

Nedbank can bank on reputation for business growth

US billionaire Warren Buffet said, "If you lose money for the firm, I will be very understanding. If you lose reputation for the firm, I will be ruthless." Companies with strong positive reputations attract and retain better human capital, enjoy customers and partners' loyalty, generate sustainable earnings and deliver future growth. However, many events within corporate South Africa generally show that businesses do not manage reputation function as a core corporate strategy discipline, but as peripheral strategy services.

 By [Thabani Khumalo](#) 6 Oct 2009

Associated with bad habits

Yet businesses expect this service to contribute to their corporate strategies, particularly during crises. Unfortunately, its contribution is not effective because it lacks boardroom and executive management character, commitment and stature. It is not surprising that many businesses are associated with bad habits namely corruption, elitism, price-fixing, unpatriotic tendencies, bad friends, exploitation of workers, disrespect for consumers and greed.

The decision by Nedbank to withdraw its sponsorship of Athletics South Africa -because of poor quality of performance delivery by the association and the Caster Semenya-Leonard Chuene debacles - proves that some businesses have started managing their images and reputations seriously.

This poses a challenge to sports federations and clubs to start managing sponsorships as strategic business partnership. Gone are the days when cheques were written for sponsoring the chair's or CEO's favourite hobby, or of arms-length handouts to whomever knocks at the door.

Definite commercial objectives

Today's companies sponsor to achieve definite commercial objectives, namely promoting their images, building their reputations and consolidating their brand appeals. As a result, sports sponsorship has become more strategic, tactical and targeted, and therefore is being monitored closely and carefully to ensure that generates the expected business objectives.

Businesses need to identify, quantify and manage the risks to their companies' reputations long before a crisis strikes. Some companies seem to pay little or no attention to reputation management as part of their corporate strategies. They tend to wait until a crisis strikes before allocating resources to minimise damage.

This is a reactive approach and is called crisis management, and not risk management. Corporate reputation should therefore be managed as a vital business tool, and no longer considered a soft skill but a core responsibility of all employees and partners. It should cover all aspects of business principles, policies and practices; it relies upon product/service quality, excellent customer relations, good associations, compliance to safety and health standards, good employee relations, responsible handling of environmental and social issues, good citizenship practices, and sound governance principles whose cornerstones are communication, responsibility, respect, accountability, caring, reliability, trust, honesty, transparency and fairness.

Trade on integrity and reputation

Businesses should therefore be trading on their integrity and reputation, and that will be possible if reputation management is made an integral part of their corporate business strategies. Businesses need to build and manage their relationships with key stakeholders proactively. It takes many years to build a reputation, and few seconds to ruin it.

I therefore think that Julius Malema's stance on the Nedbank decision to stop sponsoring Athletics SA cannot derail the bank's business. Nedbank can bank on good reputation for business growth.

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