

ARE YOU FULLY LEVERAGING YOUR CORPORATE IDENTITY?

There is little argument that well managed corporate identities enable their owners to command premium prices. Sony products, for example, consistently command higher prices than competitive products with similar features. More broadly, good corporate identity management practices have been correlated with firm financial success regardless of industry. To help managers across all functions of the organization leverage the power of corporate identity, I offer:

- A discussion of what constitutes corporate identity
- The benefits managers should expect to derive from corporate identity
- Principles for how strong corporate identity is built
- An action plan for what any manager can do next

Throughout the discussion, I aim to expand thinking about corporate identity beyond simply supporting a premium price with clients. Corporate identity can be applied to the task of inspiring partners and the internal workforce. It can reduce overall marketing expense. And it can even help a firm weather uncertainty and change. I also aim to enhance thinking about how corporate identity is created. Though the corporate marketing function typically acts as a clearing house for company communication, the activities every manager undertakes every day are what shape and disseminate corporate identity.

The Domain of Corporate Identity

There are many opinions about what corporate identity means. Let me offer the following definition (adapted from numerous sources):

Corporate identity is the "persona" of a corporation, designed to be consistent with and facilitate the attainment of business objectives.

Corporate identity is not brand. It is the philosophy, values, norms, and personality of the firm. The corporate brand is part of the corporate identity, but only a part of it. To analyze how corporate identity relates to brand, I first list the three levels at which branding operates:

A **"Corporate Brand"** defines the look and feel of the firm. BMW offers an example of a firm that has invested in brand at the level of the company.

An **"Endorser Brand"** supports many products doing many different jobs. Braun, a brand owned by P&G, endorses jobs ranging from shaving to making coffee.

A **"Purpose Brand"** supports one or many products doing the same job. Crest toothpaste is an example of a purpose brand. It performs the specific job of keeping my teeth white. [Source: "Marketing Malpractice", Clayton Christensen et al, HBR 2005]

Corporate identity is an umbrella that should integrate all three types of



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branding activities. Nestlé’s corporate identity, articulated in the tagline “Good Food, Good Life”, shapes the corporate brand, endorser brands such as Purina, and purpose brands such as KitKat. Activities at each of these levels, including communications, distribution and product, are guided by the identity – the persona of the Nestlé Corporation.

The Benefits of Corporate Identity

Beyond differentiating your product or service offering, there are five ways a strong, well-managed corporate identity can help managers achieve their objectives.

1. Capture Disproportionate Share of Mind. Every day, people in other companies make decisions about who they want to work with. Not just who they want to buy from, but who they want to partner with, who they want to create new standards with and ultimately, who they want to be associated with. Maintaining a strong and consistent corporate identity is one way to improve your chances of being the first company called when a potential partner picks up the phone.

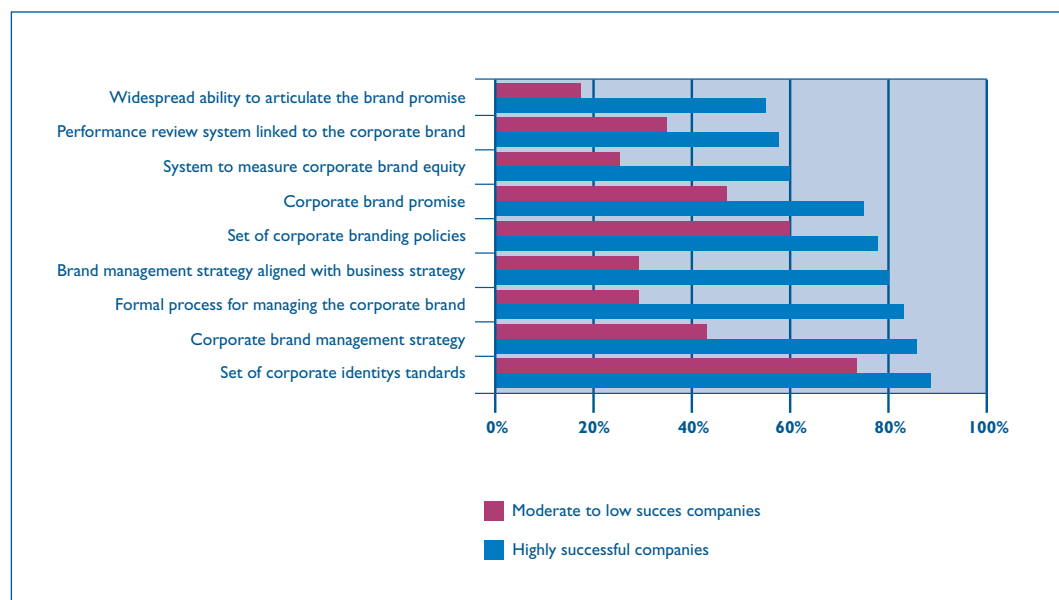
2. Reduce Overall Marketing Expenditure. Dell Computer, owner of the 25th most valuable corporate identity in the world, offers no product that does not begin with the word “Dell”. So instead of funding many different efforts to build different endorser or purpose brands, the 1.38% of revenue (among the lowest within its peer group), it spends

on advertising benefits every product line because they all share the same identity.

3. Increase Firm Value. The relationship between strong corporate identity management and firm performance is one that persists over time and industries. Over the past 6 years (2000-2006), a bundle of stocks containing Interbrand’s top 100 corporate identities outperformed the S&P 500 by more than 80%.

4. Inspire People Internally. In the same way partners and customers have a choice about the firms they want to be associated with, employees do too. And to the extent employees relate to the identity of the firm, they will be more willing to pursue the mission passionately. Beth Sawi, chief administrative officer at online brokerage firm Charles Schwab, identifies corporate identity as one of her primary competitive advantages in both attracting and retaining the best people.

5. Navigate Uncertainty. In the fall of 1982, containers of Tylenol for sale in the Chicago area were tampered with. Before people realized the cause, seven customers died from tainted medicine. But Johnson & Johnson, owner of the Tylenol brand, is a company with a strong and consistent persona linked to care, safety and responsibility. Because of that and swift response to the crisis, Johnson and Johnson got the benefit of the doubt from the customer, and Tylenol was able to come back, retaining its strong market position. And while that is an extreme example of a business uncertainty,



The connection between effective corporate identity management and performance

the goodwill generated by corporate identity with employees, partners and customers helps firms through challenges presented by everything from new competitors to new product introduction.

The Corporate Identity Connection with Performance.

These benefits combine to explain a strong connection between best practices of managing corporate identity and firm financial performance. In a study conducted by The Conference Board, which compared a group of low success companies with a matched group of highly successful companies, big differences in how the two groups manage corporate identity were exposed. Though the results of this study do not inform us on whether good corporate identity management generated this positive financial performance, or whether the relationship was the other way around, they do provide specific and measurable elements of good corporate identity management.

Creating a Strong Corporate Identity

Corporate identity is not something created by the marketing department in a vacuum. It is a reflection of the systematic and often mundane internal and external actions that employees of the firm take every day. When those actions are based on the following four principles, a coherent corporate identity is likely to emerge:

Capture the Personality – the Real Corporate Values

Corporate identity has to reflect the personality of the firm. It has to resonate with customers, partners, employees, media – any stakeholder who has contact with the company. The goal is to succinctly understand, down to the level of individual words, the core principles of the company, principles that will help stakeholders relate to the value proposition of the firm. It has to be unique, and it has to be genuine. HP, for example, has distilled it to a single word: “Invent”.

Act Locally

Once managers understand the persona of the company, it is easy to see how their own daily actions either reinforce it or undermine it. A major life sciences company with an identity built around safety made the decision to buy Volvos for company-owned cars. That may not have been the most cost

effective decision, but it certainly is the one most consistent with their identity.

Be Consistent

Every day presents opportunities that are not consistent with corporate identity. Whether it's a new hire, a product innovation, a press release or a partnership, managers need to hold the action up against corporate identity. If it not coherent, say no. One of the uses of a good corporate identity is that it helps managers figure out what the company is “not”. In the 1970s, Pierre Cardin had an identity tied with luxury. But Pierre Cardin has slipped a long way from the cover of Vogue to the discount stores where it is offered today. Pierre Cardin failed one corporate identity test at a time. Looking at new opportunities from the perspective of corporate identity can offer an efficient way of identifying activities that are a good fit for the organization, as well as those that are not.

Think Broadly

Corporate identity is much more than a logo. Over the past 10 years, Apple Computer has consciously shifted its identity from that of a computing pioneer to the current hip Apple (notice “Computer” conspicuously absent), a provider of trendy lifestyle technology. In the process, their design firm, Mark Anderson Design, worked on literally hundreds of projects for the company to effect the shift. Some, such as letterhead, corporate signage and product packaging might be obvious. But others like the annual report, press releases and even the appearance of company offices might not. Corporate identity is a message that benefits from re-enforcement at every opportunity. My wife works for Starbucks Coffee Company. Brief text outlining the corporate identity is printed on the back of her business card. That way, every employee carries the corporate identity around with them wherever they go. They share it with every professional contact they meet. What a powerful and nearly costless way to communicate corporate identity with space that is otherwise blank!

Action Plan: Putting Corporate Identity to Work

Generating an action plan for how to leverage corporate identity in your own environment is a straightforward process.

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Step 1: Articulate Your Corporate Identity

The goal is to reduce the elements of corporate identity to a few key words. These reflect the unique philosophy, values, norms, and personality of the firm that inspire customers, employees and partners to want to work with the company. It can be helpful to talk with people inside and outside the firm to ask them specifically what elements of the persona truly resonate. Specifically, I suggest:

- Brainstorm on what your corporate identity means to you
- Search existing company communications for elements of the identity
- Conduct informal “interviews” inside and outside to clarify the identity
- Reduce to a small number of key themes, terms or ideas

Step 2: Assess Your Current Actions

Are the things you do every day aligned with the corporate identity you want to create and communicate? One easy way to start a personal assessment is by using your own “to do” list, or telephone call log. With your key identity ideas in mind, go through the list and underline actions which are consistent with the identity you defined, and cross out actions which are not. This should prepare you to generate ideas around questions of:

- What current activities reinforce the elements of your corporate identity?
- Is there anything you do which conflicts with your corporate identity?
- What new activities might you initiate to communicate or reinforce your corporate identity?

Step 3: Apply Your Corporate Identity to Your Current Issues

Corporate identity is a differentiator for your firm. The goal of this step is to figure out how to use that uniqueness to help you accomplish your objectives. I have suggested some examples with

corresponding questions. The list is by no means complete, but hopefully will serve to inspire thinking in your own context:

Retain customers. Do your existing customers have a good community/collaborative way to share with you their enthusiasm for your identity?

Differentiate vs. competition. Is your corporate identity clearly distinguishable from your competitors (and is it more appealing to the stakeholders you want to attract)?

Build partnerships. What new potential partners might be willing to help you achieve your objectives because they share your values and elements of your identity?

Improve visibility. Are there members of the press and analyst community that relate to your identity and are willing to bring their passion to disseminating your message?

Add new products or markets. In what new opportunity areas does your corporate identity give you a competitive advantage?

As you move ahead, you will be able to continue to take greater and greater advantage of your corporate identity. Just keep in mind that corporate identity is something you create every day with the things you do, and should be an asset to you in overcoming most challenges you face.

The *Financial Times* (2007) ranked IMD's executive education programs 1st outside the USA and 3rd worldwide. IMD's MBA was ranked 1st worldwide in the 2007 FT "Ranking of Rankings," the combined global annual MBA rankings from *Business Week*, *The Economist*, *Financial Times*, *Forbes* and the *Wall Street Journal*.



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