

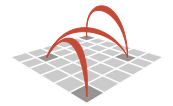
Brand Identity

why managing it is so important to your success

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Imagine the scene...

A battlefield in the Middle Ages, just before dawn.

Troops from the opposing armies ready themselves for the first rays of sun and the onslaught to follow. Protective clothing checked, swords sharpened, pikes prepared.

Each side's leader and key subordinates relocate to their nearest vantage point, a better view to gain. The sergeants and junior officers motivate and prepare their teams with messages of hope, of faith, of vision.

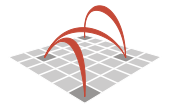
At the front of each army a small group stand proud. Very nervous; but proud. The young lad who drums the troops forward; the flag bearer who will run into the fray with his flag pole aiming to the heavens; and a dog or goat, already frightened by the noise of war, which is the army's mascot. Around them a small team of soldiers - their duty to protect at all costs the drummer boy, the mascot and the standard bearer.

For wrapped up in the skin and bones of these three are more than just someone who beats a drum and someone who carries a pole with a flag on top. Wrapped up in these three are the hopes, the ideals and the identity of the troops who will wage war.

An army knows it is in difficulties when its mascot is killed.

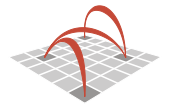
An army knows it is in trouble when the drummer boy falls.

An army knows it is defeated when its flag falls from the sky and is trampled into the mud.



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Brand Identity

The power of an identity to unite the troops has always been recognised in the military.

But as the commercial world rapidly becomes global and highly competitive institutions are increasingly recognising the value of creating a 'banner' around which its troops can rally. This banner isn't just a company flag flying above the corporate headquarters. And it isn't just a snazzy logo on its letterhead. It's a 'paradigm'.

Paradigm

So what's a paradigm? It's a total way of thinking, a view of the world and all within it. For example, a few centuries ago the western world held the view that the earth was flat and that the Sun rotated around the Earth. This was science's paradigm and everything that happened in the world was viewed according to it. So if you decided to sail out to sea you had to be very wary (and you believed this with all your heart and soul) not to sail too far away lest you fall off the edge.

So an organisation's paradigm dictates how an organisation views the world in which it operates. It dictates how it interacts with customers, suppliers, competition, the marketplace, its employees, its local community, its shareholders, its stakeholders ... everybody and everything.

Identity as a component of a paradigm

So where does the concept of identity fit into a company's paradigm? Indeed, what do we mean by the term, especially in the business context?

There's very little within the management and organisational psychology literature on the psychology of company identity. Most often, organisational identity has been taken to represent marketing concepts, understanding how organisations present themselves in various forms and the implications of this for business performance. For example, there have been interesting articles on how British breweries have turned around their declining fortunes by marketing themselves as makers of real ale. Or how British Airways, Coca-Cola, Cadbury, McDonald's and Marlboro cigarettes have seemingly passed deep into the collective unconscious and generate extremely high unprompted subject recall in marketing research exercises.

Yet if we accept that it is people who carry out the organisation's business and interact with the wider community, then we need to understand what makes people rally around the company flag. How can we maximise our people's potential to operate within the same paradigm as the organisation's leaders have chosen?

So we come back to our original question: What is identity? Indeed, why is it so important to a company?

Identity

The concept of identity can be explained as follows:

It is the visible expression of an organisation's norms, values, philosophies, rules and cultural climate - its paradigm.

This can be expressed by something as simple as a corporate colour scheme, its logo and typeface, or as complex as the manner and style of its interactions with the world, both inside and outside its own corporate walls.

Four key factors

A company's identity is crucial to its success. Why? Because for a company to have a fighting chance against its increasingly hostile global competition it needs to display that it understands and has control of four key factors:

- distinctiveness
- continuity
- self-efficacy
- self-esteem

Let's look at each of these in turn.

Distinctiveness

The organisation needs to show its stakeholders and the marketplace that it is distinctive - distinct from its competitors, distinct in its market, distinct in its approach. It needs to stand out from its competitors and from the 'noise' that surrounds it.

Self-apparently, if you are indistinct from others that surround you, why should anyone (above random chance) select you and not any of the others? What makes you special?

What would make a potential customer choose you over and above not just your immediate direct competitors (such as those in the same marketplace) but also your indirect competitors - those who try to get the customer to spend their money on a product from a market unrelated to yours. If the customer has a finite budget, spending part of it on someone else's products and product area means that there is less to spend on yours. Spend more on catering facilities and there may be less to spend on car fleets, for example.

Clearly, being distinct - in both your own market and in the wider environment - is essential.

Continuity

The company needs to tell the outside world (and, indeed, its own stakeholders) that it's going to be around long enough to deliver what it says it will deliver.

Fly-by-night operators have become increasingly skilled at portraying an image that is opposite to their actual intentions. Impressive letterheads, the fancy titles and qualifications of its senior officials, some dominating offices

- can all add up to an impression of corporate solidity and continuity. Gone are the days when a 'Delboy' had the glamorous locations New York, Paris and Peckham painted on the side of his rusty trusty Robin Reliant.

Most smaller businesses will be out of operation within five years of start up. Many international corporations have fallen by the wayside in the wake of the shake-ups that occurred in 1970s and 1980s.

Global competition has devoured medium-sized organisations as they find themselves increasingly at the mercy of impatient shareholders and fund-holding institutions looking for an ever-increasing ROI (return on investment). Takeovers and mergers have removed global players of all shapes and sizes from the marketplace overnight.

Any company that has undergone fundamental change, including changes to its philosophy and image, needs to convince customers, suppliers and its own internal stakeholders about its commitment and plans for longevity before those stakeholders will be willing to fully commit and invest their energy, time and future into it.

Self-efficacy

The company needs to be able to tell the internal and external worlds that it is both ready and able to deliver its promises.

It needs to engender in its audience a feeling of confidence about its abilities.

A shrink-wrapped CD-ROM emblazoned with the Microsoft logo is arguably more likely to imbue the customer with feelings of confidence in the product than a CD with a title hand-written in felt-tip pen, packaged in another product's CD jewel case or a plastic bag. Similarly, an all-singing all-dancing Internet website is going to engender more customer confidence in a hi-tech company than a website that constantly crashes or fills your screen with error messages.

So, too, must the employees of a company imbue confidence in those they deal with. If suppliers and customers lose faith in the company's ability to meet their promises, this will ultimately reflect itself in sales and profitability. Competitors will smell the wound and close in for the kill. The jungle drums beat relentlessly when things are going wrong.

Self-esteem

The organisation must show itself to be proud of its products, proud of its services, proud of the industry that it's in. Nothing is more off-putting to potential customers than a company ashamed of its offerings.

The employees must be proud to be a part of their organisation and they must show it. While modesty and quiet industry were the requirements of yesteryear, today's global marketplace dictates that, sometimes, he who shouts loudest wins.

Netscape Corporation had the market lead in Internet browsers. But Microsoft has turned the Netscape browser into an also-ran - where the Netscape browser now only accounts for around 25% of all browser activity.

How? By effective marketing. By shouting the loudest. Netscape is at risk of becoming the Atari of the Internet world, simply because they market their product appallingly badly.

Atari Corporation had, in the 1980s, leading-edge products within the games and home/small business computer markets. Theirs were innovative, yet inexpensive, products that were head and shoulders above their more expensive competition. Every technical journal of the day commented on how their product line was second to none in terms of speed, efficiency and style. They should have had the world at their feet.

But they forgot how to market themselves and consequently their market share plummeted, along with their revenues. Once Bill Gates gave the world Windows 3.1, with its user-friendly interface, their days were numbered. Windows95 killed them off.

Netscape faces the same dilemma - they were first to market with a powerful product; they were first to corporate market with licences that virtually guaranteed them repeat business; they created their own standards and the standards of the marketplace. Yet Microsoft decided to shift its corporate focus well and truly onto the Internet. Previously shunning it as a fad, Microsoft realised that it had made a gigantic tactical blunder and worked feverishly to claw back its position as number one supplier of computer software to the world.

Microsoft's browser is freely available to anyone who wants them, whereas Netscape originally charged for its software. Microsoft has advertised and given away its browsers in every computer and Internet magazine, a strategy that Netscape were extremely reluctant to follow. Microsoft advertises its Internet capability on global television. Netscape, meanwhile, has seemingly forgotten how to tell the world about its ability and its product. It now watches as its 78 percent market share of five years ago has tumbled to less than 28 percent.

Which one do you think has the proudest employees? If we go back to the first paragraph of this section on self-esteem:

The organisation must show itself to be proud of its products, proud of its services, proud of the industry that it's in. Nothing is more off-putting to potential customers than a company ashamed of its offerings.

So which company, Netscape or Microsoft, is seemingly more likely to engender confidence amongst its stakeholders?

As we return to our fundamental tenet of organisational identity: how distinctive, continuous, self-efficacious and confident in its abilities is the company that you are studying? Does it give the impression to its stakeholders that:

- it stands out from its competitors
- it is going to be around for a long time to come
- it has the ability to deliver on its promises
- it is proud of its products and its industry?

Concept of corporate identity

To understand what impact corporate identity can have on an organisation, we need step back from the nitty gritty of determining what corporate identity means in practical terms and look at it from a conceptual-philosophical level.

Organisational scientist Dr. Lynne Millward has devised a two-stage three-component working model of corporate identity. Although the model is neither definitive nor final, it provides a useful way of looking at corporate identity from a conceptual viewpoint.

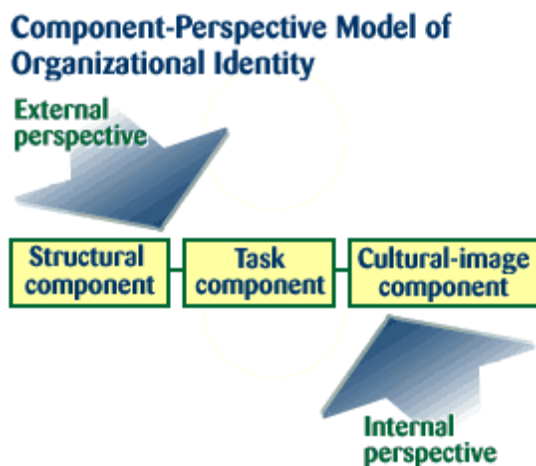
The three components are:

- Structural - for example the design of the organisation and its objectives;
- Task - its systems, procedures, roles and rules; and
- Cultural image- its history, its philosophy, its mission.

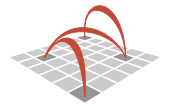
The two stages are:

- Internal - for example corporate practices designed to instil corporate philosophy and thinking; the clarity of organisational goals and objectives; and (not unsurprisingly)
- External - for example the public image, the company advertising rhetoric, the nature of the industry and how this is popularly represented.

Figure 1 gives the model a visual form.



A way of clarifying or operationalising these terms is to consider answers to the questions set out in Box 1, over.



BOX I. CONTENT AND CHARACTER OF CORPORATE IDENTITY

External Dimension

Structure-Design Component

- How is the organization designed and what is the rationale for this? For example, is the organization decentralized, collegiate, adhocratic, a centralized bureaucracy?
- What kind of management systems, procedures and processes are in place?

Task Component

- What is the nature of the business/service/industry?
- What is its mission, its goals, its objectives?
- How do other organizations characterize its business/service/industry?
- What are their expectations of the organization?
- Who are its stakeholders and what do they expect?
- How are decisions made (with respect to strategies, procedures, rules, responsibility)?

Cultural-Image Component

- How does the organization present itself to the outside world?
- What are its historical origins?
- What kind of collective images and representations of the organization are around in the industry, or business world generally?

Internal Dimension

Structure-Design and Task Components

- How do employees represent the structure of the organization and its goals?
- How do they represent their own job – at the job-specific level, at the team/department level, at the corporate level?
- How do they characterize organizational policies, systems, procedures, rules and roles?

Cultural-Image Component

- What does it mean to employees to work for an organization/industry?
- What are their perceptions of organizational norms, values and expectations?
- What assumptions about everyday organizational functioning do employees work with?
- What do employees' jobs mean to them at a personal level? For example, do they perceive them as granting them autonomy and responsibility?
- How do employees represent organizational decision-making processes?
- What do employees think/feel an organization expects of them?

Identity measurement: how to

Most companies who have survived the last two decades of turmoil and change have got the more tangible things - factories, locations, machinery and vehicles - right.

But these elements, as important as they are, comprise just the basics.

The rapid growth and infiltration of the technology and systems industries, the greater awareness of the roles played by marketing and pricing strategies, have levelled the playing fields for most medium and larger companies. Now companies must leverage their business and value-adding products and services with an extra dimension - human values.

Human values

The projection of a company's soul - its values, philosophies, spirit, personality, even its sense of humour (one of British Airways' stated values) - has now become a key differentiator, a discriminate and unique selling point for the customer. Communicating this human dimension has become a more sharply focused imperative in the minds of corporate executives.

Process rather than content

An organisation's identity is, as I have said, wrapped up in more than just a snazzy logo on a letterhead or a large flag atop the corporate HQ.

We need to understand and appreciate how the organisation is viewed from as many different perspectives as possible - both inside and outside the organisation itself.

How do we do that? By several methods, including:

- Interviewing key stakeholder groups.
- Repertory grid analysis of the organisation's leaders and views from carefully selected samples of stakeholders.
- Anthropological study of its literature and history.
- Discourse analysis - listening to what and how its stakeholders say, both about it and its environment.
- Analysis of the graphical components of corporate literature (its logo, its signage, its buildings and furnishing styles) and the impact they have on stakeholders' perceptions of the company.
- Conducting a culture analysis.

Culture analysis

Why conduct a culture analysis?

Put simply, because identity is the visible expression of an organisation's paradigm and an organisation's paradigm is intrinsically wrapped up in its 'culture'.

What do you mean by 'culture'?

I define culture as:

A set of beliefs, values, assumptions, rules and behaviours which an organisation holds, fosters and displays about its world.

This definition may not suit every situation, but as the business gurus and academic world at large has yet to come up with an agreed definition, we hope it will suffice for our needs. But see how very closely it resembles our definition of 'identity':

The visible expression of an organisation's norms, values, philosophies, rules and cultural climate – its paradigm.

So the two seem inextricably linked; each an outward expression of and reaction to the other.

But there are several more conceptual arguments about (and tangible measures of) corporate culture, led principally by the two separate philosophies of Deal & Kennedy and Edgar Schein.

Deal & Kennedy

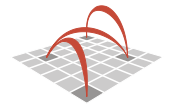
The first to stress the importance of corporate culture in academic literature Deal & Kennedy argue that corporate culture has a number of specific elements:

- a widely-shared philosophy in the business environment
- shared values
- specific rites and rituals
- clear, albeit informal, lines of communication

They believe there are four completely different typical cultures:

- **Tough-guy macho** - risk-taking individualists keen for immediate feedback; short-term in outlook; distrusting of colleagues' and others' motives and intentions.
- **Work-hard play-hard** - high level of low-risk activity; quality sacrificed for quantity; client/customer centred; little long-term planning.
- **Bet-your-company** - high-risk low-feedback; slow consultative top-down decision making processes; awesomely slow-moving; vulnerable to cashflow problems.
- **Process** - classic bureaucracy; little or no feedback; reliance on memos and emails to 'cover their back'; meetings to discuss memos; specialist jargon, language and rituals.

To them, and to the researchers who have followed on their particular path, corporate culture is about internalising shared beliefs and behavioural norms. It has a direct impact on motivation, work satisfaction and



organisational morale. My own definition of culture takes as its starting point the ideas of Deal & Kennedy.

Schein

Edgar Schein, on the other hand, argues that there are seven key characteristics of corporate culture.

These characteristics (seen in Box 2) give the researcher of corporate culture and identity issues a valuable basis for any interviews to follow.

Schein also argues that there are four types of corporate culture:

- **Power culture** - leadership and power exercised by the few; punishment and reward as motivators; promotion by ability.
- **Role culture** - equal power balance between leaders and bureaucratic system; rules and roles clearly defined by contracts; slow to innovate.
- **Achievement culture** - allows the individual to blossom; passion, commitment and 'sense of calling'; tendency for burn-out; exciting.
- **Support culture** - sense of solidarity and shared values; willingness to make sacrifices for the group; tendency to avoid conflict.

BOX 2. SCHEIN'S DIMENSIONS OF CORPORATE CULTURE

- | | |
|----|---|
| 1. | The organization's relationship to its environment
Does it perceive itself to be dominant, facilitative, submissive, niche carving? |
| 2. | The nature of human activity
Is it correct for the organization's people to behave in this way? |
| 3. | The nature of reality truth
What is the nature of 'truth', for both our environment and ourselves, and how do we define it? How do our environment and we actually shape 'truth'? |
| 4. | The nature of time
What is our basic orientation in terms of past, present and future? What units of time are most relevant for us? |
| 5. | The nature of human nature
Are humans basically good, evil or neutral? Is human nature perfectible or is it fixed? |
| 6. | The nature of human relationship
Is our organization's life co-operative or competitive? What is the 'correct' and/or 'best' way for people to relate to each other? What is the 'best' type of authority system? |
| 7. | Homogeneity versus diversity
Is the group better off if everyone is the same or different? Should certain individuals within a group be encouraged to innovate? |

As with Deal & Kennedy's taxonomy, within each type there are specific behaviours and values that shape and define the organisation's cultural type.

Areas of agreement

Despite a large amount of literature on corporate culture, there are still areas of disagreement.

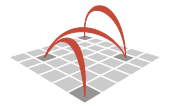
The areas where the gurus and academics agree include:

- It is difficult to define corporate culture (some even argue that it is totally pointless to try).
- It is by nature intangible but comprises many observable facets.
- It takes time to establish and therefore also change a corporate culture.
- It can lead to significant, yet unexpected, impact and conflict when two cultures meet.
- Moving into a different culture from that which you are used to can cause tremendous pain, real and physical.
- It is multi-dimensional, with many varied components and many different levels.
- It is a relatively stable phenomenon over time.
- It is clearly linked to the company's paradigm that underpins its behavioural norms.

Areas of disagreement

Similarly, there are areas where the writers seem to disagree:

- The exact facets of corporate culture; what is a part of it and what isn't;
- The best way to categorise culture into component parts;
- Which system to use to carry out this measurement, classification and categorisation process;
- Whether an organisation can have more than one culture;
- Whether homogeneity or diversity is better for an organisation; should all departmental cultures be the same or should an organisation celebrate the differences?;
- What impact ethnicity, departmental values and norms, and gender factors play in shaping corporate culture;
- How it can best be modified or completely changed;
- Why it should be modified or changed at all;
- Who forms it and who is best to change it;
- Whether there are such things as maladaptive or optimal cultures; and
- Whether culture itself can be talked about as a good or bad thing, or an entity in its own right.



Measuring culture

And, again, why measure culture?

Because it is one of the most tangible indicators of a company's paradigm.

Looking at the bombed House of Commons, Churchill said: "We shape our buildings and afterwards they shape us." There is a reciprocal determinism at work and to understand what values and philosophies a company holds you must look at how people shape them and in turn are shaped by them. Find out what the culture is like and you have a strong clue as to what the organisation's underlying paradigm is.

Once you have an understanding of the paradigm, you can then set about analysing whether the organisation's identity matches its culture.

Dangers of mismatched identity and culture

But what are the dangers of mismatched identity and culture?

I believe that there are several, and they all centre around the concept of impression management:

- Unmet client expectations
- Unmet employee expectations
- Unmet supplier expectations
- Unmet investor expectations

Impression management

So what is impression management?

Well, simply put, it's the arrangement of our behaviour and other cues, so that others draw the conclusions about us that we want them to draw.

The concept of impression management, arguably, first saw the light of day when Erving Goffman published his seminal studies of how everyday people in north America interacted with each other in the 1950s. Goffman pointed out that how people treat us depends on what they think of us, on who they think we are. So it's in our best interest to direct their thinking about us towards a point where they think favourably of us, not otherwise. As any salesperson knows, getting the prospect to this point is most of the battle won.

Each of the organisation's stakeholders holds a particular perception of the organisation, be it a positive or negative one. Further, each perception comprises several separate decisions about aspects of the organisation, which the stakeholder then weighs on a mental weighing scale to arrive at an overall perception. Each of these decision-making processes happens so fast and so subliminally that most people are unaware of it; they just recognise the 'gut' feelings they get as their autonomic nervous system translates the mental processes to physical responses.

Now, obviously a company's leadership is more likely to want everyone inside and outside the company to think well of it.

But, more importantly, these leaders need to make sure that the impressions that people are forming about the company are in line with the company's actual working paradigm. Why?

Key point

Because if someone of importance to the company - such as a prospective key employee/customer or institutional fund-holding investor - forms an opinion, an impression, of the company that is subsequently contradicted or subverted, they may be less likely to want to be involved or conduct business with the company.

The nub of the matter

So there it is - the nub of why identity is so important to corporate affairs.

If your organisation, by whatever means, portrays an image or conveys an impression that is found to be at odds with its basic values - the paradigm under which it works, thinks and reacts - your organisation will engender a defensive response in others and they will back away.

Not only that, but your identity must fulfil four other key criteria. It must make your organisation appear:

- distinctive
- long-living
- able
- proud

Fail to meet any of these five criteria - distinctiveness, continuity, self-efficacy, self-esteem and having an identity true to itself - then your organisation risks disappointing those who interact with it.

As soon as competitors hear of this disappointment they will waste no time in increasing their efforts to bring about your demise.

But if you can manage all this, if you can satisfy and even exceed the demands of the five criteria, you should have developed an identity which acts as a valuable internal motivator, a powerful competitive differentiator and a persuasive corporate ambassador.

I hope that this brief guide to the issues behind company identity has been of help. Please let me know if you have any thoughts or ideas on the subject, or if you would like to see papers on other management issues.

Further information:

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Please feel free to pass this white paper on. You can even email it or suggest your colleagues collect their own copy from:

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