Are the Strategic Stars Aligned for Your Corporate Brand?

Companies are increasingly seeing the benefit of a corporate branding strategy. But to get the most out of such an approach, three essential elements must be aligned: vision, culture, and image. Are yours?

by Mary Jo Hatch and Majken Schultz

When Procter & Gamble sponsored the Juvenile Diabetes Foundation in New York last year, the company distributed the customary glossy promotional brochure to highlight its generosity. That brochure, however, looked different than those from years past. On the cover, 20 of P&G's flagship products were conspicuously merged in a single symbolic image.

For the granddaddy of product branding, that image may very well reflect a seismic shift in marketing strategy. P&G was founded, after all, on the traditional marketing notion that each product needs a unique identity. Ideally, a brand would grow so strong that, like P&G's own Pampers, it would become a synonym for the product itself.

If the image on the P&G brochure does imply a shift in direction, the company will be joining the ranks of corporate branding giants like Disney, Microsoft, and Sony. Rather than spend their marketing dollars on branding individual products, those companies promote a corporate brand—a single umbrella image that casts one glow over a pano-
ply of products. In recent years, corporate brands have become enormously valuable assets—companies with strong corporate brands can have market values that are more than twice their book values. (For more on the business case supporting corporate brands, see the sidebar “What a Corporate Brand Can Do for You.”)

Not surprisingly, creating a corporate brand is both complicated and nuanced. Perhaps that’s why so many companies get it wrong. In some cases, an organization will invent a catchy new corporate slogan, tack it on a wide range of products, and hope it will mean something to employees and consumers alike. Just as bad, a company might simply design a new logo and slap it on every product, hoping it will pass as a corporate brand.

But there is more to it than that. Our research into 100 companies around the world over ten years shows that a company must align three essential, interdependent elements—call them strategic stars—to create a strong corporate brand: vision, culture, and image. As opposed to the shortcuts described above, aligning the stars takes concentrated managerial skill and will. The reason is that a different constituency—management, employees, or stakeholders—drives each element. Consider:

- **Vision**: top management’s aspirations for the company.
- **Culture**: the organization’s values, behaviors, and attitudes—that is, the way employees all through the ranks feel about the company.
- **Image**: the outside world's overall impression of the company. This includes all stakeholders—customers, shareholders, the media, the general public, and so on.

**The Corporate Branding Tool Kit**

To effectively build a corporate brand, executives need to identify where their strategic stars fall out of line. To guide managers through this analysis, we have developed the corporate branding tool kit, a series of diagnostic questions designed to reveal misalignments in corporate vision, culture, and image. The first set of questions looks at the relationship between vision and culture; that is, how managers and employees are aligned. The second set addresses culture and image, uncovering possible gaps between the attitudes of employees and the perceptions of the outside world. The last set explores the vision-image gap—management taking the company in a direction that its stakeholders support?

To get started, take a look at the exhibit “The Corporate Branding Tool Kit.” The questions are relatively straightforward, but the investigation itself can be complex and time-consuming. Culling all the relevant information from your top managers, employees, and key stakeholders—through interviews, focus groups, interactive Web sites, and so on—can take months, or even a year or more. Throughout the process, you’re trying to detect misalignments between strategic vision, organizational culture, and stakeholder images—even small gaps that might grow into larger ones.

Aligning the elements of your corporate brand is not a sequential process. Vision, culture, and image are intricately interwoven, and you need to conduct the gap analyses concurrently. As you examine the relationship between, say, vision and image or image and culture, there will be some overlap. Don’t worry. This is the natural result of the interdependence of the elements.

The tool is useful in identifying the key problem areas—the vision-culture gap, the image-culture gap, and the image-vision gap—but the hard work of developing specific solutions and implementing them belongs to you and your team.

**The Vision-Culture Gap.** This misalignment develops when senior management moves the company in a strategic direction that employees don’t understand or support. The gap usually emerges when senior management establishes a vision that is too ambitious for the organization to implement. The main symptom: a breach between rhetoric and reality. Disappointed managers often blame employees for resisting change; frustrated employees react with cynicism and suspicion. Such scapegoating and distrust are extremely dangerous for companies. Like an ulcer, they can eat away at a corporate brand from within. To uncover possible gaps between vision and culture, managers should ask the following questions of themselves and their employees:

Does your company practice the values it promotes? We all laugh at Dilbert cartoons. But a company where every cubicle is festooned with them is probably in deep trouble. The cartoons use cynical humor to point out the discrepancies between the values a company espouses and those that its systems promote. This isn’t a laughing matter. During John Akers’s reign at IBM, for example, a joke circulated throughout the company that “IBM means I’ve been misled.” The severe downsizing that took place in the early 1990s in spite of the company’s promises of lifelong employment had generated anxiety, depression, and fear among its employees. Needless to say, the effect of such disillusionment on IBM’s brand at the time was devastating.

Does your company’s vision inspire all its subcultures? Any company, large or small, is made up of subcultures. The engineers in your R&D department will have a different set of values and priorities than those held by the sales and marketing department. Top managers need to be sure that the vision that inspires them—they, too, have a subculture—will resonate throughout the company. A vision that speaks only to the R&D staff will not inspire a company that is dependent on salespeople. The key is to understand what organizational values are shared across the company. Successful corporate visions pick up on those shared values. Bang & Olufsen, the Danish audiovisual company known for its distinctive product designs, for instance, unifies its disparate workforce around a Bauhaus-inspired tradition of simplicity.

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To get the most out of a corporate branding strategy, three essential elements must be aligned: vision, culture, and image. Aligning these "strategic stars" takes concentrated managerial skill and will. Each element is driven by a different constituency:

**Vision**
Top management's aspirations for the company.

**Culture**
The organization's values, behaviors, and attitudes—that is, the way employees all through the ranks feel about the company they are working for.

**Image**
The outside world's overall impression of the company. This includes all stakeholders—customers, shareholders, the media, the general public, and so on.

Are your vision and culture sufficiently differentiated from those of your competitors? Your vision and culture are your signature. Together, they are a powerful tool in helping you stand out from your competition. Apple is a classic example of a company that successfully differentiated its vision through its unique culture. Thanks to Steve Jobs, Apple saw the potential of computers to change people's everyday lives. Jobs's insight and enthusiasm attracted Silicon Valley legions of young people who equated Apple with a new way of life. These computer enthusiasts not only created a culture that supported Apple as it grew but also altered the shape of the computer industry forever.

**The Image-Culture Gap.** Misalignment between a company's image and organizational culture leads to confusion among customers about what a company stands for. This usually means that a company doesn't practice what it preaches, so its image gets tarnished among key stakeholders. In today's wired world, where word-of-mouth opinion spreads through Internet chat rooms as quickly as the flu through a kindergarten, maintaining a positive image is increasingly challenging. To identify image-culture gaps, you need to compare what your employees are saying with what your customers and other stakeholders are saying.

What images do stakeholders associate with your company? The first step in uncovering an image-culture gap is to understand the images that outsiders have of you. These images are both real and perceived—they stem as much from an individual's feelings, thoughts, and opinions as from the facts of your
company. They can be startlingly different, therefore, from the image that the company seeks to project. And when stakeholders find that the culture of an organization does not match their subjective image, it often spells disaster for the company. Consider British Airways. When it decided to go global, BA launched a campaign to change the image of the airline. The company used advertising to persuade the public to view BA as a global airline; “the world’s favorite airline” was now “the world’s favorite airline.” To communicate its new image, BA repainted the tail fins of its aircraft with artwork from around the world. Unfortunately, the prim uniforms of the cabin crew and the silver tea service continued to give passengers the impression that BA was distinctly British. Caught in the chasm between image and culture, BA’s branding experiment failed.

*In what ways do your employees and stakeholders interact?* The next line of questioning focuses on the channels through which a company reaches out to stakeholders. While advertising and public relations can counter negative images, nothing is more powerful than stakeholders’ direct, personal encounters with the organization. Energy giant Shell, for example, not only lists its employees but also seeks feedback from investors, community members, and activists through focus groups, surveys, and its Web-based “Tell-Shell” program. Unfortunately, many companies put obstacles in the way of such communications, to the detriment of their corporate brands. Consider the potential for misalignment when marketing talks to customers, HR talks to employees, public relations talks to the media, but the departments don’t talk to one another.

*Do your employees care what stakeholders think of your company?* An authentic organizational culture can jeopardize a corporate brand. Take Coca-Cola, which used to have one of the world’s most powerful corporate brands. Recent events—including the distribution of tainted beverages in Belgium and alleged profiteering among distributors—have led to a gap between the company’s culture and image. How could the employees of the company that “taught the world to sing” be a party to the exploitation of its customers? This fundamental misalignment has tarnished the image of Coca-Cola. The company must now work to correct the deterioration in its culture that led to the scandals.

**The Image-Vision Gap.** The third obstacle for creating an effective corporate brand is conflict between outsiders’ images and management’s strategic vision. Companies cannot afford to ignore their stakeholders; the most carefully crafted strategic visions will fail if they are not aligned with what customers want from the company. Having sounded out employees and stakeholders, managers need to find out whether they are out of sync themselves.

*Who are your stakeholders?* Managers who ask themselves this seemingly obvious question are frequently surprised by what they learn. For example, many companies find that their products reach a very different market from the ones they are targeting. Consider Nike in the mid-1980s. At the time, the company saw itself as a high-performance athletic-shoe manufacturer that attended only to the needs of top athletes. But market research later showed that more than half of Nike’s sales were going to people who were wearing the athletic footwear as a substitute for casual shoes. This image-vision misalignment meant that Nike was not capitalizing on an important market.

*What do your stakeholders want from your company?* Just as there can be a disconnect between a company’s culture and its image, so too is there frequently a gap between management’s vision and the images and expectations customers have for a company. After Nike discovered that its products were being sold as substitutes for casual shoes, for example, it produced a line of conventional casual shoes—that nobody wanted. Consumers wanted the same shoes their athletic heroes were wearing. Before the company could exploit what was obviously a hot market, Nike had to come to grips with the fact that it didn’t matter that the sneakers were over-engineered for the average customer. The appeal was in the image of athleticism that the sneakers projected.

*Are you effectively communicating your vision to your stakeholders?* Marshall McLuhan memorably said the medium is the message. Though we wouldn’t go that far, we have no doubt that many companies underestimate the importance of the way they communicate their vision to outsiders. Having created an inspiring vision backed up with cultural values, corporate managers all too often fail to check their work with their stakeholders. Recall British Airways. Once it had privatized, BA decided it was time to fully globalize its brand. In addition to repainting the planes’ tail fins, the company decided to remove the British flag from all its aircraft. The British press went ballistic. A cabin crew strike broke out. Business-class travelers threatened to switch allegiance. This time a gap had developed between BA’s vision and its image, and executives were forced to acknowledge they had gotten it wrong again, and they abandoned the program. BA finally got the message—it was a public icon that could not afford to ignore its stakeholders.

The corporate brand tool kit will not by itself identify all the problems you are likely to have with your corporate brand. But it does provide a useful framework for reality testing and will help you uncover the most obvious gaps. You should tailor the questions to your company and drill deeper in areas of particular concern. It’s also helpful to compare responses from different constituencies to similar questions. For example, you can compare how managers, employees, and stakeholders rate the way the company communicates its vision. A lack of consensus between the groups—or worse, among members of the same group—will signal an important disconnect.

**Getting the Stars Lined Up**

Using a process like the corporate brand tool kit can help companies get the most from their corporate brands. That’s what happened at Lego, the fourth largest
toymaker in the world. For years, the company's top managers recognized that Lego's most valuable asset was its image as a producer of imaginative and inventive construction toys. But in the mid-1990s, the market for the toys started to decline, and Lego managers knew they had to reinvent the company. Its image was an obvious place to start.

How did Lego go about building on its image? The first step was to find out exactly what images stakeholders had of the company and its products. Lego turned to outside experts such as Young & Rubicam, a leading advertising agency, for a global assessment of its image. They found that, in the minds of its stakeholders, Lego's image was as strong as those of some of the world's most powerful players, such as Disney and Microsoft. The revelation encouraged Lego executives to stop thinking of the company in terms of products—the celebrated Lego bricks—and dare to see themselves as leaders in the business of creativity and learning.

The next step in developing the corporate brand was to bring vision in line with image. This was done by holding brainstorming sessions for top managers and people outside Lego—academics in business strategy and child development as well as dedicated customers—who had long-standing relationships with the company. Lego executives deliberately searched for a vision that

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What a Corporate Brand Can Do for You

Creating a corporate brand—an umbrella image that casts one glow over an array of products—is a relatively new approach to integrating a company's stakeholders. With the notable exceptions we have mentioned, most major companies, like P&G, have been better known for their product brands than for their corporate brands. But an increasing number of companies are discovering just how much value there is in a strong corporate brand.

**Corporate brands reduce costs.** U.S. companies together can save billions of dollars by using corporate brands to exploit economies of scale in advertising and marketing. SmithKline Beecham, for example, now uses its corporate brand to support all its products. Corporate brands make good sense for companies that compete in markets where product life cycles have shortened, making it difficult to recover the costs of continually creating new product brands. Nestlé and Unilever are moving in this direction, each reducing the number of product brands they market.

**They give customers a sense of community.** Many customers are willing to pay more for some badge of identification—say, Apple's rainbow-colored logo—that makes them feel they are part of a community. Another notable example is Virgin. Across the company's diverse businesses—airlines, megastores, cola, and mobile phones—Virgin's top management, led by flamboyant CEO Richard Branson, has meticulously cultivated the distinctive positioning of David versus Goliath: "We're on your side against the fat cats." This has led to the widespread perception that Virgin is a company with a distinctive personality: innovative, challenging, fun.

**They provide a seal of approval.** A strong corporate brand lets customers know what they can expect of the whole range of products that a company produces. Take Sony, for example. Its corporate logo of four block letters, whether applied to a stereo, a television, or a computer game, stands for the high level of competence, quality, and care for detail shared by all the products that are sold under the Sony name. A strong corporate brand also helps a company defend itself against outside assault. Consider the Body Shop. When a journalist recently accused the company of lacking integrity in its testing of beauty products, the company overtly appealed to the public by citing its corporate brand, which was firmly associated in people's minds with strong ethical standards concerning animal rights.

**They create common ground.** The most successful corporate brands are universal and so paradoxically facilitate differences of interpretation that appeal to different groups. This is particularly true of corporate brands whose symbolism is robust enough to allow people across cultures to share symbols even when they don't share the same meaning. A good example is the McDonald's golden arches. One of the most powerful corporate brands ever created, the golden arches resonate in the hearts and minds of people all over the world—even though different cultures attach different meanings to them. McDonald's promotes and supports these differences of interpretation, breathing life into its corporate brand around the world.
would inspire the whole organizational culture as well as customers and other stakeholders. The result was a catchy new slogan—"just imagine..."—and a bold new vision statement. Lego vowed to become the strongest brand among families with children by 2005. Company owner and president Kjeld Kirk Kristiansen held companywide seminars to launch the new vision. The process was inspirational. Lego got the guidance and input it needed to create a powerful new corporate vision that was in keeping with the company's image: imagination, invention, togetherness, learning, and, of course, fun.

But aligning two of the three stars wasn't enough. Lego also needed an organizational culture that could support the vision and give the images credibility. That's why it invited managers and employees from all over the world to participate in "pit stops." At these workshops, which have so far involved some 7,000 employees, individuals share their dreams for the company and themselves, building support for the brand in the process. In addition, the company organizes "dream-outs," similar to GE's workouts, where employees participate in interactive, real-time problem solving. One dream-out improved distribution channels in the United States, another found new ways of responding to customer needs for their infants. Pit stops and dream-outs are activities that align Lego's culture behind the vision, and together they have transformed the employee mind-set from toy producers to brand warriors.

Of course, even though it took exceptional care to align image, vision, and culture, Lego faced lingering tensions when it moved to roll out the corporate brand. A few product brand managers resisted the corporate brand and had to be let go. The company itself had to reorganize. But the transformation at Lego was well worth the effort. According to Lego's 1999 annual report, the benefits of the corporate brand strategy and the investments in new business ideas and people development had already started to show in the 28% increase in the company's global net sales.

Last year, the Lego brick was named toy of the century by Fortune magazine. The company grabbed more honors when it received the "Toy of the Century" award from the British Association of Toy Retailers for its classic Lego bricks and its ability to create new inventions such as Mindstorms.

While corporate vision and culture are themselves powerful strategic tools, once they are aligned with stakeholder images, the corporate brand can become a powerhouse.

When a Corporate Brand Doesn't Make Sense

Estée Lauder has a strong corporate brand, but the company is driven by a number of product brands, such as Origins and Mac. The Gap has three successful product brands—Banana Republic, Old Navy, and the Gap—but many customers are unaware that they're all part of the same company. Are these companies lagging behind their rivals? Not necessarily. Sometimes product brands just make more sense, especially:

**If you are a product incubator.** If your company's mission is to create and then sell off successful product brands, imposing a corporate brand on them doesn't make sense. For example, many biotechnology and information technology companies make significant profits selling spin-off companies. This was the case, for example, when Danish NKT sold its subsidiary, Giga, to Intel for more than $1 billion. Because NKT's business model is based on selling off other companies in the future, it holds them under separate names. In such cases, overt corporate branding could detract from the selling price if the potential buyers believed that disassociating the unit from its current owner's brand would be costly.

**After M&A activity.** In industries such as finance and telecommunications, where frequent international mergers and acquisitions can affect stakeholder comfort, many companies will choose to preserve their national brands. Take the case of banking. After a bank is acquired, customer trust and loyalty are unlikely to be transferred automatically to the new bank owners. That's why Scandinavia's largest financial company, Nordic Baltic Holding, maintains local brands such as MeritaNordbanken in Sweden and Finland, Unibank in Denmark, and Christiania Bank in Norway. Maintaining national brand names, at least in the short term, can help ease the turmoil of changing ownership.

**If you are expecting fallout.** Firms that like to take risks in new markets might not want to bet their corporate brands by associating them with untried products—unless the corporate brand, like Virgin's, is associated with high-risk ventures. Also, in industries like oil or chemicals where practices can raise ethical concerns or companies face repeated crises or scandals, the downside of corporate branding can be steep. Any negative publicity associated with the company will spill over onto all the products if labels with its name or associates with its official symbols.

By identifying all elements of the corporate brand—and by exposing any gaps in their interaction—the corporate branding tool kit can help companies reap the benefits of a corporate branding strategy. The tool eliminates much of the ambiguity involved in creating and maintaining a corporate brand. As a result, managers can take charge of those brands and use the strategic stars as competitive weapons.

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