FOREWORD

Many business leaders forget the power of brand management and talent management as two key drivers of innovation and business growth. Some do understand the impact that each can have, independently. But as this book points out, leading organizations are discovering that brand and talent can operate in concert together to drive even greater business impact.

I have always believed that brand and talent are two sides of the same coin. Smart organizations, particularly in the service industry, realize that their people are their brand in the marketplace. This book clearly sets out that the best growth agenda is a talent agenda.

At EY, we understand the benefits of connecting brand, employer brand, human resources and employee engagement – something clearly demonstrated in this book. In 2011, I set about proving to the business that there is a direct correlation between not only the engagement of our people and how our brand is perceived in the marketplace, but also between the engagement of our people and retention levels and revenue per person. In what became known as the 'Business Linkage Survey', we demonstrated that increased engagement positively affects brand image. We did this by comparing the engagement index from our people survey and the favourability index from our brand survey. We clearly showed that increased engagement affects the cost of recruitment – with a sizeable variation in retention rates between the most- and least-engaged business units. We also revealed the link between engagement and revenue per person, to the tune of a difference of tens of thousands of dollars in revenue per person between our most engaged and least engaged business units.

We had the businesses' attention.

It's widely accepted in EY now that the engagement of our people – before, during and even after their employment with us – helps set us apart as an organization, increasing our competitive advantage in a complex, diversifying and globalizing business world.

Our employment value proposition has since become 'whenever you join, however long you stay, the exceptional experience you get at EY will last you a lifetime'. This applies not just to the 175,000 people who work at

EY currently, but the 1 million or so 'brand ambassadors' (those who have worked here) out in the marketplace.

A talent agenda based on this scale, directly linked to the brand, is virtually limitless in its potential in terms of business growth.

Our business purpose, *Building a better working world*, perfectly articulates the reason why we exist. It's an idea that was generated from the inside out, validated with our clients and stakeholders the world over, and it serves to ensure we never lose sight of the higher sense of purpose that drives us as individuals and as an organization. Building a better working world is what we do: for our clients, our people and the communities in which we live and work.

It's helped clarify the link between what we say and what we do every day. We now not only think about brand and talent in a completely different way, but we also apply this new way of thinking to the way we manage our whole organization.

In short, we have set about connecting our talent proposition and our brand proposition. This more integrated approach resonates well both inside and outside the organization, something I hope our example, and this book, will help other organizations achieve.

Mike Cullen, Global People Leader, EY

PREFACE

When Henry Ford set out to give people the Model T in any colour they wanted as long as it was black, he designed the organization he needed in order to bring the Model T to them. He knew that the most efficient way to build a car, given the technology and workforce he had at his disposal, was to break the task into steps.

He created the assembly line: each worker had a specific task related to one specific component of the automobile's construction in an efficient sequence. Workers could be trained to do one thing, to do it well, to do it with minimal supervision, and to do it fast. They were motivated and rewarded accordingly.

The 'scientific management' thinking that likely led Ford to this approach had been pioneered by Frederick Winslow Taylor. Taylor is held to be one of the grandfathers of management consulting as we know it today, and he held clear – and very influential – views on the efficient management of business:

> It is only through enforced standardization of methods, enforced adoption of the best implements and working conditions, and enforced cooperation that this faster work can be assured. And the duty of enforcing the adoption of standards and enforcing this cooperation rests with management alone.[1]

There has been startlingly little change in the way we organize our enterprises today. Modern management consulting techniques involving analysis and process improvement is a multi-hundred-billion-dollar industry.

The thing is, adhering to these old management models is fast becoming more risky than taking the steps to change them for the better. Dan Pink makes this observation in his book *Drive*. Taylor's style of motivation and management can be effective for repetitive, or as Pink calls them, 'algorithmic', types of task:

> An algorithmic task is one in which you follow a set of established instructions down a single pathway to one conclusion.[2]

But Pink points out that numerous studies of motivation demonstrate clearly and unequivocally that when it comes to more creative or 'problem solving' (heuristic) tasks, this approach is not only ineffective but counter-productive.

In short: people perform worse when managed and motivated in this carrot-and-stick manner.

Ford was facing challenges of a very similar nature to chief executives today: a shortage of skilled talent; limited employee communication and collaboration; a need to grow while maximizing margin; a complex and expensive supply chain.[3]

The organization of the modern enterprise has remained largely unchanged for more than 50 years. So what has changed since the Model Ts began rolling off the production line in October 1908? Short answer: the emergence of talent, information and communication into isolated structures, the hallmark of which is the organizational silo.

In my 25 years of working across the related functional disciplines of brand, marketing, PR, human resources, and internal communication, the single prevailing theme – and the prevailing source of failure, duplication, waste, inefficiency and squandered opportunity – has been the organizational silo.

The specialist begets this silo. And that is where the trouble begins. I'm not for a minute saying we don't need specialists. They are critical.

Developing a specialist skill set and a set of competencies for a modern marketplace became sensible and valuable. We have moved from the age of the specialist into an age where specialist skills alone are necessary, but not sufficient, to drive growth in the modern organization. I like to refer to this as the 'T' – where 'specialists' with mile-deep, inch-wide expertise are the downstroke, while 'generalists' with inch-deep, mile-wide expertise are the cross-stroke.

So, this is not a book about radical organizational design innovation. Instead, it is a book that looks at integrating some closely related disciplines that lie at the heart of the successful business of the future. These related disciplines provide one of the clearest opportunities to integrate old-world specialist silos into a more effective whole.

This is not a book about branding. It is not a book about human resources, employee engagement or talent management.

It is a book about the *integration* of brand and talent management at the strategic decision-making level, so that it permeates every facet of an organization's operations. And it's about how this integration can serve as a powerful way to enhance effectiveness and efficiency in building and defending your reputation as an organization, inside and out, so that you are more profitable and productive in executing a strategy that helps you to achieve your ambition and fulfil your purpose.

Introduction

01

Brand and talent

Your brand management and talent management approaches are two of the most powerful levers at your disposal in driving tangible, measurable improvement to the performance of your business.

Brand management helps ensure that people are aware of you, of what you can do for them and why they should consider and purchase from you. It gives you something clear to stand for and to steer by; it guides some of your biggest strategic decisions. Name something more important to a CEO than the reputation of his or her firm.

Talent management helps you make sure you get the right people aboard to help in the first place, and then create an environment where they can contribute more so that your organization can deliver on its promises. Name something more important to a CEO than the talent needed to deliver growth.

Chances are, they are both in the top five; for some, the top three, according to recent surveys by McKinsey, PWC and BCG. But the two are inextricably linked – a fact that seems to be lost on many boards, CEOs and strategists today.

Why do so many organizations manage these distinct drivers of business effectiveness as if they are completely different things? This book seeks to answer that question, and it makes the case for a different (integrated) approach to thinking about the way your organization manages the way it attracts, recruits, develops and motivates the people it needs to thrive, in order to provide a product or service that is authentic, relevant to its customers and differentiated from its competitors – for both business and talent. Does that sound crazy?

It still does to some people. When I set out to create the idea of 'Brand and Talent' as a practice area in one of the world's biggest global communication networks five years ago, I encountered surprising resistance to the very name

'Brand and Talent' itself. They just didn't get it. *Brand?* That's about external positioning. Logos. PR and advertising campaigns. Reputation management. Social media. *Talent?* That's about recruiting. Employee communications. Human resources. 'They just don't go together. It'll confuse the marketplace.'

One of the most telling challenges in writing a book that sets out to make the case for integrating several related disciplines is how easy or hard it is to research those disciplines. *Brand?* There is a lot out there about how to define, create, activate, maintain, defend and grow your brand in the marketplace. *Talent?* There is even more out there about talent acquisition, talent management, employee engagement, motivation and the many human resources techniques to help make the most of talent.

But *Brand and Talent*? While, to be fair, the world of 'employer branding' has grown in profile, as has the idea of 'living the brand', these are still generally seen to be separate activities aimed at solving different challenges. While there is evidence of some organizations and service providers connecting employer branding and living the brand/employee brand engagement-type activities, they are far from being integrated and hardwired to the organization – at either communication, operational process or management level. It is virtually impossible to find an actual example of where brand, employer brand, human resources and employee engagement have been genuinely connected and managed as a single integrated process.

But the tide is turning. The now irrational (yet at one time perfectly sensible) functional separation of many of the activities relating to brand management and talent management has reached the end of its usefulness. Smart organizations understand that there is a better way – that one core idea is better than many when it comes to focus and clarity in a dynamic internal and external environment.

Importantly, the first six chapters of this book cover some fairly traditional approaches to brand management and talent engagement. For most experts, these chapters will probably not tell you much that you don't already know. It may even feel a bit patronizing. For those readers who are experts, feel free to jump straight to Chapter 8, where the approach we developed at BrandPie is explored and explained. It's a powerful model, and one that we have successfully used with organizations facing significant repositioning opportunities such as EY (formerly Ernst & Young), Capgemini Applications in North America, and others.

How this book is structured

Be aware: this book has many short chapters. This is deliberate. I expect that most of my readers are busy business people who probably won't read this book in a small number of sittings, probably won't read the whole thing from cover to cover, and prefer to get their information in bite-size chunks between meetings, cab rides and plane journeys. The philosophy is similar to the approach taken in my book *The Talent Journey: The 55-minute guide to employee communications*. You'll find some of that thinking represented here. I like short, sharp, and to the point.

Perhaps ironically, the best way to approach this topic is to break up the pieces and address them separately before bringing them together. (Taylor would be proud!) Only then can the case be made for a more integrated approach to managing brand and talent.

So this book will first take you through the principles and theory of *brand*. While there are many books on brand, we will cover a very pragmatic approach to defining, building and deploying your brand. This is not going to be the approach to branding that dominated the previous generation (a world of brand models, brand values, brand attributes, brand essences) – although it will touch on these. They have their place, but all too often serve to exacerbate efficiency-sapping functional divisions between brand and talent management.

Then, we will go through the principles of *talent*. We'll run from talent acquisition and recruiting through to a very high-level look at talent management and a discussion on employee engagement and its links to brand and business performance. This won't be a deep dive into the minutia of performance management and competency frameworks, although it will touch on these and other issues. Again, the case will be made that often the focus on the 'means justifying the end' process-focused approach only deepens functional divides and diminishes your organization's effectiveness.

Third, we will connect the two and explore how *brand* and *talent* are two sides of the same coin. You'll get a selection of templates, tools and techniques to manage this process for your consideration, adaptation, modification and use. These are many of the tools I actually use in real life with clients. Used effectively, they can make a big difference in getting people aligned to the 'Brand and Talent' way of thinking.

Fourth, and in my opinion most importantly, there are interviews with some of the world's leading thinkers in this area – each looking at the challenge from different perspectives: the CEO, the CMO, Corporate Affairs head, the People lead, the Executive Recruiter, and so on. Real-life points of view validate the points made in this book.

It isn't complicated, it's just hard

It's a cliché to say that the soft stuff is the hard stuff. The real challenge lies not in functional expertise in brand management, nor in the disciplines of employee engagement and human resource and talent management. It is in having clarity of purpose, focus, discipline and willpower to take the steps necessary to align these functional activities in a more consolidated and coherent manner. And this means upsetting the traditional functional apple cart. If you don't have the stomach for it, you might want to stop reading now.

Having been involved in literally dozens of projects with a range of organizations the world over, across industries, cultures, geographies, management styles and economic conditions, over more than 20 years, I don't want to appear cynical. Yet one thing is certain: the reason most efforts to engage people internally and externally in your organization's purpose, ambition, strategy and brand fail to deliver is an outmoded, functionally driven way of thinking. The irresistible force of integrated, aligned senior executive thinking will meet the immovable object of functional mindsets with perspectives on what is important – and territory to defend.

The organizational silo is alive and well. It has deep roots and is often protected by long, sharp thorns. Its head is shaped to provide a view that is deeply biased towards one way of looking at – and interpreting – the world it perceives. It feels vulnerable and insecure emerging into the brightly lit (and frighteningly level) playing field that is The Big Picture.

The silo always promises to cooperate with other silos. It assures you that it is collaborating cross-functionally, that it is consulting and sharing information. It nods knowingly when you ask it if it has considered The Big Picture. Don't believe it.

Whether through gently leading it to water, or forcing it to drink through formal restructuring, this book lays out the case for taking a more integrated approach to brand and talent management that, when taken to its ultimate conclusion, can and should result in changes not only to the way you think about brand and talent, but to the way you manage your organization and its strategy. In so doing, your organization and its people should reap the benefits of a more effective, efficient, cohesive and – perhaps most importantly – vastly simplified approach to connecting your people to the service you deliver.

PART ONE
Brand

TABLE 2.1 A brief history of branding

Date	Event
1300 BC	So, how far back does branding go? At least 5,000 years. • Potters' marks were used on pottery and porcelain in China, Greece, Rome and India. • Branding of cattle and livestock go back as far as 2000 BC. • Archaeologists have found evidence of advertising among Babylonians dating back to 3000 BC.[1]
1800s 1890s	• Rise of 'Pitchmen', a mixture of sales people and a precursor to Mad Men advertisers.[2] • Towards the end of the 19th century a collection of new technology and methods of communication such as the invention of mail order catalogues, the advancement of railroads and the expansion of the postal service drives a massive shift in attitudes to products and purchasing of things.[3] • In 1876, after the United Kingdom passed the Trade Mark Registration Act, Bass Ale became the first trademarked brand in the world.
1930s	• In 1931, P&G ad man Neil McElroy sent round his now-famous memo explaining why P&G should have a brand team for each product, paving the way for modern brand management.[4]
1940s	• The concept of the Unique Selling Proposition (USP) emerges – ranging from Lucky Strikes' 'Reach for a Lucky instead of a sweet' to help weight loss to IBM's THINK campaign.[5]
1950s and 60s	• 'Brands like Tide, Kraft and Lipton set the benchmarks for consumer branding. This marked the start of almost 50 years of marketing where "winning" was determined by understanding the consumer better than your competitors and getting the total "brand mix" right. The brand mix is more than the logo, or the price of a product. It's also the packaging, the promotions, and the advertising, all of which is guided by precisely worded positioning statements.'[6] • 'By the mid-1960s we enter the 'Mad Men' Era where we see major brands becoming something more than just a product, from Harley Davison to Adidas to Mercedes, be they a believer in counter culture or harbour an idealistic status symbol, selling the myth of the culture with a brand had become fundamental.'[7]

TABLE 2.1 *Continued*

Date	Event
1980s	• Society starts questioning brands; the language used in advertising – eg Nike's business practices – was being questioned; Calvin Klein's treatment of models; and numerous others.[8]
Early 1990s	• 'Commoditization leads to a quest for authenticity: one by one the big retailers started to realize that they had an opportunity to also play the branding game and that by selling more, higher quality, but particularly better-branded products, they could not only dramatically improve their margin mix, but they could raise the profile and reputation of their own brand as a whole.'[9]
2000s	• The retail landscape in the UK pioneers retail branding – and is different to elsewhere as a result. Retailers such as Tesco, Waitrose and Sainsbury started hiring marketers from their suppliers like Unilever and P&G in the 1980s and 1990s. Today these companies and their portfolio of brands enjoy equal and sometimes better brand loyalty than any of the manufacturer brands they carry.[10] • The profit margins of these UK supermarket chains are over double that of the rest of the world's supermarkets.[11] • Unilever pioneered corporate rebranding when they unveiled the new U logo in the early 2000s, made up of interconnecting images symbolic of the brand categories they represent.[12]
2011	• The explosion of branded offerings is overwhelming and confusing consumers and causing an ever-increasing headache for the leaders of 'traditional' brands.[13] • The average Western consumer is exposed to 2,000–3,000 brand messages a day.[14]
Today	• Globalization and the advent of social media make brand recommendations many-to-many, not just one-to-many or one-to-one.[15]

Notes to Table 2.1

1 Daye, D (2006 [accessed 11 October 2013]) History of Branding, *Branding Strategy Insider* [Online] http://www.brandingstrategyinsider.com
2 Kurtuldu, M [accessed 11 October 2013] Brand New: The History of Branding, *Design Today*, www.designtoday.info
3 Kurtuldu [accessed 11 October 2013]
4 Lundgaard, J (2013 [accessed 11 October 2013]) Five lessons in corporate brand building from the big boys [Online] http://econsultancy.com/uk/blog/62742-five-lessons-in-corporate-brand-building-from-the-big-boys
5 Lundgaard (2013)
6 de Swaan Arons, M (2011 [accessed 11 October 2013]) How brands were born: a brief history of modern marketing, *The Atlantic*
7 Kurtuldu [accessed 11 October 2013]
8 Kurtuldu [accessed 11 October 2013]
9 de Swaan Arons (2011)
10 de Swaan Arons (2011)
11 de Swaan Arons (2011)
12 Lundgaard (2013)
13 de Swaan Arons (2011)
14 *The New York Times* (2007) Anywhere the eye can see, it's likely to see an ad, 15 January
15 Richardson, N (2012 [accessed 11 October 2013]) A Quick History of Branding, *The Branding Spot* [Online] http://ndrichardson.com/blog/2012/07/09/a-quick-history-of-branding/

Examples of great brands

While great brands are often household names with substantial brand-building budgets – and score high in 'sex appeal' – the real secret behind a great brand is that it does something very simple. Great brands are single-minded and clear about what they promise. Great brands then deliver on that promise.

The implication is that any organization can create a great brand, regardless of its size and its resources. In fact, the larger, more complex and global an organization is, the harder it becomes to stay true to knowing what that promise is, and ensuring its delivery.

When you look at a list of 'great brands' that have significant emotional and financial value, invariably you will see businesses that are crystal clear on delivering on their promise and unwavering in their focus on it (Table 2.2). The phrase 'ruthless consistency' applies. When these brands falter, it is almost always when they lose focus on their promise and ensuring its delivery.

You will also find that the brand is not just a logo or a function of marketing – understanding the promise and ensuring its delivery is hardwired into every management metric and process in the business, from supply chain to budgeting to talent attraction and management.

TABLE 2.2 Examples of great brands

Brand	Description
Coca-Cola	'Coke's brand promise of fun, freedom, and refreshment resonates nearly everywhere. The company excels at keeping the brand fresh while maintaining a powerful sense of nostalgia that unites generations of Coke lovers and reinforces consumers' deep connections to the brand.'[1]
Apple	The Apple brand remains the poster child for how to build a great global brand – a relentless focus on never settling for what the consumer thinks they want, and creating something they never imagined they needed. Captured in 'Think different,' Apple certainly does – and the hard work of maintaining that focus has driven their phenomenal success globally.
Amazon	Amazon has achieved their success for a variety of reasons – but their entire ecosystem is open, with one idea at its heart: 'Content is geared toward *you*. Whoever *you* are, Amazon gets you.' Amazon uses content optimization, user generated content to build credibility, and relentless use of data to generate insight about its customers.[2] 'With over 200 million customers worldwide, not to mention the millions of shoppers that use Amazon for research to help make the purchase decision, Amazon shopping continues to shape shopper experiences and set new standards for retail.'[3]
Virgin Atlantic	Virgin Atlantic built a brand by redefining their category – they looked at the entire experience of flying, not just the time spent aboard the aircraft. According to Richard Branson, 'A brand name that is known internationally for innovation, quality and a sense of fun is what we have always aspired to with Virgin.' The role of the airline itself has been that of matching the reality of the product with the values created by the image.[4]

Defining what a brand is – your reputation – is easy. How you influence your reputation – the approaches you take to defining, managing, growing, defending, raising the awareness and value of your reputation – is more challenging.

Brand, marketing and sales

Never forget that brand management can be a powerful business building tool in its own right – when properly managed, your brand can become more than a marketing tool and should drive, strengthen, align and accelerate your strategy. And, of course, the role of brand management is to play a central role in positively influencing marketplace perception – in terms of the talent market, the commercial market, and the marketplace occupied by other stakeholders who have influence on, or are influenced by, your organization and its activities.

Your marketing and communication efforts have, as discussed earlier, much more limited impact than you might imagine. A good rule of thumb is that 70–75 per cent of your reputation is dictated by what you do, the performance of the products and services you provide, the environments in which you provide them and the behaviour of your people. The remaining 25–35 per cent of perception is created through your brand, marketing and communication efforts.

A fundamental model is the 'marketing funnel' (Figure 2.1). It demonstrates the need to influence audiences to move deeper into a continuum ranging from awareness to advocacy. Clearly, people need to be Aware of you as a business to consider any engagement. Then, they need to include you in

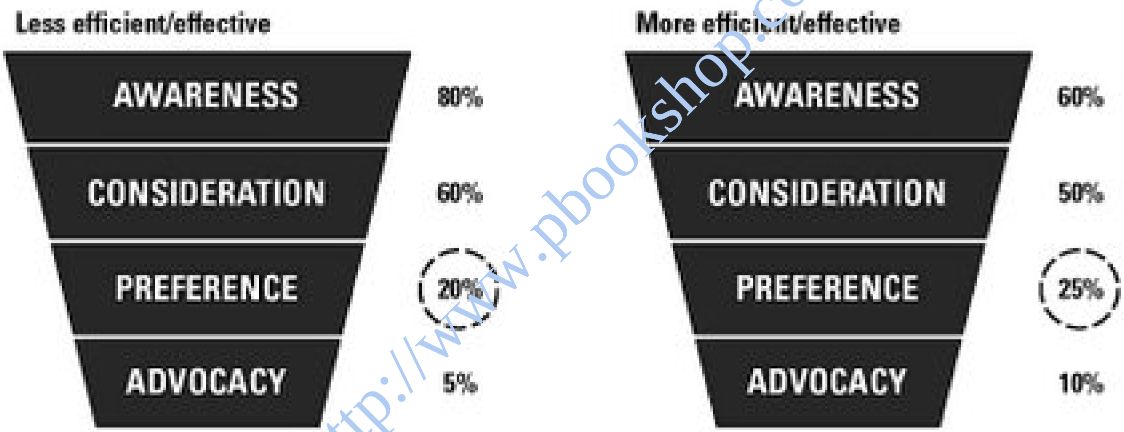
FIGURE 2.1 The brand marketing funnel

their Consideration set among other alternatives. Through trial and adoption they will develop Preference and, ideally, become Advocates.

Creating Awareness, in and of itself, is not sufficient to drive brand value. It's a start. But your efforts must be coordinated and effective in order to move people along the funnel to the points of Preference (for our purposes, we'll consider this conversion into a sale) and Advocacy (where customers become ambassadors for your brand).

This is illustrated in the model shown in Figure 2.2, based on a real case study where the number one player was losing market share to a challenger despite greater Awareness in the marketplace and comparable positions. You can blanket the market with advertising and communications, but if you have failed to create a bond – engagement – with talent, customers or stakeholders, it will prove difficult and costly to convert them into Advocates.

FIGURE 2.2 Efficient vs inefficient conversion



The story is true for talent, customers and other stakeholders in terms of their willingness to support your business and brand, to be neutral or ignore it, or, in the worst case, actively resist it and become a so-called 'brand assassin'. In the world of increasing access to information and social media, and where statistics show that negative brand experiences are often more publicized than positive ones, it's an important principle to consider.

The value of your brand

> If this business were split up, I would give you the land and bricks and mortar, and I would take the brands and trade marks, and I would fare better than you.
>
> (John Stuart, Chairman of Quaker, ca. 1900)

Your brand has significant financial value – depending on your industry, anywhere from 10 per cent to upwards of 50 per cent or more. The London Stock Exchange endorsed the concept of brand valuation in 1989 by allowing the inclusion of intangible assets when seeking shareholder approval in acquisitions:

> Brands will be major drivers of corporate value in the 21st century. Investors and business leaders have recognized this. Financial managers and planners are increasingly using brand equity tracking models to facilitate business planning.[2]

There are many approaches to brand valuation:

Assessing attributes (Aker and others)[3]

This means assessment of attributes such as satisfaction, loyalty, awareness, market share either tracked separately or weighted according to industry. Young & Rubicam has also developed a 'Brand Asset Valuator' – an attribute assessment approach based on Differentiation, Relevance, Esteem and Knowledge. Others no doubt exist but the concept remains the same. Such methods often use an assigned value, rather than a measured value, and thus are subject to challenge.

Brand equity (Moran)[4]

This approach combines three elements – *Effective Market Share* (the sum of market shares in all segments, weighted by each segment's proportion of total sales); *Relative Price*, a ratio of the price of goods sold under a given brand, divided by the average price of comparable goods in the market; and *Durability*, the percentage of customers who will buy that brand in the following year.

Brand valuation[5]

Brand valuation methods seek to take the most robust financial data available to the model in order to arrive at a plausible valuation of a brand. While these methods are also subject to challenge, they at least strive to create as objective as possible a view of a brand's strength.

Interbrand[6] performs an annual valuation published as 'The BrandZ Top 100 Most Valuable Brands' report. This uses a company's financial data as well as market dynamics and an assessment of the role of a brand in income generation, and then forecasts the future on the basis of brand strength and risk.

Brand Finance[7] publishes its own Global 500 study annually using a 'royalty relief' approach that calculates the net present value of the hypothetical royalty payments an organization would receive if it licensed its brand to a third party.

An increasingly popular measure is 'net promoter score' or NPS. NPS is a metric developed by Fred Reichheld, Bain & Company, and Satmetrix.[8] Its power is its simplicity. Customers are asked '*How likely are you to recommend company/brand/product X to a friend/colleague/relative?*' and score their response from 0 to 10. Promoters give a 9 or 10 score, Passives a 7 or 8, and Detractors a 0 to 6 score. The NPS score is the percentage of *Promoters* less the percentage of *Detractors* and ranges from –100 to +100.

All of these methods have strengths and weaknesses, but the important thing is to establish that an organization's brand is an intangible asset that is worth a significant amount of money – and it should be respected and managed accordingly.

Brand is a business management discipline

Do you place enough emphasis on managing your reputation as a discipline of strategic management, rather than a responsibility of the marketing function? Dave Allen[9] lays out some questions that should lead you to a long, hard look at how you manage your brand as a strategic asset:

- Does the brand name of your company open doors?
- Is it easy to get meetings?
- Do potential business partners bring you ideas to invest in?
- Do you attract the best talent?
- Do good people stay more than 2–3 years?
- Are your people driven to get the job done?
- Do your customers advocate you, or simply tolerate you? Are they willing to forgive you when you make a mistake?
- Has your share price increased steadily in value over time?
- Do you make margin that allows you to invest and grow and is the envy of your competition?

By asking these questions, you can very quickly establish not only whether you believe you have a strong reputation, but also some very basic parameters around where some of your challenges and opportunities might lie.

The answers to these questions, often uncomfortable, serve as a powerful starting point to move forward your organization's conversations about building, managing and defending your reputation in your marketplace.

Brand and premium

The final idea in this chapter is that all of this should lead you to an interesting and sometimes unexpected conclusion: your reputation determines in many ways your ability to command a premium for your products and services.

In their book *The Discipline of Market Leaders*,[10] Treacy and Wiersema ask a similar question: why do some companies outperform others, often within a virtually homogeneous category?

Through a study of market leaders across sectors and industries, such as Wal-Mart, Dell, Southwest Airlines, Cott, Airborne Express, Atlantic Richfield, Home Depot, Intel and Sony a very clear theme emerged. And while their book is about strategic management (I don't think the word brand appears at all), the implications for reputation management are clear.

According to Treacy and Wiersema, there are three areas in which an organization can achieve market leadership:

- *Product or service leadership*. You charge a premium because you produce the best product or service.
- *Operational excellence*. You charge a premium because your end-to-end processes are simply more efficient in getting your product or service to market than your competitors.
- *Customer/marketplace intimacy*. Your insight into the client/customer, their industry and their market – from solutions to relationship management to results – allows you to outperform the competition and charge more.

What's the trick? You pick *one* that you focus on. You only need to be as good as the competition at the other two.

The value discipline model is certainly open to challenge and debate, particularly in a world where disruptive technology has rendered some elements very difficult to attain leadership in (the internet was in its infancy and not really in the public domain when Treacy and Wiersema published their first article!).

But the value of the exercise is that the implications for brand and reputation management are clear: you can't try to be all things to all people.

Conclusion

What do you stand for? What do you want to be known for? Why should people buy from you, or want to come to work for you? Why would they pay more for what you do?

The answers to these questions bring to life the thesis of this book – that while a significant amount of the effort and investment in building and managing your reputation sits with the marketing function, a great deal more of it actually lives in the decisions being made in, and the operations of, virtually every other function in the business.

The next chapter deals with approaches to developing, building and managing your brand – based on the foundations we have laid down in this chapter.

Notes

1. Daye, D (2006 [accessed 11 October 2013]) History of Branding, *Branding Strategy Insider* [Online] http://www.brandingstrategyinsider.com
2. Brand Finance (2010) White Paper, Connecting Brand Value, 'Brand Equity' and Brand Economics, *Brand Finance* [Online] http://brandfinance.com/knowledge_centre/whitepapers/connecting-brand-value-brand-equity-and-brand-economics
3. Farris, P W *et al* (2010) *Marketing Metrics: The definitive guide to measuring marketing performance*, Pearson Education, Upper Saddle River, NJ
4. Farris, P W *et al*
5. Farris, P W *et al*
6. http://www.wpp.com/wpp/marketing/brandz/brandz-2013/ [accessed 11 October 2013]
7. http://brandirectory.com/league_tables/table/global-500-2013 [accessed 11 October 2013]
8. Reichheld, F (2003 [accessed 11 October 2013]) One number you need to grow, *Harvard Business Review*, December [Online] http://hbr.org/2003/12/the-one-number-you-need-to-grow/
9. Allen, D (in press) *Who? Oh... Wow!: The 55-minute guide to corporate branding*, Verb Publishing, Royston, Herts
10. Treacy, M and Wiersema, F (1995) *The Discipline of Market Leaders*, Addison-Wesley, Wokingham

03 Defining your brand

'Would you tell me, please, which way I ought to go from here?'
'That depends a good deal on where you want to get to', said the Cat.
'I don't much care where –' said Alice.
'Then it doesn't matter which way you go', said the Cat.
'– so long as I get SOMEWHERE', Alice added as an explanation.
'Oh, you're sure to do that,' said the Cat, 'if you only walk long enough.'

(LEWIS CARROLL, *ALICE'S ADVENTURES IN WONDERLAND*)

Unlike wayward Alice, your organization does have to know exactly where it is going. In today's dynamic, always-on business environment, walking long enough in a direction hoping to reach your destination is probably not a very sensible strategy. This chapter focuses on how to discover and define the all-important direction of travel.

Current state of practice

The existing state of brand definition methods still remains largely in the arena of marketing and branding. Although the strategic process includes senior executive involvement (and ideally stakeholder and employee involvement), by and large most of the models being used today centre around some principles developed in the 1980s.

PART TWO
Talent

performed bottom-quartile ones by 10 per cent on customer ratings, 22 per cent on profitability and 21 per cent on productivity. Work units in the top quartile also saw significantly lower turnover (25 per cent in high-turnover organizations, 65 per cent in low-turnover organizations), shrinkage (28 per cent) and absenteeism (37 per cent), and fewer safety incidents (48 per cent) and quality defects (41 per cent).[5]

Other Gallup research found that:

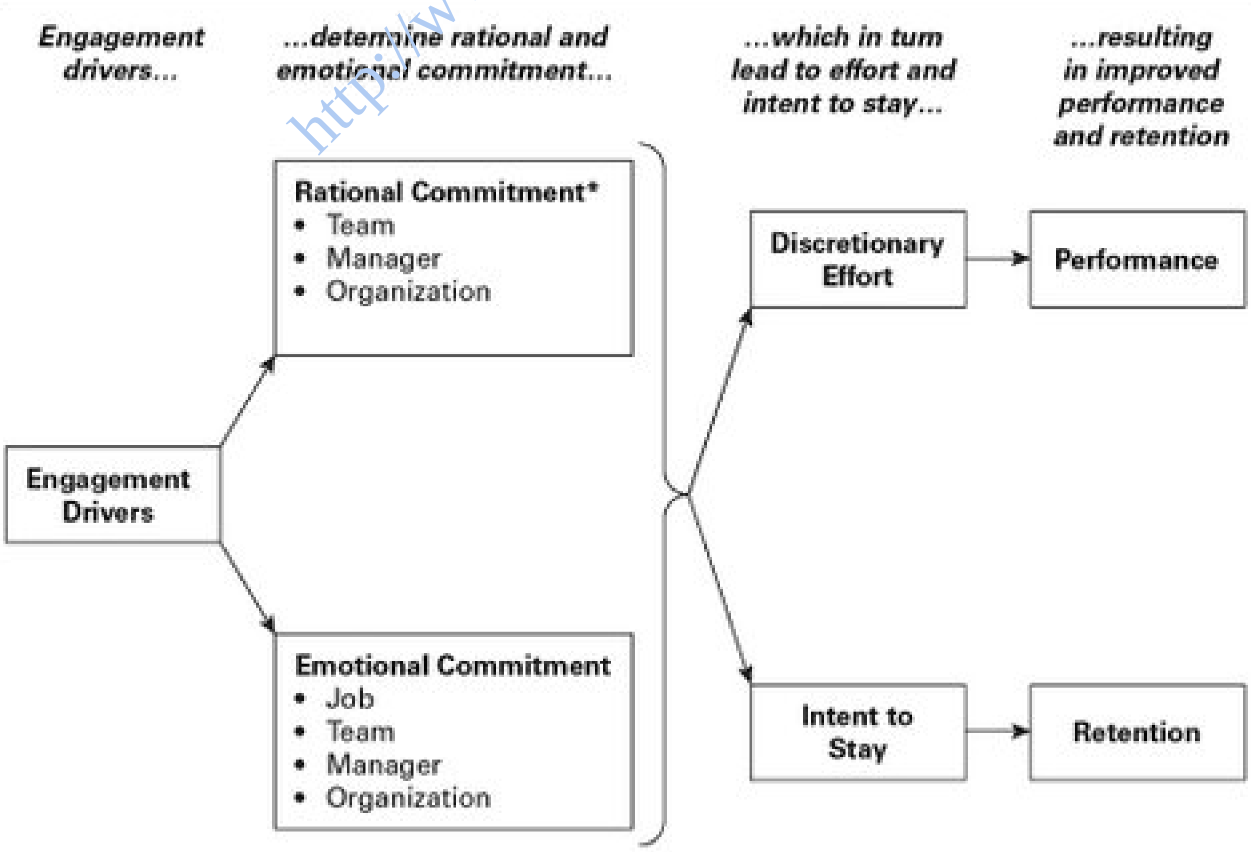
> Workgroups that score above the median on employee engagement **or** above the median on customer engagement were 1.7 times more financially effective than units that score below the median on both measures. But workgroups that scored above the median on **both** customer and employee engagement were, on average, 3.4 times more financially effective than the units ranking in the bottom half on both measures.[6]

The Corporate Leadership Council (CLC) has also undertaken significant research[7] in this area. Their model is similar to the service profit chain.

CLC engagement model

The model is shown in Figure 6.1.

FIGURE 6.1 The Corporate Leadership Council's model of engagement



SOURCE: Content reproduced with permission from The Conference Board, Inc. © 2014 The Conference Board, Inc.

Other CLC findings are also enough to grab one's attention – their data show that not only effective engagement, but effective management of the external talent brand drives significant business benefits demonstrated in this model.

CLC's HR EVP framework

The model is shown in Figure 6.2.

There is a large bank of research that has found similar results to the service profit chain model, Gallup and other studies (including, for example, the TowersWatson Global Workforce Study... a list of resources is provided at the end of this book).

Just as importantly, the so-called 'War For Talent' is still alive and well, even in a time of economic lethargy. Businesses the world over are still constrained in their performance and growth aspirations by the inability to get the talent they need to achieve their goals. PWC's global CEO survey[8] finds:

- 58 per cent of CEOs are concerned about the availability of the key skills they need.
- At the same time, 23 per cent of all CEOs (40 per cent in Western Europe) plan head-count reductions – meaning they clearly need the people they still retain to deliver as only fully engaged employees can.
- 57 per cent of CEOs will improve their focus on ethical behaviour due to the lack of trust in their marketplaces.

FIGURE 6.2 The Corporate Executive Board Company's model

SOURCE: Content reproduced with permission from The Conference Board, Inc. © 2014 The Conference Board, Inc.

- 77 per cent of CEOs plan a rethink in the way they engage talent. 'But CEOs have told us the same thing for the past six years. This suggests that the changes they've made aren't working. Clearly, a change in the established approach to talent strategy is needed.'
- 79 per cent said that the most effective way of developing leadership in their organizations was to involve managers below board level in strategic decision making – but only 34 per cent actually do it in practice.
- A third of CEOs believe that 'pay for performance' models aren't working.[9]

So in essence the argument is simple. There are significant business benefits of getting employee attraction, retention and engagement right:

- Total shareholder return/Earnings per share tends to be higher in organizations with engaged employees.
- External brand equity, customer reach and customer loyalty are higher in organizations with engaged employees.
- Attraction, performance and retention of high-performance people are more effective and efficient in highly engaged organizations.
- The cost of recruiting and retaining that high-performing talent is lower in organizations with engaged employees and a strong talent brand in the marketplace.[10]

Why do organizations struggle, then?

Therefore, the issue is no longer one of having to find the evidence with which to convince an organization's leadership to invest in 'engaging its employees'. If the business case is so obvious and the world is awash with 'best practices' in internal communications, talent attraction, human resource management and employee engagement, why is it that so many organizations struggle to attract, engage and retain the talent they need?

It is a question of:

- How – what is the best way to achieve a strong culture, and reputation for, of highly engaged people?
- Who – should lead the effort in the first place?

Once again we come back to the issue of a functionally driven management mindset addressing a challenge that is inherently cross-functional and multidisciplinary by its very nature. There are a number of social, economic and technological reasons why rapid and large changes in the external market have outstripped (or at least stretched to near-breaking point) the ability of old-world silos of HR, Marketing, and Communications to deal effectively with the challenge.

The first big shift, not surprisingly, has been the rise of the internet, social media, transparency and access to information on an unprecedented scale. An organization used to be able to communicate to 'captive audiences' without needing to worry about mixed messages because the media, and the audiences, didn't cross over so much. But this is no longer the case. Everything you say is more or less visible to all of your audiences, both internally and externally.

The second big shift, related to the first, is media fragmentation. Content has been separated from the means of distribution, so channel ownership – while cheaper and easier than ever – is no longer a prerequisite for reaching any given audience with any given content.

The third big shift, amply demonstrated every year by Edelman's Global Trust Barometer,[11] is that increasingly informed people, all over the world, no longer trust what companies, CEOs, executives and governments say to them.

If you line up these three external dynamics against the internally focused, functionally driven mindset, it's pretty clear that a solution that goes beyond 'cross-functional working' is in order. Having said that, cross-functional working is not a bad place to start – so let's take a quick look at what is, arguably, the state of play in most organizations today.

Functional ownership of the brand and talent agenda

Table 6.1 lists a number of 'friction points' relating to the brand and talent agenda.

TABLE 6.1 Functional ownership of brands

Issue/task	Functional ownership	Friction points
Recruiting/ Talent acquisition	Human Resources (Talent Acquisition)	• The trend for HR departments to create standalone 'Employer Brands' to help differentiate in the talent marketplace – sometimes resulting in potential marketplace confusion relating to organizational brand and marketing messages
Internal communications and employee engagement	Varies, but typically: • Human Resources • Corporate Communications	• 'Employee engagement' is such a broad topic it touches on virtually every aspect of the workplace • In this context, even limiting it to 'business as usual' culture, behaviour and performance-related issues is still too broad • Internal communications sometimes seen as separate, depending on organization's definition of 'engagement' (so you can have one team 'communicating' and another team 'engaging') • Assigning 'ownership' to an individual function becomes problematic and political • HR models sometimes clash with marketing and communications models
Employee brand engagement	Brand/Marketing	• Customer/client-focused messaging seen to conflict with, or compete with, other employee engagement and communications efforts • Brand and marketing models sometimes clash with HR models

And the winner is...

It is interesting to note that many of the 'award winning' case studies one encounters in the 'talent and engagement' space prove the point: they are often awarded based on (or through) a functionally oriented organization or association – for example the Chartered Institute for Personnel Development (CIPD); the Chartered Institute for Public Relations (CIPR); the International Association of Business Communications (IABC); the Institute of Internal Communications (IoIC); Design Effectiveness Awards; Brand awards; and so on. While some of these awards include categories for a range of cross-functional types of engagement and communication activities, most bring with them the biases and perspectives of the sponsoring organization or association. There are relatively few examples of genuinely integrated awards and best-practice-sharing frameworks – wouldn't it be great if CIPR and CIPD joined forces with IoIC to host an integrated programme?

Even within the realm of employee engagement one can find inter-functional competition or friction. There are examples where organizations have actually separated 'internal/employee communication' as a communication function, and 'employee engagement' as an HR function. This duplication of effort is motivated by a desire to lock organizational development and performance into the talent management and engagement agenda, but it is taking the idea in precisely the wrong direction. Just as in the external communication and engagement world the watchword is integration, so inside organizations the same is true.

In my opinion, 'engagement' is the *outcome* of what happens when you manage how you engage with employees in an integrated manner, not by trying to split out different pieces of the puzzle across different functions. That's – to quote Microsoft's Dave Coplin – the old-world piecework approach of 'process standardization... if we want to break down how to make cars, let's break down that process into a series of widgets. "I no longer make cars, I make widgets." '[12] That only contributes to employees receiving an increasingly disconnected series of communications and initiatives from a new and expanded range of internal functional communicators. It's like pouring water on a drowning man.[13]

But before we get to the integrated approach, let's get some of the foundational elements out of the way. The next chapter will cover some of the basics around good practices in employee engagement, using the idea of the employee lifecycle (or employee experience) to cover the range of disciplines and activities required.

Notes

1 Adapted from Keohane, K (2007) *The Gower Handbook of Employee Communication*, Gower Publishing, Aldershot; and *The Talent Journey*, Verb Publishing, Royston, Herts, 2009

2 Heskett, J *et al* (1994) Putting the service–profit chain to work, *Harvard Business Review*, March

3 Reichheld, F and Sasser, W E Jr (1990) Zero defections: quality comes to services, *Harvard Business Review*, September–October

4 Sorenson, S (2013) How employee engagement drives growth, *Gallup Business Journal*, June

5 Sorenson, S (2013)

6 *Gallup Management Journal* (2008) When engaged employees meet engaged customers, February

7 Corporate Leadership Council (2004) Driving performance and retention through employee engagement

8 PWC (2013 [accessed 11 October 2013]) 16th Annual Global CEO Survey [Online] http://www.pwc.com/talentchallenge

9 It is probably worth a look at Dan Pink's *Drive* and its exploration of motivation – that is, pay for performance can actually diminish results when the task is complex and cognitive in nature, rather than routine. See Pink, D (2011) *Drive: The surprising truth about what motivates us*, Canongate Books, Edinburgh. For a quicker explanation, see the superb animation at http://www.youtube.com/watch?v=u6XAPnuFjJc [accessed 11 October 2013]

10 Keohane, K (2010) *The Talent Journey*

11 http://www.edelman.com/insights/intellectual-property/trust-2013/ [accessed 11 October 2013]

12 The full interview is in Chapter 17

13 A little-known R&B song by James Carr which reached up to 23 on the R&B charts in 1966