanks employees for their support during the crisis.
- Tailor the plan by different types of employee, e.g. those who've worked on-site throughout the crisis, those who've been on furlough, those who've worked remotely.

# Learning from the Crisis

## Why

Every business is learning things about themselves during this crisis.

Employees are highly sensitive to all these areas and may now expect a more inclusive role in defining the kind of business they want to work for.

Businesses can harness this and engage their employees in a programme to redefine who they are, what they do, and how they do it.

## Practical actions

- Capture employees' experiences and stories during the crisis, to acknowledge what you're proud of in getting through.
- Involve employees in a big, but structured, discussion about how the crisis has changed the way you think about yourselves as a business and member of society.
- Re-think the methods, capabilities, experience, structure, platforms, and approach to communications for the future.

# Digital & Social Engagement

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# Leveraging Existing, Digital & Social Channels

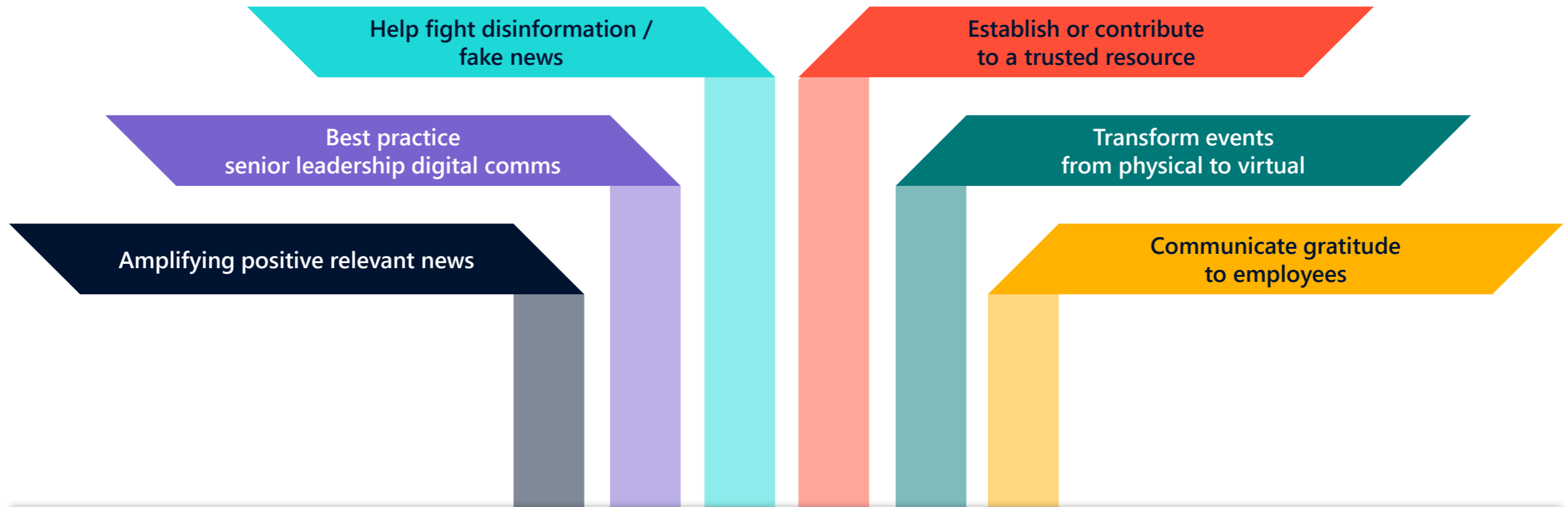
Business cannot rely on traditional media to carry their messages in this environment. You need to go direct to audiences to tell your story.

Existing channels have never been more important as a means for even more consistent communications.

Your employees will be more active on these social channels than internal platforms – especially now.

A chance for senior leaders to show they understand the issues their staff, suppliers and customers are facing.

# Leveraging new Digital & Social Channels



**Six areas you can make a difference**

## BP

Bernard Looney, CEO of BP, posted a recap and screenshot of a recent virtual visit on [LinkedIn](#) and [Instagram](#). Since Bernard joined social media, he's replied directly to comments on his posts from employees, critics, and other stakeholders.

*Tip: this doesn't mean to be polished – Bernard is at his home desk - but Instagram can be a way for executives to form meaningful connections with their audience, especially in a crisis.*

## Volkswagen

Stephan Wöllenstein, CEO of Volkswagen Group China, shared a picture to [LinkedIn](#) of an employee alongside a beacon of hope and resiliency, following the re-opening of Volkswagen's 32<sup>nd</sup> manufacturing plant in China.

*Tip: It is important for executives to periodically post future-looking messages to remind anxious employees and customers that the current crisis will pass, eg if you have offices in markets where the lockdown is starting to be relaxed.*

## Unisys

Mathew Newfield, Chief Information Security Officer of Unisys, provided his expertise in online security to those at risk of a cyberattack while working from home on [LinkedIn](#).

*Tip: Business leaders in niche industries and subject matter experts should consider how their knowledge could assist others during a crisis – in whatever sector they are in*

**Mathew Newfield** • 2nd  
Board Member | Chief Information Security Officer  
1w • 🌐

I've been asked for my assessment of the current coronavirus crisis and my response is that I am not an epidemiologist. However, I am a Chief Information Security Officer and can offer my thoughts on cyber risk.

As illustrated in the infographic published by CSO, working from home in a very short period of time. of remote access attacks against people's home networks. We all know that everybody's working from home now. You need to be cautious in your environment and be cautious of phishing attacks.

During this time of great uncertainty I hope people stay safe and healthy.  
#staysecure #ciso #cio  
<http://ow.ly/ACBj50z2qf8>



## Toyota Motor Corporation

Akio Toyoda, CEO of Toyota Motor Corporation, uploaded a video on [Instagram](#) from a digital press conference given by Japan's four automobile manufacturers associations.

*Tip: Companies can find news ways to present a united front among their industry peers to reassure stakeholders.*

## Chobani

Peter McGuinness, President of Chobani, shared photos of himself and volunteers providing lunches, gloves, masks and sanitizer to a local hospital and food bank via [LinkedIn](#).

*Tip: Business leaders can inspire their workers by contributing directly to relief efforts – including with compelling imagery to convey empathy in ways that corporate memos and press releases cannot.*

## Michelin

On [LinkedIn](#), Florent Menegaux, CEO of Michelin, highlighted the efforts of employees who have produced masks from a recent factory visit. For companies with employees working on the front lines, executive visibility is essential.

*Tip: Find ways to showcase the exceptional role of your employees. Consider arranging a visit to highlight and celebrate their contributions, ensuring the messaging and photography remains employee-focused and not staged.*



# Insight and next steps for Covid-19

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# Media attitudes and consumption are changing

1. News source preferences have shifted: British consumers have gravitated to trusted, traditional media brands and live TV. **The BBC has become the most trusted news channel**, followed by Sky News and The Guardian (Havas Media)

5. Covid-19 is having a disastrous impact on local and independent media: **up to three quarters of independent news providers UK are at risk of closure**



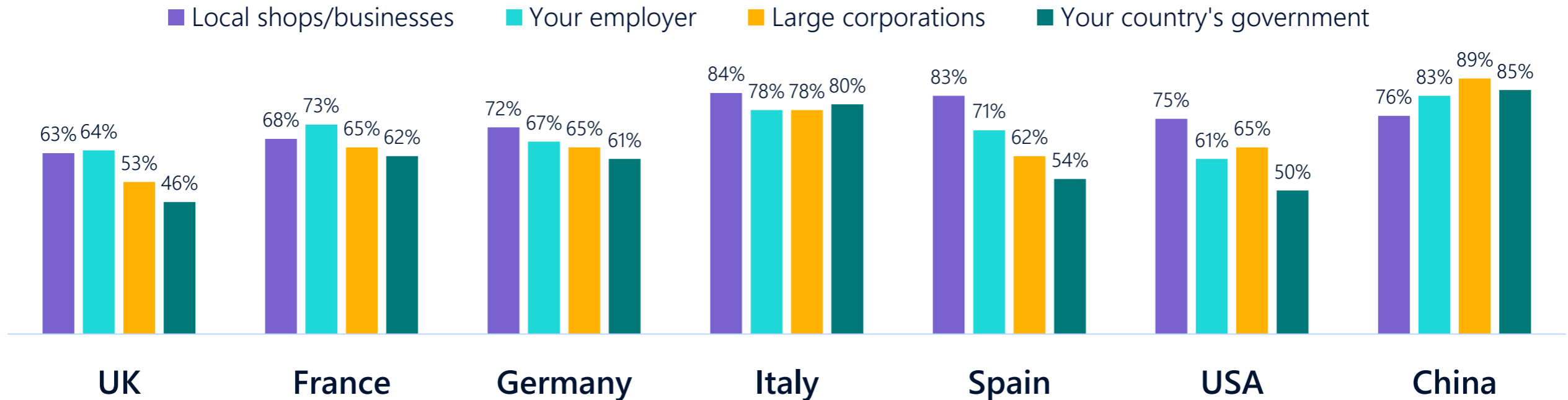
2. Media consumption has increased across all channels. **The biggest rise is in live TV**, followed by social media, streaming, video on demand and newspapers.

4. Even so, journalists are among the least trusted groups in communicating about Covid-19. **Employers, however, are trusted.**

3. Overall **media consumption is increasing**. A report by Nielsen suggests that media consumption could increase by up to 60%.

# Local businesses and “your employer” are rated higher than large corporates and government on their handling of the COVID crisis

## Approval Rating of Coronavirus/COVID-19 Handling



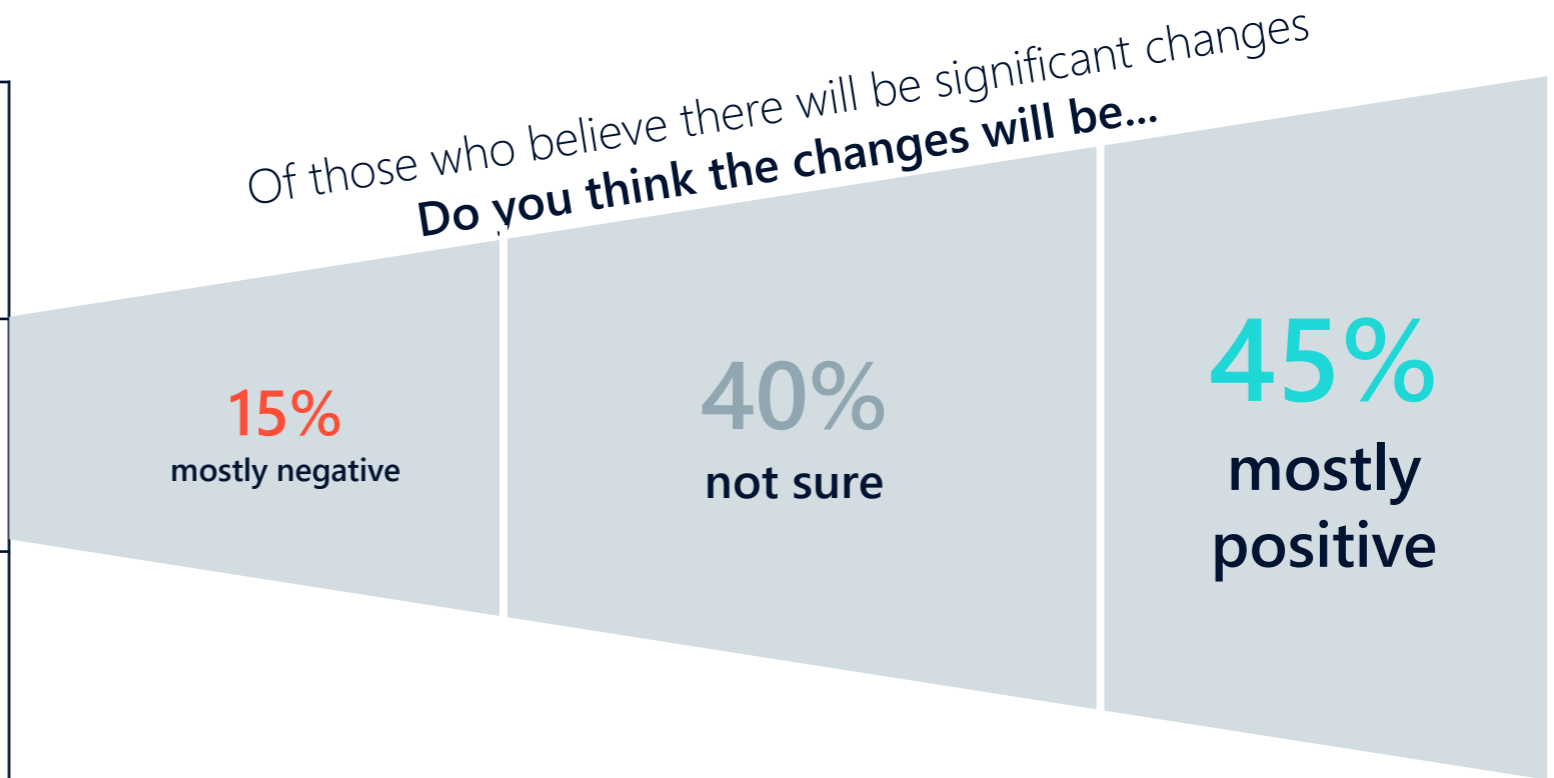
Source: GlobalWebIndex  
Fieldwork: 16-20 March, among 1,000+ internet users age 16-64 in each market

# From US Employees: Optimism About the Future

Most believe there will not be long-term disruption, and those who do foresee change are remarkably optimistic about the direction of that change.

Thinking into the future, which statement do you agree with most?

60%	Our company will mostly likely <b>return to business as usual</b> with little change to how we work together
34%	There will be <b>significant changes</b> to how employees work together
6%	My company and/or industry is <b>unlikely to exist</b> after the COVID-19 crisis



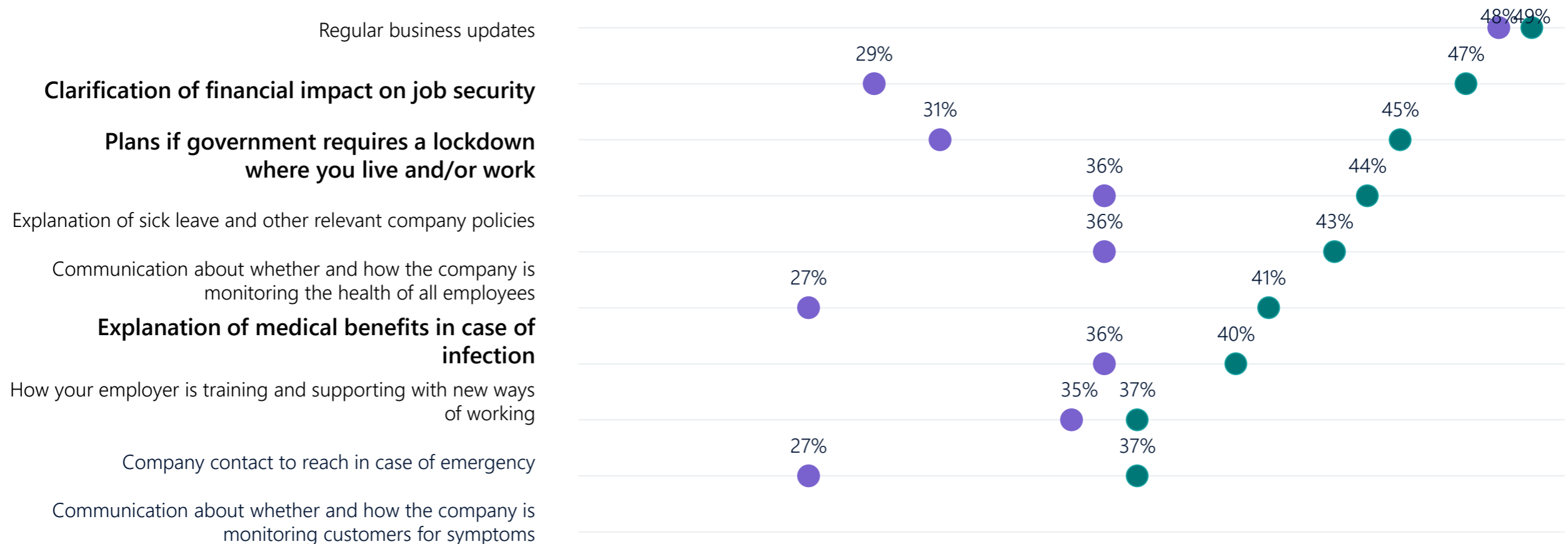
n=344



# From US Employees: Disconnect on Important Information

The gap in “received” vs. “wanted” communications is especially wide when it comes to the hard questions of job security, lockdown plans, and medical benefits

## Information **received** vs. **wanted**



Source: Brunswick Insight  
Fieldwork: 6 April, N=1,000 US Workers

# Insight: View from Germany

Germans are very satisfied with the performance and measures taken by its Federal Government according to Mannheim research group (

The measures taken are well-received among citizens. 95% describe the initial restrictions in Germany as appropriate, only 5% disagree.

The extensive measures to combat the economic fallout have broad approval. 74% consider them to be adequate, 2% say too much has been done.

Many Germans (43%) rate international cooperation as poor, according to an international survey conducted by Kantar with G7 countries.

**Germans expect only a modest impact on their income, according to Kantar. Nearly half of Germans (46%) expect no impact on their income, the highest figure among the G7 countries. 18% of respondents say the crisis can already be felt; 36% expect them in the future.**



Business will face still more radical reforms in the future.

You might expect this to be from the Guardian but in fact it was a recent FT leader column



Radical reforms — reversing the prevailing policy direction of the last four decades — will need to be put on the table. Governments will have to accept a more active role in the economy. They must see public services as investments rather than liabilities, and look for ways to make labour markets less insecure. Redistribution will again be on the agenda; the privileges of the elderly and wealthy in question. Policies until recently considered eccentric, such as basic income and wealth taxes, will have to be in the mix.

# Discussion

# Five key reputation issues - for discussion

What are the reputational risks around furloughing and how are you managing these?

Should you be considering redundancies, what lessons would you use from furloughing or other employment relationship experiences?

When should senior leadership and board directors consider a pay cut / or stop paying out dividends?

What are you doing to help address the broader crisis, not just the company?

Communicating differently in a crisis... What's working for you? How are you adapting (or maybe not) the message you are communicating to a variety of audiences (e.g. employees, customers, shareholders, stakeholders)

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# Employee engagement: questions for boards

- How would employees describe what we're saying and doing now to their customers, family and friends? Would they speak confidently and proudly about how we're treating them during this crisis?
- In the future, how will employees look back on how we communicated and acted during the crisis? Will they judge us favourably? Or will they say we failed to step up when the moment demanded it?
- What are we doing now that employees will expect us to continue when we return to normal? Have we increased the intensity with which we interact with employees in a way we won't be able to 'row back'?
- How has the crisis redefined what we expect from our leaders, managers and mentors – in terms of their interactions with employees, displays of compassion, communication skills and so on?
- Will employees return to work at different times in different markets, how do we explain that and learn from it? What can we learn from Asia and how can that help us explain a phased return?
- What restrictions might we expect – such as continued social distancing – and how will we deal with that? How do we train employees in new ways of working so they become part of how we operate?

# Questions boards should be asking include:

- How do we check employee sentiment, how it varies across the business, and how do we account for it in our plans – so we ensure we're meeting the needs of employees as they adapt to the 'new normal'?
- How do we prepare leaders to support a successful transition that may come in several stages – recognising that they're also going through change and need support to deal with that?
- How has the crisis fundamentally affected our approach to business, employment and societal participation? How can employees help us capture and prioritise the lessons we've learned?
- What gaps has the crisis exposed in the way we communicate and engage with employees? Do we need new capabilities in the business? New communications platforms? And have we recognised what's important to communicate, and what's peripheral and just a distraction?
- How did employees 'step up' to support our business, customers and communities – how do we sustain that? What's the new employee expectation for how we help them make a bigger societal contribution?
- How has the crisis affected employees' emotional and mental wellbeing and how do we continue to support them? How do we engage our employees as a community who recognise the value of supporting each other to get through challenging times – together and individually?