Third Sector

Kate Sayer: Managing risks to your reputation

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Charities can do a lot to enhance their reputation and build a positive perception of the organisation

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Reputational risk is always a high-impact item on every charity risk register. Clearly, an organisation that suffers damage to its reputation will face loss of support and then income. In a few cases, damage to your reputation is an existential threat, but more commonly smaller knocks to your reputation can limit your credibility, voice and funding opportunities.

Typically, people think about managing risks to their reputation as an activity that takes place after a negative event hits the news. Organisations do need a response plan to help them to cope with negative PR when things go wrong, but you can also do a lot to enhance your reputation and build a positive perception of your organisation. This is a sustainable way to manage reputational risk.

Public perceptions of your organisation are not based on the facts and full knowledge, but on what people hear and see. It can be frustrating when that perception under-rates your organisation, but a mismatch the other way can be even more dangerous. A charity that enjoys a good reputation but in reality is performing less well is only a few steps away from a potential meltdown. Picture an organisation where the leaders are regular speakers at conferences and held in high esteem, but in reality are covering up poor service delivery, hiding the level of complaints and staff turnover. It is easy for the trustees to relax and enjoy the glory, but in reality the board is sitting on a timebomb. What should trustees do?

First, trustees should be in a perpetual state of curiosity. This is not the same as scrutiny or inspection, but is about asking questions and seeking to understand. The purpose of performance indicators is often misunderstood by boards – they provide feedback and prompt further questions, starting with why and how. This is why I am not a fan of traffic lights or red, amber, green ratings in reports to boards, because these encourage trustees either torelax or pounce on a red code.

Second, the board needs to receive its information from many sources. If trustees hear about the charity only through the chief executive, this is subject to bias, whether conscious or not. Make sure you invite other staff, representatives of partner organisations and other stakeholders to board or committee meetings. Visit projects or arrange meetings in the office to make sure you are visible and accessible. Ensure you are getting feedback about staff exit interviews and complaints, and consider whether a trustee should see them.

Boards often fall into the habit of meetings that are driven by management reports. Yes, you need to receive reports and discuss them, but agendas should allow time for free discussion – what is it that we are not seeing?

Finally, ensure the board has time on its own to reflect on whether it is getting 360-degree information. Check the consistency of these messages and stay curious.

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