

CEO JOURNAL¹

“World’s most prestigious financial services company”

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FOR MANY YEARS, Johnson & Johnson has been the top name in managing corporate reputations. The company, which has ranked no 1 in the reputation surveys of Reputation Institute for many years, achieved to gain the trust of public opinion particularly when it managed Tylenol crisis expertly back in the early 1980’s.

But today I want to talk about another company. It seems that this company will be widely popular in a few years in leadership skills and for the management of corporate reputations. And maybe we will be following in its footsteps. I am talking about the Citigroup. And what decisive steps are taken by its CEO Charles O. Prince in order to restore the reputation of Citigroup.

First some quick notes for who haven’t heard, yet: Citigroup’s reputation has been going through some difficult times as it has been named among the companies that are involved in undesired activities. It’s been on the news and magazines in a bad way and was associated with a negative image. Although not the bad guy of Enron and WorldCom scandals, it was dubbed as their accomplice. And because of the illegal activities of its executives in Japan, it has been banned to do business in that country! Moreover, governments of all European countries waged a war against Citigroup because of its applications in bond sales in Europe’s financial markets. Two top officials in China have been removed from duty on the grounds of lying to the government. As all of these were going on, Charles O. Prince has been appointed as the CEO of this huge finance group in October 2003.

“Chuck Prince” from who no one heard much for about one year, was in fact working hard on restoring the much hurt corporate reputation of Citigroup. He was traveling to offices in different parts of the world to exchange ideas with the employees, gathering information about companies who manage their corporate reputation in a good way, and even paid visits to some of them. And Johnson & Johnson was the company he visited the most. Finally he came up with a memo. Signed by Chuck Prince on February 14, 2005, it was sent to all employees of Citigroup.

Memo of this CEO, who was heading this 200 year old company which had more than 200 million customers in 100 countries, was entitled ‘What type of a company do we want to be?’. Prince was telling everyone that he was making a plan for being the ‘world’s most prestigious financial services company’ and that he would start carrying out that plan as of March 1, 2005. Prince’s corporate reputation move will start with a 25 minutes ‘Citigroup story’ film to be shown in 100 countries and will continue with a series of panels that will include all the employees. The panels are intended to reach all employees in 18 months. Cultural development of Citigroup has been named as ‘shared responsibilities’. The panels will be used as a means to convey the messages about these responsibilities to everybody from security guards to

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switchboard operators. These efforts will be accompanied by another action that consists of 5 steps.

The plan of Citigroup's CEO Charles O. Prince, is comprised of 'revolutionary' works for staff of every level, like 'comprehensive trainings', 'a new corporate communication view', 'discovery of talents and potentials', 'management based on the performance of the group rather than individuals' and 'control and supervision'. In short, Chuck says he doesn't want Citigroup's name to be involved in scandals anymore!

Chuck Prince wants to make this company the most prestigious financial services corporation of the world. And he starts the game at a disadvantage. Because corporate reputation of Citigroup is already hurt. But he wants to solve the problem by starting with this question: 'What type of a company do we want to be?'. In reality, Prince is teaching a very important strategy lesson: Building a corporate reputation must start inside, not outside!