

## **CEOs Carry Twice the Burden of Reputation Recovery**

### **CEO Apologies Are the First Step In Reputation Recovery According to New Burson-Marsteller CEO Reputation Study**

NEW YORK, October 25, 2004 – The burden of responsibility for restoring a company's damaged reputation rests squarely on CEO shoulders, according to global communications consultancy Burson-Marsteller's recent CEO reputation study. When top executives were asked who was responsible for repairing company reputation, executives attributed 68 percent of the responsibility to the CEO and 32 percent to the board of directors. The study was conducted in August by WirthlinWorldwide among *Fortune* 1000 executives.

"Because CEOs are so strongly linked to corporate reputations, business influencers expect CEOs to take full responsibility for restoring reputation when tarnished," remarked Patrick Ford, chair of Burson-Marsteller's Corporate/Financial Practice. "Despite greater board oversight today, CEOs are still held more accountable."

The survey also asked top executives which strategies are most effective in the reputation recovery process. An apology from the CEO is considered the first step to recovery. "A CEO apology shows that the company is sincere and takes responsibility," says Dr. Leslie Gaines-Ross, Burson-Marsteller's chief knowledge & research officer and reputation expert. "Apologies build trust among internal and external stakeholders, demonstrate a company's willingness to communicate honestly and openly, and acknowledge that a problem exists. CEOs must initiate the first step in the turnaround."

Following are additional findings on reputation recovery:

- Although restoring a company's reputation is a monumental task, it is not impossible. In Burson-Marsteller's research, 90 percent of executives believe that a company can restore the luster to a tarnished reputation (vs. 97 percent in 2003).
- On average, recovery takes four years (4.01 vs. 3.81 in 2003). Executives now recognize that reputation recovery takes slightly longer than they thought one year ago.
- Despite ongoing headlines about corporate malfeasance, crises do fade with time. Executives believe that it takes nearly three years (2.65 years) for a crisis to fade in most stakeholders' minds.

- Corporate crises are part of most top executives' business experience. The majority of executives (67 percent) report having worked for a company or organization that has undergone a crisis that has appeared in the media.

### **About The Study**

The 2004 study is Burson-Marsteller's adjunct to *Building CEO Capital*<sup>™</sup> conducted in 2003. The study comprised 150 *Fortune* 1000 executives. For more information, please visit [www.ceogo.com](http://www.ceogo.com), Burson-Marsteller's Web site dedicated to CEO research and information. For crisis-related information, please visit Burson-Marsteller's [www.crisisresource.com](http://www.crisisresource.com).

### **About Burson-Marsteller**

Burson-Marsteller ([www.bm.com](http://www.bm.com)), established in 1953, is a leading global public relations and communications consultancy. It provides clients with strategic thinking and program execution across a full range of public relations, public affairs, advertising, and Web-related services. The firm's seamless worldwide network consists of 46 wholly-owned offices and 47 affiliate offices, together operating in 55 countries across six continents. Burson-Marsteller is a part of Young & Rubicam Brands, a subsidiary of WPP Group plc (NASDAQ: WPPGY), one of the world's leading communications services networks.

### **About WirthlinWorldwide**

As one of the world's leading full-service opinion research and strategic consulting firms, WirthlinWorldwide ([www.wirthlin.com](http://www.wirthlin.com)) has particular expertise in developing marketing and communications strategies as well as tactical solutions. Since 1964, the firm has provided strategic research and consulting to a broad range of public and private sector clients, including three-fourths of the *Fortune* 100 companies. WirthlinWorldwide has offices in the U.S., Europe and Asia.

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