

Delivering the Brand Promise Through Employees

Strong brands are built on the actions of employees over time. Yet many compelling ad campaigns are undercut and corporate brands are tarnished when a customer encounters a surly employee or is trapped in the voice-mail maze of “customer service.”

By Philippe Lebard, Kim Rendleman and Kathy Dolan

Leading companies fully understand the value of continually engaging employees as their “brand ambassadors.” They can spot the points where employees’ behavior has the most impact on perceptions of the brand, and they can identify the organizational barriers that prevent employees from fully supporting the brand. Most importantly, they have developed processes that enable employees to “deliver the brand” effectively and consistently. This article describes effective approaches for aligning employee behavior in the service of brands. Some years ago, a new book titled “The Customer Comes Second and Other Secrets of Exceptional Service” turned a long-held business belief inside-out. The author pointed out that you cannot serve customers well unless you first treat your employees well.

Linking employee behavior to the brand

Challenges to aligning employee behavior

Lack of recognition and support for employees' roles in delivering positive branded customer experiences

Underestimating what it takes to alter employee behavior to deliver the right brand experiences

HR processes that typically do not focus on brand issues

Why employee behavior must align with the brand now

Many employees have a significant impact on the brand

Differentiation through employee behaviors builds sustainable competitive advantage

There are clear links between employees' delivery of the brand experience and growth of shareholder value

Increasingly, brand affects recruitment and retention

Large advertising investments can be easily devalued when passive or negative actions of employees affect customers' experiences

What to do today

Senior management: commit to leading employees in "living the brand"

Marketing: plan and launch integrated initiative to continuously engage employees in support of the brand:

- Segment employee population and select key customer touchpoints
- Modify organization mechanisms to permit and encourage employees to support the brand:
 - Performance measures, incentives and rewards, skills and culture
 - Processes, information systems
- Link HR programs to brand strategy:
 - Internal communications and training

Marketing: test new approach at selected customer touchpoints to learn quickly and demonstrate value of "living the brand"

Human resources: evaluate recognition and rewards to ensure their alignment with customer experience goals

The author's premise was sound. But it did not shed light on two related questions: what does a company's brand say about how well it pleases customers, and how can employee behavior support the brand's promise? Contented employees by themselves do not automatically deliver the brand experiences that satisfy customers' current and future needs. In fact, too little is done today to link employees' behaviors to customer needs and brand promises. And too many companies keep customer, employee, and branding issues in separate compartments.

The right employee behavior can translate the brand's promise into a positive customer experience

In previous times, when competition was less intense, it might not have mattered so much. Today, it is crucial that employees "live the brand." (See "Linking employee behavior to the brand.") By properly aligning employee behavior, a company can build a brand that is more credible, more durable, more effective, and more clearly differentiated than anything it can achieve with a killer ad campaign or a hot new product alone. Companies such as Disney, Starbucks, and Goldman Sachs are convinced that their employees' brand-building roles give them

entire organization in the direction indicated by the brand's promise – is overwhelming because marketing, human resources, and operations all operate independently. It is one thing to envision integrated brand delivery at, say, a soft-drink producer where the number of customer touchpoints is limited. But in service sectors, such as banking, retail, or hospitality, where many employees regularly interact with customers, the challenge is huge.

Yet a handful of companies are succeeding with integrated brand delivery. They take great pains to understand which customer touchpoints have the greatest impact on customer experiences. Virgin Atlantic, for example, knows how much its passengers care about cabin services, so it goes to extraordinary lengths to invest in its flight crew. Like other best-practices companies, Virgin makes sure its employees understand the brand's promise and how to apply it every day in their jobs. And the company constantly adjusts its human resources processes – how it recruits, how it trains, how it communicates to employees, for instance – to deliver the brand.



What's Driving Employee Alignment?

Brands – product brands and corporate brands – are increasingly recognized as valuable assets and are therefore climbing higher on CEOs' agendas. Polled recently by Grant Thornton, almost three quarters of CEOs of midsized companies said having a strong brand is "more important" today compared to two years ago (nearly 40% said "much more important").

Chief Executive magazine recently noted that many CEOs today believe it is important to personally oversee brand management. "Emerging from a period of scandal and recession, CEOs want to rev up top-line growth, and therefore getting the branding message right is critically important," noted the magazine. Its findings were supported by a "Top 25 Brand CEOs" survey conducted in conjunction with Lippincott Mercer. (See sidebar "But I'm No Richard Branson.")

“But I’m no Richard Branson”

The CEO’s visible backing of the brand is the most important signal that employees can follow. If ever there was an example of a chief who lives the brand, it is Virgin founder Sir Richard Branson. From his regular meetings with new recruits and his dinner dances with Virgin Atlantic cabin crews to his own entrepreneurial behavior, Branson continuously signals characteristics of the brand that are readily emulated by employees.

However, business leaders do not have to mirror Branson’s flamboyance to be effective brand strategists. Not long ago, Lippincott Mercer teamed up with *Chief Executive* magazine to identify the

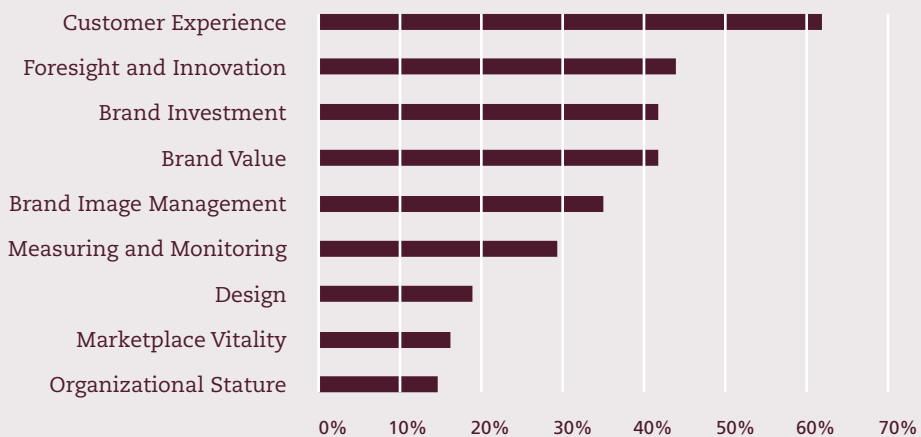
“Top 25 Brand CEOs.” We developed nine judging criteria, from image management to organizational structure and measuring and monitoring. Yes, Richard Branson was on the list, but so were more reserved leaders such as Coca-Cola’s Neville Isdell, Target’s Robert Ulrich, eBay’s Meg Whitman, and American Express’ Ken Chenault.

Jim Collins, author of “Good to Great: Why Some Companies Make the Leap...and Others Don’t,” has long argued for learning from CEOs who consistently put their companies’ values and goals before their own. He cites several examples of relatively unknown chief executives whose unerring focus on

customers ensured strong behavior alignment from employees. Among them are James Burke, who recommitted Johnson & Johnson to its founding credo of caring for customers, a move that allowed the company to transcend its Tylenol tampering crisis in 1982; and William McKnight, who made a discipline out of creativity at 3M.

Our poll in 2004 showed that most executives rate a focus on “customer experience” as far and away the most important characteristic of a CEO brand leader. (See chart “The characteristics of a brand leader.”) “At many companies, the CEO is regarded as the steward of the brand,” reported *Chief Executive*.

The characteristics of a brand leader





But many of the traditional improvements in managing brands – the global image ad campaigns as well as the media-relations efforts and the community outreach programs – have already been tackled by most companies. So the focus is shifting to ensure that customers have positive experiences of the brand during every interaction with the organization: in customer service, sales, after-sales, and more.

There are five distinct reasons for a sharper focus on alignment of employee behavior with brand objectives:

1. Everyone's a service provider these days

The growth of the service economy puts more employees in contact with more customers. Nearly 70% of the global economy now comes from services; even manufacturing companies generate a growing portion of their revenues from services. ABB and General Electric, for example, offer life cycle services – from maintenance and environmental services to asset management and staff training – to their traditional power generation equipment, utility, and energy customers.

2. More channels mean more touchpoints

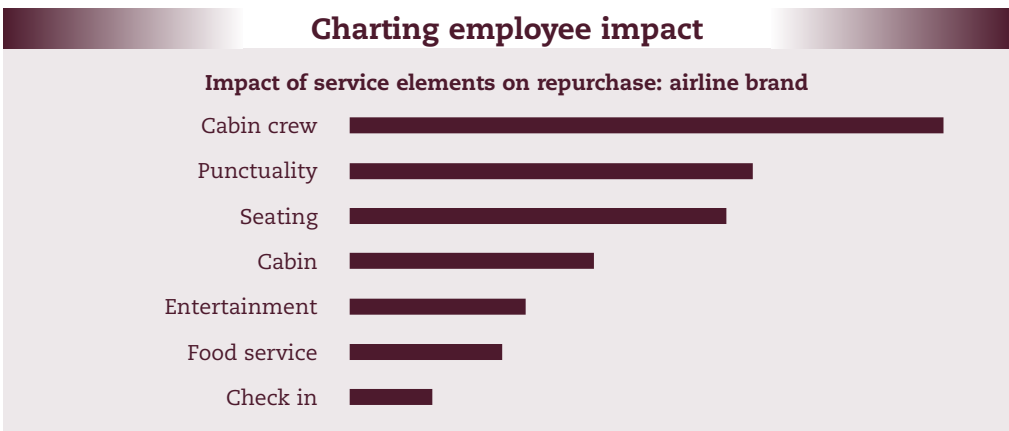
Think about your local bank. Not so long ago, there would be a limited number of interactions between tellers and customers. Today, customers will interact with the bank through its ATMs, its website, its online banking services, and through an ever-wider range of services that banks never used to offer. Any one of those channels can affect the customer experience – and every one is managed by employees.

3. Wanted: better returns on human capital

Mercer Human Resource Consulting notes that 36% of corporate revenues go to spending on human capital – everything from payroll and benefits to training. With more disclosure of such data and continued pressure to do more with less, management teams are increasingly scrutinizing the overall value created by their employees.

4. More data on where employees have clout

At one major airline, polls clearly reveal the linkage between the cabin crew touchpoint and passengers' decisions to fly with the airline again. (See chart "Charting employee impact.") New brand-science techniques help quantify and compare elements such as repurchase scores or employees' positive and negative influences on customer experiences.



5. Proof that it makes financial sense

Recent research indicates that companies that score well on brand ratings from both consumers and employees yield much higher-than-average returns for shareholders – certainly higher than for companies with high brand scores only from consumers. And recruiting costs and other costs of turnover can be reduced when employees enjoy their work and can see results of their brand alignment. A recent CEO survey by Grant Thornton shows nearly two thirds of U.S. business leaders pointing to attraction and retention of top talent as another rationale for sustaining a strong brand.

What Works Against Employee Alignment

Employees are not “wired” to deliver the experiences that align with brand objectives; their responses to customers are driven largely by their personalities. Although about half of all employees say they understand the concept of brand, the idea of “delivering the brand” does not translate easily. (See “How

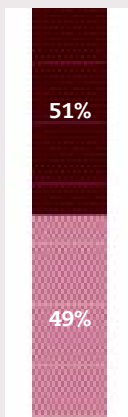
employees and managers view employee-brand alignment.”) Just 15% of employees said they understand their company’s brand. Few understand or “live” their brands, despite what senior managers believe. And marketing, the function responsible for defining and implementing the brand, controls very few of the touchpoints or the employees managing these crucial interactions with customers.

Traditional organizations are rarely structured for enhancing the collaboration necessary to deliver on the brand promise. Brand misalignment happens because many organizations are not designed with brand in mind: structure, culture, processes, skills, information, and compensation systems often do not support the brand strategy. Most senior managers focus on basic operational performance – throughput, cycle times, inventory turns, unit operating margins – yet few are measured or compensated on brand performance. They tend to believe that advertising alone will drive customer perceptions and behaviors.

How employees and managers view employee-brand alignment:

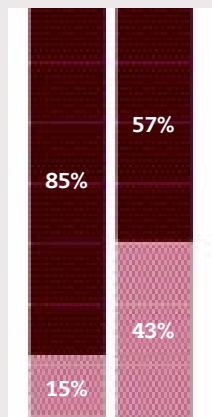
Employee versus senior leadership opinion on employee-brand alignment

Do you/your employees know what brands are?



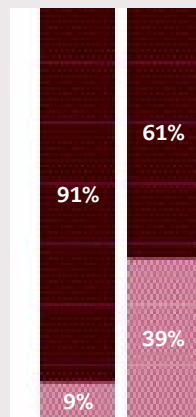
Employee response

Do you/your employees understand your firm’s brand promise?



Employee response Leader response

Do you/your employees “live” the brand?



Employee response Leader response

■ No
■ Yes

Other factors impede employees' roles in an integrated brand strategy. Only about a third of chief marketing officers believe that their companies' internal communications efforts reinforce brand-strategy efforts. The numbers are even lower when it comes to training and other HR processes.

Even efforts launched at the CEO or COO level can fail to be implemented throughout the organization. One major multinational recently created a new corporate identity, including a new logo, new statement of corporate purpose, and underlying mission based on an energetic brand promise that had the backing of two previous chairmen. But employees are struggling to understand what to do with the new brand. Glossy materials have been produced by some design firms, but no comprehensive implementation plan has been drawn up to convert the brand promise into actionable steps that employees can take to create better customer experiences.

Toward a Blueprint for Alignment

There is no shortcut to a brand experience that fully aligns employee behaviors to support brand objectives. Short-term buzz and one-time initiatives such as events or internal communications are by themselves insufficient to achieve the necessary scope of change. Successfully transforming employees into "brand enthusiasts" is a complex change-management initiative that requires a step-by-step approach, using a range of incentives, adjustments to processes, and different media acting in concert over time to communicate different messages to different targets. It can take as long as two years, and it requires continuous reinforcement.

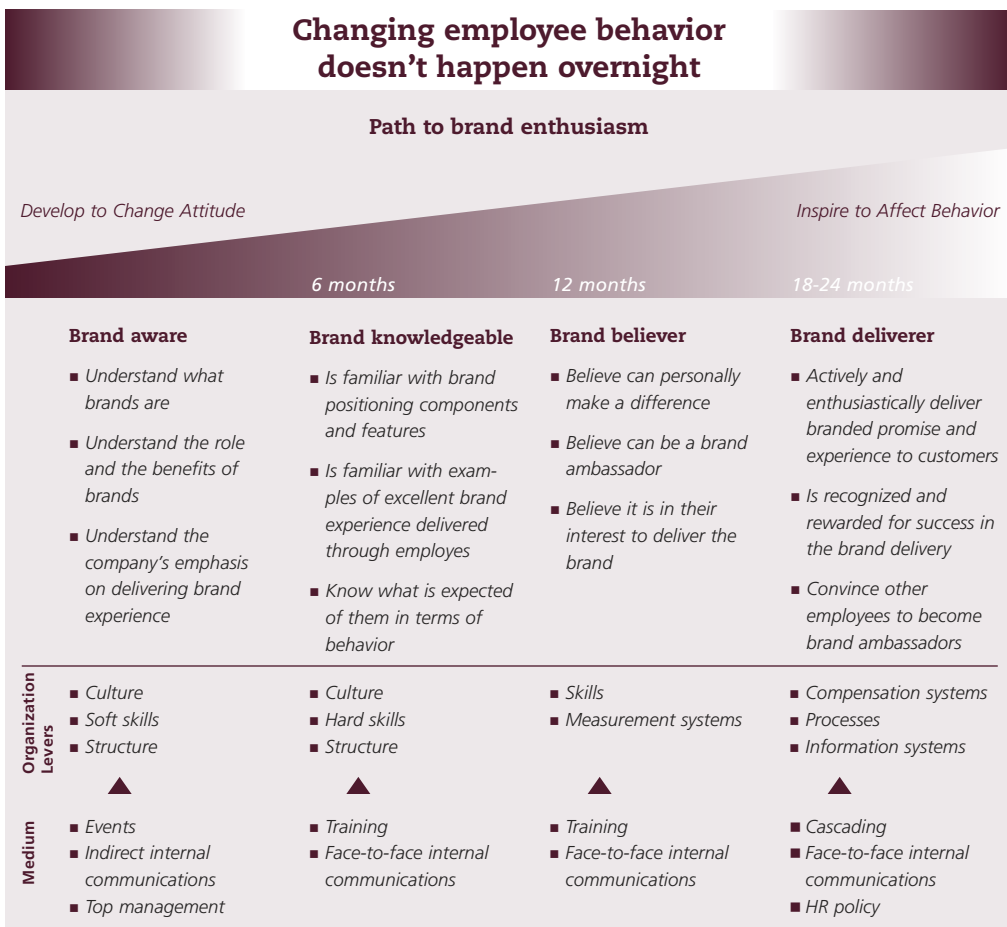
It calls for moving employees through four stages: from being aware of the brand to becoming brand-knowledgeable, then toward being believers in the brand and eventually to becoming brand enthusiasts. It is the true enthusiasts who actively deliver the full promise of the brand to customers – and who can often convince other employees to become ambassadors for the brand. (See chart "Changing employee behavior



doesn't happen overnight.") Each stage comes with a defined set of organization levers and delivery media.

It is not within the scope of this article to chronicle the many steps involved in implementing a multi-faceted, multi-year plan to synchronize workforce behavior with brand goals – a plan that of necessity has to be customized to the company's needs. But we can bring to light some of the themes common to almost all such initiatives.

There are two precursor steps. One is for the marketing group to develop a comprehensive brand implementation plan that includes employee behavioral expressions. The plan has to identify the most influential customer touchpoints and map



out how employees should then deliver the brand. Those dimensions of the plan need to be built on solid customer research. The second prerequisite involves senior managers' responses. It is crucial for them to agree that employee behavior is critical to the company's brand goals – and then to commit to do something about it. Absent such commitment, it is highly unlikely that the company will allocate the necessary resources and time. As with any significant change-management program, at least one executive has to champion the initiative and paint a clear picture of its benefits.

We have identified four strategic themes that help explain why an organization should refocus on brand issues, and another four operational themes that outline the “how” – how employees can deliver the brand. Here are the four strategic elements:

1. Show the importance of employee alignment

Conventional satisfaction surveys and customer research can easily mask how important employees are in driving brand perceptions. There is a role for more carefully designed consumer surveys that lead to better insights into how employees influence customer behavior at key moments. One example: research that follows customers through their purchase journey – not just immediately after they've bought – reveals critical factors about the long-term buying experience.

2. Involve all key functional areas

Employee behavior falls under the responsibility of many functions, such as HR, recruiting, sales or customer service, R&D, and marketing. That makes it tough to get started. Cross-functional teamwork and collaboration can help to break through. An executive champion will need to lead this type of company-wide initiative, supported by a “brand council” whose members support collaborative decision making.

3. Tie rewards to support of the brand

Employees may simply be too busy or indifferent to supporting the brand even if they do understand its importance.

It is important to review rewards and recognition programs and rework them as necessary to ensure appropriate motivation for delivering the brand.

4. Give them the tools to succeed

Companies such as Virgin Atlantic and Goldman Sachs invest in providing employees with the skills, processes, and information systems necessary to effectively deliver the right brand experience. Of the many aspects of a well-planned employee-alignment initiative, three deserve a brief mention. One is employee segmentation – acknowledging that different employee constituencies play different roles, have different needs, and have different degrees of awareness and understanding of brands and, therefore, require different transformation plans. Employees may be segmented by seniority, by proximity to the customer, or by function or touchpoint.

A second important area concerns the appropriate organization levers. What's crucial is that the key levers – the company's information systems, organization structure, business processes, available skill sets, corporate culture, and reward systems – must be redesigned in a coordinated way. For instance, it is counter productive for recruiters to emphasize the need for employees to be brand aware if on-the-job performance measures aren't geared to brand metrics. Goldman Sachs has achieved a unified approach to its organization levers. There are significant bonuses for cross-selling, for example, so that there is shared responsibility for an integrated sales process. And "culture carriers" – employees who embody many of the desired behaviors and who evangelize about them – are rewarded financially.

A third element, internal communications, is built on four key principles: multiple channels; balanced messaging (balancing company-wide messages with locally tailored messages, for example); defined senior management roles; and an integrated plan. So, for example, meaningful personal interaction is valued as highly as Web and printed media; the company's leaders are exemplary in finding ways to communicate; and messages will be consciously timed and amplified.

Nine common traps for business leaders

We observe that senior managers fall into the same traps when trying to align employee behavior with their brand objectives:

- Over-promise on advertising without preparing employees for delivery
- Not enlisting support from HR to cross-organizational barriers
- Back up internal branding with insufficient planning and resources
- Over-rely on internal communications to motivate employees
- Over-depend on information technology to disseminate brand knowledge and training
- Over-rely on external communication (ad campaigns) to build the brand-driven organization
- Fail to integrate brand-building initiatives with other internal efforts
- Not changing performance measures
- Go overboard so that employees perceive the initiative as corporate brainwashing

QUICK PROFILE:

Financial services giant puts employees at center of brand makeover

Although this financial corporation was a world leader in terms of assets under management and its Wall Street pedigree, it no longer had a clear brand identity – unlike several of its top rivals. Nor was there much interaction among its varied divisions that served the same clients.

Both the chairman and the CEO had no doubts about the importance of a bold brand. So the firm launched a massive global program to create a new flagship brand. Central to their efforts was a phased outreach to the firm's 69,000 employees, few of whom were aware of brand issues.

Following a thorough client research program, the firm opted for a single brand identity worldwide, keyed to a well-defined brand architecture. A new brand management structure was put in place to drive the initiative and to foster ongoing brand awareness. A central brand office now reports to the CEO, a single agency handles all advertising, and a corporate-wide brand council oversees major brand decision points. The firm used a cascade method to systematically flow the initiative “downhill” through the management layers.

The firm's employee segmentation effort hinged on its 6,000 “brand influencers” – those who manage the customer-facing employees and who are most responsible for designing the firm's “interfaces” with its clients. Several business processes were redesigned. Tight cooperation between marketing and HR led to important changes in internal communications and performance measurements, for example. And ownership of the corporate brand – no longer solely the province of marketing – was integrated into several components of the organization.

With a multi-faceted 18-month plan in place, the entire initiative kicked off with series of segmented, content-rich events under a unifying theme. Major events reached “top-20” customers; regional office events were tailored to the 6,000 brand influencers; local “town-hall” activities brought the word to the entire workforce. Continuous updates informed and energized recipients.

Finally, the new brand became operational at key touchpoints – in the design and content of client marketing events, in signage, and in sponsorships, for example. Today, the firm has gained substantial value creation by realigning its employees with the brand.

QUICK PROFILE:

Continental's crews helped its brand take off

Continental Airlines' textbook turnaround owes a lot to its successful alignment of employee behaviors. In the mid-1990s, Continental was failing on many fronts. It had no clear understanding of customer segment profitability and priorities. Worse, it had the poorest customer service among the top 10 airlines at that time. Its brand was badly tarnished. It was considered a "third-rate" airline. Employee turnover and absenteeism were high, as were workers compensation claims. In 1994, the company was approaching bankruptcy for the third time. The company had had 10 presidents in as many years.

The airline started with initiatives around its brand identity: a new logo, new aircraft interiors and exteriors, new crew uniforms, and new check-in and gate desks. The heart of the brand overhaul came with a detailed deconstruction of the airline's brand touchpoint priorities: on-time arrival; a best-in-class interface between customers and employees; rapid problem resolution; and a smooth travel experience.

Next, Continental began to realign employee behavior. Reward systems were revamped: a chance to win a Ford Explorer for perfect attendance within a six-month period, for example, and a cash bonus to employees for every month that Continental was among the top five on-time airlines. Employees were encouraged to take on a "brand ambassador" role, and they were backed up with new information systems that included 650 bulletin boards providing continuous updates on the airline's performance.

In short, Continental applied the whole suite of alignment tools to its successful turnaround. The 800-page corporate manual was burned – literally and cheerfully. Top management held monthly open houses for employee questions and answers, and established a 24-hour employee hotline. Employees were given broader authority to make amends with angry customers. And analysis of the flight attendants' priorities allowed Continental to redesign work processes to better support passengers' needs.

Conclusion

It's fair to say that employees don't come to work planning to undermine the company brand. But they confront many barriers that prevent them from actively supporting the brand – barriers that are systemic and much the same regardless of industry sector or company size.

So it is encouraging to see a growing list of large companies that are busily removing those barriers: Virgin Atlantic, Goldman Sachs, Mars, Continental Airlines, UBS, Philips, and more every month. And it's good to see more chief executives acting as their companies' most powerful brand champions – leaders such as Apple Computer's Steve Jobs, Jim Donald of Starbucks, and Dell's Kevin Rollins.

Today there are clearer connections between brand performance and employee performance, and better techniques for spotting the customer touchpoints most affected by employee behavior. Leading companies are using those techniques and others to weave the brand into the fabric of the organization systematically – into human resources, operations, customer service, sales, and more.

Business leaders have now been through nearly two decades of discussions about customer and employee loyalty – years of well-meaning plans that have often been sidelined when senior managers have had to respond to bare-knuckles competition and demands for better corporate governance. Now, with growing awareness of the corporate brand's influence on performance, managers are more open to examining what it is that burnishes brands – or tarnishes them.

It's time to accelerate those efforts. There is too much to be gained from aligning employees' activities with what the brand promises. And there is too much to be lost if the organization fails to do so.

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