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SoulBranding^{SM} In the C-Suite

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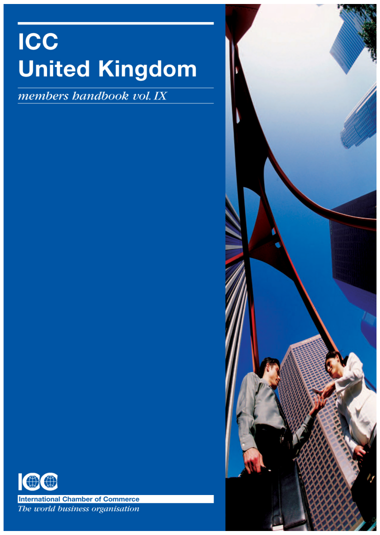

Why is the corporate brand such a hot topic among CEOs today?

As powerful as the brand has been as a marketing asset, it is emerging as an equally powerful tool for general management.

The following article highlights how to start using it that way. We welcome your comments and questions!

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Aligning Human Values, Corporate Strategy And Brand Experience

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SoulBranding in the C-Suite

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Why is the corporate brand such a hot topic among CEOs today? As powerful as the brand has been as a marketing asset, it is emerging as an equally powerful tool for general management.

CEOs now see how the corporate brand can fuel two of their most urgent agendas:

- to transform business performance; and
- to more effectively support their boards.

Transforming performance

For decades now, CEOs have allocated resources to manage the one intangible marketing asset that drove billions in equity-market capitalization, the brand, but now they are turning to the corporate brand to help them manage the "soft side" of two desperately needed transformations: To shift internal energies to critical new priorities, and to function as a permeable skin among the self-organizing communities of its stakeholders.

Focusing internal energies with operating values

Some leaders are doing this by explicitly emphasizing the operating values meant to drive operating results. One good example is IBM's current emphasis on "innovation that matters", which extends one of their core values through current branding initiatives.[1]

Humanizing corporate behaviour with motivating values

Years ago, Peter Drucker urged business leaders to expand their relational skills to meet emerging requirements in the global marketplace. In particular, he urged excellence in collaboration and partnership with other institutions.

Today, they need to collaborate authentically with *all* their stakeholders, from consumers to shareowners. How to do it? Organisations will make a quantum leap in trust and creative collaborations when they legitimise, and even celebrate, their motivating social values. These are the deeply held human and social impulses that move people to act in their own and their communities' best interests.

Moreover, these human values anticipate and even pre-empt the need for regulation and legislation. They are the values that we teach our children: integrity, fairness, and other specific aspects of the Golden Rule. At Maio&Co, we call them 'soul values'. They drive the specific behaviours that civil society expects of corporations today. Enlightened CEOs lead their organisations to nurture those values in their daily interactions with tightly linked compensation systems.

In sum, CEOs in collaboration with the entire C-Suite are beginning to imbue their brands and align systems with operating values that refocus the corporate energy. They have yet to capture consistently the greater benefit of imbuing their brands and aligning systems with explicitly human, motivating values that will cement their collaborative relationship with the new global communities of corporate stakeholders.

Managing up: giving the board more of what it needs

As just discussed, C-level executives are learning that the corporate brand, and the plumbing that drives it, can give them the reach and impact they need to meet today's daunting general management challenges. Likewise, the values-based brand can help fill a governance void at the board level. The more a board and its organisation can be self-governing, the less vulnerable it is to pre-emptive regulation and/or damaging operating surprises or criticism from outside. Brand values can help serve this function.

This type of management tool could take the form of a Board Committee on Brand Values, that operates as Douglas K. Smith describes in his most recent book *On Value and Values*: "The Committee on Brand Values should set and monitor policies and principles to ensure the organisation delivers the brand values it promises. The committee might step in to investigate or review instances of significant failure or success..."[2]

Also, a Committee like this, aided by a tool such as our own *Maio&Co Handbook for the Committee on Brand Values*, could more readily anticipate incipient problems where the brand promise might be slipping out of balance with the organisation's ability to deliver on it. This is one concrete example of the value the brand delivers as a tool for general management.

In addition, here are eight guidelines to help the CEO and the other C-level executives re-examine their approach to the corporate brand as a tool for general management. These guidelines emerged from the pressures for more sustainable corporate decision-making. We believe they represent a good start for the CEO who would expand the value of the brand as a management tool.

Values branding for high performance: eight guidelines

1. Match the talk with the walk

The corporate sustainability movement grew out of widespread scepticism and discontent with corporate behaviour. In fact, in addition to the broad scandals of corporate abuse symbolized by the Enron case, it could be argued that business had been given tacit permission to transcend the moral code.

The antidote is authentic corporate responsibility and accountability. This mandate forces brand managers to take count of the corporation's delivery on the promises they and their promotional activities make – so the brand manager is accountable for the corporation walking the talk that the marketing and communications disciplines historically craft and then promote.

Every successful professional in the field today has to some degree mastered the art of such calibration already. But too often we have seen the marketing, communications and public relations functions being used as superficial bandages to mask operating problems. This practice hurts the credibility of the corporation, of the discipline, and the trust between the company and its constituents. This practice can only continue so long as those professionals allow it to. For the integrity of the profession, and their own personal integrity, communications and marketing professionals must take a stand in this difficult global transition toward rebuilding truth and trust between the corporation and its stakeholders.

They must "speak truth to power" when the brand promise starts to exceed delivery. And the CEO must have the heart to insist that they do so. This is the only way he or she can take action in time to preserve brand integrity and credibility.

It may seem like a courageous stand to take, but in today's eagle-eyed environment there's no place to hide anyway. The inevitable exposure of any falsehood is likely to hurt the corporation much more than an uncomfortable truth in the context of an explanation. By the same token, understating the promise of the sustainable brand is tantamount to leaving money and market preference on the table. Why wouldn't a corporation want its stakeholders to know the advantages of doing business with it? This is another way in which the corporate sustainability movement is affecting brand management: it demands that we learn to calibrate accurately the promise and the reality of the benefits of enlightened corporate behaviour.

2. Take the long, strategic view

Sustainability demands that all disciplines and all corporate activities, including brand management, must be seen in the longer term. For example, one of the first screens for publicly traded companies who sought to be included in the Dow Jones Sustainability Group Index was been the length of their strategic planning horizon. Short-term planning cycles are not consonant with sustainable corporate behaviour. So too, in this context, brand management practices and the discipline itself must become better connected to the longer-term strategic initiatives of the corporation and the evolving preferences of its stakeholders. Moreover, long-term planning is the only responsible approach to managing an asset such as brand that can drive up to 70% of a company's market capitalization.

3. Sensitise over, under, sideways, down

Responsible corporate behaviour implies a sensitivity to the myriad ways in which the company's actions affect its world. And today's world

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embraces a broad group of stakeholders. So the corporation that leads will become a more careful listener to a much broader group of constituents. Indeed, even if the corporation seeks only to manage reputation risk these days, it will enhance its listening skills.

But the purer motives will emerge, and likely enhance the success of those who are authentically open. As David Korten pointed out years ago, the commoditized world has reduced the margin for error in the global marketplace. Barriers to entry in key markets have dissolved with continual, eroding waves of access to capital, resources, technology and labour. The differentiator boils down to the responsiveness to stakeholders that comes from superior information on their evolving preferences for the "softer" aspects of delivery, access, and bundled services.

The same forces that have helped to shift power to the customer and supplier, such as access to information via the internet, can be a source of advantage for the brand manager, too. For example, internet access is as much a device for gathering information about stakeholders as it is a two-way relationship channel. Royal Dutch Shell pioneered in this regard, inviting open commentary and actually processing it through its internal systems into an authentic dialogue device.

4. Build social value(s)

In addition to affecting branding processes and systems, the corporate responsibility movement shapes the very content of brands. Content takes many forms. There are positioning aspects that are unique to each brand and the corporation behind it. And then there are those that represent the performance bar that every corporation must meet who would be respected and preferred among its various stakeholders at any given time. Because the corporate sustainability movement is raising that bar on the basic requirements of a trusted, responsible corporation, the movement itself is changing the content of brand positioning for all organisations.

It is this area that we refer to as the particularly social or "soulful" values component of brand positioning. That is to say that companies are expected to demonstrate a set of attributes in a more deliberate manner than they have recently in order to join the community of trusted corporations. (We have identified 13 of these values as comprising a set of essential attributes for those corporations that would be embraced as members of a responsible corporate community.)

It is in this context that the words "responsible" and "sustainable" start to become inseparable. Responsible companies are not just participating in sustainable practices; responsible companies that have the trust of their stakeholders demonstrate attributes that go beyond what is sustainable. They include in addition, attributes and values that are "humane" or what we refer to as "soulful".

For example, examine the pressures exerted by civil society, organized groups of self-described socially responsible investors, etc. They have rallied and pressured corporations to address, for example:

- inequity in pay scales, particularly between the CEO and median-level employees
- transparency of operational performance
- broad ecological impacts of their operations
- broad social impacts of their operations on human rights and labour practices, especially those sourced in developing countries.

Quickly enough some of these pressures spawned "best practices" as a reaction. These now manifest in such cornerstones of best practice as: diversity programs; transparency initiatives and other efforts to share more performance data; environmental reports; social reports. But such responses appear all too shallow when they are forced and not terribly distinctive. Patching up the vulnerable parts of an organisation with a topical program is not the sign of an authentically integrated corporate citizen. Nor is philanthropy, per se, or so-called "cause-related marketing." And statements, reports are similarly suspect.

What's missing for true credibility is consistent proof of authenticity. And that comes from an understanding of *the motives behind the company's response* to pressures and seeing those motives demonstrated in actions. Instead, the company authentically responding to civil society's pressures for fundamental reform will demonstrate it through the consistent presence of a set of values in all its decision-making. It is the hallmark of leadership positioning today. Not only does this strengthen the trust bond, it helps the company anticipate the inevitable next wave of civil pressures.

In practical terms this suggests that the discipline of brand management become more integrated and interactive in relation to other disciplines in the corporation, specifically, strategic planning, human resources, investor relations, supply chain management, public affairs, public relations. Yesterday's stuff of brand management – customer and employee intelligence – is necessary but no longer sufficient.

The brand management discipline must open up and become a collaboration among stakeholders and the corporation. That is the fundament of a healthy brand going forward.

New sub-disciplines must be cultivated and integrated into the psyche of the company as well as into the brand management practice. These include the management of stakeholder engagement, the constructive, collaborate solution development that inclusiveness of stakeholders can bring to the corporation.

5. Dance with more of the people, more of the time

The benefits transcend risk management and those benefits tap into another phenomenon that is currently observed by experts and practitioners alike. That is the whole experience of complexity and complexity theory as a rich resource for business management. Indeed, the notion of inclusiveness as a strategic advantage is at the heart of stakeholder engagement.

It is not too surprising that creativity, and agreement, should multiply among a diverse group of people who sit down together to discuss their common interests and concerns. The scientists talk about this as more robust solutions emerging from chaordic systems. "With more freedom of information and instantaneous and virtual communication channels, today's stakeholders can convey their wisdom about what is best for their family or community to product and company managers…[and]…Iterative decision-making leads to optimal" solutions, as Shannon Larsen of The Santa Fe Institute put it to me recently.

The second major benefit of this more inclusive, genuinely interactive collaborative approach tends to be a natural buy-in and support of participants, those actively engaged in the process, and those whom they represent.

6. "Kill the Buddha"

A spiritual teacher once told a story that demonstrated the need to set aside the "experts" and trust one's self. "When you see the Buddha on the road," he said, "you must kill him." The lesson implied by this shocking vignette is that one must come to trust the inner self, above all others – even the highest, most revered teachers.

In the case at hand, "self" is the set of engaged, earnest stakeholders. So another implication is that the corporate brand manager becomes more of a facilitator, an orchestra leader, rather than a sage or expert.

7. Know, and heal, thyself

If we can agree that branding – the process of building preference for a unique set of characteristics associated with a unique set of identifying symbology – is as powerful a tool inside the company as outside it, then the responsibility of the brand manager is as strong among the employee and close-in external stakeholders as among customers.

In fact, the very processes of managing the brand provides a perfect opportunity for the corporation to monitor and help nurture those same values.

New sub-disciplines must be cultivated and integrated into the psyche of the company as well as into the brand management practice

8. The brand is porous: manage osmosis

The shift in power from corporation to stakeholder has come with a thud, accelerated by ecommerce and internet activism. As a result, the brand is, more than ever, a constantly shifting asset. And it is in many ways co-owned by the corporation and its stakeholders. Each body nurtures it, responds to each other through it (the corporation by fine-tuning it to evolving stakeholder preferences and corporate constraints; other stakeholders by according it more or less preference, loyalty, permission and premium pricing).

Whereas historically we brand managers were content to sample audiences periodically – remotely, if you will – now we participate with them interactively, collaboratively, almost continually.

Today, we must even ensure the appropriate alignment of suppliers with our own corporate values and ethics.

Today, managing a brand is more like dancing the tango while leading the orchestra. The only way to succeed is to be sure the orchestra is so well-prepared that they play almost from body memory, from a cellular harmony with the core values. The tango with external stakeholders will demand almost all your attention and skill. We've come to think of it as managing two strands of DNA, continually spiralling around each other at the length of horizontal bars of procedures and practices and structured interactions with stakeholders.

As the double helix revolves, the energy field it creates is the brand aura, or halo. In today's highly relationship-driven world, the brand is a dynamic, vital, living entity, fed by the interaction among its myriad stakeholders. The brand manager's task is to set up solid frameworks for interaction and let go enough so the brand can absorb through osmosis the evolving requirements and rich insights of its constituents. All this in the framework of a deep set of values that guide its social and economic performance.

About the author

Elsie Maio has guided leaders in the Fortune 100 for 20 years to achieve specific business goals by managing their brands strategically. She is an alumna of McKinsey&Company as well as several premier corporate identity firms. Since 1997 she has helped CEOs prepare for what she then identified as "the coming tsunami of corporate accountability." Her work also has helped clients to list successfully on the New York Stock Exchange, reposition multibillion dollar product brands, and preserve their social values while sharpening their competitive edge. Her firm, founded in 1994, guides enlightened leaders to integrate their profit- and social-impact priorities to secure preference in key corporate markets. Ms. Maio can be reached at elsiemaio@soulbranding.com or Maio and Company, Inc., 405 Park Avenue 15th floor, New York 10022 USA.

Footnotes

1 See "It's a Great Time to Be an Innovator," corporate brochure distributed with IBM's 2005 Annual Report.

2 Smith, Douglas K., *On Value and Values*, Prentice Hall, 2004, p.256. Also recommended as companion reading is Mr. Smith's, *Make Success Measurable*, John Wiley & Sons, 1999.