



What is your Organization's Brand Management Competency?

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Brand Management Competency

Competitive Advantage through Customer Relationships

By Karl D. Speak

It's no surprise that today's volatile economy contains many contradictions. One of my personal favorites is the fact that, in the face of tremendous pressure to produce short-term results, many executives have come to value activities that yield long-term advantages. They are embracing the notion of sustaining customer relationships beyond the initial transactions. Executives and analysts alike realize the increasing effort and expenditure required to establish the relationship in the first place. And they don't want to repeat it just to maintain the status quo.

In a very interesting way, products and technologies are becoming more commoditized and customer relationships are emerging as proprietary assets. Customer relationships provide a growth engine for new products and sustainable revenue growth.

Sustaining and growing customer relationships is a long-term proposition and strategy. It is also significantly more rewarding than constantly chasing new ones. Many organizations are including the development and leveraging of customer relationships in their "management best practices." From the top down, people talk about customer relationship management. The conversation is being extended beyond a marketing strategy that targets customer segments to a focus on extending the customer connection beyond the product. The new battle cry is "*transactions and relationships.*"

This new approach to customer relationships is firmly rooted in common sense. After all, the additional transactions that result in growth can be generated far more efficiently from existing relationships. The challenge is to nurture and expand the customer relationship in order to extend the business potential beyond the natural growth of the initial product-based relationship to a broader relationship that allows for additional

revenue from related products and services. Being the brand of choice has far-reaching advantages and built-in potential. Customers often become so loyal to a brand – they come to value their relationship with an organization so much – that they're willing to pay a premium price. Knowingly. Never mind the added benefit that they are much more likely to refer your products and services to others and overall are much more satisfied.

Consumer relationships like that carry serious weight with trade customers. Staying "on the shelf" can become very expensive for brands that can't throw that kind of weight around. Where the mandate for success and, in many cases, industry standards for competition once depended on achieving the lowest manufacturing cost, the bar is now set by quickly and efficiently developing sustainable customer relationships. Management best practices aimed at lowering manufacturing costs (most notably six sigma) are in use today with the world's most successful companies. These



practices have become an integral part of the formula for growth and competitive advantage.

Think back to the rush to quality improvement. Virtually every organization that was serious about success was concerned about delivering quality products and services. The disciplines required allowed the development of a common language throughout an organization. It resulted in processes that capitalized on myriad opportunities to improve quality and the means to measure that improvement. Commitment to quality improvement generated quick results. It also provided the means to perpetuate those results.

We've seen organizations prosper by reducing their costs, to a point. You can only take manufacturing costs so far before you begin affecting the quality of a product, the reputation of the brand, and eventually, the competitive set. We've seen the pursuit of quality improvement take on the aura of a holy grail. Again, there's a limit. It can be like spending more and more for your audio system. Yes, the quality keeps improving but your dog is the only one who can really appreciate it.

Now we're using the equity of customer relationships, the true power of brand management, as the engine to generate efficient customer transactions. Customer relationships will set the bar for marketing costs and become an important part of the success formula in the volatile global economy. Is this just another flavor of the month? Or is there something more to it? Something long term? Something that can help an organization define its future, not just survive it?

Brand management is the established business discipline of creating, managing and fostering

customer relationships. It is not advertising and logos. It is not a marketing strategy that requires large marketing budgets. It is not just for packaged goods. Brand management is the creation of a special customer relationship that is based upon an organization's unique strengths. It doesn't matter what you sell, what you do, or who you are. It doesn't matter how big or small or young or old your organization is. It doesn't matter if you sell products for a profit or offer services at no cost. You are in the brand management business. Yes, you are.

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Brand Management as a Management Best Practice

Brand management began as a marketing strategy designed to create differentiation among consumer-packaged goods. Before long, however, smart people in smart organizations recognized the potential of brand power. Consider brands like Caterpillar, DeWalt Tools, General Electric, IBM, FedEx, Cisco, Nutrena Feeds, Target Stores, or Home Depot. Not your average household products purchased at the store. Some of them *are* the store. Others aren't really products at all. All of them have one thing in common; they view brand management as a business management tool. Not a marketing tool, a *management* tool. A tool that affects and involves virtually every department and every employee. And, of course, every customer relationship.

One of the most valuable lessons learned from all that study and experience is that brand management is not a black art practiced only by a few self-proclaimed wizards. Brand management is a straightforward business discipline. It can be understood. It is common sense. And *successful* brand management doesn't just happen in the



marketing department. It's an endeavor that has to be embraced by an entire organization to truly work.

Now, I can't describe the whole of the brand management discipline in this article. I won't claim to have all the answers for your organization. I don't even have all the questions. I do, however, have one. It's a big one and it requires a totally honest answer: Is your organization ready for brand management? Or, perhaps more accurately, *how ready* for brand management is your organization? The rest of this article will help you answer that question.

Determining Brand Management Readiness

Every organization has a brand, and all organizations manage their brands to some extent, whether actively or passively, positively or negatively. To gauge the degree to which your organization effectively manages its brand, envision a spectrum of brand management readiness. At one end are those organizations that have only an elementary understanding of brand and little experience in brand building. At the other end of the spectrum are organizations that understand brand on a very sophisticated level and dedicate a significant amount of time and resources to brand management. Your organization, like most others, probably falls somewhere in the middle – you're not completely ignorant of brand management, but you aren't experts at it either.

Now, divide the brand management readiness spectrum into three segments, and you've got a tool to evaluate your brand management readiness. At the left is Phase One, into which fall organizations whose brand management efforts

are primarily product-based. Many, many organizations fall into this generation of brand management competency. Organizations displaying a Phase One level of brand management competency fall into one of two different categories – either fast-growth companies that have capitalized on the strength of a single product or technology or an organization that has never moved beyond their trade-driven formula for sales success. Organizations in Phase Two, or the relationship-initiating phase have experienced a "change initiative" or have been influenced by a new executive in such a way that results in an

increased focus on brand identity or customer intimacy. And finally, in Phase Three are the relationship-enhancing organizations. Few and far between, these organizations really understand the emotional element of their marketplace

relationships and have integrated their ability to create demand as a key part of their competitive advantage.

It's analogous to the development of our own interpersonal skills. As infants and toddlers, we learn to speak – we focus on developing our communication skills to "sell the product" of ourselves (and I mean this loosely; I'm not trying to intimate that small children are born salesmen). Then, once we know how to talk, we begin to use our communication skills to initiate relationships with others – our parents, siblings, other family and friends. And finally, as adults, we focus on enhancing the relationships that are most important to us – our spouses or significant others, our kids, coworkers, friends and neighbors. In essence that's what brand management is – first an organization learns how to talk about its product, then it begins to use its ability to speak, not just to sell, but to develop relationships with

If you want loyal customers, start acting like a brand.



customers, and then finally, once those relationships are established, and an organization is skilled at speaking with its customers, it focuses on enhancing those relationships.

On the next page is a matrix I developed to help clients understand their brand management readiness. Along the top are the three phases of readiness. Down the side are eight brand

management competencies. The manner and degree to which organizations perform in these eight categories generally determines where they fall within the matrix. Now, your organization may not fit completely into one of the phases; chances are you're better at some of these things than others. But you are on here somewhere. Finding out where is the first step to improving the brand management skills of your organization.



Organizational Brand Management Competency

	Phase One <i>Product-based</i>	Phase Two <i>Relationship- initiating</i>	Phase Three <i>Relationship- enhancing</i>
Brand Semantics	Logo	Specialist Language	Common Language
User Knowledge	Anecdotal	Fact-based	Broad-based, Current
Identity System	“Identity Creep”	Articulated, Coordinated	Refined, Economical
Brand Point of View	Feature-based	Relationship-based	Emotion and behavior-based
Brand Extendibility	Limited use; feature set differentiation	Expanding use; different product, similar competence base	Proactive strategy, including licensing; cross category and behavior extensions
Decision Support	Limited Guidelines	Enhanced Guidelines	Learning-based
Brand-Management Skill	Product Management	Brand Specialists	Brand Mentors
Senior Management	Passive, Uninterested	Support through participation	Brand Leaders



Brand Semantics, or how your employees talk about brand, is one of the quickest ways to get a handle on your organization's brand management competency. In a Phase One organization, the word "brand" is virtually interchangeable with the word "logo." In a Phase Two company, a limited group of individuals, often from the marketing or advertising department, will become familiar with the language of brand, and begin incorporating it into meeting and discussions. Unfortunately, they're the only ones who know this secret code, which limits the extent to which the entire organization can have a hand in brand management. Provide everyone with a primer on brand semantics, and *brand* becomes the common language, spoken freely and clearly. Brand becomes more than identity or an expression of relationships. It becomes a rallying point and a statement of purpose for all future efforts.

User Knowledge is essential when you understand that a brand is an expression of the relationship established between you and your users or consumers. The more you know about them, the better you can aim your marketing, your products and your services at their needs. In a Phase One organization, unfortunately, user knowledge is often limited to anecdotes collected by the sales force. Facts are, of course, always preferred over such second-hand stories, and as an organization's brand management competency matures, qualitative, projectable brand research becomes increasingly valued and prioritized. A Phase Two organization will typically have conducted a few quantitative studies; a Phase Three organization conducts them regularly to benchmark their relationship with customers.

An **Identity System** keeps your brand from becoming overextended, or morphing into a disorganized, confusing jumble of product identities. Every new product iteration, every new

feature, every new promotion is an opportunity to make a bigger mess of the brand's identity and perception, and usually, Phase One organizations suffer from "identity creep" to some degree. A more mature organization begins to articulate an identity system that is clear about what is permissible and what is not. And more importantly, somebody(ies) within the organization has been empowered to refuse suggestions for identities that fall outside the established system (more on this below). And in a Phase Three company, the identity system is streamlined: a minimal number of identities are in use, and the system of use is clearly established. Fewer identities mean, of course, increasingly effective, efficient and economical marketing efforts.

Brand Point of View is just that – what the brand stands for. In other words, a brand's point-of-view is an articulation of the values on which the brand is based. As organizations define their brands, they begin communicating them more clearly — both internally and externally. Eventually, the brand is viewed as what it truly is, an expression of a valued and powerful relationship. That point of view gives the brand tremendous power. Phase One companies, with their product-based orientation, tend to discuss their brand in terms of product features. Phase Two organizations increasingly focus on what the brand does for the customer, and Phase Three companies can and do discuss at length the emotional payoff customers receive from the brand.

Brand Extendibility is the *yang* to the identity system's *yin*. Brand power can have a variety of applications, but like all power, it must be used wisely. As this power is understood, it can be applied to logical extensions, limited at first to, say, some feature differences. In time, however, as the organization learns to handle this power more



deftly, it can be cautiously extended to different products within a similar competency base. A good example would be a variety of car care products that may have developed from a popular wax or polish. Eventually, experience and expertise may allow for even greater extensions across categories and consumer behaviors. It may even include licensing. Be careful. Once it's out there, it can be very hard to pull it back.

Decision Support for brand begins with a limited set of guidelines. This is also a limiting set of guidelines. These guidelines quite naturally evolve with brand semantics, a growing base of user knowledge, a change in brand point of view and identity, and of course, senior management attitudes. But when it becomes a true support tool rather than a set of rules and regulations, a big change occurs. Brand managers develop a community within the organization in which they can share ideas and experience. This is one of the few times when “synergy” is not a cliché.

Brand Management Skill is not the same as product management although the two are often viewed as interchangeable. That's to be expected if “brand” and “logo” are also interchangeable. There was a time when the call for more brand building was heard as a call for bigger marketing budgets. This is changing. Brands are being managed by brand specialists who are taking leadership roles in brand management, developing and applying their influence and experience, and becoming brand mentors.

Senior Management makes this happen. Brands simply cannot flourish in organizations in which the top people merely give brand management a nod and a smile and hand it off to the marketing

department. Senior Management needs to ask questions, get involved, and get behind brand management initiatives to build user knowledge, develop an identity system, and define the brand's point of view. Many brand managers find this initially scary, but in the long run, it's a very good thing.

Yes, there are telltale signs that will give you an indication of the brand-management competency level of an organization. As an example, look for inconsistency in the way different people in the organization describe the product or the company. Review a cross-section of an organization's marketing communications materials – the further down the spectrum of brand management competency, the more integrated

*It's not are you
managing a
brand, it's how
well.*

and consistent the messages, images and creative treatment. Or for that matter, look at how consistently the corporate or product identities are used throughout the organization. The bottom line is that the eight factors outlined in the Brand Management Competency table will provide you with a robust and understandable way for you and your team to evaluate your customer relationship building discipline.

Doing Something About It

Now, no matter what organization you're in, no matter what kind of organization you're in, the environment in which you have to function is found somewhere on that Brand Management Competency chart. It may not fit completely into one of the three described phases. But it's on there. And it's vital that you find out where because even the most dedicated, innovative, experienced inside brand team is limited or empowered by its environment and its management's willingness and



ability to change it. You can't ignore it. You can't get around it. You can't beat it. You can, however, improve it, and in doing so, improve your chances of success dramatically.

Let's take an organization that is stuck firmly in Phase One — the infancy of brand management competency. There's no shortage of excellent brand management help available, much of it in the form of books, case studies, workshops, and a few experienced independent consultants. By developing a brand-learning team, this information can be studied, shared and disseminated throughout your organization. The more people you have involved, the greater the likelihood of finding situations to employ brand-based solutions. These are excellent opportunities to learn by doing.

As your organization acquires knowledge, and in time experience, you can begin targeting specific areas of brand management competency. Don't try to change everything at once. It gets messy. Focus on internal attitudes as manifested in Brand Semantics and Brand Point of View. Begin developing the first vestiges of an identity system and acquiring user knowledge from sources such as sales, distribution, and of course, users. In time, your organization's first tentative steps into the sunshine of brand management will turn into a parade. And everyone loves a parade.

Doing Even More

How do you know when your organization moves from the product-based stage of brand management to true relationship initiating and enhancement? I think it's when brand management stops being *something* your organization does and starts being part of *everything* it does. Here are some examples:

- When brand building is made an integral part of the formal planning process, not just for the marketing department, but also for the entire organization.
- When *brand* math, which looks at the growth, health and potential of the brand, replaces the short-term figures of *sales* math.
- When the brand becomes the focal point of the entire organization and products are viewed as brand support.
- When the identity management system is refined to the point of being an active element of the decision support system.

Now, don't kid yourself. This is a lot of work. Getting an entire organization thinking and moving in the same direction is a task not unlike forcing very shy salmon upstream to spawn. Even if they know they should, some of them just don't want to go there. But here's the good news.

If you accomplish the task of improving your organization's Brand Management Competency, you will have gone a long way toward accomplishing the next task—creating a Brand Management Platform.

If your organization makes the commitment to move from Phase Two of Brand Management Competency to Phase Three, a centralized organizational structure for brand management will, by necessity, be in place and functioning.

If your organization's Brand Management Competency matures to Phase Three, it will have gained the advantages of growth obtained only through the strength of customer relationships. That's competitive advantage that money can't buy!



Guarantees? Well, I suppose somewhere out there. There may be an organization with attitudes, structure and management that are impervious to even the most effective inside brand team. But years of observation and involvement in the civilized world have shown the validity of these elements time after time. They've worked for large and small organizations in every field imaginable. And if you think about it, you'll see what I've seen over and over. You'll see that they work simply because they have to. When they do, it's very rewarding but it's really no surprise.

Determining the brand management competency of an organization is straightforward. We developed the brand management readiness framework as a tool for organizations to evaluate how their day-to-day activities support consistent customer relationship building. It is important to realize that brand management readiness is a matter of degree. It's not a question of ready or not. It's a question of how ready. Remember every organization works on building customer relationships every day. The point is to incorporate brand management as a proactive business discipline to make the process efficient.



About the Author

Karl D. Speak is a consultant who delivers powerful insight and practical advice on brand management issues. At the foundation of his experience and knowledge are his activities connected with Brand Tool Box, Ltd., the company he founded in 1984.

Karl has implemented his contemporary approach to brand management with a wide range of corporate clients, including Allina Health System, UnitedHealthcare, Honeywell, Cargill, Marshall Fields, American Airlines, Federal Express, ING, Qwest, IBM, US Bancorp, Pillsbury Company, AT&T, Motorola, Skandia, The Scotts Company, Stanley Tool Works, *The Wall Street Journal*, Walgreens, 3M, Sony, and Target Stores.

Karl recently co-authored a book entitled *Be Your Own Brand*, which has been translated into nine languages. This book introduces personal branding and how successful people have learned to consistently act out their personal values to make a difference in relationships throughout their lives. *Be Your Own Brand* provides practical advice and how-to's for individuals to be more successful by being "more of who they are, not less."

As an accomplished presenter, Karl speaks to many different types of audiences around the world. His energetic style and wide-reaching knowledge of brand management make him a favorite speaker with executive teams. Karl has trained hundreds of marketing professionals in the discipline of brand management in corporate training seminars, in addition to his teaching at University of Minnesota, College of St. Thomas and University of Westminster.

About Brand Tool Box, Ltd.

Brand Tool Box is a publishing and training resource providing organizations and individuals the information, tools and training to improve their brand management competency. Brand Tool Box is a recognized leader in brand management, with over 20 years consulting to the world's most respected companies.

The innovative Brand Tool Box programs place the tools and knowledge of the world's brand leaders within the reach of all managers, executives and marketing professionals. Combining straightforward practical tools and real-world strategies, this pragmatic training can be customized for each organization.