Book Excerpt
Chapter Two:
Corporate Image Management in a Rapidly Changing World

The clichés and admonitions about change are numerous enough to fill a book on their own. Suffice it to say that two facts about change are readily apparent as we end the second millennium: 1) change is everywhere, particularly within the business environment and 2) the rate and vastness of change today is probably faster and broader for a larger portion of the earth's population than at any other time in history.

The forces reshaping the world economy are more numerous, more interwoven and combine to be more powerful than any other combination of economic and political change since the Industrial Revolution. Change is happening so rapidly that the countless reorganizations, restructurings, downsizings, mergers, break-ups and new business start-ups makes the collective business community seem almost out of control. Not only has this created an element of uncertainty (particularly for the workers affected), both consumers and customers are often baffled and disturbed as they become unsure about the companies behind the products and services being purchased. In the process, of course, many companies have done their images little good.

What are the types of change faced by managers today? The following is not meant to be an exhaustive listing, merely an indication that change is both prevalent and affects many aspects of the business-customer relationship:

- global competitors in local markets. Your competitor is no longer just the other firm down the street. It's the new start-up or the established multinational whose home base is halfway around the world. The emergence of the Internet as a hub for electronic commerce will simply magnify and exacerbate this trend.
- competitors from other industries entering your turf. Who's the biggest threat to the 7-11s and other small convenience stores around the world? The major oil companies, as they add groceries and sundry items to the products stocked and sold at petrol stations. Who's the biggest threat to the major oil companies for the sale of gasoline to car owners? Supermarkets, which in some countries are now installing petrol pumps outside their huge hypermarkets.

- new concepts of quality. While many consumers still look for high quality, the definition of what is "quality" is changing quite fast. Many consumers now seek "real values," not superficial styling or fashionably trendy items. Real value may be defined by functionality as easily as it might incorporate artistic elegance and craftsmanship.
- lack of consumer trust. The combined effect of product-tampering problems, toxic shock syndrome, the Perrier recall, the failed launch of "New Coke," mad cow disease, hepatitis infected fruit given to school children and numerous other safety scares have left consumers in a quandary about who and what to trust. In 1987, an Opinion Research Corporation study showed that 72% of American consumers thought advertising was at least fairly believable. Within two years, that number had dropped to 62%, with over a third of the public finding advertising to be unbelievable.
- deterioration in the power of branding. Consumer marketers have done an awful job of protecting the value of their brands. Too many marketers have begun to rely on price promotions, discounts, etc. Consumers, who once bought name brands they trusted during times of economic slowdowns, turned to generic brands, store brands and promotional items during the 1992-93 recession. When Philip Morris cut the price of Marlboro cigarettes, the entire Dow Jones Industrial Average dropped over 100 points. In the four months following "Marlboro Friday," the top 25 makers of brands lost over US$4.75 billion in market value. To fight off generic products, Proctor & Gamble cut the prices on Luvs and Pampers three times in a single year.

To cope with these many market environment changes, a plethora of new business management concepts have been created over the past two decades. Managers have run the gauntlet from diversification strategies based on building conglomerates to decentralization strategies based on spinning off unlinked entities and reengineered businesses to strategies supposedly based on core competencies. In terms of marketing, we have witnessed a continual movement from one hot topic to another, including excellence, customer service, customer delight, service quality, niche marketing and now customized marketing.

What's a manager or corporate leader to do? How to choose from the dichotomies being expounded by the omnipresent management consultants and MBA professors: centralization or decentralization? consensus-building or top-down decision making? matrix, hierarchical or flat organization structures? corporations built around core competencies or customer requirements?

Fortunately, common sense is starting to prevail in the management literature and the corporate boardrooms, based on the understanding that there is no Holy Grail or single way of providing the leadership, organizational structure, and management processes required by each and every business situation.

Corporate Image Management, however, can be the operating platform for CEOs to use in determining and implementing the other leadership, management and marketing tools they select as the vehicles to drive their organizations towards the goals and objectives chosen. A successful identity system will assist the organization in managing change and in remaining flexible in its response to changing market conditions, competition and innovation. (Using Corporate Image Management as a catalyst for change will be discussed in the next chapter.) Managing the corporate image process is also useful as a catalyst for senior management in initiating internal and external reforms vital to marketing excellence.

Marketing Excellence

Marketing excellence is a prerequisite for the development of a strong corporate image. This doesn't mean that marketing excellence is the singular factor producing a strong corporate image. Rather, the two go hand-in-hand. It's not a chicken and egg situation where management has to decide which comes first, the desired corporate image or the achievement of marketing excellence. One does not necessarily precede the other. However, the appearance of one does tend to foreshadow the occurrence or likelihood of the other. *This linkage has led us to believe that the primary reason companies, brands and services succeed is a direct result of the organization's corporate image and marketing excellence*.

In today's competitive business environment it is not unusual to get caught up in the heat of the immediate commercial battle and to lose sight of the greater goal of winning the war. In fiercely competitive and rapidly changing international and domestic markets, the success stories are about managers who correctly identified consumer, client and customer needs and met these in a creative way. The success stories are also about companies who had the internal strength and fortitude from knowing who they are, what they are and where they were headed; three of the most critical elements for managing the corporate image.

Corporate Culture

The reason for failure in the marketplace is seldom lack of investment. It is usually the result of poor marketing performance and the failure to develop a culture within an organisation that supports creative, strategic and market-driven change. Hence the reason why corporate image management needs to go beyond the mere visualization aspects of logo, symbol and signature to the deeper concerns of shaping a functioning organisation which adapts to changing market conditions.

The impediment to corporate cultural change is not the existence of organizational jobs comprising routine or repetitive "do-it-as-ordered" action, but as the result of the confinement of some people within their job's perceived limitations.

Segmentalism sets in when people are not given the chance to think beyond the limits of their own duties, to see and understand the larger corporate picture or direction, or to contribute from their own experiences what they know to the search for finding more effective ways of getting the assigned job done. The whole reengineering movement has been tarnished because the human element was often brutally brushed aside in the rush to develop more streamlined and automated processes.

In 1993, FORTUNE Magazine advised its readers, “forget old notions of advancement and loyalty. In a more flexible, more chaotic world of work, you’re responsible for your career.” Has corporate loyalty flown out the door? Lately, it’s more likely that it was shoved out the door, along with the so-called non-essential staff, by the re-engineering doctors. The implications of this on corporate image and culture are immense. In the past, the corporate culture was easier to manage, as employees naturally learned how things got done in the organisation as they grew in it across time periods lasting 15, 20, 25 or more years. Having an unwritten code of conduct could suffice when the organization provide lifetime employment. Today, many companies are wandering adrift without a coherent corporate culture and without universal buy-in to the corporate goals and objectives, because they are staffed by employees equally adrift who consider their current employer merely a bypass or a temporary stop on the road to their personal and individual goals.

The hardening of organizational arteries, represented by segmentalism, occurs when job definitions become barriers and when people in the more constrained jobs become viewed as a different and lesser breed. The sum total of these constraints, and the resultant dissipation of corporate loyalty by the remaining staff (whose continued employment did not make them grateful or more loyal, merely more scared and concerned about when the next set of layoffs would be coming), represents a tremendous resource of corporate energy that is waiting and wanting to be recognized, focused and utilized. By using the corporate image management process, management can give a rebirth to this latent energy source and channel its bottled energy towards achieving the corporation’s goals and objectives.

Corporate Image Management will also aid senior executives deal with another of the critical issues facing management today -- corporate ethics. As *The Economist* asked in 1995, “how can a company ensure that its code of ethics is both followed and enforced?” The sure-fire way is to have a corporate culture which not only places emphasis on ethical behavior, but which also punishes and socially casts-out those who do not live up to the desired standards. Very rarely can a single employee engage in unethical behavior. In almost every instance, other employees are either “in the know” or are at least suspicious of the other’s actions. A corporate culture, communicated and spread throughout the organisation, which exhibits zero tolerance for unethical behavior and which is intricately tied to the corporate image, is management’s best form of assurance. This works better than having internal policy police and a bundle of quarterly forms submitted, analyzed and then stacked in someone’s cupboard or cubicle.

Disintermediation

With advanced forms of communication, and the eventual development and ready use of the Internet for electronic commerce, the middle person or company in many transactions will be eliminated. Companies and organizations will be in a better position to take customer orders, pass them on to suppliers, and have their own labels placed onto the products. While this will eliminate some warehousing, distribution and inventory costs, it will also mean that companies are going to be directly identified by and with their products.

Today, most shoppers do not care whether Proctor & Gamble makes Tide, Downey, Luvs or Pampers. For the most part, consumers are still buying product brands without really knowing or understanding the company behind these brands. But unless P&G wants to establish thousands of different web sites for each of its products, P&G is going to have to start telling people, "we are the people behind those brands you use and trust." In other words, P&G is going to have to determine its desired Corporate Image (for consumer audiences, not for the investment community) and figure out how to effectively communicate this image.

Once again, the key to winning the marketing battle in the coming millennium is going to be the perceived corporate image of the organization by its many publics.

In a rapidly changing world, the importance of the corporate image doesn't so much as change as it simply becomes an even more important key success factor.

This Chapter is excerpted from Corporate Image Management: A Marketing Discipline for the 21st Century by Steven Howard.

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