

*Is this a good time to focus your efforts more
on what your company stands for?*

A White Paper by Charlie Larson

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The slowdown in the economy is front-page news today. This should cause most business leaders to re-think how their business should be operating. Many companies may be tempted to cut their product development and marketing budgets during a downturn in the economy. A recent article in the Wall Street Journal cited a study encompassing the 1991 recession that showed over two-thirds of the “cost cutters” did not come out on the other side of the recession with profitable revenue growth during the next five years.

It may also be tempting to cast a much wider net of appeals to current and potential customers. Done properly, and with the appropriate focus this could be a good strategy.

Done improperly, with little or no focus, this approach could become “fools gold,” especially if your company begins to offer unrelated products and services beyond your company’s core competency.

If you’re going to continue to invest in your business, the investment needs to be focused on what your company stands for and how your services and products will solve customer needs. Limited resources need sharper focus than larger budgets.

So, this may be the best time to think about the focus of your business and what your products or services should stand for in the minds of your stakeholders: your employees, customers, suppliers and the financial institutions.

“Branding” is simply shorthand for a discipline that helps bring focus to what your products and services should stand for in the minds of all your stakeholders. Some companies prefer to call this discipline “Reputation Management.”

There may be some perceptions that branding is a relatively new phenomenon and that this discipline is reserved for big packaged goods companies with large advertising

budgets (read Super Bowl ads). Neither perception is true. Branding started centuries ago and was first employed by individuals and small operations.

Branding began as an assurance the product or service will deliver a certain quality for a certain price. This is, simply, the value equation. "What you get for what you paid."

Here's a short course on the history of branding:

Paul Revere, in addition to being an early American patriot in the 18th century was also a silversmith. He engraved his last name on each piece of his silverware. People came to know that if a piece of silverware had "Revere" engraved on it they could count on high quality silver and craftsmanship.

Cattle ranchers "branded" their cattle during the 19th century. This was done for two purposes: To identify the cattle in the event they became lost, strayed or stolen. And to identify special properties of the cattle, such as the taste and texture of the meat as a result of the strain of cattle or the type of land or feed they grazed on (quality).

As the country grew and more avenues of communications opened up in the 20th century, branding began to include all of these communications channels as well as the basic product and price.

Here's a definition of branding:

A brand is a relationship between a buyer and seller based on a consistent experience with the product or service that meets or exceeds the buyer expectation.

This relationship can be functional, emotional or both and is communicated through every contact between the seller and the buyer.

The more consistent this experience is with customer expectations, the stronger the brand. The stronger the brand, the more effective and efficient your marketing and sales efforts will be.

In fact, the branding process is more of a cultural issue than a marketing issue, especially in small to medium size firms. It's about getting all of the stakeholders on the same page. Once this is accomplished you will be able to "feel" the brand through the actions of others.

Two of the strongest brands I have worked on are Morton Salt and Gerber Baby Food. Neither was a particularly large advertiser. You could literally "feel" the brand through all of their actions. Everything they did was consistent with their brand. Every stakeholder knew what the brand stood for. Both brands had a very high share of market, commanded a premium price and their gross margins were above industry average.

What actions can you take to see if your company has a strong brand? Try this exercise: Ask all of the people who report to you what your company stands for. If you're not getting the same answer from all of your people, you may want to re-examine the need for a strategic road map.

Here's another exercise: Gather all of the communications you send out to your customers in one room. Look at everything at one time and determine if all of the messages (including personal contact) are consistent with each other. I've had one client describe his company's messages after this exercise as looking like a ransom note. No one message bore any resemblance to the others.

The result of inconsistent communications is, at best, a "fuzzy" idea of what your company stands for. Even worse, if competitors have more consistent communications and, therefore, a stronger brand, your customers may think of them first.

The ultimate outcome from these exercises is to make sure all of your communications and contacts with your customers are consistent with each other. This will increase the effectiveness and efficiencies of your sales and marketing efforts so that these efforts become an "investment" and not a "cost."

The other advantage to having a strong brand is it allows you to be better recognize what new services and products you can offer that will be consistent with what your company stands for. With this focus you can avoid going beyond your core competencies.

With all the recent news reports on the health of the economy one question might be, is this the right time to undertake a branding program? Absolutely. Branding is all about bringing focus to your company and making your business stronger, more effective and more efficient. Those are worthy objectives for any company under any set of economic conditions.

A veteran of major national manufacturers and advertising agencies working on both small and large brands, Charlie Larson is president of an Indianapolis-based marketing and branding consulting firm, Charlie Larson & Associates. He can be reached at: (317) 833-0574 or Charlie@larsonassoc.com.

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