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An Integrated Approach to Corporate Branding

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Introduction

The danger of a paper with ‘integrated’ in its title is the automatic assumption it will contain a polemic on the virtues of direct marketing, advertising and public relations working together. Although it is agreed that there are benefits in co-ordinating external communications, this paper is actually concerned with values; with integrating the actions of employees with marketing strategy. The rationale for this is simple and has long been recognised, intellectually, by marketers and their advisors: the reputation of a corporate brand is a result of all forms of interaction with an organisation. Consequently, there is little point in delivering an advertising campaign that bears little relation to the reality of an organisational culture or cannot be supported by the actions of employees. Intellect, unfortunately, has little to do with reality. The world abounds with advertising, and for that matter design and direct marketing, that suggest certain attributes which are all too rarely delivered by the organisation. In contrast, excellent corporate brands marry communications and operations in a credible way, not by employing integrated agencies, but through clearly stated values that unify the way they think and behave. The benefit of this approach is an image of the corporate brand, which recognises our desire for clarity and understanding. As Iris Murdoch says:

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'We see parts of things, we intuit whole things. We seem to know a great deal on the basis of very little ... we fear plurality, diffusion, chaos, we want to transform what we cannot dominate or understand into something reassuring and familiar.'¹

Values

Many organisations talk about how much they value their employees, but how many go beyond words? The 1997 British Social Attitudes survey found that people are increasingly worried about employer power and are suspicious of big business, that they think managers behave unfairly and that employees lack an effective voice at work. As companies have exploited downsizing, outsourcing (projected to double in growth from 1996 to 2000) and teleworking and shown a lack of loyalty, so employees have responded in turn. Although, the average length of tenure has not changed radically for those in full time employment, uncertainty has increased and job security is poor when compared with places like Japan. The average Briton stays in a job for just over five years, while in Japan the figure is 14. Why should this matter? It has been argued that Britain's flexible employment patterns have provided it with a competitive advantage over other nations. This seems largely a political argument without real substance. Research by management consultants, Bain & Co, shows that there is a correlation between length of employment and productivity. The research also found that where employees stay longer so does the customer. And customer loyalty is one of the best predictors of profitability:

'The longer employees stay with the company, the more familiar they become with the business, the more they learn and the more valuable they can be ... It is with employees that the customer builds a bond of trust and expectations, and when those people leave the bond is broken.'²

Employees have the potential to make or break the corporate brand. If they stay with an organisation they can provide exceptional knowledge and commitment and act as an advocate for the brand. Alternatively they can be negative, undermine relationships and leave the organisation for a competitor having acquired valuable skills. Effective corporate brands earn their employees' trust by involving them with the values of the organisation. As Bartlett and Ghosal note:

'Traditionally, top level managers have tried to engage employees intellectually through the persuasive logic of strategic analyses. But clinically framed and contractually-based relationships do not inspire the extraordinary effort and sustained commitment required to deliver consistently superior performance. For that, companies need employees who care, who have a strong emotional link with the organisation.'³

For telephone-based providers, such as insurers and banks, the problem is how to engage employees in this way. A company such as the bank, First Direct, would not outsource its service to a call centre, because of its desire to ensure that employees are committed to the corporate brand. It tries to recruit people who have the potential to be resilient and professional and then employs rigorous training methods to deliver the required quality of service. As Matthew Higgins, Market Planning Manager, says, 'PR, advertising, direct marketing are a relatively small part of how we communicate. The voice of our people is our brand.' For organisations that eschew involvement with the means of brand delivery, there is undoubted potential for damage to the corporate brand. Call centres, after sales providers and franchisees, are, to relative degrees, outside of a brand's control. Outsourced employees may represent an organisation, but it is not where their loyalty lies. Franchisees, for example, provide a fast way to develop a brand, but the potential loss of consistent quality and impact on image, sometimes provides a subsequent incentive for franchisers to buy them back.

Waterstone's

An example of a company that does engage its employees is the bookseller Waterstone's. It has achieved the active support of its people by defining an idea of itself and remaining committed to it for fifteen years. When Tim Waterstone opened the first branch in 1982, he had a simple vision based on the sort of bookshop he liked: a wide range, knowledgeable staff who shared the customer's passion for books and an ambience which had the feel of a traditional library that encouraged browsing. This vision, in spite of Tim Waterstone's departure in 1989, has steered the development of the company. An average Waterstone's carries 50–60,000 books, more than three times the number held by a large WH Smith. Martin Lee, Marketing Director at Waterstone's, notes that consultants have challenged the need to keep such a comprehensive range, suggesting that the 20 per cent of stock that sells poorly should be discarded. However, this ignores what the comprehensive stock says about Waterstone's as a brand.

In terms of employees, 75 per cent of Waterstone's booksellers are graduates and in a staff survey 98 per cent said that reading was either a passion or a consuming passion. Considerable attention is paid to the recruiting process. Lee argues, 'recruitment is a branding exercise, it's part of the management of the corporate brand.' Attracting the right people and nurturing them is at the heart of the brand. The appeal for people is the sense of participation. Employees exercise their love of books by writing reviews for Waterstone publications and providing recommendations to customers, while each branch manager orders their own stock and delivers service in their own way. This empowerment brings rewards. Branch managers are very loyal and leaving for a competitor is almost unheard of. Sales staff are retained because they too are closely involved with the company. If people want to remain in sales rather than progressing to management they are still rewarded as their knowledge and skills develop. This is due to the recognition by Waterstone's of the productivity benefits of longer serving employees. The culture of the company is maintained at head office which is largely populated by ex-branch staff who share the passion for books and have grown up with a culture of empowerment. The strength of the Waterstone's brand is that managers and employees intuitively know the right way of doing things and would not sacrifice the long-term brand values for short-term gain (such as cutting 20 per cent of the titles).

The quality of service provided by employees is supported by more overt communication mechanisms. Martin Lee calls the approach 'under-branding'. The nature of the customer relationship and the nature of the core customer – inner directed bookaholics – means the audience for communications is resistant to marketing that is too overt. Consequently promotions, advertising and book recommendations are focused on conveying the idea of a shared passion for books. This integration – all based around a clear sense of values – cements the relationship between retailer and customer and helps deliver a consistent and relevant image.

Simplicity

One of the surprising things about the Waterstone's example is the simplicity of the company's positioning. Creating a distinctive corporate brand should not be complex, but it does require sincerity. Values cannot be created simply by wishing them into existence or by management proclaiming them in a mission statement. Rather, values develop

over time through the beliefs and experience of the participants. The American department store group, Nordstrom, is successful because it has adhered to the principles defined by its founder some hundred years ago: best service, selection, quality and value. These are, of course, such startlingly obvious ideas for a retailer that they could easily be adopted by a competitor. The reality is that Nordstrom delivers on the promise; it believes in the principles. Anyone who has had direct experience of shopping at Nordstrom will appreciate the benefits of the exceptional service provided by sales staff. How do they achieve this? Not by training, because they do not do any. Instead, in their own words, 'they try to hire nice people who want to work hard'. Not by a detailed set of guidelines on how people should behave, instead they have one employee rule, 'use good judgment in all situations'. Nordstrom is a genuinely empowered organisation that sticks to its ideals. Its annual report states, like many other organisations, that its employees are the source of its success. Unlike other organisations, there are no smiling photographs of the board of directors – only employee photographs and stories. Similarly, employees are keen to do local community work and over 70 per cent of them take part in community involvement programmes. Nordstrom is not an organisation for everyone. It suits people who like responsibility – these are the employees who grow and develop and in turn help embed the founding principles.

The notable aspect about Waterstone's and Nordstrom is that managers and employees do not need to think how they should react to any given situation. Through repetition and habituation, values become absorbed and action becomes instinctive. Simon Ingman, Head of Brand and Corporate Reputation at BT, notes that although BT has ten tips for 'being on brand', the real measure of success is when employees only need the tenth on the list: 'Do you feel it's really right for us?' This instinct helps Virgin transcend industry boundaries yet maintain a consistent image, and it is also to what Johnson & Johnson employees attribute their laudable handling of the Tylenol crisis in the eighties, when they reacted promptly and effectively to product tampering. In both these companies the defining organisational traits are the beliefs of the founder. Johnson & Johnson's values are determined by the all pervasive credo which was written and then institutionalised by founder Robert Wood Johnson. The credo is not a pithy mission statement – it runs to a full page of text – but the principles it contains are a goal and a source of inspiration for individuals. The inherent danger of the credo is that it could become anachronistic, but Johnson & Johnson overcomes this through regular employee reviews of the principles it

contains and adaptations of its ideas. In similar vein, Virgin's values are defined by its founder Richard Branson. His views about quality and service pervade the organisation and determine how employees react to ongoing events. People do not have to be told what they do, they know intuitively. This is how Branson defines Virgin's priorities:

'We give top priorities to the interests of our staff; second priority to those of our customers; third to our shareholders. This is not only a reflection of the importance of our people, it is also the most positive way of fitting together these three priorities. Working backwards, the interests of our shareholders depend on high levels of customer satisfaction ... which depends on high standards of service from our people, which depends on happy staff who are proud of the company they work for.'⁴

By focusing on internal audiences and disseminating consistent values through words and actions, employees come to share a sense of purpose and collective destiny. People know where they are going and how they are going to get there. C. K. Prahalad says, 'companies need to have a strategic intent – to have an aspiration that is widely shared, to have a goal which is clear and to have an obsession with winning – that is the fuel that drives the engine.'⁵

Prahalad's view is supported by research among 490 British manufacturing companies, which concluded that successful company strategies: 'do not necessarily follow the text-book models of strategic planning, as espoused by business schools on both sides of the Atlantic. It is more to do with having strong convictions about where the business ought to go and building the necessary capability to act on them.'⁶

Integration

One of the most valuable mechanisms for articulating the process of integration is a model developed by Russell Abratt. This was first presented in a paper called 'A New Approach to the Corporate Image Management Process' in 1989.⁷ Abratt argued there are three aspects to image management: corporate personality, corporate identity and corporate image. Personality encompasses such areas as corporate philosophy, values and strategy that influence the identity, which Abratt sees as concerned with communication objectives and structures. The identity then interfaces with an organisation's various audiences to form an image based on organisational reality. Abratt's model was further developed by an Australian academic, Helen Joyce Stuart, who based her judgment on

research into the identity and image of 44 accountancy firms. She found that the separation of corporate identity into its communication aspects and personality/cultural attributes was artificial. She also stated that:

‘whereas Abratt (1989) includes employees as one of the stakeholder groups that are influenced by corporate image, I consider them to be a special group who are impacted upon by corporate identity, and with a successful marketing program are an effective means of communicating the corporate identity, synergistically with an effective marketing communications strategy. The interface is then defined as the point at which communication of the corporate identity takes place, converting it into a corporate image, or perhaps several corporate images.’⁸

Stuart’s adaptations of the model are useful, but perhaps because of her focus on corporate image and perhaps also because of her focus on a service industry, the model misses out a key box, which is a key determinant of a corporate brand image: the products and services provided by an organisation. (see figure 7.1). The impact of the product or

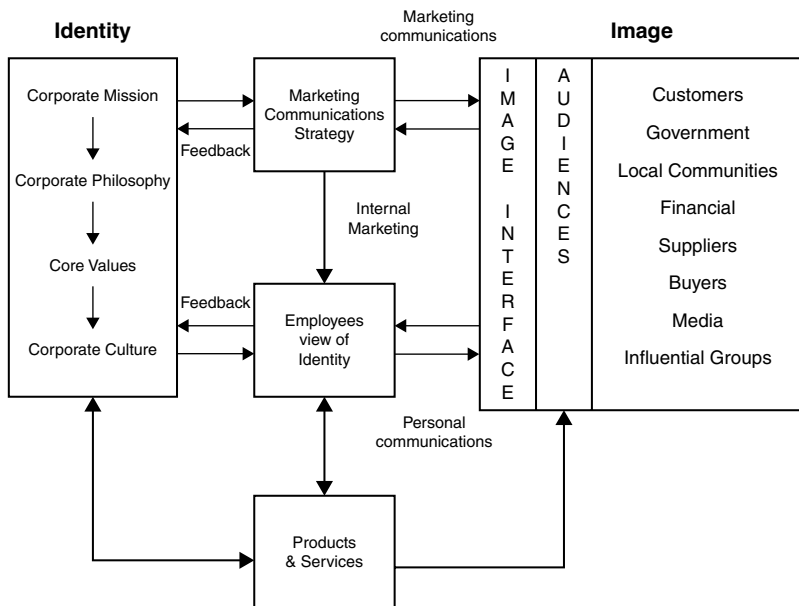


Figure 7.1 An integrated approach to communications

Source: ind.associates.

service on the image will vary depending on the nature of the interaction. In the case of an automotive manufacturer, such as BMW, our consumer image is strongly defined by the cars themselves, while in the case of a company such as Orange, advertising and literature assumes a greater importance. For BT, one of the core determinants of image is the bill.

Even though elements may vary in importance, the key benefit of the model is the recognition of inter-relatedness; that effective corporate brands achieve a unity between all forms of communication in the delivery of a tonally consistent message. Notably this requires the internal marketing of external communications, so that employees recognise, understand and take pride in what the organisation stands for. This suggests that at the very least advertising and other forms of overt communication should consider the impact of messages on employees. At best, employees will be a primary audience involved in the process of communication development. The other important aspect of the model that should be noted are the feedback loops which help ensure organisational learning takes place. Formalised research as well as the inputs of customer facing employees help ensure that, outside of a core set of values, the organisation can adapt to changing circumstances. First Direct, for example, was founded on the idea of delivering excellent standards of service. As the quality of service in high street banks has improved, so the organisation has had to look at ways of further enhancing service levels and different methods of delivering its service. Key to this has been its ability to listen to its customers, and importantly, to act on what it has learned. In particular, the ability to target customers at the right time through the right media has ensured that messages are delivered to consumers in ways that encourages both empathy and responsiveness. This requirement for adaptability is supported by the thinking of management writer, Henry Mintzberg who has shown that strategy is not a static process, rather it is emergent and flexible. Rather than a 'top down' idea of planning and management, organisational feedback helps amend strategies as they evolve.

The barriers

Outside of the idealised world which some excellent corporate brands inhabit, there are undoubted barriers to integration. As organisations grow, communications tend to become more fragmented. Often there are several departments with communication budgets – corporate affairs, human resources, marketing – and devolution of spend to regions and

business units. Even if there is relative uniformity in external communications, the actions of individuals cannot be proscribed. To help overcome this problem requires a willingness to work at horizontal and vertical communications so that people have a broad perspective of organisational goals and a willingness to put together cross-functional teams, especially in marketing communications.

Reflecting the narrow focus of organisations' departments are discipline-led agencies. Although there has been a move to broader-based agencies who deliver solutions that integrate several disciplines, few agencies look at issues in terms of communications. This suggests there is a vital role to be played by communication consultants who are aware of but independent of the outputs, such as advertising and PR and enlightened clients who work at melding different viewpoints together.

However, the biggest barrier to integration is unsympathetic cultures and disinterested leaders. Values will only be adopted if leaders are willing to share their vision and prove they are genuine in their commitment. The values have to be such that people will buy into and be motivated by them. Warren Bennis says:

'What effective leaders are going to have to do is to create not just a vision, but a vision with meaning ... The vision has to be shared. And the only way that it can be shared is for it to have meaning for the people who are involved in it.'⁹

Conclusion

Leaders not only need to demonstrate their sincerity to a vision, they also need to help create conducive cultures. In organisations where communications is a low priority it is impossible to achieve widespread support for the idea of corporate branding. The process of integration then becomes undermined and communications can all too easily become contradictory and cosmetic. There are no easy solutions to these problems. Consultants can be catalysts for change, but there has to be a belief in the importance of communications internally for it to be effective. Recalling the examples of Virgin, Waterstone's and Nordstrom, the values that guide the corporate brand do not need to be particularly profound, but they do need to focus on the organisation's source of competitive advantage and they do need to be delivered to all relevant audiences both in thought and deed. This does not mean slavish devotion to uniformity, rather it enables the organisation to allow diversity of expression around a consistent vision.

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