



THIRD WAVE BRANDING: BREAKING THE ICE

58

Brand management should exceed the confines of marketing and be embraced by corporate culture as a valuable way of thinking about the corporate environment.

by Majken Schultz & Mary Jo Hatch

Every organisation needs specialists and specialised functions to do business: Strategic Planning, Human Resources, Public Relations, Marketing and so on. When it comes to branding the organisation, however, the need to integrate across functions is imperative. Otherwise different groups doing different things pull the brand in different directions and fail to realise synergies.

Mapping functional specialties and the programs they are responsible for onto different parts of the brand highlights the problem created when these activities are pursued independently. Far too often marketers tracking the corporate image are not in conversation with HR folks handling the culture, and internal communication specialists are not talking to those from corporate communication, who promote the company externally to the media, NGOs and partners. The failure to integrate typically means that the change programs a company has at any one time rarely build on the corporate brand, nor do they deliver full value to stakeholders or the bottom line. Most tragically, this lack of integration fragments the identity of the organisation, putting all the equity invested in the corporate brand at risk.

SHIFTING PERCEPTIONS OF CORPORATE BRANDING Branding began as a marketing endeavour to create and manage the relationship between products and consumers, as practiced e.g. by fast-moving consumer goods companies like Procter & Gamble and Unilever. The branding sub-discipline of marketing grew over the years but never lost focus on the consumer, meaning corpo-

rate brands were mainly treated in this first wave as giant economy-sized product brands that could be created and refreshed through advertising campaigns in perpetuity. This failed to recognise the relevance of branding for non-marketing functions such as corporate communication, and ignored firms' many other stakeholders.

In the second wave of corporate branding, companies strived to put the corporate into corporate branding and thereby made branding a multifunctional activity. This meant that Corporate Communications and to a lesser extent HR, Investor Relations and all the other communication functions joined with Marketing to manage the corporate brand. Second-wave corporate branding led to innovations such as employer brands and a plethora of brand activation and renewal programs each designed, orchestrated and led by a different group within the corporation. Over time, this activity contributed to brand confusion as different groups claimed pieces of the branding puzzle and the resources that came along with them. To balance this tendency, second-wave branding often spawned cross-functional task forces whose job was to coordinate all corporate brand efforts and to bring corporate brand thinking to the firm.

THE NEW WAVE OF BRANDING Companies today are entering an era of stakeholder capitalism that is changing the balance of power within firms. New rules for doing business are being written as suppliers, investors, employees, communities, and a growing number of global NGOs are organising to offset the influence global business represents. Stakeholders make stronger claims on companies than ever before, and their influence affects the identities of the firms that they relate to and target.

In the context of stakeholder capitalism, a third wave of branding will evolve to respond to these gathering forces. This shifts the role of the corporate brand to be not just the voice of the company but of the entire enterprise. The third wave encompasses the interests and expectations of the full range of stakeholders and makes corporate branding a strategic asset of increasing importance to CEOs and their top management teams. More time and attention at the highest levels of an organisation will be given to listening and talking to stakeholders and engaging the full range of them through the corporate branding process. To do this kind of complex, interactive, and inclusive communicative work requires managers to become more conversant with the multi-stakeholder aspects of corporate branding, which is key to catching the third wave.

The main implication is that many voices will shape and inform the corporate brand through myriad forms of com-



munication – direct and indirect, face-to-face and virtual – and through traditional channels as well as new media such as text messaging and websites like MySpace and YouTube. As a result the next generation of both corporate communication and marketing managers will spend increasing amounts of time looking at the brand through the eyes of stakeholders. Participation in brand community events will feature prominently in their schedules, and every interaction inside the firm and out will become more of a two-way process. Employees will start to bring some of these stakeholders directly into the management process,

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making use of their ideas and skills in internal company activities. They will design new activities getting employees to work alongside more stakeholders doing things that give all of their lives greater meaning – and contribute to the innovation and dynamism of the brand!

THE PUSH FOR INTERDISCIPLINARY COLLABORATION The functional specialties of marketing, corporate communication and HR all contribute to corporate and third wave branding. They have as much to offer as they ever did, if not more. Companies just need to make better use of what these specialists can do by managing their limitations and helping them appreciate each other. Marketing specialists know what consumers and customers expect and desire, and can deliver what they want creatively. Their affinity for customers and consumers, however, often leaves them at a loss when it comes to serving other stakeholder groups.

The various specialists of corporate communication, from media relations to CSR experts, provide skills essential to effective communication of the brand internally and externally. Their propensity to value consistency and clarity of message is invaluable, though it must be tempered by encouraging stakeholders to play with brand meaning in their own ways. Although many communication specialists value two-way communication, it is still a challenge to many experts to learn to listen well to their stakeholders and practice what they preach.

Human resource practitioners understand cultural matters within the firm and can help when culture change is needed. These are the people who can put together train-

ing and development programs that will encourage employees to express cultural values through behaviour, and adjust it to benefit the brand. They can also ensure that the brand draws into the firm people who fit the culture well and look forward to working on its behalf with your stakeholders. Sadly, many companies have outsourced critical HR and training functions that are key to translating the corporate brand into organisational behaviour. If this describes your company, a first step is to help HR resume its larger role and rededicate itself to ensuring that employees recognise that they truly matter. Putting the brand behind your employees is a good place to start.

But HR departments cannot do it alone. Their advocacy for people and training efforts will have limited influence until brand-affirming behaviour is supported by management practices throughout the company. For example, R&D, Engineering and Operations cannot translate the brand's central idea into products until employees have a deep emotional and aesthetic feeling for the corporate brand and understand its role in the company. Unless culture backs employees up when they creatively use brand-based thinking to do their jobs, they will quickly learn that branding does not really matter. The same point applies to other departments. If management does not make brand-thinking a requirement and brand delivery the norm, then nothing anyone can say on the brand's behalf is going to help realise its potential symbolic or economic value.

OVERCOMING SILOS BETWEEN BUSINESS FUNCTIONS

Each company must find its own way to overcome the functional silos

EXECUTIVE SUMMARY

- ▶ Branding began as marketing & became a multifunctional tool, losing some focus.
- ▶ Third wave branding must integrate all elements of corporate culture
- ▶ A single voice must be used for the whole enterprise.
- ▶ Direct interaction means better results.

The article is based on the book by Hatch & Schultz: Taking Brand Initiative: How Companies Can Align their Strategy, Identity and Culture Through Corporate Branding. To be published in March 2008.

knowing that turf wars mean that many brand initiatives fail. But in our experience it only requires a soft-handed facilitation, as most specialists are aware of their limitations and see the value of exchanging ideas and experiences. But they need top management encouragement and a systematic facilitation to turn aspirations into coordinated collective action.

So Danish Novo Nordisk's corporate brand promise of "Changing Diabetes" e.g. means much more than serving diabetic customers - it seeks to join forces with a multiplicity of stakeholders to change the devastating effects of diabetes around the world. In Novo Nordisk, the organisational response to the push for multi-stakeholder involvement was the formation of a new small unit dedicated to global collaboration to leverage all relevant resources to "Change Diabetes". The Corporate Branding unit was created as a spin-off of the much larger Corporate Communication function, both reporting to the executive VP and chief of staff, who in turn sits on the company's executive management team. The main challenges for the new unit manager, Charlotte Ersboell, were to moti-

vate other business functions to start using the corporate brand concept. For this she appointed a global cross-functional team (CFT) for corporate branding. To ensure top management support of the collaborative effort, Ersboell ensured the CFT reported to the steering committee led by the CEO and on which her boss and the VP of international marketing also sit. The support from international marketing to the new branding CFT's activities was particularly important because, according to Ersboell, this function is the "closest partner to Corporate Branding." The two units have many overlapping responsibilities and potential conflicts and mutual opportunities need to be managed carefully. So far, the experiences and success in the global marketplace of Novo Nordisk has demonstrated the value of aligning all business functions behind the brand.

It shows that when people working from marketing and PR across the enterprise, inside the organisation and out, share insights and experiences with one another this will connect the many conversations with different stakeholder that build the identity of "who we all are" as an organisation. In the case of Novo Nordisk such sharing was facilitated by the establishment of a small new unit. Other companies find other ways. The main point is direct interaction between the members of different functions will produce results that are usually better, more inspiring and always available more quickly. █

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