

ALM | LAW.COM COMPASS

PACESETTER RESEARCH

Previously known as ALM Intelligence Pacesetter Research

# Reputational Risk

2023 - 2024



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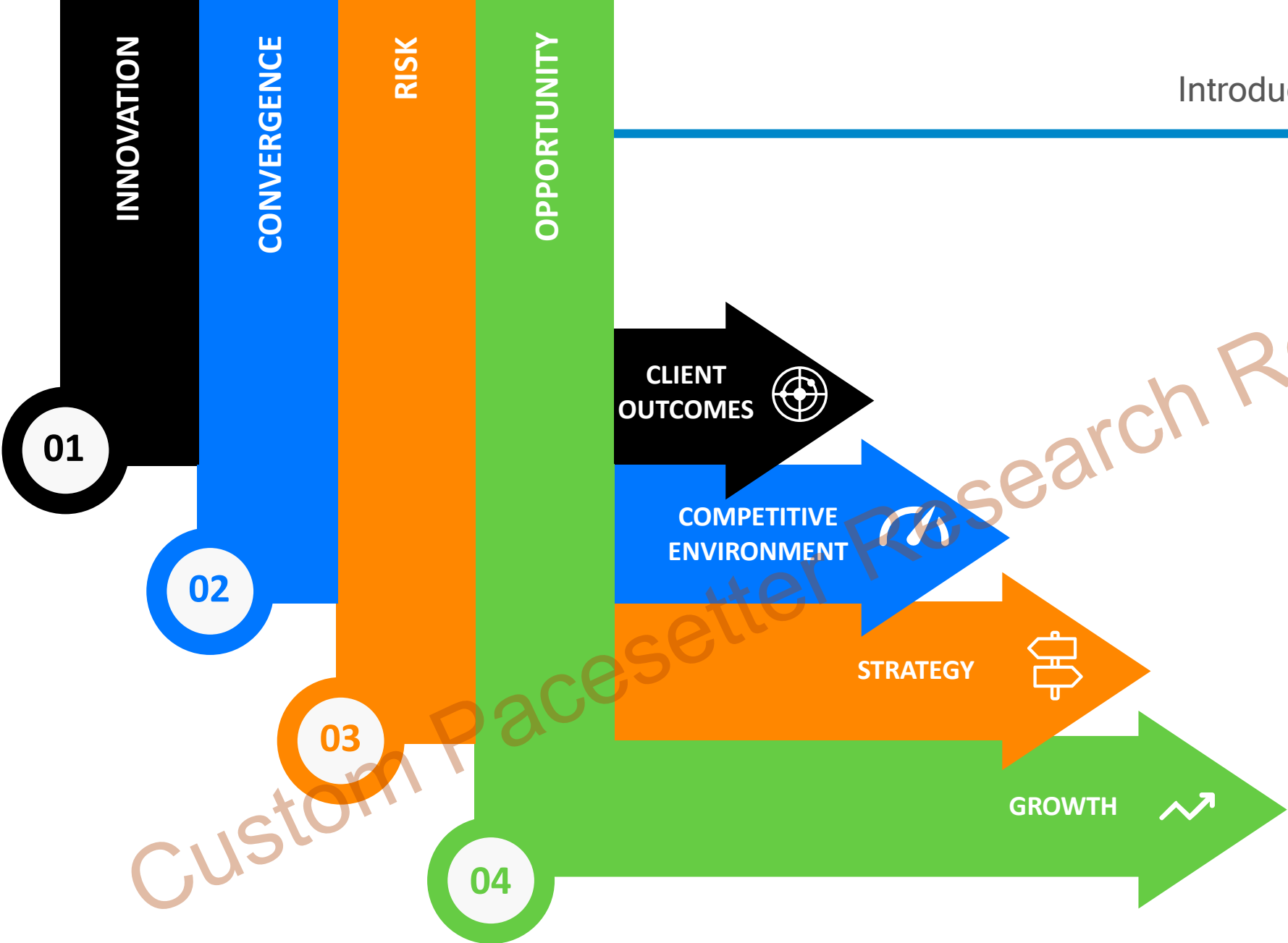
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### What Is Law.com Compass Pacesetter Research About?

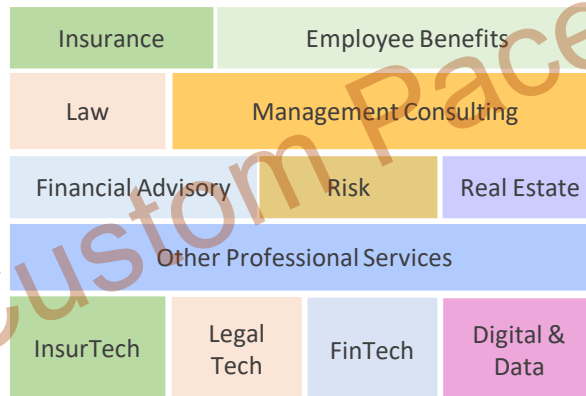
- 1. Innovation:** What professional services providers are doing something different from their peers in a way that moves the needle for their clients?
- 2. Convergence:** How is that innovation changing the competitive landscape?
- 3. Risk:** How does innovation (internal and external) change providers' risk profiles?
- 4. Opportunity:** Is innovation only a threat, or is it also an opportunity?

Law.com Compass Pacesetter Research (previously known as ALM Intelligence Pacesetter Research) is a market research initiative of ALM with an inclusive perspective of the professional services landscape. Rather than traditional market research which focuses on one market segment, APR looks across a broader range that includes law, consulting, insurance, financial advisory, and other actors operating in the market defined by the research topic. We started Pacesetter Research in 2020 to examine how more volatile demand dynamics are forcing market players to reevaluate their approach to **innovation**, **risk**, market **convergence**, and ultimately, **opportunity**. The purpose of Pacesetter Research is twofold:

- Deliver practical insights into the buying and selling of professional services in an increasingly converging marketplace
- Help buyers evaluate their sourcing options with objective assessments of providers' services and capabilities

### Pacesetter Advisory Council (PAC)

Market Leaders are selected by a panel of experts comprised of ALM editors, journalists, market intelligence analysts, and external professionals and academics who have experience working with professional services providers.



### Research Methodology

APR analysts combine qualitative and quantitative research methods to profile Market Leaders in each market. These providers are evaluated and scored against five core criteria to determine Pacesetter status.

- 1 Business model
- 2 Value proposition
- 3 Service delivery
- 4 Client enablement
- 5 Brand eminence

### Audience

APR provides independent and objective analyses to providers and buyers of professional services coupled with practical insights that inform the decision-making process for strategic planning and procurement professionals.



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Market  
Overview

January 2023

Compared to two decades ago information has become readily available and the transmission and exposure of that information to the general public is practically instantaneous. With the rise of social media and focus on ESG initiatives, organizations now feel compelled to thoroughly report on their corporate activities. Organizations in 2023, are being held to a higher level of accountability than ever before by multiple stakeholder groups: employees, talent, clients, activists, the general public, regulators, and government agencies. As a result, reputational risk has become topical like never before. With organizations being constantly subjected to public scrutiny and the long-term implications for brand and reputation, organizations are coming to the realization that reputational risk requires their attention and active management.

Due to its conceptual nature, reputational risk is one of the most challenging risks to try to manage for several reasons. First, there is no common approach to managing reputational risk due to its lack of defined “ownership” within the organization. In other words, while more mature organizations may have discrete risk management capabilities, some organizations view reputational risk as a by-product of other risks, and therefore managed it in more comprehensive fashion across the organization. Another difficulty with reputational risk management is the difficulty in linking reputational risk spend to tangible ROI and business outcomes, hampering business case formulation. Finally, while some service providers have developed sophisticated analytical tools and metrics to assess and evaluate reputations, still, the crux of what they’re trying to measure is subjective stakeholder perceptions that are constantly in flux under the influence of ever-shifting social, economic, social, and moral standards.

Ever since the 2008 economic crisis, the multiservice and management consulting segments have moved towards business models focused on total business transformation. These firms frame reputational risk management as a risk that permeates everything a client organization does, and therefore requires a holistic and integrated approach. These firms advocate integrating an awareness and understanding of reputation and risk at all levels of the organization – from executive-level strategic decisions to frontline business operations. While

communication/PR service providers are still heavily crisis management focused, some innovators are beginning to organize their service offerings around proprietary methodologies for measuring reputation to address organizations rising need to monitor stakeholder perception and alert them to changing risk levels in their ecosystem – though only a few are moving outside of perception monitoring towards strategic management.

Technology providers have developed some “off-the-shelf” risk management solutions that include reputational risk elements are cost-conscious clients or those seeking reputational risk management solutions with minimal operational disruption. A handful of technology innovators build platforms and wrap consulting services around them, while also offering a thin layer of change management services, while depending for revenues on longer-term managed and outsourcing services. Law firms have an immense opportunity in the form of deep relationships with resource-starved in-house legal departments, but – with the exception of some leading innovators – still focus heavily on legal and compliance issues around crisis management and remediation in reputational risk, with little/no longer-term strategic risk management offerings.

The *Reputational Risk 2023-2024* report explores how the most innovative professional services providers in 2023 are able to effectively help clients grapple with the evolving complexities and dynamic intricacies of properly managing their own reputational risk, and where these efforts are having the most success.



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# The Pacesetters

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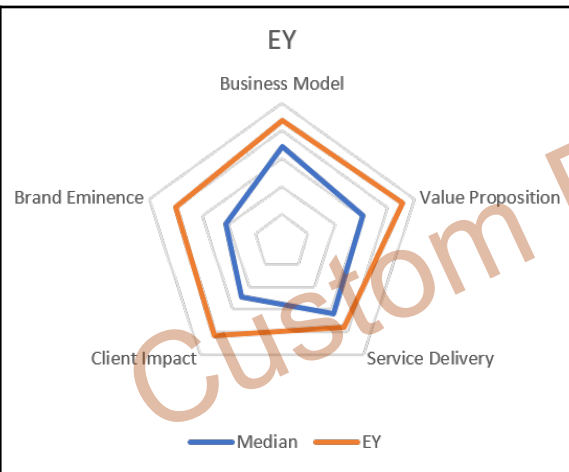
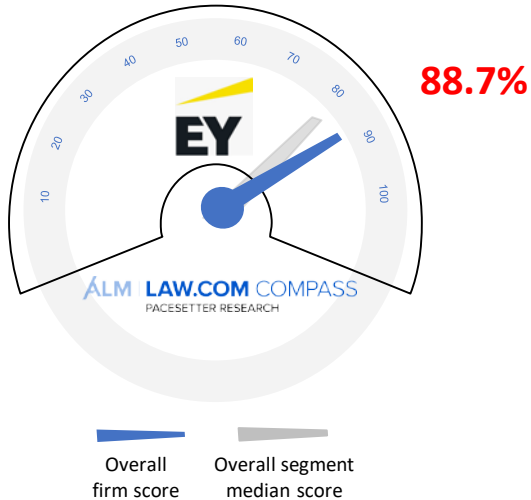
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REPUTATIONAL RISK 2023 – 2024



REPUTATIONAL RISK 2023 – 2024

Overall Score: Reputational Risk



**“** EY has recognized reputation is built from human perceptions and as a result their reputational risk framework encompasses integrity as a key determinant to reputational risk, offering “upstream” and “downstream” approach to managing reputational risk

Profile:

Over the past few years, EY Forensic & Integrity Services has evolved from a fraud investigation and dispute-centered service offering to their current comprehensive, multidisciplinary, approach to reputational risk. EY Forensic & Integrity services work with clients on integrated Governance, Risk, and Compliance (GRC) programs to evolve their approach in understanding and managing reputational risk. EY helps clients assess the strengths and weaknesses of their compliance management and culture development programs, reviews and analyzes data to reduce compliance risks including for third-party supplier engagements, and helps clients build an integrity-based framework. This in turn helps bridge the gap between organizational intention and behaviors, known as ‘The Integrity Agenda’. This integrated and strategic approach to reputational risk through the lens of integrity and ethics, requires clients to embark on a total transformation and mindset shift to establish long-term company resilience and longevity.

EY’s Integrity Agenda is focused on making internal assessments and changes, which EY also refers to as “say-do” gap analysis approach. EY’s framework starts with having C-suite members take a deep analysis to assess the extent to which their behaviors and actions are aligned with their spoken commitments. Using this information and understanding the client’s needs enable the development of an integrated end-to-end reputational risk management framework. Furthermore, EY recognizes that trust is an important component of reputation and they are infinitely bound by one another. As a result, in order to have an integrated reputation management framework, EY focuses on three key components: ethics & integrity, crisis and risk management, and strategy. EY uses this integrated reputation management framework to add client value by offering a “downstream” approach that focuses on crisis management as well as an “upstream” approach where EY’s Integrity Agenda is purpose-led rather than incident-driven. Nonetheless, integrating these streams enables clients to build a proactive and reactive approach to their reputation management framework. EY also uses data analytics as an essential element in The Integrity Agenda framework. EY recognizes the need for clients to make data-driven decisions through the use of machine-learning techniques. Through data analytics, clients can measure the effectiveness of The Integrity Agenda framework and also determine risks and opportunities that would impact the organization’s trust and reputation. The Integrity Agenda helps clients to align their intentions with their behaviors to promote stakeholder trust.

Reputational Risk Service Focus

Data, technology tools & solutions	Accounting & auditing
Consulting services	Forensic investigations
Function-focused advisory services	Interim, managed & outsourcing services
Legal services	Stakeholder Management
Risk assurance services	Risk transfer services

- Strategy
- Assessment & Monitoring
- Compliance/Regulatory
- Stakeholder Communications
- Risk Management
- Remediation/Crisis Management

■ Services offered  
□ Services not offered





# Appendix

*The goal of Pacesetter Research is to help buyers of professional services navigate an increasingly complex landscape with confidence. We use a multidisciplinary perspective to identify best-in-class providers of legal, consulting, financial, insurance, employee benefits, and other professional services, and analyze how they are evolving as an ecosystem of interdisciplinary service providers. Our research is grounded in over 50 years of accumulated market insights and qualitative research models that combine knowledge of management science with case studies and other sources of knowledge to understand patterns of market supply, demand, behavior, and ways of doing business.*

## IDENTIFY

- The Pacesetter Advisory Council (PAC) convenes in advance of the research project kick-off; members include ALM journalists and editors, and external experts such as consultants, general counsel, and industry thought leaders
- The PAC selects the set of Market Leaders that will be covered in the research topic from a larger group of providers that members have identified in the normal course of their work
- PAC members also provide expert knowledge and insights to the Pacesetter Research team throughout the research and analysis process

## RESEARCH



- The Pacesetter Research Team within ALM conducts primary and secondary research
- Primary research includes in-depth interviews with practice leaders at the provider firms covered in the research; satisfaction interviews with clients referred by those providers; and in-depth interviews with thought leaders, recruiting professionals, and other sources
- Secondary research includes data gathered from annual reports and earnings calls, management presentations, public filings, case studies, press releases, journals and publications, online information databases and other publicly available resources

## ANALYZE

- Law.com Compass Pacesetter Research analysts evaluate and score the Market Leaders against five core criteria
  1. Business model
  2. Value proposition
  3. Service delivery
  4. Client impact
  5. Brand eminence

*See criteria definitions on next page*
- Market Leaders that achieve a Pacesetter Impact Score equal to or over 85 are designated as Pacesetters
- Pacesetter analysts map markets and stakeholders and write market trends
- Market segment overviews are peer reviewed by the appropriate PAC member

Impact Scale:

-  Intense impact
-  Very high impact
-  High impact
-  Moderate impact
-  None

The goal of this research was to identify which professional services providers were having the most impact in a rapidly shifting market environment, and measure precisely what that impact was. Each provider, once identified either through the research or by the Pacesetter Advisor Council (PAC), was evaluated in five client impact categories and within each, five sub-categories (See **Page 47** for category details and definitions.), using a 100-point scale for each sub-category. This means that that maximum unweighted score for each category was 500 points, all of which rolled up to a maximum (unweighted) score of 2,500 points. The scoring framework does allow for targeted weighting of subcategories, though no weighting was used for the *Reputational Risk 2023-2024* report. In order for a provider to be identified as an Innovator – in other words, to be included in this report – they had to score a minimum overall 70%. To achieve Pacesetter status in this report, they had to score a minimum 85%. The Harvey Balls moon graphics represent the following scores:

- 95%-100%: Intense impact
- 85%-94%: Very High impact
- 70%-84%: High impact
- 55%-69%: Moderate impact
- <55%: None

Score Distribution Analysis

Measurement	Scores
Overall Average	83.4%
Overall Median	83.1%
1 <sup>st</sup> Quartile	82.0%
2 <sup>nd</sup> Quartile	83.1%
3 <sup>rd</sup> Quartile	84.2%
Min	80.0%
Max	90.0%

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## About ALM

ALM is the most trusted media, information and intelligence company supporting both the practice of and business of professionals in the legal, insurance, commercial real estate and financial services industries. ALM delivers leading data, intelligence, insights, events and audiences essential for growing businesses globally to over 7 million professionals. Please visit [www.alm.com](http://www.alm.com) for more information, and visit [www.alm.com/events/](http://www.alm.com/events/) to learn about our upcoming events. Please follow us on Twitter at [@ALMGlobal\\_](https://twitter.com/ALMGlobal_).

**30+**  
Publications

**65+**  
Events hosted  
globally

**250+**  
Intelligence reports  
developed

**2.65M**  
website visitors per  
month

**2.85M**  
Newsletter  
subscribers

**1.08M**  
Mobile visitors per  
month

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