

"...a very readable and useful book on innovating company reputation..."

Jonathan Salem Baskin

Author, Columnist, and President of Arcadia Communications Lab

**The *Art***  
**of**

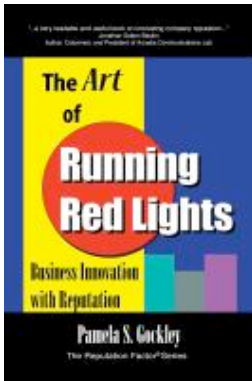


**Running**  
**Red Lights**

**Business Innovation**  
**with Reputation**

**Pamela S. Gockley**

The Reputation Factor<sup>®</sup> Series



*"It's the competition." "It's the economy." These are common excuses from struggling businesses. What if it's you? Every business has a reputation, and needs to know how to use reputation in customer service, sales, and marketing as a growth tool. It is important to know your industry's and your business's reputation. You need to understand how the customers perceive your business. Perception is everything, accurate or not.*

# **THE ART OF RUNNING RED LIGHTS**

## **Business Innovation with Reputation**

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# **The Art of Running Red Lights:**

## **Business Innovation with Reputation**

By Pamela S. Gockley

In The Reputation Factor® series of books and articles

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First Edition



Reputation  
Marketing  
Media

# **Chapter 1: The Reputation Factor® - The Rise of Personal and Business Reputation**

## **Looking Back to Move Forward**

Are you wondering how we got to this instant gratification, 24/7/365 world, and more so, where we're going? According to Internet Live Stats we have gone from one website in 1991 to over seven hundred million in 2013.

In 1996, when we started our technology-industry business with a focus on marketing message development, Yahoo was celebrating its first-year anniversary and Google was two years away from being born. Shortly after that, about 1999, the Internet bubble burst. We were able to survive, and emerged a lean, mean fighting machine of a business.

The business world has seen and survived many transitions over the years, but few compare to the total upside down shift of 2008-10. The entire world felt the financial earthquake. Banks, businesses, and individuals defaulted on loans all over the world. Jobs and property were lost in record numbers. The economic crash has forever changed how we buy and sell goods and services. It caused businesses to close plants, lay off people, and invest in technology. Companies researched long and hard before spending on capital improvements. Technology was a huge contributor to the crash. Cost- and time-saving software made many jobs disappear without any hope of return. Cashiers and bag boys in grocery stores are being replaced with self-checkout registers and bag-your-own groceries. Customer service representatives are being replaced with automated "press 1 now" phone systems, emails, and Internet apps. In many states, you pump your gas (and pay-at-the-pump). We shop online, and get instant quotes on car or health insurance without one second of human interaction.

We all tightened our belts and focused on new streams of revenue, and cost-cutting of overhead expenses. For survival, we focused on a new process of purchasing. With the loss of jobs and lack of new job creation, we had to make every dollar count to ensure the stability of the

company and the household. We were forced to evaluate, shop, and compare for all products and services, instead of robotically paying monthly fees or buying the first one we found. Instead of doing without, we switched to products that were cheaper and less reliable. We compromised our standards and became a throwaway society, where it's cheaper to buy a new one, rather than investing the time and cost to fix the old one.

### **The Consumer's New Buying Process**

First, everything we purchase is subjected to research. We start our buying with an online search. After years of using the Internet we have become much more targeted with our search terms. Search engines have developed to deliver highly-targeted search results. We have gone from searching for an "RCA television" to entering "buy television, 56 inch flat screen HD LED 1080p." The specific brand name is no longer added to most searches.

Second, price and features are compared side by side. Websites that compare products are called Comparison Shopping Engines (CSEs), and they provide information on a broad range of products. CSEs started in the 1990s, and continue to grow. Some of the larger ones include Shopzilla.com, PriceGrabber.com, and Shopping.com (which is a part of the auction site, eBay). Each product has its own profile, which includes price, reviews, and descriptions, with detailed specs, ratings, price alerts, wish lists, and locations to buy. It is up to the retailers to participate with the CSEs.

Third, we search and read not only the reviews and testimonials from other consumers about products or services, but also research the company that manufactures or distributes that product or service.

Lastly, to finalize the decision, we take everything we have learned about the product and ask our network of trusted friends and family for their opinion or experience. "We need a new TV, what kind do you have?", "Who do you use?", or "I need a new car, what should I buy?" are common questions used to research most purchases.

- 92% of online consumers have more confidence in information found online than they do in advice from a salesclerk or other source (*Wall Street Journal*, Jan 2009);
- 90% trust recommendations from people they know;
- 70% trust unknown users;
- 27% trust experts; and
- 14% trust advertising.

This is a revolution in the way we buy and acquire stuff. The information is available 24/7/365 online or through cell phones. Gone are the days of driving to the television store where your choices were RCA or Zenith; the ten-inch or thirteen-inch screen; portable or console. Now we go online, go through our purchasing research, and wait for the delivery to our front door. We have seen more weight being placed on the reputation than the brand of the product.

Do people still buy the old-fashioned way? Of course they do, but in decreasing numbers, and catering to that market is a sure path to declining sales figures. It is logical to say that, if people buy differently, businesses need to change the way they approach marketing and their marketing message to consumers. For a very long time, advertising agencies have routinely focused on using the stock “brand marketing” philosophy, and communicating the message with traditional advertising media channels. The agency’s stock brand marketing theory has creative directors, content writers, and graphic designers sitting in a room creating imaginary issues, with fake stories that use fake people (actors) with solutions to problems that may or may not work for the consumers seeing the advertising. The focus has been to sell as much as you can, however you can, and to whomever you can, which means the consumer is not being engaged.

As the economy rebounds, some companies will be left behind. Some owners wonder, “What rebound?” The businesses that are participating and thriving in the current economy are the ones that have adjusted and

refined their methods to reflect current consumer and business purchasing habits.

## **The Rise of The Consumer**

In today's new world economy, combined with the new buying process, consumers are flooded with information. Product information is available instantly, at our fingertips. Consumers educate themselves not only on every aspect of the product but also the entire business: the consumers, management, employees, and vendors. They know everything about the business including labor, materials, and conditions of the import/export details. The consumer knows if the business is environmentally responsible; where, with what material, and how the products are made, and by whom; the treatment of the employees, and even under what conditions they work. Consumers' research to find the products that are the most aligned with their needs, morals, and beliefs. Consumers have raised the bar and are demanding, with their dollars as the carrot, that businesses strive to reach and surpass their expectations. If your company is not meeting consumer expectations, they will move on and find a company that does.

According to PricewaterhouseCoopers LLP, in a 2012 talk titled *Reputation: The New Branding*, "Customer service is emerging as a key differentiator among successful online retailers and is having a growing influence on web success. Companies such as Amazon, Land's End, Virgin America, and Zappos have established enviable customer service reputations by providing and delivering superior customer service. The foundation of agile consumer service is that it is embedded across the organization as a core to achieving key business objectives including sales, brand, and customer satisfaction."

The talk's specific purpose: To inform their audience on why a great reputation is critical for success. They discuss the definition and purpose of brand and branding, the four reasons brand marketing has become ineffective, and why "Reputation Marketing" is the new branding.



## How We Communicate

Social media, targeted links, website contests, cell phone messaging, texting, online banner advertising, search engine optimization, content marketing, viral video marketing, online network marketing, email marketing, and blogs are all things that businesses have to consider in their online advertising.

Many businesses have failed to adapt to the new communication tools, continuing to promote poor messaging that does not speak the same language nor meet the needs of the consumers. Pre-crash marketing techniques will no longer garner post-crash sales.

## The Four Elements of Building Your Brand with *Branding*

1. **Brand** is the “name, term, design, symbol, or any other feature that identifies one seller’s product distinct from those of other sellers” – Wikipedia.com
2. **Branding** is a marketing strategy that narrowly focuses on the consumers’ ability to identify a product or service by a name, term, design, or symbol.
3. **Brand awareness** refers to the customers’ ability to recall, recognize, and/or associate the brands to a name, term, design, or symbol.
4. **Advertising** is the action of calling something to the attention of the public, especially by paid announcements. Brand marketing uses advertising to build the brand awareness.

We have found that when a business participates in the brand marketing staple of promoting “customers first,” the sentiment is frequently not based on actual, demonstrable customer satisfaction results. Many times the “customers first” concept is based on the owners’ hopes or wishes of what they want to be, rather than referencing any empirical data that supports the statement. It is essentially just another catch phrase used in branding-based advertising. Branding tends to dig in its heels, and stand

by status quo, refusing to change. It is sometimes difficult to explain to a company that spends millions of dollars on branding-oriented marketing that there may be a better way to resonate with consumers. There is no way to know if spending four million dollars on a TV ad during a sporting event made anyone change the beer they drink, the snacks they eat, or the car they drive to any greater extent. Nor can it be measured how many potential customers reputation marketing would impact, if those four million dollars were invested in product quality, customer service training, and product distribution. “If it’s not measurable it’s not manageable!”

Have you ever replaced an appliance, only to be disappointed in the replacement’s performance and quality? Chances are you relied on “brand” to make your decision. A typical feeling is expressed as, “We thought they were supposed to be good.” What you bought into was “brand marketing.” Think of it as “obsolete reputation.” A company builds an exceptional product over the years, and uses its reputation to build brand awareness. Particularly during the recent economic downturn, where survival was first and foremost, the cost accountants appear to have had their day – cost reducing the product with cheaper, less durable components until the original high quality is only a memory. That’s why today’s “wired” consumer investigates current reputations to make buying decisions. Online services that feature consumer pushback influence purchasers to buy those items that have been favorably reviewed, and from companies that have a similar good online reputation. That is why branding has become less effective, while reputation is gaining traction.

One way of making sure you are purchasing products with today’s reputation is to read *Consumer Reports* magazine. The publication is a great resource for accurate information and consumer feedback on a wide array of products. According to its website, ConsumerReports.org, the magazine has never accepted paid ads. Free from the pressures of advertisers and commercial influence, *Consumer Reports* has been on the cutting edge of reporting on and striving to improve the quality of the consumer marketplace.

Consumers are buying the brand based on the obsolete reputation of the product. General Motors (GM) to date has recalled 17.73 million vehicles in the U.S. and more than 20 million worldwide. Many consumers' decisions to buy GM brand cars are based on obsolete reputation. The patriotic call to consumers to "Buy American" also plays a part in purchasing products. You need to make sure your product is living up to its reputation, today. Consumers will quickly learn and communicate if your brand is based on an obsolete reputation, or if your brand is the reputation of today.

**The reason why:** *Branding is only a tool and a single strategy in your business toolbox.*

Moreover, branding uses the self-centered focus of what *the business* thinks and feels about itself and its services or skill set. Reputation is what *others* think and feel – about the business as a whole. Which viewpoint is most real to consumers?

Many strategies, both business and personal, use techniques for self-managing and self-improvement. Many of these self-help books are excellent at helping people make improvements in their business and personal lives. We have found the outdated strategy of branding suggests that, instead of making changes or transitioning into new methods or practices, success comes from simple self-packaging. In this new world economy, with the rise of consumer engagement, self-packaging using branding usually includes pretending, embellishing, or faking the real business. So, what happens when the branding self-package is totally different than the actual consumer experience-created reputation? We found consumers and reputation wins, and business/brand loses.

### **Why Focus on Reputation?**

According to my favorite dictionary:

***Reputation** is the estimation in which a person or thing is held, especially by the community or the public generally. (www.dictionary.com)*

Since it is a measure of esteem, or an “estimation,” that means it is an intangible thing. You can’t put your finger on it, but in business and life, this particular intangible has very tangible effects – and may be more valuable than the name, age, or performance.

Also, reputation is based on the consumers’ personal experience *as they see it*, according to this definition. It’s that experience that creates the reputation, and it occurs in many different unique combinations of factors. It is what most people consider an end result, and is often unchangeable. However, we found that reputation is a quantifiable and qualitative factor that is constantly being created, sustained, and changed – ideally, in a positive fashion. Reputation is a factor that can be established and managed to best gain the results that are needed.

Not everyone thinks this way about reputation. They agree with the truism of “Reputation is everything,” and bundle the whole issue up with that one blanket statement. Of course, it’s true: Your reputation is the only thing that can create or destroy your chances of achieving your dreams. It’s also true that, by and large, the reputation you have is the one you have created, intentionally or not.

Another common saying is, “Your reputation precedes you.” This is something folks think or remark out loud when meeting someone whose product or service or persona is “bigger” than the product, service, or person. This aspect of reputation is all about perception. In dealing with reputation, then, the winners are going to be those who attempt to understand how they are being perceived by others.

Successful businesses understand their consumers’ behaviors. What, where, why, how, and when do they buy? We must know the consumers, so the customer service, sales, and marketing messages are created to speak in their voice and teach in the way the consumers learn.

That is why reputation works best when it’s first, before all transitions – even though it is an end result, or a side effect, of you and your efforts. Focusing on “*The Reputation Factor®*” will help you in every conceivable way, personally, professionally, and socially. It’s a starting

point and an ending point, in my opinion. So, here are some initial questions for you to consider:

Do you know your reputation, and that of your business?

Are your sales increasing or are they flat?

Are you getting more orders from new and existing customers?

We begin with Reputation Philosophy:

**“It starts with you, but it’s not about you.”**

**Reputation Observations:**



Did you ever leave a meeting thinking, “That guy is a jerk”?

Do you ever leave a meeting thinking, “Who thinks I’m a jerk?”

Reputation has become the most powerful tool in your toolbox and is a great indicator of success. As an entrepreneur, and especially as a business consultant, I have met thousands of people who are struggling to be successful as business owners, who tend to make lateral moves instead of advancing within their current industry, or who are having trouble finding a niche in their industry.

Using what I have learned from listening to people, a common thread and a distinct pattern has emerged. Business is full of transitions. It’s not a matter of whether change will occur, but when those transitional moments will happen. One secret to surviving or thriving during these transitions is to be prepared for them. The state of your reputation can make most transitions seamless and smooth. Many times small business owners are so busy working in their business they have no time to consider how important Reputation is to their success. From this belief,

the concept of The Reputation Factor® was born. *The Art of Running Red Lights* is based on the process created in “The Reputation Factor®”, which creates a path to *Discover, Define, Develop, and Defend* the reputation the reader intends for the business. To my surprise, most people never focus on their reputation as the key factor of success.

My first experience with personal reputation which was directly related to the business was when I found out, using the DISC behavioral assessments, that words like demanding, nervy, aggressive, and egotistical had been used to describe me. I realized that the reputation you create may not be the one you intended.

You begin building your reputation at birth, but it’s never too late to make transitions to your reputation to help you to reach your goals. In the following chapters, we’ll explore the elements needed to create a reputation that will propel you above everyone else. Elements include learning about your attitude and how others interact, react, and respond to YOU. Everyone has different behaviors when faced with new or difficult business situations. The only control you have in these situations is how you and your business react to them.

How do you react when your client decides to change things up, a long-term client decides to go in a different direction, or your boss is screaming at you in the middle of the office? Do you freeze up, start screaming back, or completely shut down? Your behavior in these situations creates your reputation, whether it’s the one you want or not.

As a business owner, repositioning yourself in a new way in order to improve your situation can be accomplished: Focus is placed on reputation as the vehicle to get there. An ever-evolving reputation is critical to reaching goals and becoming successful in business and career. The reputation is a real component of “self” and can be changed to reach goals, needs, and wants.

I firmly believe in putting reputation first – even though it often seems to be a side effect of efforts. A solid reputation is rarely naturally-occurring, and needs to be planned and managed. I have seen that every

successful person not only has a full (sometimes intuitive) understanding of their reputation, but they have taken steps to plan, build, and maintain a reputation that will methodically catapult them to their goals. It takes knowing, understanding, and planning. Most people don't have that intuitive skill. Fortunately, reputation management can be learned and introduced into your daily practices and mind-set.

So how will understanding Reputation process benefit you? It's simple: everyone and every business has a reputation, and sometimes more than one! It is important to know your reputation and how it affects your business. Focusing on reputation will help you in every conceivable way; personally, professionally, and socially. It's a starting point and an ending point.

The fact is you need to understand objectively how people perceive you and your business. Accurate or otherwise, perception is everything. Remember: You have to be able to live up to the reputation you create!

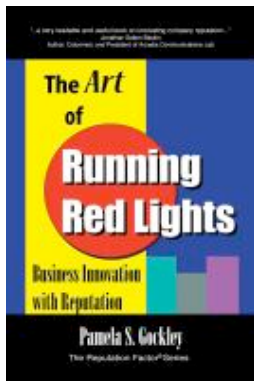
Put simply, given today's educated consumer, the business brand is successful when built by reputation. Reputation is based on what others think, know, and feel about you, unlike branding, which is based on what others are told to think and feel about the business. Your reputation creates an image or impression of "you and your business" without you physically being present.

Reputation is, indeed, an effect. Most people consider it an end result. They consider reputation to be unchangeable, too – or at best, very hard to change. We have found that, by using the right tactics, reputation is a quantifiable and qualitative factor that is constantly being created, sustained, and changed. Ideally, a reputation can become positively enhanced, and you have all the control in creating your business reputation. And it is simple to define accurately your reputation, if you first find your niche and what you want and need it to be.

Just to be clear, using Reputation to build Brand is not at all the same thing as branding, although lately there are lots of advertising agencies that are doing their best to confuse the two terms. In long-range success,

the Reputation process creates, builds, and maintains a brand. We will discuss the 4Ds of building a powerful Reputation: *Discover*, *Define*, *Develop*, and *Defend*. We take each of the 4Ds and expose these elements of your Reputation in a positive way, to be successful personally and in business.





*"It's the competition." "It's the economy." These are common excuses from struggling businesses. What if it's you? Every business has a reputation, and needs to know how to use reputation in customer service, sales, and marketing as a growth tool. It is important to know your industry's and your business's reputation. You need to understand how the customers perceive your business. Perception is everything, accurate or not.*

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