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Corporate Branding as Organizational Change

One of the paradoxes of competition is that, to succeed, companies must strike a balance between making the most of their current situation and anticipating what is to come; between honoring company traditions and realizing opportunities for growth, adaptation and renewal. Or, as organizational change expert Pasquali Gagliardi was fond of saying: Organizations must change to remain the same.

By Majken Schultz and Mary Jo Hatch

Once they confront the global marketplace, businesses grapple with paradoxical tensions such as these on a daily basis, regardless of their industry, history or culture of origin. In our experience a crucial foundation for corporate brand leadership is the ability of brand managers to confront and balance the paradoxes that follow from the continuous renewal (i.e., change) of the corporate brand and the specific realizations of its central ideas.

J&J and LEGO Group

When a globalizing Johnson & Johnson entered Chinese markets, it found seemingly limitless opportunities for involvement in local problems. Its heritage of attending to the needs of health care workers steered Johnson & Johnson toward projects such as educating Chinese nurses in the delivery of premature babies and convincing the government to relax laws that prevented nurses from taking these lifesaving actions. J&J's local actions within the Chinese context were an expression of its global concern with using its capabilities to help J&J's stakeholders solve their problems. To offer another example of paradox within branding, when children's play patterns shifted to electronic games and internet chat, and when entertainment merchandise started to lure even very young children away from classic toys, Danish LEGO Group had to find a new balance between their heritage in wooden blocks and plastic bricks, and their future as a company devoted to playful learning and active fun. Maintaining the tension between past and future helped LEGO Group find its way.

Staying true to origins

In each of these situations shifting markets and new technologies threw the companies into the midst of paradox as they struggled to renew or transform their brands and yet stay true to who they are. In the throes of paradox they found themselves looking backward and forward, outward and inward, up and down (the hierarchy). They sought feedback, engaged in self-scrutiny and made choices defining what they would become in terms of who they always were. Both J&J and LEGO Group demonstrate continuous change and renewal, but they do so while remaining true to their origins. Although very different companies, their managers and employees share a sense of what is unique about their way of conducting business and they spend a great deal of time and money communicating their identity as a foundation for their corporate brand. Doing this gives these companies a leg up whenever they face a new challenge such as changing markets or advancing technologies. Their efforts pay off in terms of providing strong reputations that cannot be copied by competitors.

Constant change

Both J&J and the LEGO Group operate as global corporate brands in that who they are as an organization directs their strategic choices, processes and relationships with stakeholders around the world. Corporate branding engages all the internal and external stakeholders of these companies in a conversation about what the company is and how it should behave, now and in the future. When a company turns that conversation into comprehensive company-wide action, it begins to realize the value produced by corporate branding brands. But note that corporate brands never stand still, they must adapt to constantly changing circumstances and interpretations.

Corporate branding and organizational change are two sides of the same coin for J&J and LEGO Group. Their examples demonstrate that corporate branding stands for much more than positioning products and services and communicating distinctiveness. This implies that corporate brand managers need to find their own ways of maneuvering through the landscapes of organizational change. We argue that acknowledging the dynamic and paradoxical nature of corporate branding will enable managers to strike a better balance between the different forces of branding and exploit the richness of brand management processes to the benefit of their organizations.

Scope and scale

While corporate branding means putting your company name on all company products and services, corporate branding involves much more than just brandishing your company name or redesigning its logo. Product brands focus on customers and are typically the domain of marketing departments. A corporate brand, on the other hand, arises when a company's style, look, values and central ideas are fundamentally the same across the corporation. But style, look and corporate values are linked to the identity of the organization and for this reason, corporate branding needs to engage the entire organization. Doing so transforms brands from a marketing to a strategic issue and at the same time embeds them in the organization's culture as a key symbol of the organization's identity.

Two important differences

Product and corporate brands are different in at least two important ways.

First, the scale of corporate branding is different from that of product branding. Corporate branding involves the entire organization and cannot be realized without strong support from the CEO. It almost inevitably requires a reallocation of central corporate resources, as different business practices are revisited with the corporate brand in mind. Corporate brands often span different business areas and markets. This makes building, revitalizing or redirecting corporate brands comprehensive and time-consuming, generally requiring the attention of all C-level executives.

Second, because the scope of corporate branding embraces myriad internal and external stakeholders, the implementation process needs to include everyone from top managers to the front line sales force, many more interests than are typically represented within a product brand framework. One implication of this greater scope is that effective corporate branding demands the support of different business functions, such as marketing, human resources, corporate communication and business development. The wider exposure of a corporate brand means that many different external stakeholders besides consumers build relationships with the brand and this turns corporate brand management into a cross-functional undertaking. In order to be successful, corporate branding must put the central brand promise behind the many organizational processes already in place throughout the company.

Scope brings tension

The scope and scale of corporate branding bring with them many tensions. These will reveal themselves in corporate brand implementation. In particular, the cross-disciplinary and cross-functional nature of corporate branding makes the implementation process vulnerable to turf wars, corporate power struggles and status conflicts. These factors make corporate brand building

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more conflict-ridden than product-driven brand management and imply that execution processes bring with them substantial organizational change.

The Paradoxes

Some of the most widely experienced paradoxes of organizational change are summarized in the left column of Table 1 below. Corporate branding manifests each of these paradoxes in particular ways (see right column in Table 1).

How change is perceived

Historically, branding, like so many other corporate efforts, was heavily influenced by the planning perspective. Emphasis on consistent brand expression executed through a carefully tested campaign turned brand managers into highly skilled implementers mastering a wide range of brand planning tools and methods. However the rise of corporate branding emphasized the importance of tracking the multiplicity of stakeholders and subsequent stakeholder engagement efforts paved the way to an emergent view of brand management. Because the needs of stakeholders are in continuous flux, brand appropriate responses from the company are constantly being sought or created. The emergent properties of brand management add new dimensions to the role of brand manager: dialogue and involvement with stakeholders (e.g., engaging with brand communities in cyberspace as employees search to find their own ways to live the brand in these new contexts).

Over the years, Danish health care company Novo Nordisk has struggled to find the right balance between planned and emergent approaches to managing themselves and their corporate brand. As a general rule the company keeps changing its formalized managerial set-up and the processes involved in brand execution in order to avoid too much red tape and the protection of turf. Pursuing a corporate brand strategy dedicated to "Changing Diabetes" required a company-wide year long planned effort to set global ambitions for core markets. This planned effort also entailed guidelines for the involvement of key stakeholders and NGOs that where all chosen based on their contribution to change diabetes.

However, in realizing their global ambitions, brand managers coached local markets to find their own way of Changing Diabetes rather than planning these activities in every detail. Likewise, ideas offered by stakeholders dedicated to changing diabetes opened new opportunities. **Clare Rosenfeld** offers one example. Clare is young diabetic who dreamt of putting diabetes on the UN's agenda. Novo Nordisk met her in conjunction with its "Young Voices" initiative designed to bring attention to the problems faced by young diabetics. Rosenfeld proved to be a compelling example of a young person with diabetes making an effort to lead the world to greater awareness of its devastating effects on health.

Also engaged by Rosenfeld, Professor **Martin Silink**, the incoming president of The International Diabetes Foundation, saw her vision as a platform for uniting the global diabetes community behind a worthwhile effort. Clare and her mother **Kari Rosenfeld**, together with Silink, shared the idea with potential partners to see if it had the power to take form. Novo Nordisk were quick to pledge their support and got involved early in the process by taking a leading role in bringing the needed global alliance about, in particular

Table 1. Paradoxes in Corporate Branding as Organizational Change

	Paradox in Change Management	**Paradox in Corporate Branding**
How is change percieved in the organization?	Change is planned, managed and controlled *and* Change is emergent and unplanned	Corporate Branding is defined and planned by the company *and* Corporate Branding emerges from an active involvement of all shareholders in the creation of the brand
What motivates change?	Change derive from internal sources *and* Change derive from external sources	The corporate brand is developed as ongoing renewal and extensions of the historical origin of the brand *and* The corporate brand is adapted and transformed along with changes in the marketplace and new competition
When does change occur?	Change is an episodic and occasional interruption in long periods of stability *and* Change is a continous and ongoing pattern of modification	The corporate brand is changed through periods of deliberate campaign-driven redefinitios of the brand identity *and* The corporate brand is continously changing as its core stakeholders reinterprets, reacts and adapts to shifting circumstances

Over the years, Danish health care company Novo Nordisk has struggled to find the right balance between planned and emergent approaches to managing themselves and their corporate brand. Now their effort is starting to pay off.

developing the global campaign "Unite for Diabetes". Their success came faster than anyone had hoped and within a year the General Assembly adopted a resolution making November 14 an annual official UN day, the first of which took place in 2007. Diabetes is only the second health issue after HIV-AIDS that the UN has acknowledged in this way. The example shows how you might begin with a plan, but activities on the part of other stakeholders will create an emergent reality to which managers must respond on a daily basis.

What motivates change?

A statement by a global brand manager from the LEGO Group pin-pointed a paradox that many corporate brands face: They must stay true to their company's cultural heritage, yet maintain market relevance. On the one hand brand managers should avoid acting like "headless chickens" that adapt to every shift in the marketplace thus becoming enslaved by consumer trends. On the other hand, they risk becoming "arrogant bastards", enmeshed in an inwardly focused, we-know-best mindset, while resting on the laurels of past achievements. The substantial risks associated with being overly responsive to market trends are that competitors can observe and respond to the same trends. Moreover, constantly changing identity claims and brand promises are likely to confuse employees and other key stakeholders and risk undermining their trust in the company. Arrogant bastards, however, may glorify the value and sincerity of their cultural origin and suppress the many struggles that took place in order to get the brand off the ground.

The current trend towards authenticity makes this paradox even more significant, as brand managers are now under pressure to find the right – authentic - balance between the company's cultural heritage and current market relevance. This takes historical insight, leadership courage and a good sense of timing. The same urge to stick to the company's unique standards that worked at one time, may not later on. When in the early 1980s Danish audiovisual producer Bang & Olufsen chose to stick to their lean and horizontal design based in their Bauhaus heritage at a time when the market and their dealers were screaming for more vertical Japanese-style audio-racks, they enhanced their reputation as a design-driven global niche brand. But when they decided in the late nineties that flat-screens were not suitable for their unique design language and that on-line selling was not relevant for their very expensive products and integrated solutions, they lost valuable time in their innovation cycle. Knowing when to stick to your traditions, and when to respect outside influence is not easy. But keeping the dialogue with stakeholders lively can help avoid costly errors in these judgments, or at least allow you to correct mistaken decisions more quickly. Maintaining the dialogue forces you to confront the paradox of making the past live in the future.

When does change occur?

The third paradox concerns the rhythm of corporate brand renewal: Is corporate brand renewal taking you through periods of intense and deliberate redefinitions of the brand identity? Or is the brand continuously changed according to how its core stakeholders reinterpret the brand promise and react to shifting circumstances? Or does your company seek to strike the balance in between? No doubt brand execution has a rich track-record of dramatic periods of brand renewal or in some cases a complete brand makeover that involves multiple dimensions of the brand identity, brand expression and marketing effort. Often such condensed periods of change occur in relation to mergers and acquisitions, or manifestations of new strategies.

Think of the formation of the pan-Scandinavian Nordea brand, which left few traces behind of the brand identities of the four merged financial companies. Such interruptions of the brand are compelling, significant and expensive, but rarely keep momentum going for long periods of time.

For these reasons companies search for new ways to ensure continuous brand renewal. For example, LEGO brand managers strive to create the right management processes that draw their passionate consumers closer to the brand enabling them to learn from the ideas that these fans have about the future development of the brand. This resulted in early efforts to involve consumers in the First LEGO League, where LEGO fans met and competed with their self-constructed LEGO-robots, and helped the company develop a new kind of LEGO play. More recently, the company has taken consumer involvement a big step further by inviting the LEGO fans to become LEGO Ambassadors, which includes visiting the company and working along with the LEGO designers and brand mangers for short periods of time. Such direct interactions with passionate fans form a whole new stream of inspiration and innovation of every corner of the LEGO brand. Together they may take the LEGO experience in untold new directions. The LEGO story shows that a small-scale continuous development of the brand can be as – if not more – valuable than large scale episodic moves. Episodic changes are often hard to predict, as they follow from unfolding business opportunities, whereas brand managers can almost certainly find opportunities for small scale incremental development of the brand. Even in times of massive changes in the brand, it is crucial to nurture the more dispersed stakeholder engagement often found in the continuous development of the brand.

Challenges Going Forward

Where do all these paradoxes leave the brand manager? In our opinion, they leave brand management at the heart of the company's strategic development, at least if brand managers are able to step up to the challenges of paradoxical management. The first challenge is to acknowledge that a brand never sleeps, as stakeholders, technologies and markets are constantly posing new demands and ideas. The second challenge is that brand management never finds a permanent form, but has to negotiate a balance point within the paradoxes and shift between different modes of specific management across time and place. The third challenge is to accept that the brand managers of tomorrow will have a mix of competencies, skills and methodologies that differ from those that are prominent today. No one professional discipline or business functions can master the full scale of what brand management entails. The last, but not least challenge is to learn to love listening to your stakeholders – both the ones that love you so much that they object every time the brand is changed, and the ones that are always the critical watch-dogs who insist on correcting the brand. In both cases, brand management has become a never-ending change process that is not controlled by the company alone. ■

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Together they have recently published *Taking Brand Initiative: How Companies Can Align their Strategy, Culture and Identity Through Corporate Branding.*

Vill du vinna boken *Taking Brand Initiative?* Skicka ett mejl till initiative@brandmanager.se så deltar du i utlottningen!

Majken.

Mary Jo.