

IS YOUR COMPANY'S REPUTATION FAILING?

- Eighty-One Percent of Business Influentials Report More Threats to Corporate Reputation Today Than Two Years Ago -

NEW YORK, March 15, 2006 – Organizations exhibit clear warning signs when their reputations are failing, according to Burson-Marsteller's corporate reputation study conducted with the Economist Intelligence Unit (EIU). Business leaders surveyed from around the world – North America, Europe, Asia-Pacific and Latin America – also agree with the order and magnitude of these signals of looming reputation failure. In a new pocket guide based on this research, *Cures for the Company Blues*, Burson-Marsteller reveals these early warning signs leaders should watch for.

"Great reputations are neither built overnight nor the result of good luck," said Dr. Leslie Gaines-Ross, Burson-Marsteller's chief knowledge & research officer worldwide. "They are carefully planned, nurtured and managed as the vital assets they are. Likewise, reputations are not always destroyed by one adverse event, but often erode gradually."

The top five early warning signs identified in the study include (in rank order):

1. There is low employee morale
2. Internal politics are more important than doing the job well
3. Top executives depart
4. CEO celebrity displaces CEO credibility
5. Employees speak of customers as nuisances

"The lesson is that companies have to focus as carefully internally as they do externally," said Mark Penn, Burson-Marsteller's Worldwide CEO. "What happens inside a company can have a major effect in all spheres."

Preventive Remedies and Best Practices

In addition to revealing the warning signs of reputation failure, *Cures for the Company Blues* proposes straightforward but effective remedies for the most pressing organizational challenges and best practices for addressing reputation threats. For example, before top executives suddenly depart, companies can maintain leadership consistency by having frequently updated succession plans. As a best practice, one *Fortune* 500 company was able to quickly announce a new CEO when two CEOs suddenly passed away within one year.

Another challenge is how to respond when CEO celebrity replaces CEO credibility. *Cures for the Company Blues* suggests promoting the C-suite as a team, just as Office Depot Chairman & CEO Steve Odland did when he announced that a nine-member Executive Committee and 100-member Global Officer Coalition would collectively plan the company's strategy and Vision and Values.

"Leaders need to take time out and look at what these signals are telling them," said Dr. Gaines-Ross. "We are all affected when companies fail – employees lose jobs, management turns over, share prices fall and uncertainty erodes progress. By taking action when these warning signs first arise, leaders can avoid the fallout from a blemished corporate reputation."

For a complimentary copy of *Cures for the Company Blues*, please visit <http://www.burson-marsteller.com/pages/insights/lgrForm>, where you can download a PDF file via Adobe Acrobat.

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About the 2005 CEO Capital Study

Burson-Marsteller has been conducting landmark research on CEO and corporate reputation since 1997 (www.ceogo.com). The new 2005 CEO Capital study was conducted in 65 countries online with the Economist Intelligence Unit (EIU) between May and July 2005. It was completed by 685 business influentials -- CEOs, senior executives, financial analysts, business media and government officials. Roughly one-third of respondents came from North America (26 percent), Europe (32 percent), Asia-Pacific (32 percent) and one-tenth from Latin America (10 percent). Participants were drawn from a cross-section of 19 industries.

About Burson-Marsteller

Burson-Marsteller (www.bm.com), established in 1953, is a leading global public relations and public affairs firm. It provides clients with strategic thinking and program execution across a full range of public relations, public affairs, advertising, and web-related services. The firm's seamless worldwide network consists of 50 wholly owned offices and 45 affiliate offices, together operating in 57 countries across six continents. Burson-Marsteller is a part of Young & Rubicam Brands, a subsidiary of WPP Group plc (NASDAQ: WPPGY), one of the world's leading communications services networks.

About the Economist Intelligence Unit

The Economist Intelligence Unit (EIU) (www.eiu.com) is the world leader in global business intelligence. It is the business-to-business arm of The Economist Group, which publishes *The Economist* newspaper. The EIU provides geopolitical, economic and business analysis on more than 200 countries, as well as strategic intelligence on key industries and management practices. With over 300 full-time professionals in 40 offices around the world, supported by a global network of more than 700 contributing analysts, the EIU is widely known for its unparalleled coverage of major and emerging markets.

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