Changing organizational reputation in management consulting

ABSTRACT

Despite a growth of work on building, managing and rehabilitating organizational reputation, we know relatively little about how organizations can effectively change their reputations. Through studying the case of a global management consulting firm, we show how firms with positive reputations can change their reputations despite resistance from different stakeholders. We find that particular organizational factors comprising of legitimated expertise, relevant celebrity and strong relationships as well as institutional conditions such as the knowledge of clients, competition environment and firm history can enable organizations to change their reputations. A significant contribution of this paper is to show how firms with established reputations can overcome the burden of reputation stickiness through satisfying certain organizational factors and institutional conditions.

Keywords:

Reputation, change, stickiness, organizational factors; institutional conditions, management consulting, qualitative research

INTRODUCTION

Despite a growing research agenda on organizational reputation and particularly on building reputation (Rindova et al., 2005; Lange et al., 2011; Wæraas and Sataøen, 2015; Love et al., forthcoming), there has been little work on how organizations seek to strategically change their reputation, as opposed to changing their reputation in response to a crisis (Zavyalova et al., 2016; Bundy et al., forthcoming). While there is a body of research exploring how organizations are impacted by and respond to reputational crises (Rhee and Haunschild, 2006; Rhee and Valdez, 2009), there has been little research on organizations who are proactively seeking to change their reputations as opposed to reactively responding to a crisis. This is an important oversight given the rapidly changing business landscape and the constant demand for established organizations to offer new products and services to distinguish themselves from their competitors. For example, having previously dominated the mobile phone industry with 50% of the smartphone market share at the end of 2007 and having held a reputation as a highly innovative firm (Vuori and Huy, 2016), Nokia's failed attempts to change its reputation following the introduction of next-generation smartphones, and particularly Apple Inc.'s iPhone in 2007, is just one of countless illustrations of how organizations can fail to change their reputations.

The purpose of this paper is to enhance existing reputation theory to understand how organizations change their reputations. To do this, we undertook exploratory research in a large global management consulting firm examining how it attempted to change its reputation. We were particularly interested in this sector given the difficulty for clients of judging reputation ex ante and ex post (Greenwood et al., 2005). Our theoretical contribution is to provide an explanatory framework that shows how reputation is changed through organizational factors, namely, legitimated expertise, relevant celebrity and strong relationships, and suggest that these create what we term reputational plausibility. We also highlight the salience of institutional conditions for enabling organizations to change their reputations and overcome reputational stickiness.

THEORETICAL BACKGROUND

Defining, building and repairing reputation

The concept of reputation focuses on the evaluation and distinctiveness of a focal organization from others in its peer group (Bitektine, 2011). Reputation refers to the multiple social judgments that internal and external actors make about the actions of the focal organization, and which influence the way that these actors view claims that an organization may project about itself (Chun, 2005; Harvey et al., forthcoming). Ertug and Castellucci (2013) argue that reputation signals the expected future behavior, performance, or quality of actors based on their previously observed behavior, performance, or quality in both economic and sociological accounts. While seen as an asset of the organization, reputation is therefore essentially a socio-cognitive concept based on peer group perceptions (Rindova *et al.*, 2010).

Several studies have investigated the process of reputation building (Deephouse and Carter, 2005; Rindova *et al*., 2005; Rindova *et al*., 2007; Petkova, 2012). This body of work has shown that different reputational assets accumulate through somewhat separate processes but have overlapping antecedents (Lange *et al*., 2011). Organizations which succeed in being known for something often bolster their favorability, particularly when the something is deemed important by stakeholders such as financial performance (Lange *et al*., 2011). Pfarrer *et al*. (2010) found that firms with high rankings by third parties tended to receive smaller stock market penalties when they reported negative earnings surprises than firms with low rankings. Similarly, Rindova *et al*. (2005) found that positive evaluations of quality increase prominence and note the need for more work in impression formation to understand how quality and prominence are shaped. One possibility is that reputation building occurs through a cascade effect, wherein a core group of stakeholders are attracted by the valued outputs of firms, leading to other stakeholders becoming aware of the firm because of its increasing attention (Lange *et al*. (2011: 168-169). Rhee and Haunschild (2006) argue that prominence is not necessarily always positive as they find that established automobile companies who gain a reputation for high quality experience greater market share losses when they run into difficulties. Wade *et al*. (2006) find that well-known organizations can experience the ‘burden of celebrity’ when they face intense scrutiny and Brooks *et al*. (2003)

suggest that building familiarity can breed ambivalence when stakeholders hold positive and negative evaluations of the firm simultaneously. Näslund (2012) found that more visible management consulting firms increase awareness among a broader set of stakeholders, which helps to achieve public reputation and over time this is reinforced through informal networks between consultants and clients, which is what Glückler and Armbrüster refer to as 'networked reputation'.

The reputation literature has also explored how organizations manage reputation threats. When organizations face external threats, this can cause a reevaluation of an organization's identity among its members (Dutton and Dukerich, 1991) and new attempts to impact external perceptions, particularly when there is a significant reputation and identity dissonance (Harvey et al., 2017). In some cases, this leads to reevaluations among members about 'what their organization is really about', as Ravasi and Schultz (2006: 455) found in the context of Bang & Olufsen. Organizational leaders actively seek to impact internal and external perceptions of organizations in the face of reputation and identity threats (Corley and Gioia, 2004). Elsbach and Kramer (1996) show how leaders of business schools deployed cognitive tactics such as focusing on particular dimensions and comparing themselves to other high ranked organizations in response to negative ranking results in *Businessweek* to maintain perceptions among internal and external stakeholders. The responses to such reputation threats depend on whether they challenge the core identity of the organization (Dutton et al., 1994; Gioia et al., 2000). Gioia et al. (2013) raise the important conceptual and empirical concern for the organizational identity literature of whether identity is stable (enduring identity) or changeable (dynamic identity) over time. In contrast to the organizational identity literature which has focused more on identity change and less on identity formation (Gioia et al., 2013), the reputation literature has focused more on reputation formation and less on reputation change.

Changing reputation

The reputation literature which has focused on change has tended to emphasize organizational responses to reputational crises (Rhee and Valdez, 2009), for example through impression management approaches such as PR, advertising, re-branding and leadership changes (Carter and Dukerich, 1998; Rindova and Fombrun, 1999). Rhee and Kim (2012) have referred to this as ‘superficial’ responses in contrast to ‘substantive’ responses which involve large-scale reorganizations to centralize control or asset sales. We agree with these authors that further research is needed to explore how organizations change in response to less prominent but more frequently occurring ‘issues’.

Reputation change is important because it is what Greenwood et al. (2005: 664) refer to as ‘sticky’, meaning it is difficult ‘transferring reputation from one product or service to another’. The authors argue that reputation stickiness is particularly apparent in professional service firms (PSFs) because the actions and recommendations of these providers can have major implications on the financial performance and even the survival of their client organizations. Hence, clients do not accept changes in reputation claims by PSFs uncritically. They also argue that professionals can have concerns about the potential damage of their employer’s as well as their own individual reputations from attempting to change their reputation. Greenwood et al. (2005: 670) argue: ‘As PSFs diversify they must do so in a significant rather than incremental manner because of the risks of image contamination and reputation stickiness’. Reputation is a sticky intangible asset that is hard to change, but can be built through consistent improvement in financial performance, according to Ang and Wight (2009). They argue that because stakeholders closely monitor performance, consistent improvement in performance can be an important strategy for changing reputation, even for firms who have historically performed poorly. Despite the difficulty of changing reputation, Anand et al. (2007) argue that PSFs are under pressure from their clients to innovate and to show that their partners are thought leaders in a field, which arguably incentivizes partners to create new practice areas rather than necessarily consolidate existing areas of expertise. Hence, there is an important tension between the difficulty of changing reputation and the expectation of change within PSFs.

In summary, despite an established literature on how organizations build reputation and respond to threats and crises, there has been less theoretical development around how they change their reputations, particularly in the empirical context of PSFs when it is seemingly encouraged but is difficult to achieve. We present a case study of how a global management consulting firm has sought to change its reputation with varying degrees of success. This leads us to ask the following research question:

> How can organizations effectively change their reputation?

METHODS

Rationale and Context

We employed a single, embedded case study design (Yin, 2009) in which we studied a large global management consulting firm, Bespoke Solutions[1], in order to understand how the firm sought to change its reputation. The firm is wholly owned by its partners who are divided into geographic and market sector based units for the purpose of client work. We studied its core geographic practice, located in Germany and by focusing on the heartland of the firm we sought to sample an exemplary case in which we could build an understanding of the historic development of the firm and its reputation while controlling for the institutional and market environments in which it operates (Kipping and Kirkpatrick, 2013; McKenna, 2006).

[1] We use the pseudonym Bespoke Solutions for the subject organization in order to maintain confidentiality which was a condition of research access.

Bespoke Solutions has operated through a network of offices in this region for nearly fifty years.

Management consulting is an example of a professional service in which reputation plays a central role in client and labour markets (Boussebaa *et al*., 2012; Greenwood *et al*., 2005; Kipping and Clark, 2012; Sturdy and Wright, 2011; Bidwell *et al*., 2014; Harvey et al., 2017). These firms compete on the basis of intangible, customized and complex services for clients by deploying expert knowledge embodied in individuals and in knowledge systems to solve client problems (Morris and Empson, 1998; Werr and Stjernberg, 2003). Reputation is therefore very important for management consulting and other PSFs because it is a signal of quality which can be strengthened, or damaged with serious consequences for firm survival and success (Armbrüster, 2006; Coffee, 2006; Greenwood *et al*., 2005; Von Nordenflycht, 2010). Strong reputations permit firms to charge premium prices (Sherer and Lee 2002; Maister, 1992) and hire high quality professionals (Starbuck, 1992; Hitt *et al*., 2006). Some evidence suggests that PSFs seek to either consolidate their existing reputation and/or transfer their reputation into new services or into different geographies (Greenwood *et al*., 2005; Anand *et al*., 2007).

Data Collection

As our aim was to understand how the firm and its canonical practice (Anand *et al*., 2007) had tried to change its corporate reputation, we wanted to develop a strong sense of the firm's history and expansion since its inception in the 1960s. We focused on interviewing external stakeholders to understand external perceptions of the organization and internal stakeholders to understand what and how the firm was trying to change its reputation. We used a range of data sources, including archival data from within the firm and media reports, as well as semi-structured interviews, focus groups, and informal observations. Some of the written material was in German and some in English. We used archival data to build an understanding of the historical development of reputation and the context in which the firm operated. Semi-structured interviews and focus groups provided the data on the intentions of partners and others as they deployed or tried to change reputation in everyday client work. As Helm (2013) notes, reputational assessments among stakeholders are often aligned but internal and external actors' perceptions may vary (Brown *et al*., 2006) and we therefore sought data from clients and competitors as well as consultants.

Data collection started with a review of internal documents, confidential client, competitor and employee surveys relating to Bespoke Solutions' reputation as well as external documents such as media reports and articles on the firm and the industry more widely. We then interviewed 36 consultants from Bespoke Solutions, 14 clients who were working in senior management positions of other organizations, 11 consultants who were working in competitor organizations and 11 students of elite business schools from whom the firm and its competitors hired a large volume of its consultants. The Bespoke Solutions and competitor consultant interviewees were drawn from different hierarchical levels in the firm, from managing partner to consultant, to obtain a broad range of perceptions of the reputation change activities of Bespoke Solutions. Interviews were typically conducted face-to-face in a conference room, however several interviews were conducted over the telephone when interviewees were working away from their office. The interviews were recorded and transcribed verbatim. Initially the interviews were relatively exploratory covering the development of the firm, how consultants worked with each other and with clients, the services they delivered and how they perceived the reputation of the firm as well as how they made judgments of reputation. Subsequently, interviews became more focused and standardized as we sought to understand the reputational activities of consultants and how these were enacted during client assignments, which formed the core of their work in the national practices.

At the end of the interview process, two focus groups were conducted with different stakeholders such as employees, clients and students. The purpose of these focus groups was to probe key topics that had been highlighted during the course of the fieldwork. The interviews and focus groups took place between May and November of 2010. Finally, three one-day meetings were organized with 24 partners in 2011, 2012 and 2013 from different practice areas enabling us to explore further how the firm managed its reputation as well as to probe and check our emerging understanding of the findings. Clients were present for part of these meetings and engaged in discussion about the reputation of the focal firm and its competitors; how their perceptions of reputation were formed and changed; and how reputation affected relations and buying decisions. We were confident we had reached saturation in data collection after this.

The researchers spent several days in different office locations where interviews had been arranged. This provided the opportunity for informal non-participant observation and for discussion with individuals and teams when they were in the office as well as during evenings when consultants were available to have informal discussions about the firm and its reputational challenges. A fieldwork diary was used to capture some of these informal observations and discussions. Project updates with key gatekeepers provided regular opportunities for two-way feedback.

To ensure trustworthiness in our data we undertook several actions. We sought and obtained prolonged engagement with our subject organization and its practices. We generated data from several sources, including clients and competitors who were informed observers and had extensive interaction with the focal firm. These informants offered an external reliability check on the claims of the consultants and we used them to understand to what extent the firm's reputation had changed. We discussed our findings in a long formal session with the senior officers of Bespoke Solutions who had facilitated our access across the firm. We also summarized our findings in a report and presentation to senior members of the firm and we conducted several informal meetings with small groups of partners and alumni which gave us good confidence in our results (Lincoln and Guba, 1985).

Data Analysis

The data were largely analyzed after the completion of the fieldwork, although the research team engaged in frequent discussions during the interview period about the findings and began to build an initial coding scheme as themes became apparent. The archival data was translated into English and the interviews and focus groups were transcribed and summaries for all non-recorded interviews were created. NVivo8 and 9 were used for data management, coding and analysis. For each interview, a case profile was created containing demographic information about the interviewee. The responses from internal respondents were stratified into senior (e.g. Partners and Principals), middle (e.g. Senior Consultants and Project Managers) and junior (e.g. Consultants and Internees) employees. From archival and interview data we identified first-order, second-order and third-order themes for this paper (see Table 1). This process involved a combination of inductive and deductive coding. We engaged in frequent discussions about the emerging codes as the process of data analysis took place.

Our data show from the late 1980s to the early 2000s, Bespoke Solutions attempted to build its reputation as a management consulting firm with strong restructuring capabilities, which was legitimated by large-scale change projects. From the early 2000s to 2013, Bespoke Solutions deliberately adopted a different strategy where it attempted to change its reputation into a strategy consulting firm and during this stage there was an emphasis on strategy projects and entrepreneurialism. Our coding explored in greater detail the particular characteristics during the firm's early stages, including successful interactions, substantive expertise and high profile work with prestigious clients. Since the early 2000s, our coding indicated the importance of endorsements and building new relationships, but there was significant scepticism and challenges from different stakeholders around these claims. This led to an additional level of coding with certain organizational factors such as legitimated expertise, relevant celebrity and strong relationships as well as institutional conditions such as the knowledge of clients, competition environment and firm history acting as important explanatory factors for the success of building a restructuring reputation from the late 1980s to the early 2000s, but the partial failure of changing its reputation since the early 2000s to the end of our fieldwork in 2013.

Insert Table 1 about here

FINDINGS

Firm context

Bespoke Solutions was established in the late 1960s and worked for manufacturing companies, gradually establishing a reputation locally for strong operational and restructuring capabilities, particularly during the period from the late 1980s to the early 2000s. While some of the well-known strategy and general consulting firms had offices in Germany, the field of management consulting was not as mature, nor as dominated by well-established actors, as in the Anglo-American context (Kipping and Engwall, 2002; Sahlin-Andersson and Engwall, 2002; Armbrüster, 2006). Many of Bespoke Solutions' clients were 'mittelstand' who offered short-term, problem solving engagements with a relatively small value compared to the longer, large-scale and highly profitable engagements offered by multinationals. One consequence was that Bespoke Solutions had to establish expertise in manufacturing processes and needed to be closely networked to a relatively large number of enterprises in the core producing regions to survive. The nature of the engagements also meant Bespoke Solutions had to re-sell its services relatively frequently. To facilitate this, partners had strong selling incentives and were encouraged to act ‘entrepreneurially’, that is to pursue work opportunistically and without regard for a well-defined corporate strategy. It was run by the founder CEO who held the majority shareholding and built up several close contacts in government and business but was also involved in consulting activities. He established a distinctive position among German political and economic elites through his connections and the gradual growth in prominence of the firm was closely linked to his own influential position. Often described as Germany’s most prominent management consultant, his firm’s reputation flourished around this personal celebrity (Handelblatt, 2012).

> “So, given that [CEO] himself is very present in the media here in Germany, I even thought, had the impression that it [Bespoke Solutions] was better known than the others” (Human Resources Manager).

An important turning point in terms of the firm’s fortunes and reputation occurred when the firm was awarded several major celebrity consulting projects in the late 1980s and early 1990s, which were considered of key economic importance to Germany. The founder’s business and political connections were crucial to being able to tender and win these contracts. Some of these related to the re-structuring of state-owned enterprises in the former German Democratic Republic after reunification in the 1990s and were particularly well-publicized, receiving extensive media attention and Bespoke Solutions started to become a household name for its role in restructuring the public sector (FAZ, 1990; Financial Times, 1991).

Bespoke Solutions also built on its reputation for restructuring work by emphasizing its capabilities to deliver tangible results via close working relationships with its clients.

> "[Bespoke Solutions] is much more into implementing projects, being a coach and a partner for the client and helping the client." (Client)

The latter quote reflects a deliberate style of engagement (described by many consultants as their 'down to earth' approach) that Bespoke Solutions' partners believed was distinctive. They built teams comprising consultants and the client's own employees to develop and implement projects. The result was that Bespoke Solutions became deeply embedded in the client firm and created what Bespoke Solutions' consultants described as a deep 'partnership' model of consulting. This model was meant to differentiate it from competitors and to emphasize a capability in strategy implementation. The partnership model was also reinforced through internal branding to employees within the company where the value statement language highlighted 'going the extra mile' in pursuit of 'excellence' for its clients.

Changing reputation from restructuring to strategy

In the early 2000s, Bespoke Solutions tried to change its reputation to position itself as a strategy consulting firm. The context for this were changes to the field of management consulting triggered by the entry or expansion in Germany of powerful elite competitors in the strategic consulting space. These firms exploited their existing reputations and connections among multinational corporate and banking clients to re-shape the consulting field and cement central positions within it (Faust, 2002). Parallel developments triggered the entry of international law firms disrupting other professional fields (Smets et al., 2012). Bespoke Solutions' previous legitimacy as a central actor in German consulting was therefore threatened: its partners believed that much of its work and capabilities matched these competitors but because it was not *perceived* as a strategy firm, it was denied access to these opportunities.

Insert Table 2 about here

This triggered a phase of reputation change in which the firm tried to transition its reputation into 'pure strategy', an area that many management consulting firms try to occupy for financial and prestige reasons (The Economist, 2013: 80). Key to this was the emphasis that partners placed on its 'thought leadership' deriving from and embedded within its sector-based organizational structure. In the view of Bespoke Solutions' consultants, the sector structure facilitated a prolonged development of narrow but deep silos of expertise that put it at an advantage relative to its competitors. A special team spearheaded its drive to win more competitive and challenging strategy projects and to move away from 'normal' and 'easy implementation' projects. Mimicking the strategy consulting firms, it launched an in-house journal in 2004 that aimed to emphasise its expertise in strategy plus implementation to distinguish itself from its larger, Anglo-American competitors, with which it was increasingly competing for work on large projects.

> "We gained a reputation for thought leadership, which wasn't there before. […] Thanks to a lot of work of Marketing especially in publications […] content, really influenced our image" (Principal).

It also introduced a research and training school to promote its internal publications as well as provide what it considered innovative teaching across its global network. This initiative aimed to highlight its thought leadership as well as train its next generation of employees to disseminate its knowledge base to existing and potential clients. In addition, it pursued a strategy of becoming better known beyond its specific client base for particular strategic issues, such as environmental concerns and governance, that were seen to be particularly relevant in a European context, again to emphasise its distinctiveness from larger, American competitors. It also developed and sharpened certain feedback mechanisms designed to ensure its engagements were well-received.

However, it appears that Bespoke Solutions' existing reputation for restructuring made it difficult to change its reputation into strategy consulting. Partners candidly admitted the limited success of this reputational shift among their clients and potential clients, many of whom had become more experienced buyers and had a greater awareness of the other market offerings as well as an understanding of Bespoke Solutions' history of restructuring work. As a result, clients remained sceptical about Bespoke Solutions' claims to be in the same league as other competitors who were less present in the late 1980s, which challenged the firm's status as the 'go-to' strategy consulting firm (see Table 2 and Anand *et al.*, 2007). Partners in other offices also acknowledged the persistence of the reputation for restructuring in Germany and suggested that this restricted its capacity subsequently to claim to be a strategy firm:

> "My view on the Germany market is that [Bespoke Solutions] is [still] very well-known for the restructuring business" (Principal, France office).

Bespoke Solutions tried to change its reputation to position itself as a strategy consulting firm by emphasizing in its marketing and its pitches that it was distinctive because it combined strategic analysis and 'execution skills', thereby blending its existing reputational claims with new aspirations.

> "We have a slogan that's called, or we used to have it, "Strategies that work", "Creative strategies that work" and I think this is exactly the point I want to state, that it's not only about developing strategies that are the best strategies, but also strategies that are the best strategies for this client in this situation" (Senior Consultant).

The firm pursued the reputation change by tendering for strategy consulting projects. Each project won would provide an opportunity to enhance its expertise in strategy consulting and to derive legitimacy with clients from successful projects. 'Over-delivery' was used as a reputation device to compensate for the lack of prominence in the strategy consulting domain.

> "Sometimes we over-deliver because people don't really know us [as a strategy specialist] and we're trying to provide the best" (Principal).

Key to promoting Bespoke Solutions' reputation as a strategy consulting firm was the public promotion of expertise claims through the 'thought leadership' strategy outlined above.

However, Bespoke Solutions' attempt to shift into the strategy consulting space had only qualified success. While clients said that Bespoke Solutions is widely admired for its strategy implementation work, the firm's track record (defined here as being perceived today according to its past activities) meant they did not think it had a reputation as a strategy consulting firm. Competitors thought likewise:

> "[Bespoke Solutions], in my impression, is focusing on restructuring and, for me, does not have such a good [strategy] reputation. […]. For me, it's kind of the stuck in the middle company and, in general, has a reputation that they are trying to catch up with the [large international strategy consultants] but they don't really make it."

Indeed, it appears that Bespoke Solutions' reputation for restructuring, cost-cutting and implementation made it more difficult to establish a reputation for strategy consulting. Central actors in the consulting field, that is well-connected and sophisticated multinational clients with extensive experience of using different types of consulting and powerful competitors with established reputations challenged Bespoke Solutions' assertions to be a pure strategy firm. At the focus group meeting in 2012 a client candidly stated:

> "Sure, you know a lot, as much as anyone, about my industry, but you don't have a distinctive strategy approach. That's not where you're at. I won't engage you for that sort of work."

The firm did not have the relevant strong relationships deeply embedded inside target clients to win the sort of business against powerful competitors that would provide a platform for making its expertise claims credible. It recruited several partners from competitor firms to bolster its expertise but did not gain access to enough high-profile tenders and projects through which it could stake its reputational claims to wider client audiences. The lack of strategy projects inhibited its ability to changes its reputation. The ability to use the founder's personal celebrity was also more limited when trying to change the firm's reputation. Indeed, some in the firm felt that the founder's longstanding celebrity status associated with the firm's restructuring legacy had now become a drag on its ability to re-position itself as his name was associated closely with previous projects and elites that were no longer so dominant in the broader German economic field.

DISCUSSION

Theorizing reputation change

The data from this research sheds light on how firms with established reputations can overcome the burden of reputation stickiness through satisfying certain organizational factors and institutional conditions. We argue that particular organizational factors comprising of legitimated expertise, relevant celebrity and strong relationships as well as institutional conditions such as the knowledge of clients, competition environment and firm history can enable organizations to change their reputations.

Prior to the firm's attempt to change its reputation, consulting was largely a relatively undifferentiated national field (Scott 1995) although transnational networks and arenas were starting to develop in the 1990s (Faust 2002); numerous consulting firms interacted regularly in dense networks with clients in short transactions in which the deployment of technical expertise was the norm, largely derived from engineering. 'Traditionalist' mittelstand management models prevailed in many arenas rather than Anglo-American business models (Streeck and Crouch, 1997). The emergence of the state as an important actor driving organizational change via privatization, and a powerful client, reinforced Bespoke Solutions' central position via the close connections of the founder and then the firm more widely. Bespoke Solutions emerged as a distinctive actor with strong socio-political legitimacy (Suchman 1995) in terms of its novel organizational restructuring expertise, focusing around organizational change and strategic implementation, which underpinned the privatization project. This case has important resonance for other contexts in terms of the impact of market competition, knowledgeable clients, the political environment and powerful leaders.

Contestation from other actors in seeking to occupy an international field with substantial status and resource barriers can impinge on a firm's ability to change its reputation (Greenwood and Hinings 1996; Lounsbury and Glynn 2001). Powerful incumbents resist as firms seek to move from a relatively peripheral position to a more central one. Bespoke Solutions faced powerful actors, both in the form of 'pure' strategy firms protecting their existing central positions and other, very large consulting firms with substantial resources seeking access to the strategy consulting field by buying specialist strategy firms. It fell into the trap of changing in an 'incremental' rather than a 'significant' manner through adopting a hybrid approach of strategy implementation which coupled reputation claims of strategy with restructuring. This sent a confused message and raised questions around the legitimacy of its reputation claims (Greenwood et al., 2005: 670). It had neither the connections with relevant actors (networked reputation as Glückler and Armbrüster (2003) term it) nor the credibility in terms of a track record to make plausible expertise claims through which it could challenge the field composition. Without the reputation to acquire prestigious strategy projects Bespoke Solutions was locked into a closed loop which limited its ability to learn and therefore build new knowledge competencies (Werr and Stjernberg, 2003). This is theoretically important because a confused message combined with strong competition restricts the ability of organizations to change their reputation even when they adapt their knowledge base and expertise claims because internal and external stakeholders become more sceptical of new reputational claims, particularly in saturated and highly contestable markets.

The firm failed in one of its core geographic markets[2] to combine plausible expertise claims and high profile relationships via celebrity-based actors and activities. In effect, Bespoke Solutions suffered from reputation stickiness, which was not only a story about its inability to transfer from one form of reputation to another (Greenwood et al., 2005), but also about being the victim of prior success, namely building a reputation for something which inhibits the ability to change reputation into something else. While Bespoke Solutions sustained strong credibility among its clients and competitors in the broad field of restructuring, it could not do the same for strategy projects or demonstrate quality in this domain by winning the sort of celebrity projects to support its expertise claims. Nor could the firm's strategy of

[2] We do not stipulate this geographic market to protect the firm's identity.

building goodwill and capturing clients via over-delivery compensate for the fragility of its expertise claims. This has significant implications for the literature on reputation change because history and path dependency clearly impinge on the ability of organizations to move away from any existing reputation, causing reputational stickiness. Our results reinforce the risk of diversification even in contexts where organizations have successfully built a reputation for something because PSFs need to demonstrate to clients that they have legitimate expertise in any new area (Greenwood et al., 2005). Our research also questions the empirical reach of Deephouse and Carter's (2005) argument because we find that organizations with strong reputations cannot necessarily shift their reputation in competitive markets. In fact, building a positive reputation can potentially hinder the process of changing that reputation. What is particularly apparent is that reputation change in global organizations is not uniform across different regions because although the organizational strategy for change may be the same, the overarching organizational factors and institutional conditions which enable reputation change are not. In the context of Bespoke Solutions, for example, the firm had multiple and competing reputations in different geographic regions, which is a common challenge of global organizations seeking relevance in local markets as has been well-documented in HSBC's slogan as 'the world's local bank' (Koller, 2007).

We find that the firm could sustain multiple and competing reputations for different qualities across different geographic markets. The varying success of Bespoke Solutions in different geographic locations to change its reputation, which was a global initiative, provides important evidence for how organizations can effectively change their reputations. We argue that specific organizational factors, namely legitimated expertise, relevant celebrity and strong relationships, and institutional conditions, namely the knowledge of clients, competition environment and firm history can enable organizations to change their reputations. This is theoretically important because we provide valuable insight into how organizations can overcome reputation stickiness and change their reputations.

CONCLUSIONS AND IMPLICATIONS

This paper has sought to understand how organizations effectively change their reputations. We illustrate the underlying organizational factors and institutional conditions that enable organizations to change their reputations. Consistent with the literature on the 'burden of celebrity' (Fombrun, 1996; Wade *et al.*, 2006) we find that the role of a celebrity can be perceived both positively when individual reputation aligns with the firm's reputation, and negatively when individual reputation misaligns with the firm's reputation for changing the reputation of a firm. However, a celebrity status per se is not enough to change reputation and can act as an unwanted distraction that stakeholders focus on at the expense of the firm's intended reputation. Further work is needed on the role and limits of CEOs and founders as well as other key rainmakers such as celebrity partners for changing a firm's reputation.

We also argue that institutional conditions impact upon the viability of reputational formation and shifts. Reputation building of the firm occurred at a particular historical context. However, institutional conditions impacted upon the firm's ability to change its reputation. Armbrüster (2006) has argued that network reputation, a form of reputation that sits between personal experience and generalized knowledge is central to competitive advantage for consulting firms. An important implication from this case is that an existing reputation (positive or negative) can inhibit reputation change because of stickiness when clients form judgments based on a firm's prior reputation as opposed to what organizations perceive as their existing reputation (what Brown et al. (2006) refer to as construed image). Our research extends beyond the contributions of Greenwood et al. (2005) on accountancy firms because even though stickiness exists, there is a clear internal pressure for management consulting firms and their partners to diversify, particularly in prestigious areas such as strategy, despite clear resistance externally to accept such change as legitimate. Reputation change is fraught with risk because clients and employees question any new reputation claims which are not adequately legitimized. This is even more problematic when a global firm has built a strong reputation in a particular domain because different stakeholders in multiple geographic regions struggle to make sense of the dissonance between its prior and its claimed reputation.

Current theorizing in reputation generally offers little insight into organizational factors and institutional conditions which facilitate or inhibit processes of reputation change. Further research could productively consider the overlapping role and impact of organizations, multiple stakeholders and their institutional contexts for changing reputation in a variety of contexts. For instance, the context of institutional complexity (Greenwood *et al*., 2011) wherein organizations must draw from multiple institutional logics (Jay, 2013: 137) via hybrid structures and practices (Pache and Santos, 2013) as well as many clients becoming increasingly knowledgeable buyers of consulting services, raises important questions around how PSFs change their reputations as well as how employees, clients and other salient stakeholders perceive these initiatives.

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Table 1: Coding Scheme

First-Order Codes	Second-Order Codes	Third-Order Codes
1980s – early 2000s		
Reputation for:	Reputation Interactions	Building reputation
Restructuring	Substance of expertise	Organizational factors
Large scale change	Style of engagement	Legitimated expertise
Pragmatism	Prestigious work	Relevant celebrity
Down-to-earth	High status clients	Strong relationships
High profile CEO		
Prestigious client		Institutional conditions
Well-known projects		Field of consulting
Tangible results		Market for clients and competitors
Close client relationships		History and path dependency
Early 2000s – 2013		
Reputation for:		Changing reputation
Strong claims	Reputation endorsement	Organizational factors
Entrepreneurialism	Building new relationships	Legitimated expertise
Sector specialism	Reputation stickiness	
European focused	Scepticism around reputation claims	Relevant celebrity
Strategy implementation		Strong relationships
Challenges:		Institutional conditions
Lack relevant experience	Limited ability to change reputation	Field of international consulting
Few high profile tenders	Celebrity less relevant	
Less celebrity projects	Claimed reputation not proven	Market for clients and competitors
		History and path dependency

Table 2: Reputation Building and Change

Time period	Factors	Quotations
1980s – early 2000s: Reputation Building	**Proven expertise**	They still have the reputation of being rather focused on the actual results in the end, and to my perspective, this can also be seen in the people working for the firm, that means they rather look for personalities which can pursue their goals in tough situations (Competitor). "We have a good reputation concerning our consultants – down-to-earth, friendly guys, not arrogant. We have certainly a less strategic footprint than many – or some of our competitors, which is not bad – you have to differentiate yourself, can't be all running into the same direction" (Principal).
	Celebrity founder	The quality of the brand so far is behind the name, the brand name [Mr Smith], there is a person and you can touch this person, and this is, I think, even on an international level, it's very important that the owner is still in touch with the company, even if he is not the CEO anymore, and that he stands for high quality and he has a good reputation in the media and so on (Partner). So, given that [Bespoke Solutions' founder] himself is very present in the media here in Germany, I even had the impression that [Bespoke Solutions] was…better known than [other international strategy consultants] (Manager).
	Strong client relationships	I'm positively fond of my former organisation, so whenever I see a chance for them to gain contact or access to an organisation and maybe win a project, I'm happy to give that contact, and I've done so in the recent years, and I think it's a very important factor (Alumnus). What I liked so much about the [Bespoke Solutions] approach was that it carried from [contract] to implementation, and we really stayed in the [client] company to make sure that the things [that we contracted] happened there (Alumnus – now with competitor firm). [CEO] himself has been quite adept at actually establishing a network of contacts with politicians in Germany. He and his company are advising various branches of the federal state – for example the Federal Labour Office – and that's publicly known, and also a very strong network of contacts in German industry (Competitor). We have a special client satisfaction tool – it's called [advantage client] – and when we see it over the time, we gain much more reputation in the quality of our work. [...] From my point of view, much more important is the personal impression you leave with the client: on one side, your personal network, or on the other side, during a pitch, how you present you and your team to the client (Partner).

Early 2000s – 2013: Reputation Change	**Little proven expertise and attempts to remediate this**	We do not see them at all during pitches and they're not invited into pitches there, because they do not have the size and the reputation. (Competitor) For [Bespoke Solutions] of course I know this company very well. […] The strength is that the company is very much results-driven, goal-oriented, and also I think they have a very good combination of some, you know, strategic thinking with their detail and also hands-on customer situation. […] But the weakness would probably be I think that, in terms of the strategic level, and also professional level, I think that [Bespoke Solutions] is still lower than, you know, some other international brands (Client). So now there are certain issues the company will really focus on, which are pushed, from the CEO down, which is also a good point – you have to kind of have a footprint in certain issues. We were for instance the first to publish large scale studies on green whatever in Germany, which brought us a lot of projects and a lot of press coverage, so people are turning to us, the press is turning to us for interviews and so on so reputation really got better (Principal). Some new marketing tools like our [anonymised] magazine which is sent out to the CEOs of the most important companies here in Germany and also, on the international level, in some other languages – in English, Russian, Chinese, and so on. This is part of the improvement of our reputation, especially regarding our [thought] leadership (Partner).
	Lack relevant client relationships	I think [Bespoke Solutions'] reputation is for hands-on issues, which can be interpreted both positive and negative, yeah. I think there are CEOs who say, okay, on this topic, I need, let's say, a real strategy consultant, so they will go with [two large international strategy houses] [Italics added]. (Partner).
	Lacked relevant celebrity	So I'd say that with some companies, we have difficulties being listed as a consultancy company because we are strategy consultancy, but some people believe that there is only two or three strategy consultancy companies in the world, which are [large international strategy consultants]. We did some projects [for these companies] which are not only strategy, so we are not getting listed to the strategy company. So this is a big issue. So we suffer from our reputation, definitely" (Principal). Well, we're definitely not the ones renowned for strategic work, at least the image is such, so that's definitely a point for improvement (Partner).