

The cash/reputational trade-off

Major companies spend small fortunes to nurture their image, but at some point the cash can become more important to them than the reputation. One of the biggest criticisms of BP in the Gulf of Mexico is that it is putting profit above providing accurate information and dealing with damage claims.

In the Czech context, Zdeněk Bakala of RPG had to try to squeeze out ČSSD politically during the election season after making an enemy of the party regarding the non-sale of the old OKD apartments to tenants. ArcelorMittal Ostrava has apparently established Kč 1bn as the value of its reputation in its dispute with minority shareholders, who are demanding Kč 7,000 per share instead of Kč 4,000 to go away quietly. Because the steel company releases only the bare minimum of information, the public tends to believe the "[greenmailers](#)." Contrast these cases with PPF, which decided in 2005 to pay a 40% premium to the market price in its Kč 21,288 squeeze-out at Česká pojišťovna. Its reputation has risen since then by about 40%.



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