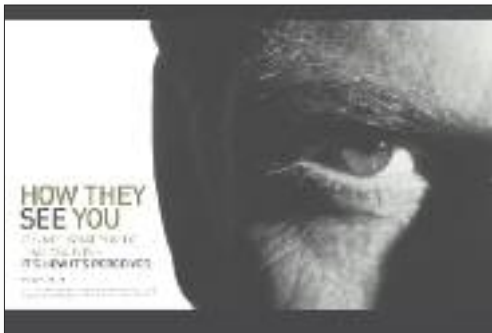


BEING GOOD

Jay Stuller's article on corporate reputations, "How They See You" (May/June), is pretty much on the mark, but I'd like to add a few points to his analysis of this extremely important topic.

- Reputations (at the corporate as well as the individual level) take a long time to build but can be destroyed quickly. Thus, companies need to be careful about not doing stupid things that could have a catastrophic effect on their reputations and that could wipe out years of hard work building them.
- In uncertain times, stakeholders use reputation as a heuristic to decide whether or not to have confidence in those leading the charge. This is why VCs tend to have a particular fondness for backing previously successful entrepreneurs. And it is also why experienced entrepreneurs invest considerable time and energy in building credibility and reputation for the company, even though the business may not yet have launched any product or service or earned a dime of revenue.



- A company's reputation can be dramatically different in the eyes of different stakeholders—consumers, investors, employees, alliance partners, the community. Take Jack Welch. For much of his tenure as CEO, and especially in the first ten years, he was hated by GE's rank and file, who had given him the nickname "Neutron Jack." Yet the company and its CEO were loved by investors. Or consider Apple before the iTunes, iPod, and iPhone era. Mac users were passionate about the com-

pany, but investors and analysts had little respect for the organization and viewed it as on a glide path to history.

- The jury is still out regarding the economic impact of corporate reputations. Remember the 1989 Exxon Valdez oil spill? Obviously, it gave Exxon a nasty black eye in terms of corporate reputation. Interestingly, however, despite many calls for consumers to boycott Exxon, the actual behavior of consumers was much more benign. Thus, it is important to remember that reputation is only one of several important factors that drive economic outcomes.

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When thinking about reputation, my first reaction is: Whose reputation? Reputation management can mean something completely different when it comes to a young, unknown company

compared to a well-established corporation. For a young company, "reputation management" translates into attracting large-scale public attention. It is only after people notice a company that they care about the quality of its products, its corporate social responsibility, or any other dimensions of performance.

For a well-known corporation, reputation management typically translates into efforts to maintain

and improve its existing reputation. Attracting public attention is no longer an achievement. In fact, too much attention often brings public scrutiny that may lead to bad publicity if a wrongdoing is discovered. Recently, we've seen public attention attracted more often by corporate violations or malpractice than by positive, reputation-enhancing events. "Being good" helps maintain a good reputation but hardly ever leads to significant gains in reputational capital. Being bad, on the other hand, can quickly damage a

reputation that a company has been building for years. Thus, corporations should be more than attentive to the growing expectations and norms of our society if they want to keep their reputations intact.

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TO BE OR NOT TO BE

In "So . . . Do You Still Want to Be a CEO?" (May/June), James M. Citrin argues that being a CEO today is tough and thankless and possibly even an im-

possible job. But I prefer to agree with his later statements that turbulent times are also times of great opportunity for leaders. These are great times to be a CEO. Turbulence leads to change and opportunity.



I also agree wholeheartedly with Stever Robbins on taking responsibility ("The Responsible CEO" sidebar). The CEO is responsible for results regardless of external factors. Plain and simple. I would expect no less from a great leader. And ironically, I would expect great leaders in good times to acknowledge that it is not they who created their success—it is their team, along with a host of external factors. True leaders have humility.

Finally, Miki Saxon misses the point by misunderstanding the difference between leadership and management ("CEOs—An Early Look" sidebar). Leadership is about being effective; management is about being efficient. Leadership is about vision and direction; management is about execution. The world needs both characteristics, and good leaders also tend to be good managers, but it is the leadership part of the job that is more critical.

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