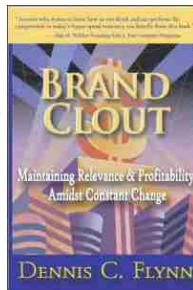




## Brand Clout

Maintaining Relevance & Profitability Amidst Constant Change



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### ■ About the Author



**Dennis C. Flynn**

As the Founder of The Sonar Group, Dennis is an experienced management leader, marketer and communications professional with decades of experience in corporate, agency, academic and entrepreneurial environments. He brings two decades' experience in business and brand strategy, marketing and communications.

For the past eight years, Dennis has been consulting with emerging growth and enterprise-level B2B companies and investors as Founder/CEO of The Sonar Group, and acts as a board advisor to several companies. Previously, he was with Sanchez, Lonchar & Flynn, a brand communications & design firm he co-founded. He led Saatchi & Saatchi's Corporate Communications Group for several years and prior to that held senior management positions at J. Walter Thompson and BBDO/West. He has also held senior corporate sales and brand management positions with Beatrice/Swift Foods in New York and Chicago.

### ■ The Big Idea

In the fast paced world of 21<sup>st</sup> century economics, even change has changed. The only way to keep afloat these days is to truly abide by the old Darwinian adage, adapt or die.

David C. Flynn shows how one organization can continually morph and still be the most recognizable household name by building up brand in this time of chaos.

## Shift Happens

To say that we lived in a fast-paced world has become passé. People and companies are caught in a perpetual state of motion, and for businesses, it becomes a choice of keeping the pace or becoming defunct. Because of the constant changes the marketplace goes through, companies are faced with the complex and unique challenge of applying fundamental principles to the newer and more intimidating market arena.

Technology has changed almost everything we know about products. Not only has it affected the ways a consumer perceives, evaluates, and buys a product, but it has also begun to change ways companies buy, makes, sells and delivers its products or solutions.

## Understanding Your Business Model

A business model is the ultimate departure point for any future changes or plans with regard to a company. Thusly, it should be flexible enough to be able to withstand a considerable amount of revision as times demand. This allows for a certain amount of morphing on the part of an organization, keeping its brand relevant in a changing landscape.

Five Key Components of a Business Model:

Only by understanding the five key components of your business model will you be able to skillfully manipulate it to meet all your customer/client needs, despite whatever changes may happen in your environment.

Not knowing your business model leaves you vulnerable. You will not be able to respond to changes as quickly or as well

The five components are:

**Target Audience** - Your specific group of customers. Who are these people, and what are their needs and issues? How are they motivated?

**Profitability** - How will your company earn money?

**Profit Protection (Strategic Control Points)** - How will you protect your position from competitors?

**Portfolio** - What does your portfolio contain today? What are you providing your customers with? How does your portfolio change over time?

**Brand** - How are you defining your brand? What is its personality, as a person, as a product, and as an organization?

## Anticipating Shift

### The Sonar Model®

The Sonar Model® is a tool for guiding a company through an evaluation of their current business model. This model helps to see the future, in the sense that it allows a company to clearly see where it's headed, and thus design a business model with the goal of the future in mind.

It is not a strategic planning process, but rather a template for strategic thinking. What's the difference, you say? The author quotes Henry Mintzberg's 1994 obituary for strategic planning: "Planning always has been about analysis - about breaking down a goal or set of intentions into steps, formalizing those steps so they can be implemented almost automatically, and articulating the anticipated consequences or results of each step. Strategic thinking, in contrast, is about synthesis. It involves intuition and creativity. The outcome of strategic thinking is an integrated perspective of the enterprise, a not-too-precisely articulated vision of the direction."

While strategic planning assumes that the world will hold still as you implement the plan, that the planners can detach themselves from its implementation, and that all plans should be formalized, strategic thinking allows for the dynamism so needed in this day and age.

The sonar Model is a tool and catalyst that will enable companies to:

- Evaluate and reconfigure assets for more powerful business outcomes from a current and future customer perspective
- Develop new perspectives on existing and upcoming alliance opportunities
- Create increased leverage of brand options for competitive advantage
- Create a process for evaluating and identifying technologies that are and will be critical in achieving competitive advantage

## Component Definitions of the Sonar Model

### **Market share**

An evaluation of how a company or business has performed in the marketplace versus its competitors.

### **Solution Share**

An evaluation of a company's ability to provide a combination of goods and services that satisfy a company's/customer's needs beyond a specific product or service.

### **Opportunity Share**

A reference for competing within an as yet undefined or emerging future marketplace. This is what helps to define a flexible business model.

## Sonaring®

Sonaring is the menu of 12 questions that an organization's management team must ask themselves from a current market view and a future market view (6, 12, or 18 months out).

The questions are as follow:

1. What business are we really in?
2. What are our true core competencies?
3. Who are our customers?
4. What do our customers value?
5. What is the specific marketplace/space in which we are competing?
6. Where are the revenue/profit opportunities in the space/spaces we compete?
7. What are our firm's strengths and weaknesses?
8. Who are our main competitors and what are the strengths and weaknesses of each?
9. What is our portfolio?
10. What are the major influencers that affect our market?
11. Who are potential allies/ strategic partners?
12. What are the brand and branding implications as a result of our answers to the above questions?

## Let's Talk Brand

### What Is A Brand?

Technically, a brand is “to deliver on a promise” or “getting your prospects to see you as the only solution to their problem”. However, today, it is access, more than anything else, which defines brand.

### Experience Reflex

This is the sum of a customer's accumulated experience with your company or product. It can usually be summed up into two or three sentences, and is usually made up of the first things that come to a consumer's mind when asked, “What do you think of company X?”

In light of this, companies should always aim to add value to the customer experiences, in order to create positive Experience Reflex.

### Moments Of Truth

Every moment that a customer interacts with your product counts - access points, touch points, and experience reflex. These are proof points, or moments of truth, on which your brand will be built.

## The Sameness Of Things

Competition has gotten so fierce that companies have begun marketing their products in such a way that they aren't simply things, but a whole way of life, or a set of ideals.

Satisfaction is the name of the game - and in order to find out whether or not you're satisfying your costumers, you have to ask them, and ask constantly! Otherwise you may never know what your customers expect, or if you're giving satisfactory service or producing satisfactory products.

## Brand Equity

Brand equity is a multi-variable equation consisting of the following:

**Brand Awareness** - brand recognition

**Brand Loyalty** - represents t willingness of your customers to repeat the brand experience

**Perceived Quality** - measured quality before, during, and after the buying experience

**Brand Associations** - positive ad negative image associations, both absolute and compared to the competition

**Brand Personality** - customer/user view of the brand versus the company's aspirations

**Other** - patents, trademarks, channel relationships, strategic alliances, partnerships, etc.

It is important for companies to monitor these variables, both to check on their success or failure and to be able to make minor adjustments when they are called for.

It should be mentioned that even though a product has strong brand equity, it is no guarantee that it will dominate the market.

## Brand Identity

For the purpose of this book, the author makes use of David Aaker's model of brand equity, which consists of two segments: Core Identity and Extended Identity.

**Core Identity** -The core identity of a brand is something that is critical and central to a brand's identity. It can also be transferred to other businesses or categories with the same brand name.

**Extended Identity** - A brand's extended identity focuses on product attributes and should result in customer-perceived beneficial points of difference.

## Brand Image Versus Brand Identity

Brand identity is how you would want your employees, customers, and other stakeholders to view your brand. Brand image, on the other hand, is how they actually do view the brand.

## Why Is Brand Important?

Engineered well, a strong brand can provide a company with:

- Extendible, long-term competitive advantage.
- A platform for premium pricing as the foundation for long-term profitability.
- Higher “stakeholder tolerance” when mistakes are made and a stronger springboard to recovery.
- An umbrella for expansion of product, program, service, and intelligence offerings
- Entry into new markets, or brand portability.
- Added leverage in alliance and partnership activities.
- Added merger and acquisition leverage and value.

## Thinking Outside The Brand

It is a reality that one brand cannot cover all the possible ground available to it. Despite all the effort made to concentrate on brand, you must realize that part of making a brand stronger is the ability to recognize its weakness and find a way to compensate for it.

This is what alliances, better known as Multiple Brand Solution Sets, which are becoming quite popular.

An example of such a solution is the case of Kodak and Sony. When Kodak was introducing a new product concept, they did research on how many customers preferred the new product when it was offered with the Kodak name alone, as opposed to when it was offered in tandem with Sony.

The results were astounding. 82% of those polled said they'd buy a new concept if it was offered under the tandem brand name, as opposed to the 22% who'd buy it under Kodak. Such is the power of co-branding activities.

## Brand Leadership

It is indisputable that the CEO of a company has a great deal to do with the brand strength. They motivate their people to become the brand, really live it and work to bring out its ideals.

Real power is not in the size of a company's advertising budget, it's in the ability of the company to maintain consistent and continuous brand communications throughout their organization.

## The Emotional Investment Model

Because we are all human, it only makes sense to track a customer's emotional investment when buying your product. The Emotional Investment Spectrum is a good tool for doing so, allowing you to compare customer's emotional investment in your brand versus another brand, and the valuation of that investment.

The implication of such an instrument is that the stronger an emotional response a brand can illicit, the more difficult it will be for users of this brand to switch to another brand, even one with the same basic benefits.

For example, when comparing Bayer Aspirin with a generic brand of aspirin, the people who choose Bayer trust this brand more, feeling that there is something "extra" in the branded aspirin, and are willing to pay a premium for this added benefit, real or not.

## Customer Intelligence - Fuel For Growth

As companies try to move a way from the market-share driven business model, they are becoming increasingly aware of a new source of invaluable information. As mentioned in a previous chapter, it is better for businesses to become Customer Experience centric, and to do that, one must be in touch with one's customers.

The tool used to harness this fount of information is the Voice of the Customer<sup>®</sup> research. It is a qualitative methodology for generating a view of the brand from all its stakeholders.

The methodology used is a one-on-one in-depth interview with as many stakeholders as possible, with the ideal of being able to interviewing all of them. This prevents an overload of information and instead provides usable, differentiating information.

However, the author is quick to point out that it is not the information alone that is an invaluable asset to a company, but also its ability to analyze the data that is presented to you.

## Generational Markers

Over the next ten years, the four major age groups will undergo major transitions and life stage passages. These four groups are Gen Y, Gen X, Baby Boomers, and Matures.

Knowing how each of these age groups react and function will be highly beneficial to the customer-driven company. For example, as Baby Boomers age, there will be a marked shift in their sending, investing, and wealth patterns.

## The Customer-Made Trend

One of the most exciting trends impacting branding is the Customer-Made Trend. Defined as “the phenomenon of corporations creating goods, services and experiences in close cooperation with consumers, tapping into their intellectual capital, and in exchange giving them a direct say in what actually gets produced, manufactured, developed, designed, serviced, or processed” by Trendwatching.com, it's one of the newest things to hit the marketing scene.

## Employees - Your #1 Customers

It has always been said that the company who can attract, maintain, and develop the best talent will win.

Southwest Airlines' Chairman, Herb Kellher, says, “You have to treat your employees like your customers. When you treat them right, then they will treat your outside customers right.”

Key variables in the employee equation are:

**Communication** - Listen to your employees. Don't just tell them “no” when they're suggesting something. Making them feel like a valuable part of the enterprise will encourage them to be more productive.

**Direction** - Communicate your Mission, Vision, and Values as clearly as possible.

**Empowerment** - Give your employees the real thing and not just lip service. True support, autonomy and direction will go a long way.

**Create a Risk-Free Environment** - Reward smart failures.

## Rewarding “Smart Failure”

True leaders encourage risk-taking by removing some of the stigma of failure. Because the business landscape changes so rapidly, no one is totally sure anymore, and it is becoming more and more of a requirement to be willing to try new things. Prudent risks, when taken, hold some chance for failure. However, one must consider that no risks taken at all may entail certain doom.

## Dialoging With Employees

Even when management asks for feedback, the employee response is often negligible, because they fear retaliation from superiors. Creating true channels of dialog and communication between management and rank and file will work wonders for one's staff, and ultimately one's company.

## Setting The Course: Vision, Mission, and Values

A CEO has many roles, including Chief Passion Officer and Chief Perception Officer. In these roles, it is his or her duty to properly set the course for the whole company, and communicate such clearly to everyone involved.

Thusly, it is a CEO's responsibility to define and set the implementation of the following:

### Vision

This defines a desired end-state for the entire organization. The entire organization should be behind it 100%.

An example of vision would be McDonald's "to dominate the global foodservice business".

### Mission

This states what the company does in pursuit of the vision. It should be able to make the individual employee realize the answer to the question: "How is my small role within the organization contributing to the corporate mission?"

A good example of a mission statement is Lotus/AA's "Provide superior learning opportunities anytime, anyplace through collaborative, methodology-enabled technology."

**Giggle Test** - To test if you have a good mission statement, gauge your employees' reaction to it when you're not around. Do they joke about it around the water cooler? When your mission statement passes this test, you're good to go.

### Values

Many companies refer to these as core values. They represent the guiding principles of an organization.

## Ten Commandments of Continuous Relevance

1. Understand the components of your business model.
2. Constantly challenge the status quo
3. Look at your market space as a new entrant rather than an ongoing concern.
4. Brand relevance is about maintaining your brands emotional and functional relevance.
5. It's not about your product: it's about your customer's total experience.

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6. Branding inside and outside are equally important.
7. Multi-brand solutions will have more power than single-brand solutions.
8. Understand your brand's experience reflex from each of your stakeholders, including your employees.
9. Each of your stakeholders has made an emotional investment in your brand.
10. Listening to and interpreting the voice of the customer will provide the necessary fuel to sustain brand relevancy.