

# Steinhoff's reputation is in tatters



By [Regine le Roux](#)

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Steinhoff faces the threat of becoming the biggest bankruptcy in South African corporate history (*Business Times*, 10 December 2017).



Image credit: [IOL](#)

How does this happen? It all boils down to lack of internal governance. Reputations are ruined when values are negotiated, ethics are compromised and leadership actions are questionable. Having authorities investigating irregularities, and by associating the words 'senior executive' with tax evasion, documentary forgery and fraud, is never a good combination.

If you keep your nose clean, follow policies and procedures and adhere to governance structures your integrity as a company will not be compromised. This should sound obvious; unfortunately, with the increase in questionable business deals across the board and industries which has come to the light in this year alone, it clearly isn't that basic.

The only way businesses can grow and thrive is by having a solid reputation; people and other companies want to do business with companies that have a solid reputation. Reputations have a direct correlation with a company's bottom line; with a solid reputation, you are able to attract top talent, produce products or services that people want to spend money on which ultimately improve your financial standing. The contrary, of a negative reputation, is of course also true.

## Rebuild reputation and trust in the brand

Steinhoff has their work cut out for themselves to rebuild their reputation and trust in the brand. One of the key factors is to keep all their stakeholders in the loop.

Communication is key. Besides the investment community that needs reassurance that their investments are safe, a very important stakeholder group that must not be neglected are their employees. An internal communication drive is imperative. Employees will want the reassurance of whether their jobs are safe, how the situation impacts them in the short, medium and long-term. When there is no communication people will draw their own conclusions and you can be sure that those messages and insecurities will be communicated to the outside world.

How can a situation like this be avoided? Regular reputation checks are highly recommended. Understanding your reputation and how your organisation is perceived by different stakeholders provides very valuable insights which help to identify and rectify gaps.

## **Where there is smoke, there is fire**

I do think that if they had invested in understanding their reputation, questionable behaviour would have been highlighted and identified much sooner, and action would have been taken to prevent the mess they are in now. Understanding a stakeholder group's perception isn't necessarily the truth, it is, however, someone's reality.

I believe that where there is smoke, there is fire, so if one of the stakeholder groups knew that the dealings of the management team were questionable it would have been picked up in the research; warning flags would have been raised, and the board could have taken remedial action much sooner.

Instead of waiting to see which pawpaw is next to hit the fan, consider stabilising your reputation. In the end, reputations do matter.

## **ABOUT REGINE LE ROUX**

Regine is a reputation specialist. She founded Reputation Matters in 2005; where they measure and manage companies' reputations using their unique Repudometer® measurement tool.

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