



Swiss Re



Why Successful Organisations Build a Leading Reputation

Peter Forstmoser
Chairman, Swiss Re

8 September 2005

“The Market Value of Reputation”
6th International Sustainability Symposium
8/9 September 2005
Swiss Re Centre for Global Dialogue, Rüschtikon

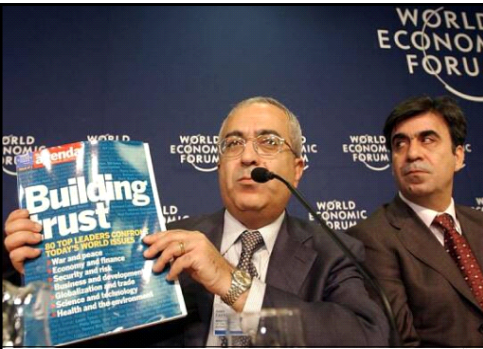
Reputation Symposium
8/9 September 2005
Peter Forstmoser



Losing the Good Name ...

“....but he that filches from me
my good name
robs me of that which not
enriches him
and makes me poor indeed”

Shakespeare, Othello



Swiss Re



Corporate Wrongdoing is Punished Severely and Swiftly ...





Benefits of Good Reputation

- Better penetrate existing markets
- Explore new markets (gaining official approval and future clients' acceptance)
- Tap capital sources (on better conditions, due to respect by analysts, loyalty by shareholders and confidence by investors at large)
- Get the general public's respect



Surveys on Good Reputation (1/2)

- “There is now resounding acknowledgement from senior executives around the world that maintaining and enhancing a strong corporate reputation
 - results in tangible business benefit, and
 - has the power to positively influence the behavior of a range of key stakeholders – particularly customers, investors and employees.”

(see: Hill & Knowlton, Corporate Reputation Watch 2004)



Surveys on Good Reputation (2/2)

- Significant positive correlation between governance and valuation of a company's stock
(University of Basel, 2003)
- Company shares with good governance outperformed those with bad governance by 2.9%
(Deminor, 2003)
- “Best practices” resulted in 9.3% higher profits than “worst practices”
(Harvard Business School, 2002)
- Majority of investors is prepared to pay a share price premium of 12-30% for good governance
(McKinsey, 2002)



Importance of Good Reputation to Swiss Re

Swiss Re's stakeholders

Employees

Clients

Regulators

Shareholders/investors

Financial community

Media

General public

NGOs

Political bodies

- Employees want a respected employer; Swiss Re needs loyal employees
- Our products are difficult to evaluate – client decision built on trust
- Reinsurance is a long-term business (“promise to pay”)
- One-brand company
- Operating globally (tainted reputation in any part of the world will have negative effects for our company worldwide)
- Industry-wide image matters
- Investors pay premiums for good reputation
- Goodwill vis-à-vis regulators, political bodies and NGOs

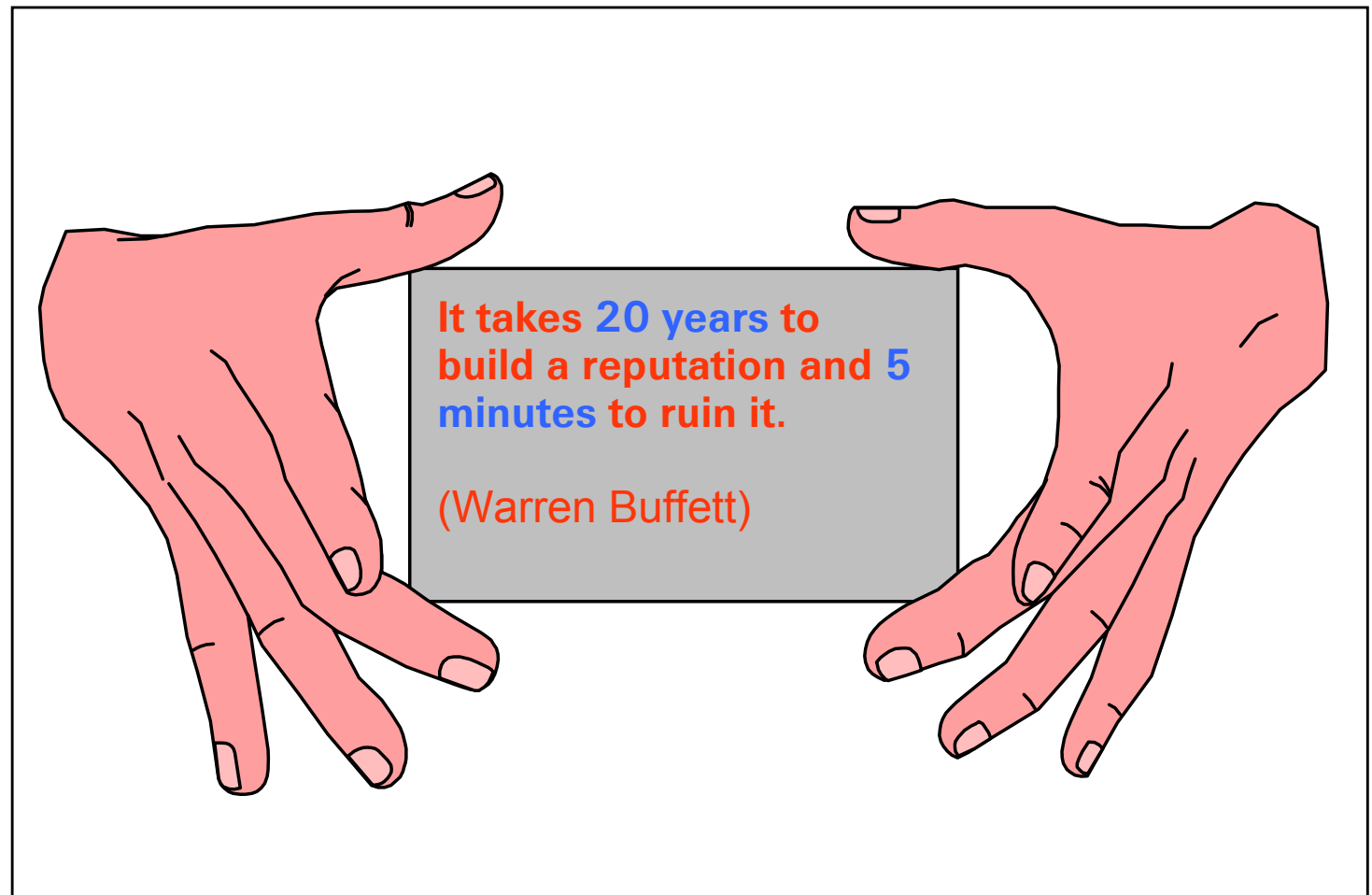


Summary and Conclusion (1/3)

Good reputation pays off – and certainly bad (or lost) reputation hurts.



Summary and Conclusion (2/3)





Summary and Conclusion (3/3)

“To be ethical is profitable; but to be ethical *because* it is profitable is not ethical”
and – it is also *not profitable*
in the long run.

(Institute of Business Ethics, London)



Swiss Re



Why Successful Organisations Build a Leading Reputation

Peter Forstmoser
Chairman, Swiss Re

8 September 2005

“The Market Value of Reputation”
6th International Sustainability Symposium
8/9 September 2005
Swiss Re Centre for Global Dialogue, Rüschtikon

Reputation Symposium
8/9 September 2005
Peter Forstmoser