



Values and Value: The Ethical Imperative

Jonathan Low
Palm Beach County Ethics Forum
June 23, 2011



PREDICTIV 

Trust Is Essential for Reputation

Edelman

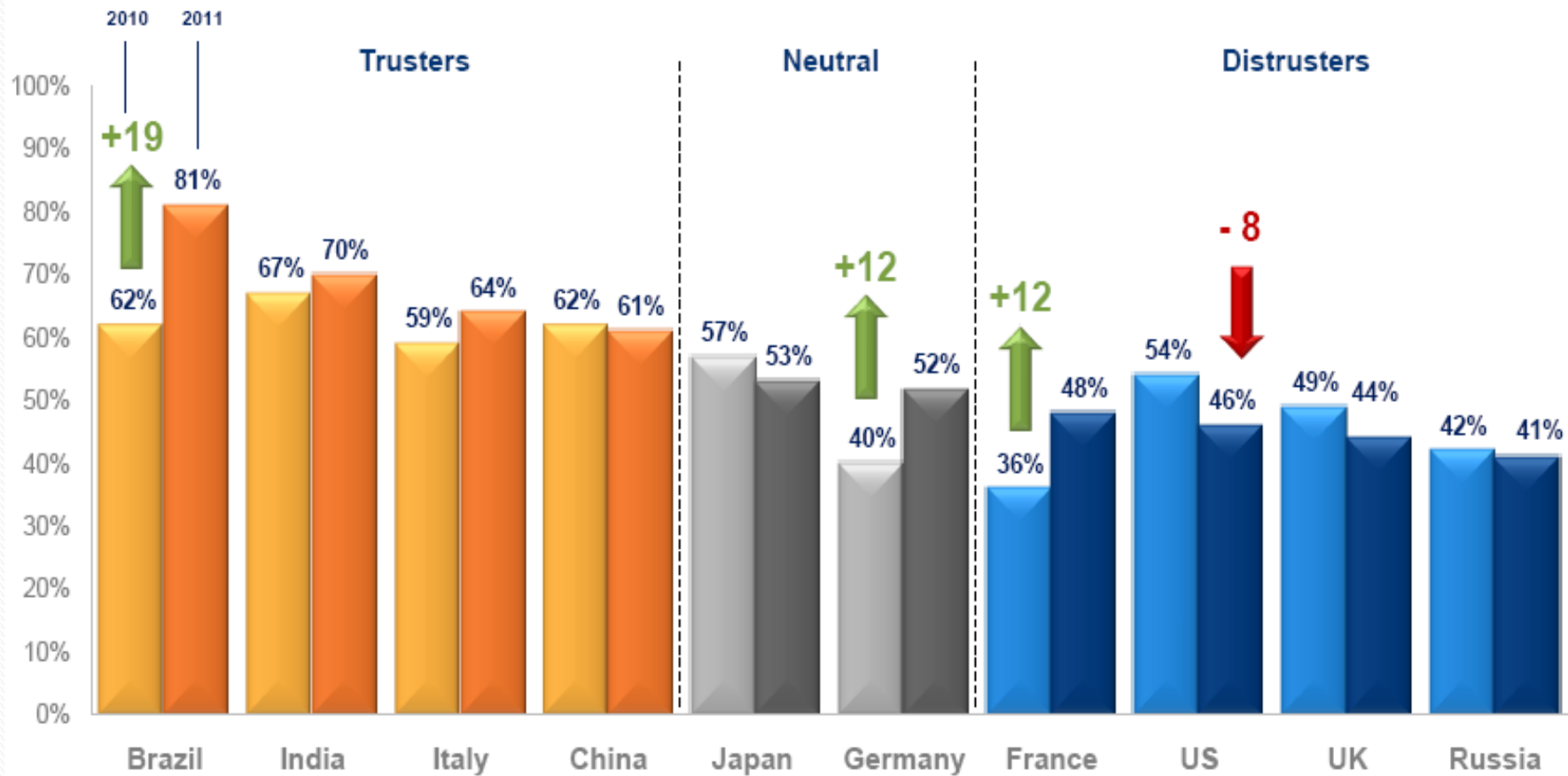
How important are these factors to corporate reputation?



Trust in US Business Declining While Economic Competitors' Is Rising

Edelman

How much do you trust business to do what is right?



Ethical Ratings Correlate With Consumer and Financial Preference

Highest Positive Ethics Ratings

Johnson & Johnson

Whole Foods

UPS

Kraft

Berkshire Hathaway

Google

General Mills

Proctor & Gamble

SC Johnson

Apple

Most Likely to Purchase

Amazon

Kraft

Johnson & Johnson

Coca-Cola

General Mills

Financial Performance

Google

Berkshire Hathaway

Apple

Intel

Walt Disney



BusinessWeek

JULY 9 & 16, 2007 \$4.50

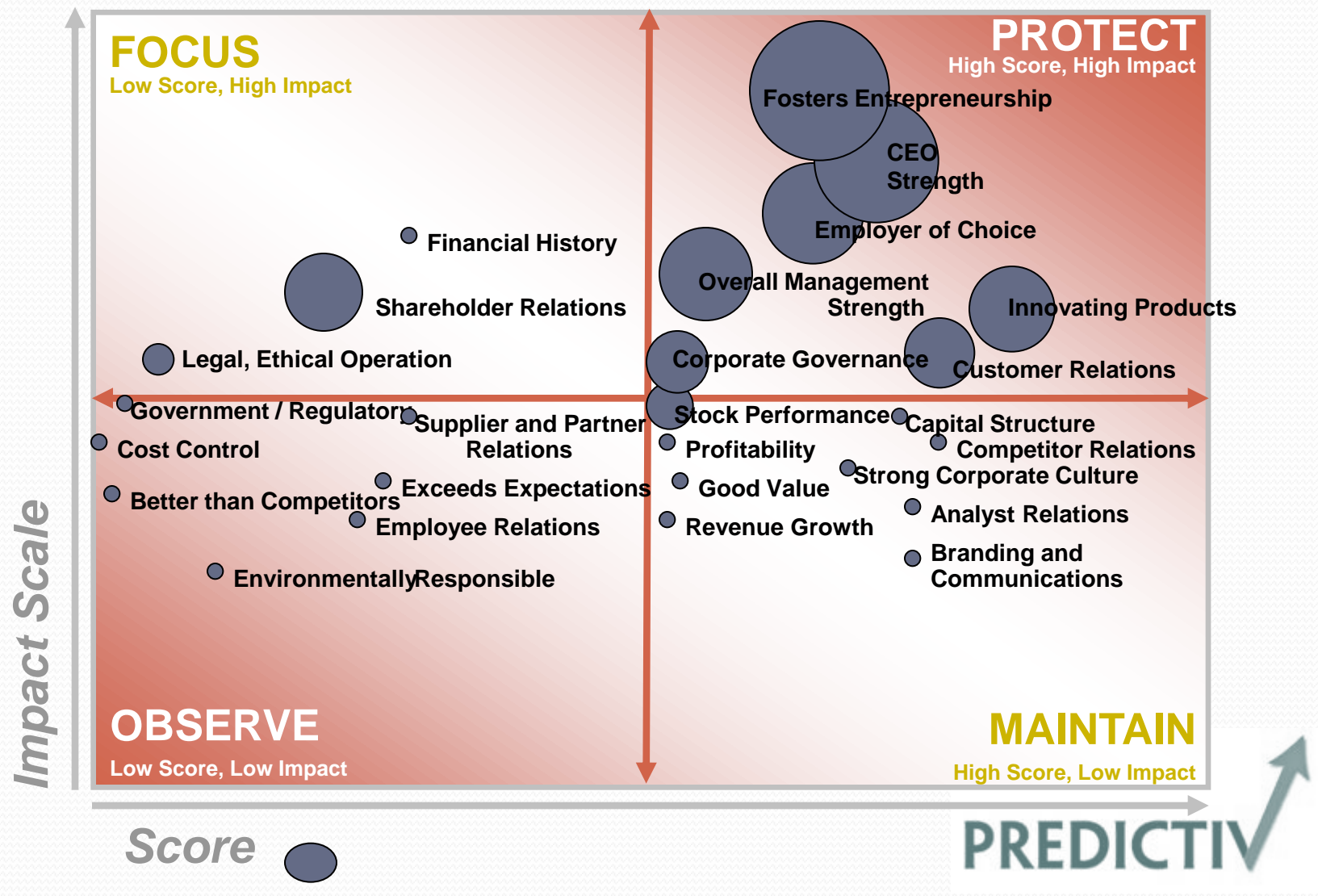
www.businessweek.com

What Price Reputation? Many savvy companies are starting to realize that a good name can be their most important asset—and actually boost the stock price

IF...	...HAD THE REPUTATION OF...	...ITS STOCK WOULD RISE...	...BOOSTING MARKET VALUE BY
Coca-Cola	Pepsi	3.3%	\$4 BILLION
Wal-Mart	Target	4.9%	\$9.7 BILLION
Colgate	P&G	6.2%	\$2 BILLION
CVS	Walgreens	6.9%	\$3.9 BILLION
Wachovia	Wells Fargo	3.5%	\$3.5 BILLION

Data: Communications Consulting Worldwide

Impact on Market Value Can Be Calculated



Market demand drives performance specificity for inputs and outcomes.

**Client
Market
Value***

*

**Tangible Financial
Drivers**

69%

Revenue

Intangible Drivers

Factors

31%

Analyst Relations
Customer Relations
Employee Relations
Shareholder Relations
Supplier Relations
Capital Structure
Cost Control
Profitability
Revenue Growth
Stock Performance

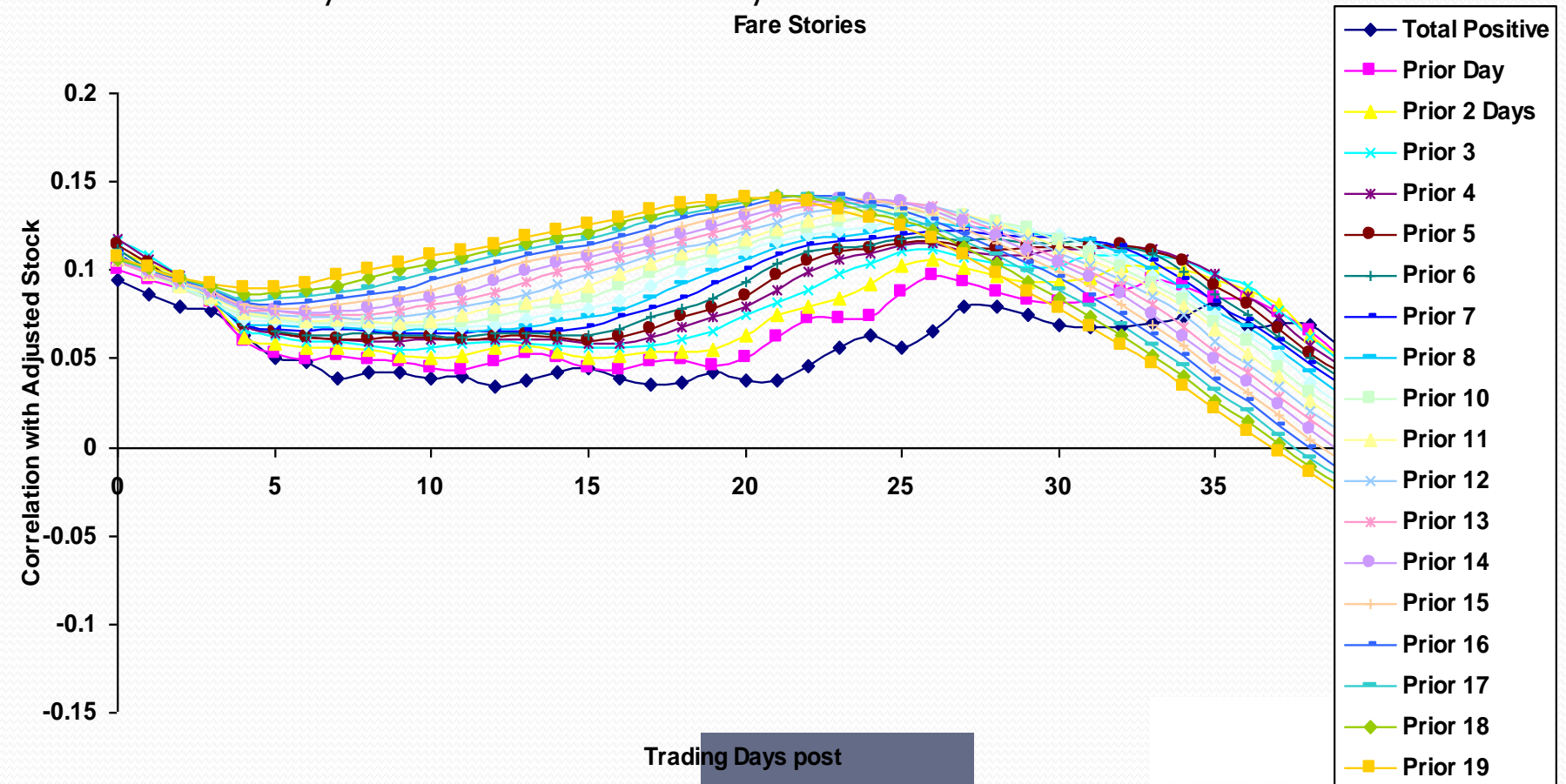
Better than Competition
Innovative Products
Market Share
Environmental Responsibility
Legal and Ethical
CEO Strength
Fosters Entrepreneurship
Overall Management

PREDICTIV

Reputation Messages Have a Persistent Impact on Stock Trading

Positive revenue stories have a life of about two months. The maximum occurs at cumulative 17 days stories with stock at 22 days

Fare Stories



Trading Days post

PREDICTIV

The Impact of Crises on Reputation and Shareholder Value



2011 Disclosure Trends: Perception Formed Through Interaction

Common Practice

Communication

One way communication

Single co. progress report

Voluntary reporting

Standards

Verification as option

Ad hoc standards

Corporate boundary definition

Emerging Trend

Multi-stakeholder dialogue

Industry benchmarking

Mandatory reporting

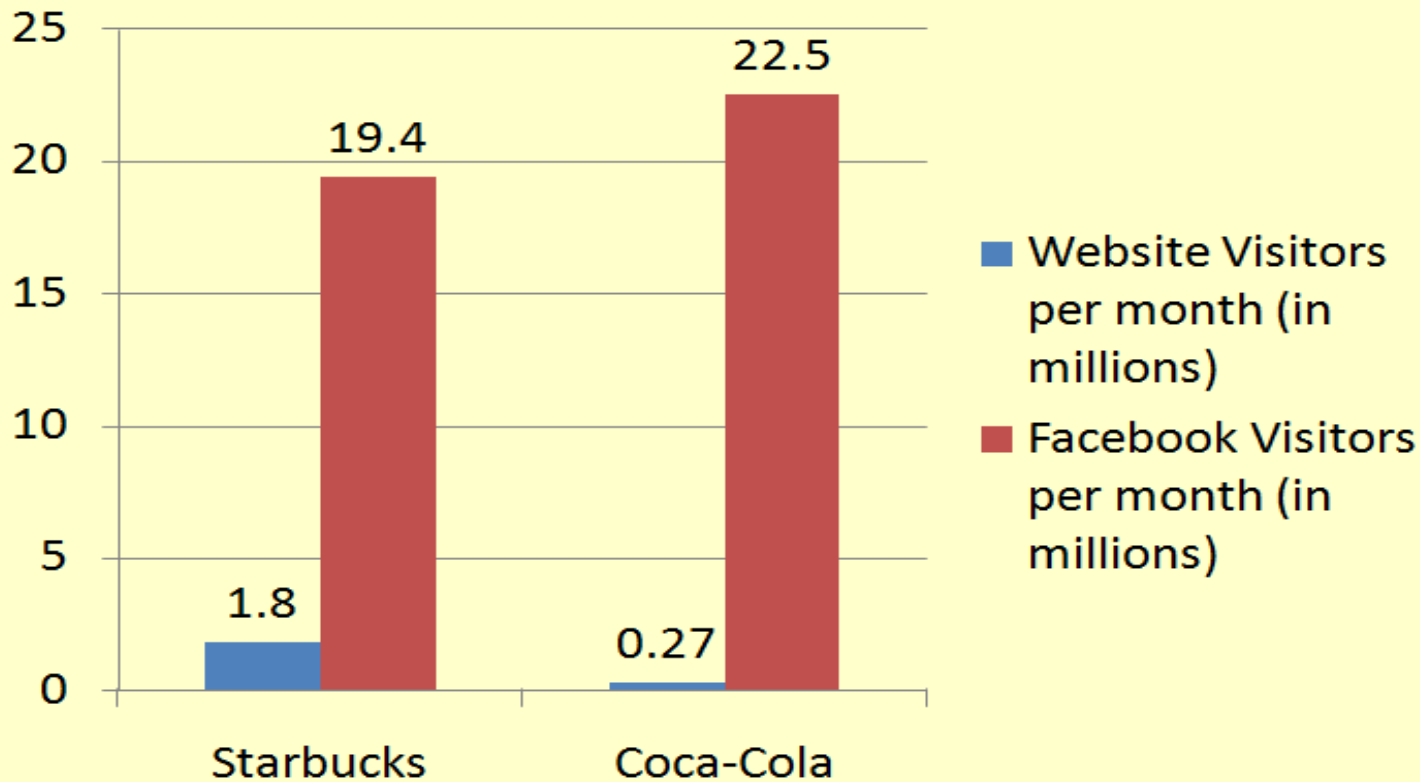
Assurance

Global standards

Dialogue set definition

PREDICTIV 

Impressions Are Created on Media the Company Does NOT Control



Data Source: Wall Street Journal, "Business Joins the Party," May 4, 2011

Benchmarking Best Ethical Practices

- Establish Vision & Goals
- Make Senior Leadership Commitment
- Implement Training
- Create Ethical Organizational Culture
- Establish Ethical Infrastructure, Rules & Policies
- Enact Discipline, Rewards and Measures
- Measure, Research and Assess - Repeatedly
- Provide Advice & Support
- Communicate and Be Transparent



**"Get serious, Rudy, we're talking
business ethics, not ethics."**

PREDICTIV 

Thank You

jon.low@predictiv.net

www.predictiv.net

www.thelowdownblog.blogspot.com/

