



Becoming Marketing Driven

Is Your Company Ready For A Focus on Brand Management?

By Karl D. Speak



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Becoming marketing-driven describes the commitment to continual improvement of an organization's relationship with its marketplace. The evidence has been clear, whether from a Wall Street or individual industry perspective, that strong marketplace relationships are valuable and provide sustainable competitive advantage and proprietary growth paths for those organizations that own those relationships. To build and maintain a strong marketplace relationship, an organization must build and support a *marketing-thinking* competency with all employees - "marketing is everybody's job."

Initiating a process to continually improve marketplace relationships requires:

- The organization embrace the importance of strong marketplace relationships in carrying out its mission and strategic plans;
- An assessment be conducted to determine the organization's current marketing orientation;
- A process be defined to promote continual improvement of the marketing-thinking competency throughout the organization.

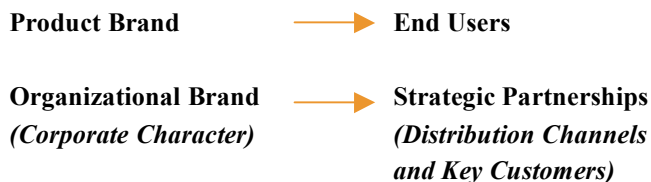
This article will discuss the first of these three key building blocks. Specifically, it will describe marketing assets as a means to measure the strength of marketplace relationships. In addition, this paper will define 11 beliefs and disciplines that act as a foundation for organizations to strengthen their marketplace relationships. Other Brand Tool Box Marketing Thinking articles within this series address the remaining two building blocks of improving marketplace relationships.

Marketing Assets – Measuring Marketplace Relationships

Organizations who place a high strategic value on marketplace relationships refer to them as marketing assets. Although, according to U.S. accounting standards, these assets are not allowable balance sheet items, in other parts of the world these marketing assets are permitted on accredited financial statements. It is common practice among Wall Street analysts to value companies on a "pro-forma" basis to include the value of marketing assets on their financial statements. In an effort to reflect the common incorporation of marketing assets on in-house financial statements, the accounting standards are being reviewed to allow marketing assets to be represented on formal statements.



Successful, growing organizations have placed a high value on marketing assets as an important source of sustainable competitive advantage. For most organizations there are two types of marketing assets linked to key groups in the marketplace:



Marketing assets measure the strength of the relationship with these key groups in the organization's marketplace. Some organizations have marketing assets in one or both of these categories. Therefore, brand, either defined as product or organizational, measures marketplace loyalty and prominent position in the marketplace. The strength of these relationships impacts the organization's competitive advantage in maintaining loyal customers and providing the necessary "marketplace real estate" for future business growth.

Every organization has marketing assets. It is the strength and value of marketing assets that is important. Strength of these fragile assets is the hallmark of organizations that have demonstrated enduring success. Brand, or marketing assets as we have defined them, is not an opportunity afforded only to consumer goods companies or organizations with large advertising budgets. Brand strength is possible to attain for all companies.

Generally speaking, sustainable brand strength is accomplished by engaging the entire organization in the marketing process. Marketing defined as a

departmental function is not sufficient to create brand strength. Defined in this traditional context, marketing only speeds up the inevitable! Simply stated, excellent marketing department efforts can create a meaningful set of expectations in the marketplace.

If the remainder of the organization is not acting in concert to continuously deliver on those expectations, the result is a depreciation of brand strength.

Brand – Developing a Common Language for Improving Marketplace Relationships

To engage the entire organization in building and supporting brand strength, it is important to have a common, pragmatic definition of brand. A common definition provides the organization with a common language for cross-functional communication and team involvement. Moreover, a pragmatic, useful definition provides all groups in the organization with a mechanism to manage their activities in support of sustaining brand strength. Simply stated, it is important to have a working model of brand to take the "mystery" out of brand and marketing.

The following definition and model of brand have proven to be useful and have broad application across many business categories. The use of the model enables those traditionally defined as non-marketers to embrace marketing-thinking as an important new perspective in their daily business activities. Brand, whether product brand or organizational brand, is defined as:

The perception or emotion maintained by the marketplace, which describes the experience related to doing business with an organization or consuming a product



This definition has 3 key components:

- **Brand is a perception.** Therefore, brand is an intangible asset. It is the basis for a marketing axiom - "perception is reality." Brand is a perception that creates an emotion, which is the basis for trust and loyalty. Strong brands create a consistent emotion that buyers can relate to and value. Brand is comprised of a set of perceptions that are the underlying foundation for all marketplace relationships, whether they relate to loyalty to a product or the loyalty demonstrated towards a company.
- The brand perceptions are measured relative to a holistic set of market requirements. The perceptions revolve around **more than just product functionality and price.** The contemporary notion of Total Product Value is important in managing brand strength. The "product" is now defined as a bundle of product, service and perceived values.

Through considerable research and analysis, a model has been developed to define and measure brand. In essence, the model takes the definition of brand and translates it into pragmatic and useful terms. The graphic on the following page depicts brand as consisting of 3 characteristics.

To build and maintain a strong marketplace relationship, an organization must build and support a marketing-thinking competency with all employees - "marketing is everybody's job."

- Brand is a set of perceptions maintained **in the market's mind.** The perceptions maintained by the organization don't really matter. An important context for effectively building and maintaining brand strength is for the organization to think "outside-in." Outside-in thinking means viewing things through the market's eyes or perspective. An organization that is a "legend in its own mind" can be easily led on a stray course.



Brand Tool Box® Business Brand Model
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Brand Characteristics

Competencies – "What we do" – the set of skills or technologies the company delivers to the marketplace.

- *IBM* Computers
- *McDonald's* Fast food
- *Audubon Society* "Bird watchers"
 Environmentalist

Standards – "How we do it" – the characteristics associated with how the company chooses to conduct business.

- *IBM* Customer service
 Premium priced
 High standards
- *McDonald's* Good value
 Consistent quality
 Fast service
- *Audubon Society* Knowledgeable
 Thorough

Style – "How we communicate with our marketplace" – the manner in which the organization presents itself and relates to clients (similar to personality).

- *IBM* Conservative
 Formal
 By-The-Book
- *McDonald's* Family
 Fun
 Friendly
- *Audubon Society* Conservative
 Stodgy

All 3 characteristics depicted in the model are important in building brand strength. The relative importance of each characteristic to an organization depends upon such things as: the market environment; competitive positioning and brand strength; core competencies; and strategic direction.

Marketing Beliefs and Disciplines – Setting the Foundation for Developing Strong Marketplace Relationships

Successful industry-leading organizations have placed high value on marketing assets and spend considerable resources and organizational attention on continually improving them. At the foundation of improving the value of marketing assets is a particular set of beliefs and disciplines. The following 11 points represent a list of important beliefs and disciplines related to improving marketing assets.



- An executive commitment for the organization to become marketing-driven has been established, is clearly articulated and is supported on a day-to-day basis. The recognition of marketing assets exists within the organization.
- Marketing's role in supporting the organization's growth is clearly defined and is communicated to the entire organization.
- Marketing's role in the organization is to foster business relationships, not solely to support business transactions. Product offerings are redefined to encompass a broader set of customer relationship requirements -- *"partnership programs, not just products."*
- It is understood that every organization or product has a brand and is measured in terms of the market's perception. Brand strength is recognized as the measure of the strength of the relationship between the organization and its marketplace.
- Brand strength (equity) is an output for measuring marketing quality.
- Brand perceptions are a reflection of the shared values of the organization. Therefore, ongoing brand strength is the result of an employee base aligned around a shared vision and values.
- The marketing process utilizes the organization's core competencies and shared values to identify and capitalize on marketplace opportunities.
- The marketing process extends beyond the traditional boundaries of the marketing department -- *"marketing is everybody's job."*
- The marketing department has the responsibility of managing a *"marketing-thinking"* competency throughout the organization.
- The organization is committed to an "outside-in" perspective. It views its competencies and actions from the perspective of the marketplace.
- The commitment to the "outside-in" paradigm is demonstrated through ongoing research, identifying marketplace perceptions and needs.

The values and beliefs of the marketing-driven organization are reflected in their ongoing business activities. How an organization allocates its resources, communicates with its marketplace, treats its employees, and structures its organization are all examples of their marketing values and beliefs. (Assessing the values and beliefs of an organization is the subject of another Brand Tool Box Marketing Thinking Paper, titled *Marketing Orientation -- How does your organization value marketing?*)

The formula for gaining competitive advantage is ever changing. For many, many organizations, marketing assets are playing a prominent role in their ability to deliver on their growth plans. Organizations whose activities and spending are backed by a marketing-thinking competency will end up owning marketplace real estate. Those who choose to operate in ignorance of marketing assets are only renting their current market share.



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, such as Allina Health System, United Healthcare, 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 titled *Be Your Own Brand*, which has been translated into ten 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, University of St. Thomas and University of Westminster.

About Brand Tool Box, Ltd.

Brand Tool Box, Ltd. is a unique professional services organization melding world-class brand expertise and organizational development best practices to help organizations improve their brand-building competency. We know brand inside and out. More importantly, we know how to make it real for any and all types of organizations. We don't design logos or create advertisements – we provide valuable insights; develop powerful strategies; and enhance our clients' corporate brand-building competency skills. Since 1984, our clients have benefited greatly from our singular focus. Everyone at Brand Tool Box is committed to delivering *ingenious solutions* that build loyal relationships.



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