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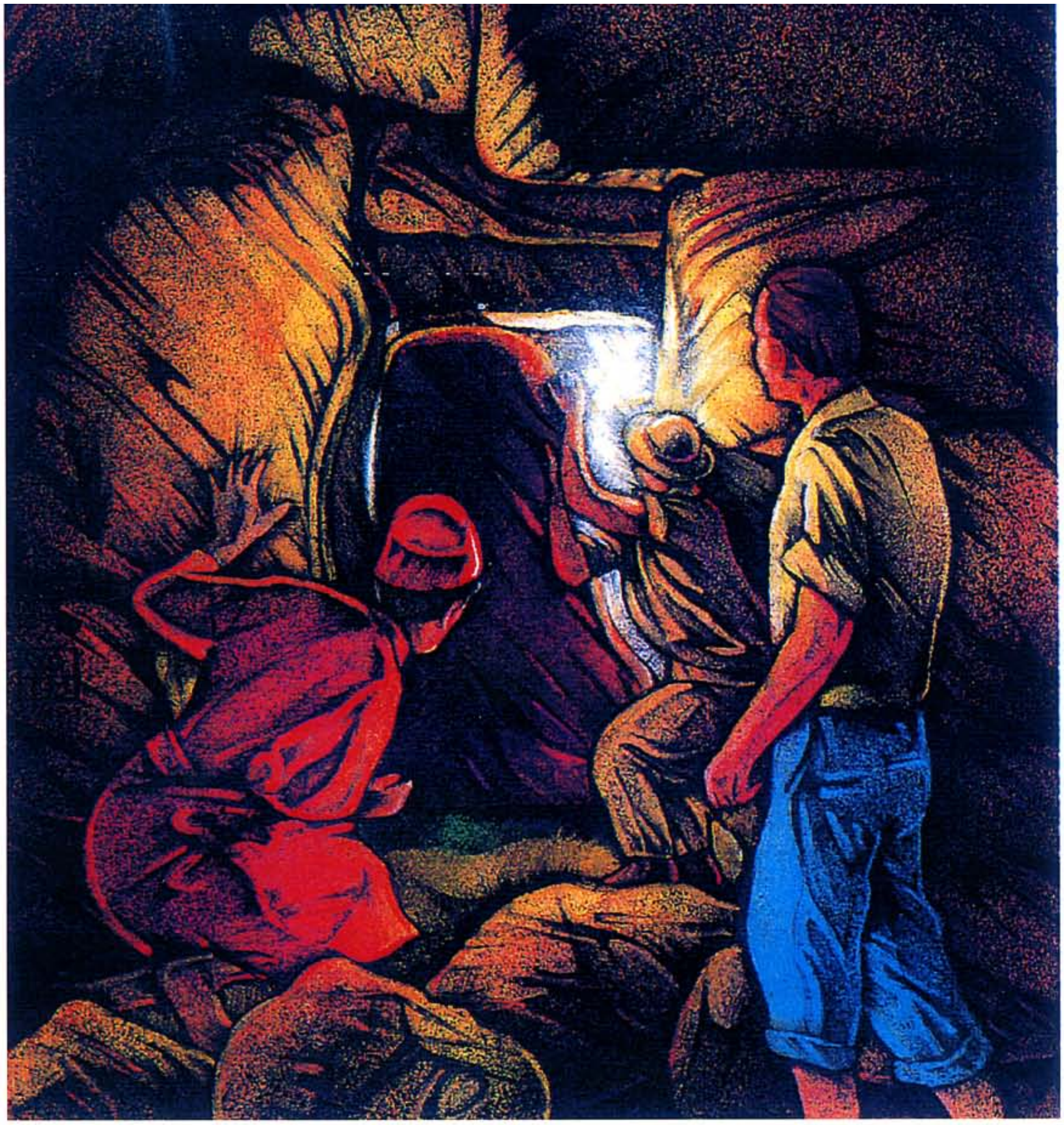
Secrets of the Corporate Brand

Synopsis:

For too long, brand has been equated with advertising taglines, names and logos. When developed and lived on the timeless strength of a company's core identity, however, "brand" reveals its true power — not only as a foundation for communications, but as the center of gravity for unearthing and capturing the organization's true value creating potential.



Secrets of the Corporate Brand

By Larry Ackerman

Why do companies fall short of exploiting their hidden potential?

In the fall of 1988, *Forbes* ran an article titled "A Brand Is Like a Friend." The piece focused on General Motors and the company's need to pay attention to brand equity, not just products and pricing. In an attempt to shake the place up, top management ordered GM's divisions to "search their history and rediscover what they stood for—their brand equity." What makes Chevrolet *Chevrolet*? What makes Buick *Buick*? These were the urgent questions.

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Since then, there has been a steady groundswell of interest in what has become known as the "corporate brand." In the early 1990s, New York-based ad agency FCB Lieber/Katz began talking about the maker's mark (the name of the corporation behind the product). It made the case that the parent company's identity conferred value on the product that translated into greater consumer comfort and, by extension, likelihood to buy.

In this same period, the idea of brand valuation was starting to come into its own; if brands are so important, what is their real economic worth? Firms such as Interbrand and Research International, and even major accountancies such as Coopers & Lybrand, began seeking methods for valuing brands.

Today, there is broad recognition that the winning companies are those who know how to manage their corporate brands, among them Intel, Lever, American Express, Coca-Cola, Kodak, Avery-Dennison, and IBM. The list is long and contains just as many lesser-known, business-to-business concerns as consumer companies. When it comes to its impact on business success, the corporate brand knows no bounds.

The corporate brand is a description of *who* the company is, spelled out in a single, integrating idea or concept.

Discussions about the corporate brand have become commonplace. What are the risks and rewards of "super-branding" Sensor with Gillette? How aggressively should the Maytag name be used as a service brand for Jenn-Air, Magic Chef, and Admiral—as well as for Maytag?

What is puzzling, however, is that when companies think about their corporate brand, they typically associate it with a relatively narrow set of actions. The first is brand communications, most often summarized in the form of a slogan or tagline crafted to tell a compelling story about the company. AT&T's "the right choice" and GE's "We bring good things to life" are well-known examples. The second is the act of corporate *branding*: how the name is promoted through design, advertising, and other forms of marketing communications. While important, these actions fall short of exploiting the business potential hidden within the corporate brand.

In his classic 1975 *Harvard Business Review* article "Marketing Myopia," Theodore Levitt highlighted the profound distinction between selling and marketing, and the implications of knowing the difference. Understanding "what business you're in" (e.g., the railroad business vs. the transportation business) has become an accepted caution for every smart company. In similar fashion today, narrow views of the corporate brand are causing companies to pay too much attention to "the tip of the iceberg," as compared to the rich opportunities—the secrets of the corporate brand—that lie just below the surface.

A Window on Value Creation

More than the name of the company, or a description of its business, the corporate brand is a synonym for the unique persona of the organization. It is a description of *who* the company is, spelled out in a single, integrating idea or concept.

General Electric provides a useful example. The company's annual report refers to "newness" and "innovation" through quality—service, information, and savings. In the final analysis, the GE brand promises something akin to "continual, trustworthy change." What doesn't define the brand are the company's aircraft engines, appliances, financial services, lighting, medical systems, or other lines of business. These operations serve as "bridges of distribution," connecting the corporate brand to appropriate customers. From a communications standpoint, however, "continual, trustworthy change" doesn't have the same ring as "bringing good things to life."

One of the service industry's most successful businesses is ServiceMaster, the parent company of such service brands as TruGreen-ChemLawn, Terminix, Furniture Medic, and Merry Maids. ServiceMaster's *corporate* brand, however, is implied in its longstanding mission: *to honor God in all we do; to help people develop; to pursue excellence; to grow profitably.* The day-to-day take-away from this striking statement is that serving others is a worthy product in its own right. ServiceMaster's corporate brand implies a management process that begins with recruiting and extends into training, reward systems, and employee-recognition initiatives.

As the cases of GE and ServiceMaster make clear, one of the features of the corporate brand is that it provides a window on how the corporation as a whole creates value—the special, or proprietary, contribution the company is capable of making in the marketplace. In doing so, the corporate brand differs from a product brand in a fundamental way: It is defined as much by the culture of the company—its people—as by anything else. Most product brands—in particular, consumer packaged goods (Tide, Marlboro, Huggies, etc.)—can be imbued with feelings and human imagery, but in the end they remain inanimate objects. When defining the corporate brand, then, it is as important to look inside, at your culture and competencies, as it is to know what your customers think.

The Humanizing Effect of the Corporate Brand

The corporate brand humanizes business strategy. It does this by stating a promise, or value proposition, that is instantly understandable and can be acted upon by everyone, whether it's the CEO, head of manufacturing, customer-service representative, or assembly-line worker. Everyone at GE understands that they have a role in delivering on the promise of "continual, trustworthy change." The employees of ServiceMaster know how they contribute to realizing the broader objective of "serving others." The corporate brand turns business strategy into a people-to-people experience.

The notion of "humanizing" can be taken a step further. I have found that insightful brand definition can reveal the true identity of the organization as though it were an individual in its own right. Why is this important? Because understanding the corporation in this way highlights its need to manage its relationships with customers directly, not just the customer's relationships with the products and services the corporation provides.

The Brand Is the Mission

Because it concentrates people's thinking and actions around value creation, managing through the corporate brand helps companies learn what is really important to the business. In the blink of an eye, everything that doesn't contribute to creating value as prescribed by the corporate brand becomes extraneous and often expendable. Viewing the business through the lens of the corporate brand also shines a light on how things fit. As a result, it often holds the seeds of a meaningful corporate mission. For example, a $12 billion multinational company with commercial, government, and consumer operations decided to trim certain businesses—among them a publishing concern—once it understood that the corporate brand stood for making life "easier, faster, and safer."

In the mid-1980s, Beatrice Foods demonstrated the same point in dramatically different fashion. Management's vision at the time included "branding" all lines of business with the Beatrice name—Tropicana orange juice, Stiffel lamps, Samsonite luggage. But Beatrice hadn't defined what the corporate brand stood for; it was attempting to be all things to all people. In the end, Beatrice's vision was flawed, and the strategy failed.

Sulzermedica, a Swiss cardiovascular and orthopedics manufacturer I worked with recently, was wrestling with the meaning of its corporate brand. One of the recurring questions was whether to stay in both businesses: cardio and ortho products. Through careful analysis, the company came to see that the value it created for patients as one enterprise was greater than the value each line of business created on its own. Sulzermedica's value proposition revolved around four main benefits—activity, longevity, strength, and mobility—vital and interdependent aspects of human life. By successfully cracking the code on its corporate brand, the company's mission became nearly self-evident: to enhance life functions.

The corporate brand forces us to ask: *How* are we going to bring the brand to life? What new ways of thinking and behaving are implied by our corporate brand?

Drawing the mission from the corporate brand helps speed the translation of "the big idea" into day-to-day behaviors. A few years ago, Maytag Corp. went through a careful review of its corporate brand. The enterprise consists not only of Maytag but also of other leading appliance brands, including Jenn-Air, Magic Chef, Admiral, and Hoover. The prevailing belief was that Maytag, the corporation, was essentially an appliance-manufacturing conglomerate. Our evaluation revealed, however, that Maytag was a home-management enterprise, and that its corporate mission, taking into account all of its various appliance operations, was *to improve the quality of home life*.

One of the first steps we took was to consider what it meant to be in the home-management business vs. simply the appliance business. In the course of a three-hour focus group with managers from all divisions, a number of ideas came to light that began to make Maytag's mission concrete. People spoke of "customized convenience" in the form of time saved, ease of use, and assemble-your-own appliances. They suggested appliance-wellness initiatives (service relationships) based on appliance tune-ups and "install and educate" programs. Home-management audits were proposed that would respond to changing family composition (age, number of people, nationalities, languages), lifestyles, and income.

Organizing Around the Brand

Just as the corporate brand can spawn a highly focused mission, it also can help to organize the enterprise to accomplish that mission—if not structurally, then in terms of priorities and actions. It does so by fusing economics and reputation around value creation and recognition. For example, Gillette's exceptional image and operating income both revolve around the power of its corporate brand. Running at full tilt, the corporate brand becomes a magnet for marshaling a company's human, financial, and intellectual capital. In concrete terms, it can drive budget allocation and spark a variety of changes companywide. In preparing for its independence from Anheuser-Busch in 1996, the Earthgrains Co., a leading baked-goods concern, repositioned itself around the concept of "being a natural part of life's experience."

This more-expansive view of the corporate brand—management wanted to engage consumers in more-active ways—led to a broad range of initiatives, such as aggressive nutritional education, cross-marketing, new specialty product lines, licensing agreements with other companies, and redesigned performance evaluations and incentives.

Building the "Brand Community"

The more the brand is employed as a center of gravity for business planning and operations, the more valuable it becomes to *everyone*—to the company as an asset, to its customers as a vital extension of themselves and to its investors as a promise of future earnings. Not surprisingly, this knowledge leads managers quickly back to brand valuation as a means of putting a "number" on the corporate brand.

One of the first companies to officially value its corporate brand was Ranks Hovis McDougall, a British foods and bakeries company. In the wake of an aborted takeover attempt in 1988, the company set a value of more than $1.1 billion (in 1997 dollars) on more than 50 brands. Its valuation was based on current cost rather than market value. More recently, in July 1996, *Financial World*, in a ranking of numerous brands, announced, for example, that the Coca-Cola brand was worth more than $43 billion and Gillette's over $10 billion.

An often unasked, but natural, question: Who owns the corporate brand? It's fair to say that the company owns it as a balance-sheet item, as well as rights to the name, logo, and slogan. But beyond that? Does the CEO own the corporate brand? Advertising? Marketing? Communications? The corporate brand defies being put into a functional box. The strength of the brand derives from the contributions of the entire organization. Building and operationalizing the brand means that everyone must be involved.

That said, I have come to see that *communal ownership* is the only reasonable answer to the question of who owns the corporate brand. This "community" exists on two levels. The first, as I said, is internal and encompasses employees in all divisions or functions.

Figuratively speaking, managers must come to see that it is the corporate brand that in fact "manages" the enterprise, for its influence is unbounded. The job of employees therefore isn't to conceive, create, and sell new products and services on the strength of the latest research results. It is to constantly reinterpret how the corporate brand is brought to market in light of major socioeconomic trends that affect its meaning at a given point in time.

The second community engages outside stakeholders as well—specifically, customers and investors. The community works as follows: Employees as a group deliver on the brand promise through evolving ways of expressing, interpreting, and "selling" the corporate brand; customers, in the aggregate, "purchase" the brand via the products and services that represent it; and investors (assuming they like the earnings associated with it) "finance" the corporate brand, enabling it to be continually strengthened and brought to market in new and ever more efficient ways. What the corporate brand does, then, is help cement the relationships that bind these groups, establishing in effect a "brand community." Everyone has a stake; together they own the corporate brand.

This reality gives broader meaning to the notion of "brand stewardship," a way of thinking and working pioneered by ad agency Ogilvy & Mather. In this case, stewardship means investing in, developing, and keeping the corporate brand "pumped"—relevant, distinctive, and as ready for tomorrow as for today.

Breaking the Surface

For all the below-the-surface opportunities the corporate brand provides, they lie fallow if they aren't brought to life for all to see and hear. In the end, making the most of the corporate brand requires outstanding communications and solid corporate branding.

The real secret of the corporate brand is that it offers managers a comprehensive discipline for clarifying, humanizing, organizing, and communicating how the company creates value. In this role, the corporate brand becomes the essence of sustainable competitive advantage. In many ways, Theodore Levitt unwittingly alluded to the need to understand the corporate brand when he wrote, "The entire corporation must be viewed as a customer-creating, customer-satisfying organism." To accomplish this, any corporation must first know who it is; how else can it hope to relate successfully to others?

To liberate the full potential of the corporate brand, it must be acknowledged by top management as the single most important proxy for value creation. Management must see itself, then, not so much as orchestrating functions and business units, but as compelling the organization to *serve the brand*—to the ultimate benefit of its customers. ■