

ESG Viewpoint: GEC Risk Advisory

RepRisk interviews Dr. Andrea Bonime-Blanc, CEO

GEC Risk Advisory is a global governance, risk and integrity advisor delivering services that are both strategic and tactical and include enterprise risk, reputation risk, cyber-risk governance, ethics and compliance, strategic corporate responsibility, ethical leadership and culture.

Andrea Bonime-Blanc founded GEC Risk Advisory in 2013. Prior to this, she spent two decades as a senior executive in companies ranging from start-ups to Fortune 250 companies, leading governance, legal, ethics, compliance, risk, crisis management, internal audit, external affairs, and corporate responsibility functions. Andrea is a successful author and has been recognized twice as one of Ethisphere's 100 Most Influential People in Business Ethics.



RepRisk: Could you tell us more about GEC Risk Advisory and the work that you do?

Andrea Bonime-Blanc: GEC Risk provides boards, executives, investors, and advisors with non-financial or ESG risk advisory services, in particular through our special program: Transforming Risk into Value. We help boards and executives via workshops, strategic advisory services, education, bespoke research, and white papers. We also get into the trenches with some of our clients, rolling up our sleeves to help them solve their ESG business challenges including evaluating, designing, and improving the nuts and bolts of ethics, compliance, and ERM programs for a wide variety of sectors and industries.

Aligned with the “G”, “E”, and “C” in our name, our services fit into three categories:

- Governance & Resilience – Strategic risk governance, cyber-risk governance, enterprise risk management, and overall organizational resilience building, including crisis management
- Ethics & Compliance – Ethics, compliance, and business integrity program building, evaluation, and transformation
- Corporate Reputation & Responsibility – including REP/RISK Q2, our proprietary qualitative/quantitative methodology; Reputation Risk & Opportunity and Transforming Risk into Value

RR: You wrote *The Reputation Risk Handbook* – what made you want to tackle this subject, and what are the key takeaways of the book?

ABB: I was a corporate executive in charge of a wide variety of non-financial areas (legal, governance, compliance, ethics, CSR, information security, audit, environment, health & safety, and external relations) in different sectors for almost 20 years. I had many and varying challenges to convince business leaders of the intrinsic value these areas bring to an organization. I had an “aha moment” about five years ago and

started using “reputation risk” as a concept to connect better with them. I wrote several articles in Ethical Corporation Magazine on reputation risk, and a UK-based publisher (DO Sustainability, now Greenleaf Publishing) approached me to write a short practical book on the topic. That was around the same time as I founded my firm, so it was a perfect opportunity for me to seize.

My key takeaways on reputation risk are:

1. Organizational reputation risk is unlike any other risk – it is not a stand-alone risk but one that attaches itself to another risk that the organization is facing, which it may or may not have properly identified or managed.
2. There is negative reputation risk – when a neglected risk is amplified for the worse – and there is positive reputation risk or reputation opportunity – when an organization knows its risks and proactively manages them to the benefit of stakeholders.
3. Reputation risk is an intangible risk with serious tangible consequences – ask BP, who has spent \$63 billion in the five years since Deep-water Horizon, and is still counting.
4. Organizations can manage their reputation risk – they just need to incorporate it properly into their existing enterprise or strategic risk management and governance – executives and boards need to take an affirmative and conscious step to do this however, and not just wait for things to happen.
5. Why is reputation risk suddenly so important? Because of the rise of social media, and the communications and technological revolutions we are living through – there is no turning back on this issue of reputation risk in the age of hyper-transparency and super connectivity.

RR: You are also doing some new projects around Reputational Risk – in particular, the joint project with Dr. Leonard J. Ponzi around qualitative and quantitative measurement of the topic. Could you tell us more about this?

ABB: Dr. Ponzi and I have been collaborating for over a year, first on our five-part series on “Understanding Reputation Risk,” which will be published as a freely downloadable e-book in mid-December 2016, in which we lay out our qualitative/quantitative reputation risk methodology. We call our approach REP/RISK Q2, as it integrates the best of both worlds – qualitative and quantitative best practices in a combined, customized methodology for our clients. A large impetus for this product has been the need in the financial sector – often required by regulators such as in the EU – for a quantification of reputation risk as part of capital reserve requirements. This is a daunting task – Dr. Ponzi and I will be the first ones to state that the perfect quantification of reputation risk is not entirely possible and in fact is the holy grail of this area.

What is possible, however, is to apply a rigorous methodology to understanding risks, stakeholder expectations, applying strict regression analyses, and developing bespoke reputation risk strategic playbooks that will instill confidence not only in organizations internally as they try to manage this risk proactively but also in their ability to deal with their stakeholders (including regulators, customers, and employees).

RR: Your work spans the globe. Do you see any differences between how governance, ethics, compliance, and reputation are being perceived and managed around the world?

ABB: That’s a fascinating question – to be super-simplistic I would characterize the global corporate approach to these issues as occurring in staggered waves and with slightly differing inflexion points depending on the HQ of the organization. The waves started in the US and the EU, and have continued in a somewhat more sporadic fashion in Asia and Latin America. The case of Africa is a little more tentative for now, but governance efforts are being developed there too.

In terms of topical differences, I would suggest that the US has been at the vanguard of some of these issues (most notably governance and compliance, and fewer CSR and ESG issues), while European-based companies have led on ESG and corporate responsibility.

Reputation risk is something that most global companies, whether headquartered in Europe or the US, have been equally interested in over recent years. I would also say that after the US and EU, the next two regions that have begun to pay close attention to these issues are parts of Asia and Latin America – a lot of the attention has come (as it did originally in the US) from serious scandals involving leading companies (Petrobras, Takata, Toshiba, Olympus, Lotte, and Chinese environmental cases).

An interesting personal data point for me was when last year the Chinese rights to publishing my book were bought by a Beijing-based financial publisher. Clearly this issue is resonating with their audience as well. This year my book was published in Spanish, and there is also great interest in this topic in Latin America.

RR: On a lighter note, please tell us something that you like to do in your free time. What keeps you energized so that you can do the travel, writing, and consulting that you do?

ABB: I'm married to a musician/composer/guitarist whose composed works are performed regularly and who also performs live jazz with his band around NYC (I sometimes act as his roadie). Our college age son is also an accomplished and published electronic music composer. For quiet time, I love to photograph landscapes, street-scapes, and the ocean, especially when the weather is fierce. I also do ink/marker drawings, some of which have been exhibited in local group art shows in NYC.