Reputation Management as a *Virtuous Cycle*

How **Reputation Forecast** Can Protect — Then Enhance — Corporate Value

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Companies that aren't effectively managing reputation aren't just exposed to risk — they're leaving increased value on the table and imperiling leadership. In a world of polycrisis, where threats to reputation value are increasingly unpredictable, cross-functional reputation management with board oversight is a winning strategy.

The past three decades have seen corporate reputation emerge as a vital corporate asset, C-suite issue and board-level risk. Today's directors and officers — along with shareholders, employees and even consumers — recognize that corporate reputation creates or destroys enterprise value. Protecting it is such a critical fiduciary duty that institutional investors and proxy advisors have pushed boards for policies that hold CEOs accountable for reputation damage.

From social media managers to enterprise risk managers to risk officers and from chief corporate affairs officers to compliance officers to board chairs, more people than ever have a role and responsibility in protecting enterprise value through reputation. But reputation value creation, protection and restoration are rarely coordinated.

Publicly traded companies can do more for their shareholders by taking a more rigorous approach to reputation. Paired with a proactive communications strategy, effective and authenticated reputation management can be a powerful story that enhances reputation value — creating resilience that will pay dividends when a crisis inevitably arises. Savvy boards should expect executive teams to be able to create and maintain such a virtuous cycle of reputation management — and communications, marketing, legal, insurance, finance and operations leaders all will have a role in doing it.

We. Communications partnered with Steel City Re to meet this board and C-Suite need. **Reputation Forecast** is a dynamic decision engine that level-up reputation management, mitigate risk, and enhance value.

Cross-Functional Approach to *Reputation Management*

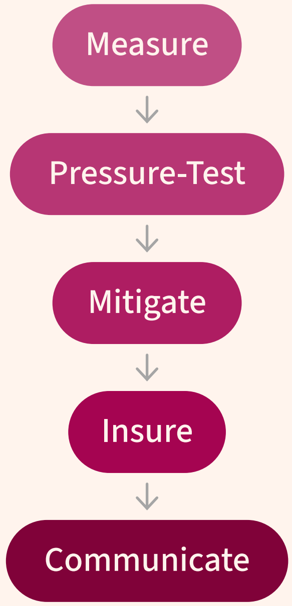
The purpose of reputation management is to create reputation value, preempt threats to that value and mitigate the threats' financial impact. The challenge is that traditionally, risk managers are responsible for managing risk while communications and marketing departments are responsible for managing reputation. Where these two disciplines intersect — reputation risk — the two sides speak different languages. When you account for corporate reputation being susceptible to influence from factors that fall within the purview of legal, supply chain, talent management, IT, marketing and government relations, the picture becomes even more complex.

Reputation management must be cross-functional to be effective. To align internally, **companies need a Rosetta Stone for reputation risk** — a single source of truth for defining, measuring, monitoring and benchmarking — and a rigorous, cross-functional process for mitigating risks and communicating effective reputation risk management. We built Reputation Forecast to answer these needs — a single, dynamic system for reputation, speaking to the philosophies and purviews of each of the internal stakeholders who have a role to play in protecting it.

A useful definition of an enterprise's reputation risk is that it is a threat to expectation-driven value from the reactions of disappointed stakeholders. Communications and marketing departments play an outsized role in setting expectations while risk managers are saddled with the responsibility of mitigating disappointment and its costs.

Disappointed stakeholder reactions come in many forms. In the extreme: Customers boycott, employees strike or quit, investors dump shares, lenders raise costs, regulators enforce aggressively, and the public withholds social licenses. Emotional intensity correlates with reaction intensity; stakeholders who feel betrayed react most intensely.

Although reputation management is always a bespoke process, the end-to-end process for most companies will look like this:



Reputation *Measurement* and *Benchmarking*

Reputation is an intangible asset that influences cash flow and confounds accounts. Its value is actually in the hands of its stakeholders.

Traditional PR tools and methods have struggled to produce reliable or credible measures of corporate reputation for several reasons. Sentiment analysis based on media and social media coverage often offers a skewed perspective, influenced by the loudest voices rather than the most representative. Survey-based approaches suffer from standard biases (e.g., selection bias, response bias, interviewer bias, etc.) commonly known to influence most market research methodologies. They also tend to be resource-intensive, time-consuming and not easily scalable. Both approaches tend to lack the rigor and objectivity required to resonate with CFOs, CEOs and boards, who demand measures that can credibly link reputation to tangible book value.

There are no traditional risk management tools. Risk management emerged as a professional line to protect balance sheet assets, and reputation value is only vaguely approximated on balance sheets under the Goodwill account.

However, reputation value can be approximated by a dynamical system, and like many other financial intangibles, quantified through an index. The insurance and corporate advisory firm Steel City Re developed a novel approach to measuring and benchmarking reputation. Based on more than 20 years of public data, **Steel City's Reputation Value Metric (RVM) offers a unifying view of reputation that can drive actionable insights across the C-suite**. Leveraging advanced data science and proprietary algorithms, Steel City Re enables companies to accurately benchmark their reputation against peers, identify areas of strength and vulnerability, benefit from timely risk indicators, and more efficiently deploy budget and attention

Fill in the *Blanks*

Make no mistake, standard tools and methods have tremendous value — offering insight into drivers of reputation shifts and providing the context missing from RVM and other market-derived reputation value measures. Steel City Re's RVMs can tell us what a company's reputation value is; the latest media and social media listening technologies can help us understand why, leading to more actionable insights.

Take the example of a fictional company with executives that believe they have a worsening reputation challenge due to a publicly litigated labor issue. Data points gathered from social trends and media monitoring may point to deeply harmful matter with short- and long-term shareholder impact. With access to Steel City Re's RVM benchmarking, that company can determine if there is any truth to that speculation and act quickly (or not). They can also better equip themselves for future issues by executing a backward-looking correlational analysis on labor issues to see if they have ever coincided with dips in RVMs.

Combining an authentic representation of the financial value of reputation with AI-powered monitoring platforms that collect trillions of data points on social and global media trends allows companies to not only benchmark and monitor their reputation accurately but also **understand the underlying narratives and perceptions driving change**, thus enabling more informed decision-making and strategic communication.

Governance in *Action* — Proactive Risk Mitigation

A framework that aligns all the internal stakeholders responsible for corporate reputation around the same view of reputation puts companies in a better position to **strengthen reputation resilience**, i.e., increase value, mitigate risks, extinguish crises and recover value. This alignment yields better results while reducing the organizational strain that too often manifests in miscommunication, false starts, heated disagreements, uncoordinated action and endless meetings.

Similarly, a comprehensive early detection system — accounting for a company's own reputation value volatility, movement among peers, and trending topics and sentiments across news media and social — better equips companies to get ahead of issues and exploit or defuse them before they become crises.

This might take the form of expanded scenario planning, messaging workshops, spokesperson training, crisis simulations or desktop exercises, competitive research or "self-oppo," increased targeted ad spending, or changes to social content programs. Actions like these taken preemptively tend to cost less and avoid straining or disrupting ongoing operations.

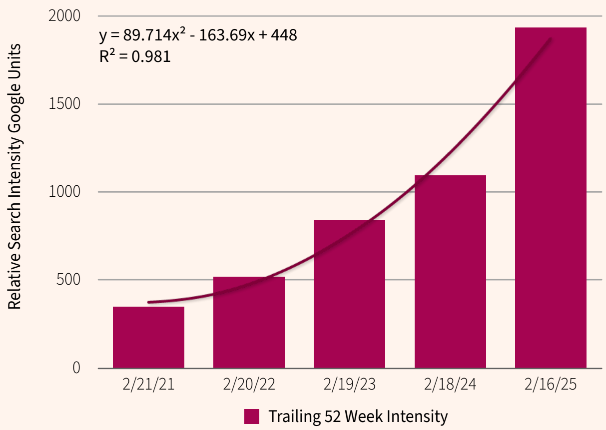
And on the flip side, when this holistic measurement approach indicates risk is low, companies can dial back preparedness and allocate resources elsewhere.

Reputation Risk Insurance

Of course, whether a crisis occurs is not entirely in any company's control. Social, economic and political externalities can place well-governed firms with socially useful products and services in harm's way, and these types of crises inevitably affect corporate reputation. Steel City Re's parametric reputation risk insurance products offer a vital layer of protection beyond reputation measurement and risk mitigation efforts for two reasons: they represent a no-fault financial solution that responds to lost reputation value, and unlike similar forms of insurance that cover liability, they covers losses even if there is no associated legal claim for loss against the firm or its leadership; e.g., securities or derivative action.

Parametric insurance functions by paying out benefits based on predefined triggers or metrics, rather than the traditional claims assessment process. For reputation risks, this means that if a company's reputation value, as measured by Steel City Re's RVMs, drops below a certain threshold due to reputational damage, the insurance policy is triggered, providing **immediate financial support**. The policy can cover firms and, in parallel, individual members of corporate leadership and boards.

Google Trends: Reputation Insurance Search Intensity



Google search interest in reputation risk insurance has seen an exponential rise over the past five years, nearly doubling this past year. Risk managers and boards increasingly recognize that this financial safety net empowers companies and their leaders to take bolder strategic actions without the paralyzing fear of potential reputational fallout — especially leaders, where in today's environment fallout can include shareholder activism and summary dismissal of CEOs, leadership teams and board members. With the assurance that their reputation is safeguarded by a robust insurance mechanism, companies can engage more confidently in high-stakes negotiations, introduce disruptive innovations and navigate complex regulatory environments. This fosters an environment where companies are not just passively defending their reputation but actively enhancing it with calculated, informed decisions.

Reputation *Rewards*

Once Reputation Forecast's robust monitoring and management framework is in place, companies can capture additional value through storytelling, and because reputation management is integrated enterprisewide, making operational changes where necessary to authenticate the stories.

Through strategic, timely and rigorously authenticated communications, companies can reach and engage shareholders and other stakeholders with information about the company's comprehensive measures to safeguard and elevate their reputation. This transparency not only builds trust but also demonstrates a **proactive approach to risk management**, highlighting the company's commitment to long-term financial stability and growth.

Marketing campaigns, investor relations communications, media relations, executive thought leadership, and public announcements all can play a pivotal role in showcasing the value of these programs. By articulating the specifics of their early detection systems, crisis preparedness strategies and innovative insurance solutions, companies can position themselves as leaders in reputation management.

This narrative of vigilance and preparedness can reassure stakeholders, potentially leading to **increased investor confidence, higher stock valuations and stronger customer loyalty**. Additionally, the reputation for resilience and strategic foresight can attract top talent, enhance partnerships and open new market opportunities.

Ultimately, this approach creates a virtuous cycle where enhanced reputation management leads to greater stakeholder confidence, which in turn further solidifies and enhances the company's reputation. By leveraging communications and marketing to highlight these strengths, companies not only protect their value but also actively cultivate and increase it.

Markets have already produced evidence that telling a story about reputation management can boost reputation equity. **UnitedHealth Group** announced around 22 August 2025 that it had upgraded its governance and created a new board committee to oversee the three areas of finance, compliance, and reputation. Although media coverage ranged from skeptical to critical, UnitedHealth Group's equity value went up the next day by 1.2%, which was actually 0.3% greater than a peer index (S&P 500 Managed Health Care Sub Industry Index (SP500.35102030). Four weeks after the announcement, equity was up 11.7% (3.8% greater than the peer index). Earlier this year, **Apollo Global Management** and **AstraZeneca** made similar announcements and saw similar results. All have seen their stock rise on average 3.1% on the day of their announcement, and 9.5% by day 28; adjusting for background market changes, they outperformed their respective peer indices on those two dates by an average of 2.3% and 5.9% respectively. AstraZeneca tops the group with a 22% excess return at eight weeks, which shows the added value of publicly disclosing a new reputation insurance solution to substantiate the story. **The bottom line: managing, governing, insuring, and disclosing reputation risk creates shareholder value.**

A Different Measure: Reputation Forecast from **We. Communications** and **Steel City Re**

We. Communications and **Steel City Re** have partnered to offer publicly traded companies a different approach to measuring and benchmarking reputation value and volatility — one backed by over two decades of data and the most powerful analytical tools on the market.

Reputation Forecast is a data-driven solution that overlays behavioral data, financial signals and media insights to quantify corporate reputation value — and help clients manage it in real time.

It's a decision engine for strategic communications and reputational readiness.

Balancing flexibility and impact, this modular offering is available for regular benchmarking or quick insights in moments of change, scrutiny or opportunity. Bespoke elements allow clients to dial in to the metrics that matter most and fine-tune over time.

For more information, contact reputation@wecommunications.com.

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