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Brand

Linking a brand's DNA to a company's strategy: the vital role played by identity and culture

A corporate brand is used not only to ensure the application of business strategy but also to design it. Brands are increasingly becoming cultures, manners of seeing life and ways of doing things that have to be shared with customers, although they first have to be cultures created and defended by employees.

There are still companies today that have yet to apply strategic management to their corporate brand, despite there being more and more companies, even in the mass commodity sector, that are beginning to use it as backing for their commercial brands. This approach to management ensures, on the one hand, the conveyance of meaning between the two and, on the other, the contribution the company's own corporate reputation makes to product brands.

Corporations such as BBVA, Lego, Novo Nordisk, ING, Johnson & Johnson, Nissan, Virgin, Telefónica or Intel go even further, committing not only to the strategic management of their own corporate brand, but also to making it the key vector in their relations with stakeholders, in value creation, as a strategy guide and, most importantly, for aligning their strategy with their corporate identity and culture.

The VCI correspondence model: Vision-Culture-Image

Corporate brands work, and they are much more effective when they are part of a company's genetic code; when they are, in short, themselves. According to Professor Majken Schultz, from the Copenhagen Business School, this is achieved by aligning three key elements in any organization as regards corporate identity:

1. Vision: where the organization wants to go
2. Culture: its values
3. Image: its stakeholders' opinion of it

The coherence between these aspects is vital when bridging the gaps that precisely explain the medium and long-term failure of many companies throughout history, and which, in the worst cases, led to their disappearance. The greater this coherence, the

Graph 1: The VCI correspondence model

Strategic vision

Stakeholder images

Organizational culture

Organizational identity

Source: Schultz, M. and Hatch, M.J. (2010) *Taking Brand Initiative: How Companies Can Align Strategy, Culture, and Identity Through Corporate Branding.* Lid Editorial

'The alignment between vision, culture and image is possible insofar as feelings, thoughts and behaviors are also aligned'

stronger the brand will be. By contrast, the poorer this alignment, the weaker it will be.

In the case of corporate brands, the focus has traditionally be on stressing the multi-stakeholder component, but the proposition, that Schultz and Mary Jo Hatch make, goes further. What are the seven questions that need to be asked to discover whether such coherence exists between each one of the three elements of Vision-Culture-Image?

1. Does the vision inspire corporate culture?
2. Does the company practice the values it preaches?
3. Are your vision and culture truly differentiating?
4. How do your stakeholders view your organization?
5. Do your stakeholders share your vision and culture?
6. What do your stakeholders expect of you?
7. How do your employees and stakeholders relate to each other?

The alignment between vision, culture and image (or the image of the company stakeholders form for themselves) is possible insofar as feelings, thoughts and behaviors are also aligned. The corporate identity of an organization that groups, gathers and combines those three elements cannot be created, modified or managed through communication, including advertising –which basically raises expectations and, as a result, often hinders the delivery of the promise–, as is clearly explained

by Wally Ollins in the foreword to the book, and analyzed by the authors themselves through the case of British Airways (BA).

Corporate identity and the case of British Airways
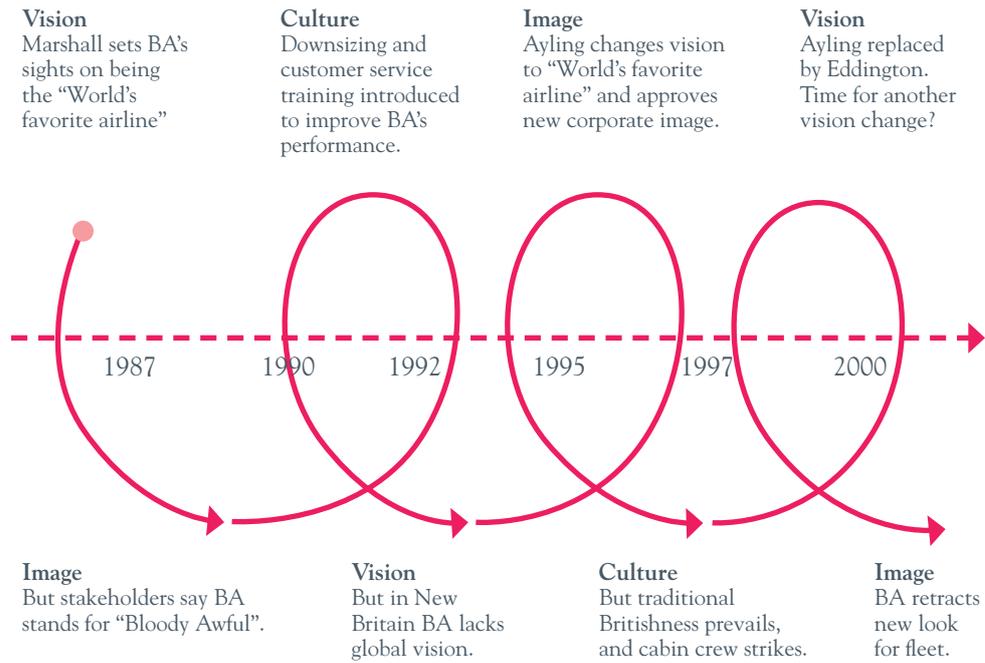According to the book's two authors, there are two types of maladies affecting corporate identity:

1. One that leads the organization to narcissism: excessive internal attention (senior management and employees) and little or no response to the demands and needs made from outside.
2. One that leads the organization to hyper-adaptation: too much outside attention and an immediate knee-jerk reaction to what is happening in the environment (competitors, regulators, customers or public opinion in general).

As is always the case, balance, moderation and the middle point are the basis for prudence, common sense and ultimately success in matters.

For Hatch and Schultz, the case of British Airways responds to the second of the two types of identity maladies, as it reflects how it is impossible to launch a new brand product without having the vision aligned with the images stakeholders on the outside have of us, and above all, without having it aligned with the culture, with the ways the company itself has of feeling, thinking and doing things.

Graph 2: What happened when British Airways did not align its vision, culture, and images

Vision
Marshall sets BA's sights on being the "World's favorite airline"

Culture
Downsizing and customer service training introduced to improve BA's performance.

Image
Ayling changes vision to "World's favorite airline" and approves new corporate image.

Vision
Ayling replaced by Eddington. Time for another vision change?

1987   1990   1992   1995   1997   2000

Image
But stakeholders say BA stands for "Bloody Awful".

Vision
But in New Britain BA lacks global vision.

Culture
But traditional Britishness prevails, and cabin crew strikes.

Image
BA retracts new look for fleet.

Source: Schultz, M. and Hatch, M.J. (2010) *Taking Brand Initiative: How Companies Can Align Strategy, Culture, and Identity Through Corporate Branding*. Lid Editorial

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When we analyze BA's trajectory from its privatization in the time of Margaret Thatcher and her liberalizing governments (1987) through to the change in direction when Tony Blair and his modernizing governments were in power (2000), we can see a common denominator: the lack of harmony between the three elements, vision, culture and image. The lack of correspondence between the three elements throughout the process –with its corresponding changes in direction- damaged British Airways' possibilities and delayed its process of renewal.

A stark contrast to British Airways was provided by Southwest Airlines, which began life as a local airline in Texas and grew to become the largest passenger carrier in the USA –the FedEx of passenger travel. The U.S. company was quick to realize that if you treat your employees well, they will treat your customers well, whereby it is possible to work hard and enjoy yourself even more, and that the cocktail of "modest prices" and a more "entertaining service experience" is not only possible but also expedient.

From listening to responding: the Intel case

If there is one thing that can resolve the "Shakespearian dilemma" of intangibles, the "to be or not to be" of branding –who I am and what they think of me", it is the positive dynamics of conversation and dialogue that permits and enables communication to flow in both directions, where any issue that is addressed and heard has a suitable response.

A permeable and communicative organization will be one that shares experience, ensuring the debate on an organization's identity does not contradict its stakeholders' identity; in other words, what the stakeholders feel, think and do is not at odds with the identity, but instead it is coherent and, if possible, coincident.

Intel is a good example in this sense, as it increased its brand capital by expressing its identity, given the lack of recognition in the sector, and especially among IT users. Intel expressed its identity and struck up a real dialogue with its customers by speaking to them directly through the launch of the *Intel inside* campaign.
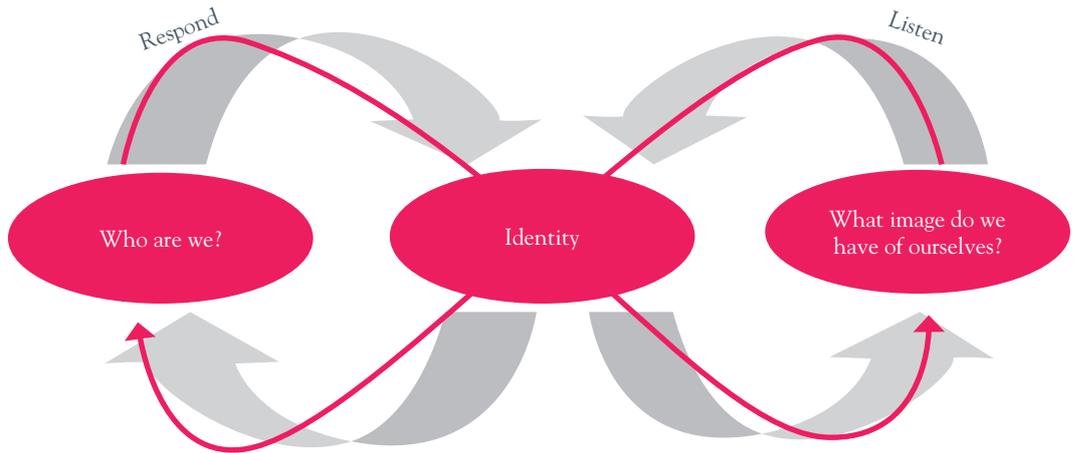
Likewise, the dysfunctions in organizations around or regarding their identity are constant and lead to a loss of reputation, as well as problems for the brand in terms of medium and long-term risk and crisis scenarios. In order to avoid this effect, it is essential to understand that valid listening implicitly involves a response in the form of concern for what others want, as well as for what is of interest to oneself.

Conclusion: the brand as a catalyst for intangibles

Managing a corporate brand properly and intelligently involves five key points:
1. It is a dynamic process that is constantly under construction
2. One has to anticipate the future by recovering the past

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Graph 3: The dynamic model of organizational identity

Source: Schultz, M. and Hatch, M.J. (2010) *Taking Brand Initiative: How Companies Can Align Strategy, Culture, and Identity Through Corporate Branding*. Lid Editorial

3. Listening and responding are two key processes
4. Customer loyalty is achieved by convincing employees
5. A balance needs to be struck between activity and brand

Lego is a paradigmatic case in that same sense, as it did indeed manage to strike the right balance between rapid growth and discipline in brand management, which always leads to a factor that is ever more appreciated and sought after in management, namely, business sustainability.

The battle against the sub-cultures that sometimes lurk beneath a single, uniform and sound corporate culture –frequently following repeated takeovers and/or rapid growth in different countries– is part of the process of good corporate brand management following the VCI model, as occurs in the case of the Spanish firm Telefónica.

BBVA is likewise an interesting case at international level of a change in organizational culture through the intelligent use of the brand, given the numerous cultures existing following the merger of two banks, Banco Bilbao and Banco Vizcaya, which subsequently merged with a publicly owned credit institution called Argentaria.

The training, awareness and engagement of employees are, together with their alignment, undoubtedly a key factor for achieving the coherence the two professors and authors of *Taking Brand Initiative: How Companies Can Align Strategy, Culture, and Identity Through Corporate Branding* seek in their model of Vision-Culture-Image.

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