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MARKETPLACE

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**HEADLINE:** Christopher Foss of the **Reputation Institute** talks about Andersen trying to build a good rep with an ad campaign

**ANCHORS:** CHERYL GLASER

**BODY:**

CHERYL GLASER, anchor:

But how far will the ads go to put Andersen's current and potential clients at ease? Christopher Foss is director of the **Reputation Institute**, a think tank that researches public attitudes about corporations. He says it takes more than an ad campaign to build a good rep.

Mr. CHRISTOPHER FOSS (**Reputation Institute**): Number one is emotional appeal and the trust issues that feed into that. Drilling down a bit, products and services are very big, of course. And that's one of the things you can say in context of Enron is that they really didn't actually stick to the integrity of their core business model, which was this exchange. I mean, they've interpreted it so loosely that they felt that any business could be brought online and made party to this model that they manufactured. GLASER: Some people might argue that this is, you know, nice, soft and fuzzy stuff to talk about, that ultimately, though, it doesn't help the company's bottom line.

Mr. FOSS: Well, one little statistic I can throw at you is that it's common knowledge that a good 50 percent of most companies' market value is made up of what accountants call intangible assets that are not on the balance sheet, and I'm talking about assets like knowledge capital, like the brand itself, relationships with vendors, and reputation is one of those intangible assets. But if you view reputation as a magnet that has the ability to attract resources that are crucial to the bottom line, the degree to which you have a strong reputation or don't is going to definitely affect your ability to attract resources and to do well financially.

And I'm--I can be a little more specific. I mean, in the case of customers, it's a question of a reputation encouraging repeat purchases and building market share. In the case of employees, it's about making more jobs more attractive and motivating them. In the case of investors, it's just building confidence and allowing investments to take place. So a strong reputation acts as like--as a--a magnet for resources that are absolutely essential to a company's survival and profitability.

GLASER: You conduct periodic reputation surveys. What companies or industries tend to score well?

Mr. FOSS: What has happened in terms of the reputation quotient survey that is our flagship survey, that one, interestingly enough, reveals that a company like Johnson & Johnson comes out at number one three years running. And all I can say is that what they've done very well is been very careful in the ways that they use their brand name. It's called brand stewardship. They understand the equity of their baby product lines and the sense of trust and the halo that that gives those products, and so they lend their Johnson & Johnson name to certain products, but not others. And I think it's--it's that technique more than others perhaps that exemplifies what Johnson & Johnson does extremely well and the reason that they have done well in our rankings.

GLASER: Christopher Foss is associate director of the Reputation Institute.

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