Brands have changed over the years. At first, they were a means of dressing up products. Created and managed almost exclusively by marketers, they were designed to attract and retain customers, justified by the price premiums the most respected brands enjoyed. Substantial price premiums made luxury brands the ideal, but soon corporate brands gained ground. The first corporate brands can perhaps be traced to international fashion houses like Dior and Chanel, and to automotive product manufacturing with brands like Mercedes and BMW.

The move to branding the company rather than its products gathered momentum from shortening product lifecycles. This trend was pronounced in the fast-moving consumer goods markets (e.g., Procter & Gamble, Kellogg, Toyota) where product branding had its roots, but really took off in the rapidly expanding electronics industry (e.g., Microsoft, Sharp, Intel, Dell). As product lifecycles shortened, investment in product brands lost support because it became harder to recover the costs of creating and promoting multiple product brands. Globalization in the second half of the 20th century played a role too, as companies that branded all their goods under a single name, like IBM and McDonald’s, realized competitive advantages from global recognition at the same time that they reduced costs savings by promoting all their offerings under one corporate brand.

Another change that had taken place, particularly in the U.S. and Europe, also figures into the history of branding – the shift toward service economies. Services are always tricky to brand because they depend so heavily on the behavior of the employees who deliver them. It is one thing to brand products, whose quality is at least predictable, it is quite another to invest in brands for which human variability is a significant factor. So, as brands grew into the globalizing economic situation, the problem of employee brand delivery rose in importance. Internal to organizations, this shift moved corporate branding beyond the domains of product branding and its associated marketing and external communication functions, and into the territory of human resource (HR) management.

Trouble was, even though internal and external communication specialists joined forces under the banner of integrated communication, most HR departments have never had a great deal of productive contact with marketing. As a result, turf wars prevented much progress toward aligning employees with corporate branding efforts. Still, the expansion of brand management within the firm created potential for internal integration at around the same time that many companies were fragmenting for other reasons, namely globalization and the outsourcing of key functions, such as training and development, benefits and purchasing. Corporate brands started to have appeal as a means to communicate the strategy of the organization to its own employees. Internal marketing was born.

As the idea of branding the company spread, the need to retain intimacy in the employment relationship was revealed to be an important strategic weapon. In order to communicate the meaning of the brand to employees in a way that allows them to understand the important role they play in brand delivery, brands need to speak not just to existing employees, but also to potential employees. Strong brands like Apple, P&G, IBM and Southwest Airlines, were clearly winning the war for talent, and HR professionals seem to like the idea of developing their own versions of the corporate brand, known as the employer brand. Employer branding is now a hot topic in HR circles, but when these efforts take place in isolation, independent of corporate branding programs going on in other parts of the firm, they can lead to fragmentation of the brand.

Employer branding is just one example of how brands can become fragmented, since any fracture lines caused by functional specialization can lead to confusion in the marketplace. How can a brand say one thing to one group of people (e.g., potential employees), and something else to another (e.g., consumers), particularly when a single individual may belong to both groups? What is more, in a globalizing world, many stakeholders meet brands when they travel. The messages broadcast abroad can be quite different from what they see and hear at home. The Dutch global
financial services corporation ING Group, for example, uses its corporate name in every market it serves – except the Netherlands!

Segmenting stakeholder groups may be fine for analyzing the different interests that affect a brand, but when used to develop targeted messaging, those who belong to multiple groups can hear conflicting messages. For example, the same person may be an employee, an investor, a local community member, a customer, and an environmental activist. Imagine a few years back hearing endless advertising messages about BP being a green oil company, while at the same time knowing that most of its extraction processes and management practices were far from environmentally sustainable. At the turn of the 21st century, such brand incoherence became an issue for many companies. They soon realized that saying you are a particular kind of company does not make you one. Seeing that employees belong to other stakeholder groups and carry images of the company along with them into these other domains made authenticity a growing concern.

Today more change is afoot. As branding expands its domain from the product–consumer relations of product branding to company–stakeholder relations, a much bigger picture emerges. Brands no longer represent only the products and services that they adorn, or the companies that stand behind them. They are coming to represent the vision and all the interests that unite a disparate group of stakeholders in the pursuit of common cause, whether that cause be – for example, Novo Nordisk leading the fight against diabetes, Unilever PLC’s (GE’s) “ecomagination” to find solutions to the world’s toughest problems (e.g., affordable and accessible water desalinization technology).

In our recent book Taking Brand Initiative: How to Align Strategy, Culture and Identity through Corporate Branding, we suggested that this latest development in branding might be called “enterprise branding” to differentiate it from the more organizationally focused term “corporate branding,” which, in turn, takes a step beyond “product branding.” The corporation is only a part of the enterprise it serves. When the entire enterprise is included in brand management practices, the corporate brand is transformed from a tool of self-promotion into a symbol that focuses attention on what the company’s stakeholders value and a set of actions expressing and realizing those values.

The term “enterprise branding” implies that brands can no longer be considered simply financial assets, or branding only a tool of management. Brands are, and always have been, interpreted and judged by all who touch them. Branding practices determine how much of this diversity of meaning is accepted and cherished as part of the brand within the corporation. Product brand management focuses on the customer and customer facing employees but not other stakeholders. Corporate brand managers expand the focus to include all employees, from top to bottom, but generally do not include stakeholders other than the customer. The enterprise brand manager is willing to embrace all of it.

Grasping how brand managers move down the path from corporate to enterprise branding involves reaching into the deepest layers of a company’s reason for being. At the same time it demands extending the boundaries of the organization to include all stakeholders. To explain why it is necessary to enlist inside and outside, past and future, and all levels of the hierarchy in the branding effort, and how this can be achieved, we place organizational identity at the center of brand thinking.

WHAT’S IN A BRAND?

Brands have traditionally been defined by the symbols that represent them. The Swoosh logo and the overall style associated with the Nike Inc. brand offer one example, the M-shaped Golden Arches of McDonald’s Corp. another. Much time, effort and money have been invested in designing the right symbols to communicate brand promises, in the case of product brands, or strategic vision and corporate style, in the case of corporate brands. But defining brand management in this way misses a central point – brands need to authentically express the identity of the firms they adorn. Today this is as true for product brands as it is for corporate and enterprise brands.

Symbolic Meaning

Brands are much more than visual symbols. For better and worse, they are comprised of the meanings made by those who use their symbolism. Some of these meanings will be flattering to the organization, others will not. Think of the horrific images of McDonald’s left in the wake of Morgan Spurlock’s film Super Size Me. But all meaning-making that occurs around a brand informs the organization about how its many stakeholders see it.

The images stakeholders form and communicate among themselves are mirrored back to the organization, providing important feedback that can help a firm to know itself. Thanks in part to the uproar created by Super Size Me, for example, McDonald’s is now acutely aware that it needs to adapt to an increasingly obese world. Just as individuals who try to operate outside society become less than human, organizations need to listen to their constituencies in order not to go awry.

That identity depends upon social processes was first suggested by social psychologists at the beginning of the 20th century. One of them, George Herbert Mead, explained the identity of an individual as a conversation between the “I” and the “me” (see
In childhood, the "me" forms in response to what others say about it: "you are a good girl," "you are a messy boy." The "me" is what allows the child to formulate the notion "mine!" which informs other ideas such as "my nose," "my toy," and so on. The child starts to figure out that behind all that is "mine" stands "me." This produces an embryonic sense of self that is based on what others say about it. The "I" starts developing soon after, in reaction to the "me," as the child learns that it can resist what others say. Those terrible twos are all the evidence most parents need to grasp Mead's concept of the "I" as a counterbalance to the "me."

It is important to recognize that the "I" can resist, conform to, or negotiate with the "me," but no matter in what combination these efforts are made, there is a conversation between the two parts of identity. Identity emerges from this conversation, implying that identity forms and reforms continuously throughout life as new inputs to the "me" are provided and as the "I" formulates new responses to them.

However, if the identity conversation tilts too far in the direction of the "me" then the individual's identity may be overly influenced by others, as often happens in adolescence. When this occurs, individuals tend to lose themselves in efforts to please (or to displease, as in deviance). Conversely, if the identity conversation tilts too far toward the "I," as can occur when someone enjoys too much early success in life, then the conversation becomes egocentric and the individual can fall prey to narcissism. The key to a healthy identity is keeping the conversation in balance. Mature, well-adjusted individuals are able to sustain balanced identity conversations over long periods of time even though every identity goes through periods of imbalance.

Organizational Identity

The same processes that form identity at the individual level occur in organizations, though with far greater complexity due to the number and variety of people involved in the identity conversation (see Fig. 2). Like individuals, organizations receive feedback from their environment. To maintain a healthy identity, they must learn to balance what they hear about themselves (that which produces the organizational "me" or "us") against what they know themselves to be (the organizational "I" or "we"). Organizations such as Toyota Motor Corp. and GE that maintain a balanced identity conversation do not simply respond to every demand placed upon them. They first reflect on new
information in the context of their organizational culture and values and decide what response would be true to both their heritage and their aspirations. In this way the identity conversation is neither overly focused on the “we” nor on the “us.”

Of course every organization will go through periods of imbalance during which it must adjust its identity conversation if it is to avoid the more extreme problems of narcissism and hyper-adaptation. If corrected in time, these problems will not bring dire consequences. But if extreme imbalance occurs, an Enron Corp. or AT&T Corp. may appear. Narcissism destroyed Enron when this company convinced itself that it could ignore what others thought about it. Ever since its breakup in 1984, AT&T has battled hyper-adaptation, trying to be something for everyone, as reflected in its most recent slogan – “Your world. Delivered.”

When an organization’s “we” responds authentically to the influence of others by tapping self-knowledge, the organization has a good foundation for building a strong brand in the alignment between its culture and the images its stakeholders communicate. Thus, at the heart of any corporate brand you will find the organization’s identity. If that identity is healthy, the corporate brand has a chance to be strong. If there are identity problems, then corporate branding is likely to magnify them.

**Vision**

There is one more piece to the corporate branding puzzle, however, and it is the one that is most manageable – strategic vision. With the addition of a clear and relevant vision, branding becomes a process of aligning vision, organizational culture, and stakeholder images (see Fig. 3). But beware, simply driving vision downward through the organization and outward to stakeholders can become self-insulating, or even narcissistic. Many top managers have this in mind when they start contemplating corporate branding.

What the identity component of branding makes clear is that, if it is to have any real and lasting influence within the enterprise, strategic vision needs to be part of the organization’s identity conversation. Some years back, Jim Collins and Jerry Porras developed what is today one of the most familiar models of strategic vision. The model has four elements: core values, shared purpose, BHAGs (big hairy audacious goals), and vivid description of the desired end state.

Placed within the VCI (vision, culture, image) framework, the elements of the Collins and Porras model map onto organizational culture (core ideology = core values + shared purpose) and strategic vision (envisioned future = BHAGs + vivid description). Thus we interpret Collins and Porras as saying that when organizational culture supports top management’s...
envisioned future, strategy will more likely be successfully executed. This is only partly true. In our view, without alignment between vision and stakeholder images there is no guarantee that executing a strategic vision will contribute to organizational success.

Enterprise brand thinking (i.e., brand thinking informed by communication with all the organization’s stakeholders – internal as well as external) shows that vision is as much an outcome of identity dynamics as it is an input. Top managers need to listen and respond to both internal and external stakeholders if they want to formulate a strategy that employees can and will deliver, and that other stakeholders understand and support. Of course this approach to branding sacrifices a considerable amount of management control.

**IF YOU CAN’T CONTROL A BRAND, WHAT CAN YOU DO?**

Since brands involve systems of symbols, managing a brand implies managing symbolic meaning. We know from widespread failures to control organizational culture how difficult this can be. People make their own interpretations of events, objects and symbols. The best managers can do is to engage in the processes of meaning-making with them. This will allow some input, but certainly not control. We say this in spite of the fact that many companies desperately seek measures with which to gain the upper hand in the management of their brand’s meanings. While there are proven methods of measurement in the world of branding (e.g., brand awareness, intention to buy, brand equity), their underlying logic cannot explain how the meanings carried by brand symbols translate into affection and support for a brand during its lifetime. This knowledge can only be acquired by contact with those who make the brand’s meaning what it is – the internal and external stakeholders who are the true owners of the brand.

Most important, when working with brand symbolism, managers need to be aware that any real engagement with symbolic meaning is an entry point to organizational change. Like it or not, communication is a two-way process, and brands are communicative symbols – as McDonald’s learned with respect to the obesity crisis. Respect for the meanings brand symbols carry, and involvement with the processes by which these meanings shift and change, keep an organization in touch with its stakeholders and give it the best chance to respond to inevitable changes in expectations in timely and appropriate ways. This openness to outside influence brings internal change. The companies we studied significantly reformed their organizational structures and management practices as a result of responding to their stakeholders’ images. Some are now feeling the effects of these changes as they flow into their products and their business models.

The changes made in response to stakeholder expectations and desires should complement the culture of the organization. If the culture is lost, so too is the balance in the identity conversation, and branding will suffer along with culture loss. The balancing act occurs in the alignment of vision, culture and images – you are juggling three balls. The first involves looking inside and outside, that is, at both internal culture and external images. The second involves looking both up and down, from involving top managers to engaging all employees throughout the hierarchy. The third is a backward and forward move that requires looking to the organization’s heritage and to its future at the same time by asking both “Who have we always been?” and “What will we be in the future?”

With this juggling act in mind, how do you influence a brand? The best way is to let your organization be influenced by your brand, both inside its own walls and throughout the larger enterprise of which it is a part. Start with simple things, what you do everyday as a manager. How might you redesign your daily activities so that they communicate the spirit of your brand? Is everything you do representative of the brand at its best and most creative? For example, is

![Figure 3: VCI Mismatch Can Occur in Many Different Ways, But All of Them Will Affect the Overall Performance of a Brand](image-url)
your recruiting done in a way that expresses what your organization stands for without having to name it (i.e., reel off a list of proclaimed values)?

Southwest Airlines Co. famously illustrates what this looks like with a story they tell about recruiting pilots. Southwest, whose brand exudes playfulness, often improvises during interviews with recruits to see how their potential employees will react. One story tells how, on a hot August day, several pilots came in for a group job interview. They arrived wearing typical pilot attire: black suits, white shirts and ties. Seated in a hanger at the start of their day, a manager gave his introductory pitch. Seeing them suffer the heat in their business suits, the manager offered each recruit a pair of Southwest-issue Bermuda shorts from a pile on a nearby table. A few of them made the change in spite of the fact they looked a little silly in the combination of shorts, black socks and dress shoes! At the end of the long day, it was the pilots who changed their clothes that were asked to work for Southwest.

If you are someone who cares more about comfort than how silly you look, Southwest is willing to bet you will pitch in when bags need to be unloaded in a hurry, or when a customer has a problem. While many pilots have become used to standing on ceremony and asserting their status, the Southwest recruiter’s brand-relevant improvisation on a sweltering August day served to identify those most likely to fit into the company’s “we’re all in this together” culture. Expressing the brand in this situation paid off immediately by allowing the recruiter to assess the job candidates. Their responses to the offbeat offer to wear Southwest-issue shorts demonstrated their likely compatibility with the organization’s culture.

Ask yourself: How might each and every job and task within my company be touched by brand spirit? Start with yourself: What can you do to express your organization’s brand and culture as you go about the normal routines of daily work life? The list will be endless, particularly when you consider that, in a branded company, you do not need or even want to do the same task in the same way every time. When employees are encouraged to create new expressions of the brand every day, their interest in work remains active and the brand lives. But getting employees to work the brand into their daily tasks demands even more loosening up on the notion of control – controlling brand expressions and will be heavily involved in helping employees find more and better can I do this routine aspect of my job in a way that expresses the heart and soul of Southwest Airlines? In putting the brand’s spirit and style into this task, the recruiter demonstrated a tacit understanding of the Southwest brand. Otherwise he could not have improvised on its core meaning in the moment of a hot summer day. If he had stopped to design this intervention, it would have felt contrived rather than playful and thus would have communicated the wrong message (“Southwest makes you figure out a way to work the brand into everything you do,” versus “You are directly experiencing what the Southwest brand means in daily life around here”).

Because the Southwest recruiter felt licensed to be creative with the brand, he was able to do what felt natural in the moment – to have some fun with potential recruits. Style such as this will not be easy to achieve if your organization is better known for its control of employees then for their creativity or innovation. Nonetheless, working with the brand permits input from employees. If this input clearly inspires change, it can go a long way toward realizing the kind of employee-backed brand performance Southwest Airlines enjoys.

Lesson 1: Put the brand behind your employees before asking your employees to get behind the brand.

In part, the first lesson is just good old role modeling, but it is something more. It is your commitment to let branding become a key symbol within the organization’s culture. If it is done well, you will not have to ask your employees to emulate your behavior, or set up reward systems to get them to do it; they will do it because it is obvious and because it is satisfying. Too much work is demotivating because it stifles enjoyment and creativity. Corporate branding, because it connects everyday culture with strategic vision, produces meaningful work. People are no longer just doing their jobs; they are realizing a larger purpose that they have had a hand in defining.

Remember, when it comes to branding, step away from traditional management control practices. If you put brand thinking into your management practices, then employees will catch the spirit and embrace the style. And, if you license employees to make choices in how to do their jobs creatively to better express the brand, chances are many will be inspired enough to achieve things you would not dare to expect from them. A few kind words about their efforts or simply telling stories about what they have accomplished will likely spread the process to holdouts. Before you know it, you will have forgotten all about controlling brand expressions and will be heavily involved in helping employees find more and better
ways to express the brand in their own unique ways. You will be amazed at how much fun and motivation this adds to work.

This may all sound utopian or even dangerous. If everyone does his or her own thing with your brand, how will outsiders recognize it? A paradox is at work here. You need to both control the official brand messages emanating from your organization AND share the power to communicate the brand with your employees. It is important that you repeat the official message about your brand often enough for it to be understood and remembered. But insisting that employees repeat that message rather than interpreting it in their own ways is just silly. For one thing, demanding consistency of message is not practical in the digital age, where every blogger has a platform from which to speak his or her mind. For another, forced messaging will never lead to responsiveness in the identity conversation. You need to demonstrate to employees and other stakeholders that you understand they are part of the conversation that decides what the brand means; that you respect their role. And you must mean it. Do all this with brand style and you will produce a winner.

Case in Point: LEGO Group

LEGO Group learned to do this, in part, through a training program they developed known as LEGO Brand School. At first the Brand School was designed in typical top-down fashion to get employees to align themselves behind the LEGO brand. They were part of a larger rebranding effort the company had started in the hope of renewing a tired brand image. But the program’s backers felt something was missing when employees complained that the Brand School did not give them enough insight into how they could do their jobs in brand-relevant ways. The employees felt they needed more direction than seemingly endless discussions of brand values were giving them.

As a result of the feedback, program leaders redesigned the Brand School to include a segment where participants communicated their feelings about their jobs and the company – using constructions made of LEGO bricks and mini-figures. They understood that to get employees engaged enough to pull this off meant permitting and encouraging them to form images of what the brand meant to them, personally. Putting the beloved LEGO brick into the training process was intended to help employees express themselves in ways that would extend to the daily execution of their roles within the company. It did, but this experience did something else as well. The objects the second-generation students created pointed to the employee’s quite serious concerns about the company’s future. “We killed our cash cow,” proclaimed one of them. “We got hung up by the security net,” stated another. “There are too many skeletons in the closet,” observed a third.

Around the time that the second-generation Brand School model was rolled out, a new chief executive officer (CEO) was appointed to turn the company around. By this time, company profits had been down for several years, and hopes for the future were not high. Fueled by changes in children’s play due to a trend known as KGOY (kids getting older younger), increased competition from globalization, new entrants to the toy market coming from the electronics industry, and company policy that encouraged brand extensions to run wild, the company was in dire straights.

As part of his preparation to take over leadership, the new CEO and his top management team attended several second-generation LEGO Brand School sessions. There they learned how employees viewed the company’s problems. As a result, their decisions moving forward were informed by what the employees could see needed to be done. Saving the brand was clearly a shared concern, which made tough decisions into a heroic effort to preserve the iconic LEGO brand.

The Brand School helped the new top managers see that the brand was among the company’s most valuable assets.

Though the program to retrain employees in Brand Schools started out as one-way communication of the brand, putting the brand into employees’ hands (quite literally with the imaginative use of LEGO bricks) meant giving them the chance to talk back to the company and to be heard. Because that feedback was in the form of LEGO brick constructions, it had the important quality of being “LEGOized.” Because everyone was talking through the brand, so to speak, the common symbolic ground focused the conversation on the company instead of throwing blame. The brick made it possible to say, “We are greatly concerned” without sounding like complaining children. Sharing power within the Brand School, though perhaps not initially intended, led to authentic communication between employees and their new top management team. On this foundation of a healthy internal identity conversation, a difficult turnaround began.

Although other actions figured into the turnaround of the LEGO Group and its brand, the Brand School was certainly part of the success story. The school experience shows that you cannot plan everything where corporate branding is concerned, and that too much control is counterproductive. Everything you do with your brand needs to be adapted to an identity conversation that emphasizes listening and responding from within the context of your organizational culture. With this type of two-way communication, employees will always be a part of the
picture managers see when it comes time to formulate strategy or vision.

**Lesson 2: Always engage the identity conversation before (re)formulating strategic vision.**

### Recognizing the Life of the Brand Outside the Company

LEGO Group’s new CEO brought with him curiosity about and a willingness to connect with brand fans and user groups. Jorgen Vig Knudstorp was only 35 when he became CEO, and he is a member of a generation that gets new media in their bones. When a group of LEGO employees made a case for connecting with LEGO brand communities, he instinctively went along with them to see what was up.

At the time, adult fans of LEGO (AFOLS) were not of much concern to the company. They were considered a shadow market – interesting, but too small to be worthy of corporate attention. However, some of these fans had created an active Web site known as LUGNET (LEGO User Group Network) whose membership was expanding rapidly, particularly in the AFOL segment. A few LEGO employees had been championing LUGNET as a source of input to company decision-making, and the new CEO decided to attend one of the LEGO BrickFests that LUGNET members organized annually.

Along with his family and company owner Keld Kirk Kristensen, who also happens to be the grandson of LEGO Group’s founder, the new CEO appeared at a BrickFest gathering in Washington D.C. There he gave a short talk and held a question and answer session with attendees. Through this engagement, supported by a few days filled with experiences of LEGO play offered by some serious fans, he learned firsthand what an amazing resource they were. The fans had more and often better ideas about how LEGO play materials could be used than did the company itself, and they had been sharing these ideas with each other for years using the Internet. As a result, the fans were more familiar with new media applications than was the company that provided their much loved play material.

Knudstorp and Kristensen easily recognized that several of the fans’ ideas could make successful new products. The LEGO Group had already learned that some of the AFOLs had the knowledge and skills to hack the software that operates LEGO Mindstorms, the company’s robotics line. Within a few days of the launch of the original Mindstorms series, a group of enthusiastic fans cracked the product’s software code. But rather than suing them as other companies might have done, LEGO Group gave its users a license to hack.

Once it became clear that LEGO fans had much to contribute with respect to new product ideas and their applications to play, it was natural to extend their involvement. LEGO Group directly involved their fans by inviting four American brand fans to work side-by-side with LEGO employees to develop the next generation of Mindstorms products. Over a period of 11 months, the four fans collaborated closely with the R&D (research and development) department, motivated only by their dedication to the brand. As one of them, John Barnes, said to Wired Magazine: “If it had been any other company than LEGO, I wouldn’t be here.” LEGO Mindstorms NXT was launched in 2006 and, with the help of the LEGO fans, grew into the world’s most popular line of robotic tool kits. It has since inspired other fan-involved LEGO developments, including books and new programming languages as well as company-sponsored online brand communities and events featuring applications of LEGO robotics and other product lines.

One of the company’s most recent co-created products displays the names of the fans who helped create it. The packaging for these products announces they were “Designed by LEGO fans.” In this case, LEGO Group invited 10 LEGO enthusiasts to participate in developing the new LEGO Hobby Train product that the company launched in 2007. The LEGO managers gave the fans the basic premise for a LEGO train system and specified how many LEGO elements to include in the full play experience. The rest of the development was left to the fans, who decided what a LEGO train should look like through on-line interaction – or rather they created 15 different train models that can be created from the same set of bricks. Who knows what future users will bring to this new product.

Through these and other experiences, the company learned that they could allow customers to use their computer-aided design system – the one that LEGO designers use to create the LEGO sculptures on display at LEGO retail stores and at LEGOLAND Theme Parks (no longer fully owned by LEGO Group) – to design their own creations. The computer system not only tells users what bricks they will need and how to assemble their designs, it will place an order and allow each user to customize the box in which the LEGO bricks are delivered.

With so much help from fans, one of Knudstorp’s recent interviewers suggested that LEGO Group might soon consist of its CEO and two assistants! Knudstorp assured him he would not go that far. In fact, LEGO Group has just decided to in-source their manufacturing, after having left it to world manufacturer Flextronics for the past three years. There will be many more examples of employee-stakeholder collaboration to come.
INTEGRATING INSIDE AND OUTSIDE

Thinking about branding from the inside as well as from the outside brings us back to our initial point: ultimately brands need to relate to the entire enterprise of which the company is a part. One of LEGO Group’s stated core values is Playful Learning and the company has long contributed to knowledge about children’s play through the research it sponsors. So it knows how play with the LEGO system aids child development – it provides the user with a tight logic built into the way the bricks fit together – but within this logic users can build anything their imaginations allow. The company refers to its value for this type of play as Systematic Creativity.

Toward the end of the 20th century, the LEGO Group lost its way. It had forgotten the heritage that produced the LEGO brand. In spite of, or maybe because of winning not one but two Toy of the Century awards for the LEGO brick, the company had not stayed current with the kids on whom its success ultimately rested. Kids found the brand dusty and old fashioned. Parents still believed in the brand and stayed current with the kids on whom its success ultimately depended.

The hard work of turning both the brand and the company around rested on admitting that too many end users did not respect the brand. LEGO Group came to the painful conclusion that the world had changed while they were looking the other way. Its marketplace had altered with the incursion of electronics companies; LEGO’s efforts to compete with them head-on led the company into products that were well beyond its reach. Overextension of the LEGO brand in this and other directions was rampant by the end of the 20th century, when the company finally returned to its core in construction play. It was a niche market perhaps, but this market had made the LEGO brand into a global icon.

By re-establishing its identity as a construction play company, LEGO Group embraced enterprise thinking. Focusing all products on construction play and its developmental benefits (enabling Playful Learning and Systematic Creativity within a structured and logical system of constraints), became a guiding principle for decision makers. Products and other activities that did not fit the brand had to go in the interests of focusing the company on what it stands for. The identity became central to internal discussions as the brand helped guide the company out of trouble, backed of course by a CEO who recognized its enormous value to LEGO stakeholders.

Inside the company today, new LEGO employees are trained in a version of the Brand School that includes LEGO Ambassadors, a group of LEGO fans who volunteer for this service on behalf of their beloved brand. This practice provides another vehicle for fan involvement in addition to consulting with product designers. As the result of their presence inside LEGO Group, employees have become accustomed to including stakeholders in their internal conversations about the company and its products. And CEO Knudstorp continues to attend BrickFests – where these days he is treated almost like a celebrity, though this does not mean he is exempt from hearing criticisms if LEGO Group tries to do something that displeases brand fans.

HOW TO ORGANIZE FOR BRAND MANAGEMENT

Managers always ask us how best to organize in support of their brand. Should branding be located in marketing? Communication? HR? Should it be a function on its own? Behind this query lies a mental model of the organization as a set of responsibilities to be divided and delegated rather than shared. You might hope to manage the brand from within a new department or an existing functional unit, but ultimately you will learn that, to succeed, your brand needs to represent a diversity of interests. Such learning typically leads company executives to the use of a cross-functional team. But managing a cross-functional brand team effectively requires that you understand why so much of branding slips between functional cracks (see Fig. 4).

Think about all the change management programs your company has put in place over the last five to 10 years. Your business development team has likely created several programs aimed at improving your strategic vision, while human resources enrolled employees in numerous training and development activities as well as some culture change efforts. HR probably also sponsored multiple programs for attracting the right people into your talent pool. Simultaneously, your marketing folks have doubtless been involved in several efforts to refine the style of your advertising and sales to reach more customers and to delight the ones you already have. Meanwhile, the communication team...
has developed numerous programs to better respond to the media, investors, your local communities, and other key stakeholder groups. But are you getting full value from all the work that is being done in these areas? Are all these programs dovetailing to realize synergies, or are they independently conceived and possibly incoherent from the perspective of serving the brand?

Chances are, when the managers of these programs get together, they do not focus much energy on considering how the effects of their programs might interfere or compete with the effects that other programs are having. This is why teamwork is required to manage a brand. Once you put a cross-functional team in place and ask them to bring news of what programs the company is currently running into their discussions of how to apply brand thinking, you will begin to see benefits from shared knowledge and experience across the firm. Of course your chief learning officer has been promoting programs to do this for years, but without the brand symbolism to remind everyone of what is at stake and what truly matters, it is difficult to coordinate so many moving parts.

Lesson 5: Never let corporate branding become new turf to be conquered in your company. Keep branding in the domain of the total enterprise by sharing responsibility and creative imagination with your employees and other stakeholders.

Any natural barriers to communication between those running your myriad change programs will be amplified by the turf wars that almost always come with functional specialization. To integrate the functions that need to get behind branding you will need to identify and address any gaps that exist between your strategic vision (V), organizational culture (C), and stakeholder images (I). The issues to address in regard to VCI alignment are numerous, and some companies try to formalize this complex process by specifying all stakeholder touch points and developing systems for monitoring and managing them.

We find it more useful to keep asking the three central questions of the VCI model: Who are we? What do others say about us? Who do we want to be in the future? and What will our stakeholders think about us along the way? Of course there is nothing preventing you from doing both. But, no matter what, you must find and correct any VCI gaps that threaten your brand.

While companies use many different techniques to obtain the knowledge needed to diagnose VCI alignment, we describe those we have found to be most helpful in Table 1. Each of these tools is used by one or more of the companies we have worked with, and they can all be used in combination, provided you have the required resources and your managers are ready for this much input. Otherwise consider working up to a combination by adding first one and then another to your brand assessment repertoire.
THREE PARADOXES OF BRAND MANAGEMENT TODAY

Throughout this article we have emphasized managing brands across the boundary between an organization’s inside and outside, showing how internal (employees) and external stakeholders share ownership of the meanings that brands carry. We have shown how and why managing a brand effectively involves looking both inside and outside the company – and how and why paying attention to employees and their organizational culture helps to align a brand. But aligning culture and images by accepting the paradox that an organization’s inside and outside are intertwined is only one of the paradoxes of brand management.

Much managerial advice, such as that given by Jim Collins and Jerry Porras in *Built to Last*, emphasizes linking vision with culture. Similarly you can find loads of advice about linking stakeholder images with strategic vision. For example, according to Kevin Elliott, vice president for merchandising at 7-Eleven, Inc., customers relate to brands with emotions that trigger or block a person’s commitment to that brand. But few notice that linking vision with both organization culture and stakeholder images creates the foundation for great brands like those of LEGO Group, Starbucks Corp., Southwest Airlines and JetBlue Airways. These brands all reflect visions with an intrinsic appeal for employees and other stakeholders – they are enterprise brands.

For example, Southwest’s vision to “democratize” the skies has fueled tremendous loyalty to its brand on the part of its customers, but also serves to inspire employees who find that they are not just working for an airline, they are helping to create a better world. And it does not stop there. Such inspiration spreads to investors, partners, regulators, unions, special interests and other stakeholder groups comprising the full enterprise to which this brand relates. The movement toward customer focus is only one step in the direction of aligning vision, culture and images. Maintaining a healthy identity conversation with all stakeholders will build your brand and allow it to reach its full potential as an enterprise brand. But involvement at the top levels of the organization is important too.

A strong brand requires the involvement of top managers just as it benefits from the engagement of all employees throughout the hierarchy. Thus it is a second paradox of brand management that you must continuously look both up and down the hierarchy. Branding is not just a matter of communicating the vision of the company to employees and encouraging them to carry it out; all companies do this to some extent, but few companies then proceed to align the images that customers and other stakeholders have of the company with the vision and values of the company. The challenge is not just an issue of communication, but rather a matter of aligning vision, culture and images, which can be achieved only when the paradoxes are understood and acted upon.

**TABLE 1 VCI ALIGNMENT ASSESSMENT TOOLS.**

<table>
<thead>
<tr>
<th>TECHNIQUE</th>
<th>ACTIVITIES INVOLVED</th>
<th>CHALLENGES</th>
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<tbody>
<tr>
<td>Survey stakeholders (including members of your organization)</td>
<td>Compare reputation and market research on different stakeholder groups with regular surveys of employee perceptions of the company and confront any disparities. What does each group think of us as a company, what we stand for, what we deliver and to whom?</td>
<td>Make sure the way you measure performance and stakeholder perceptions matches the vision and identity for your brand. All too often inside and outside data are not comparable and/or do not tap the uniqueness of your brand platform.</td>
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<tr>
<td>Dialogue between middle managers from key business functions</td>
<td>Bring together a team of middle managers from the functions most essential to your corporate brand and let them diagnose any VCI gaps your company faces. Include at a minimum representatives from the functions of corporate marketing, corporate communication, human resources, business development and sales.</td>
<td>Different functions use different concepts – often referring to the same ideas with different terms. Therefore, you must develop a framework and a language that everyone can use when talking about the corporate brand. Make sure all managers understand that no single function controls corporate branding, it is a shared responsibility requiring shared leadership.</td>
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<tr>
<td>Dialogue between brand managers and stakeholders</td>
<td>Look for or invent opportunities to bring the people living and experiencing your brand together in conversations about what the brand means to them and how well it fulfills their expectations and desires. Find the stakeholders who can make the biggest difference to your brand – your most enthusiastic supporters and critics.</td>
<td>Instead of talking about how others perceive your brand, invite them to meet your management team or take your management team to visit them. Do not avoid criticism, but be clear about how you will respond; promise no more than you can deliver. Link these conversations to internal change processes and to internal debate about strategic vision.</td>
</tr>
<tr>
<td>Create events and establish routines that connect stakeholders to each other via your brand</td>
<td>Locate the most critical events and routines that deliver your brand promise. Confront top management with the day-to-day realities of how your brand is executed in &quot;moments of truth,&quot; both inside the company and across its boundaries. Learn how stakeholders experience your brand, what makes them feel like they belong, and what makes them feel like they don’t.</td>
<td>The truth about your brand is often found in everyday details. If you never experience these details yourself, how will you know your brand? How will you influence it? Very often managers get distanced from stakeholder experiences of the brand. Get them back in touch.</td>
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extent. Branding can be a vehicle for communicating up as well as down the chain of command, as the LEGO Brand School demonstrated so powerfully. When this aspect of branding is done well, the vision of the company aligns as much with the values the organizational culture holds dear as the other way around.

The key for managers in regard to handling the paradox of managing up and down the hierarchy is listening and responding to employees and understanding and participating in their organizational culture. When you work side-by-side with your employees you absorb their ways of understanding into your formulation of strategic vision. As you become accomplished at incorporating an understanding of organizational culture into your decision-making, employees will appreciate your concern for their values and most will be willing to reciprocate by working your vision for the future into their thinking and the brand's style into their behavior. They will also have the benefit of seeing how their culture supports strategic vision, which will make that vision easier for them to understand and implement.

The paradox of managing backwards and forwards – considering the old alongside the new – involves looking for the organization's future in its heritage. Corporate brands ask not just “What do we want to be and how do we want others to see us?” but also “Who have we always been?” Coping with the old-new paradox requires that, when thinking about the future, managers consult the company's heritage all the way back to the founder's vision and business principles. If the future seems to demand that your company become socially responsible or environmental sustainable, for example, then your brand can help you find appropriate ways to envision this future, ways inspired by what the company and its brand have always stood for.

When Danish pharmaceutical company Novo Nordisk wanted to globalize its brand, they divested their bio-detergent business and returned to their roots in diabetes to focus attention, not only on their organization, but also on the enterprise of fighting this crippling disease. In this way they established a clear link between the company's heritage of care for diabetics and what it was going to be and do in the future.

While it is never easy to juggle all the moving balls of branding, keeping your eye on each of them as the others move up and down will push you beyond the mechanics of catching and releasing balls and into the art of juggling. Over time, listening and responding to the different interests that comprise your stakeholder mix will lead you from corporate branding to enterprise thinking and eventually perhaps to an enterprise brand. The learning process needs to be distributed throughout your organization, eventually reaching out to all of your stakeholders, so you will need to acclimate to managing with the paradoxes this complexity brings. Keeping your focus on VCI alignment, and the dynamics of the identity conversation that underpin it, will lead you to enterprise branding.
This article is based on *Taking Brand Initiative: How to Align Strategy, Culture and Identity through Corporate Branding* by Mary Jo Hatch and Majken Schultz (San Francisco: Jossey-Bass/Wiley, 2008). The ideas about organizational identity were inspired by George Herbert Mead in *Mind, Self and Society* (Chicago: University of Chicago Press, 1934). The first version of the branding model shown in Fig. 3 was published in Mary Jo Hatch and Majken Schultz, “Are the Strategic Stars Aligned for Your Corporate Brand?” in *Harvard Business Review*, 2001.

For discussions of corporate branding and identity written from a marketing perspective that complement the views set out in this article, see any of several books by Wally Olins. We particularly recommend *Corporate Identity* (London: Thames and Hudson, 1989) and *Wally Olins: The Brand Handbook* (London: Thames and Hudson, 2008). The many books by David Aaker, Eric Joachimsthaler and Nicolas Ind are also helpful. Try David Aaker’s *Brand Portfolio Strategy* (NY: Free Press, 2004); or Nicolas Ind’s *Branding Governance: A Participatory Approach to the Brand Building Process* (Chichester UK: Wiley, 2007).


If you would like to listen to LEGO Group CEO Jorgen Vig Knudstorp speak about the company and its branding efforts, go to: http://www.monocle.com/sections/business/Web-Articles/QA-with-the-CEO-of-Lego/ (last accessed 8–8–2008). The four brand fans involved in the development of NXT were Steve Hasenplug, John Barnes, David Schilling and Ralph Hempel. They were featured in the cover story of *Wired Magazine’s* February 2006 issue and in Koerner’s featured article: “Geeks in Toyland.” Access it at: http://www.wired.com/wired/archive/14.02/lego.html (last accessed 7–18–2008).


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