

# Corporate Integrity: Delivering On The Brand Promise



Michael Bayer 15 Apr 2011

One of the most common misconceptions I've encountered in corporate communications is the use of brand and reputation interchangeably. It's so prevalent, in fact, that a majority of corporate PR practitioners either do not or cannot distinguish clearly between the two as it relates to the corporation they're serving (case in point: use of the nonsensical term "brand reputation.") Unfortunately, this misunderstanding undermines the role of corporate communications because it's the relationship between brand and reputation that ultimately defines the integrity of the corporate story.

## Corporate brand vs. corporate reputation

The framework is simple. Corporate brand represents the company's ultimate promise to all of its customers, while corporate reputation reflects the management team's ability to deliver on that promise. It's that simple. The brand is an expression of the entire company, while the reputation stems from the behavior of senior management – and the repercussions of that behavior. Fundamentally, management's job is to deliver on the brand promise through the actions they take, the decisions they make, the capital they allocate, and the policies they enact, among other things.

Along the way, the effectiveness of management's decisions can be measured in a variety of ways, each of which corresponds to one of several dimensions of corporate reputation, including:

- Stock valuation
- Access to capital/credit ratings
- Employee retention and engagement
- Strong product pipeline
- Job creation and community investment
- Awards and recognition
- Sustainability metrics (carbon footprint, etc.)

For example, strong financial performance and product innovation contribute to corporate reputation, but are these achievements advancing the promise of the brand? In other words, is the company earning its reputation in service of the brand promise? If so, then the corporate brand has integrity. (See illustration).

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### **The importance of integrity**

The late, great Peter Drucker said the purpose of business is not to make a profit, or create jobs, or benefit society, although all of these are necessary if the business is to be sustainable. Instead, he said, “The purpose of a business is to create a customer.” So, to create a customer, the business must create something of value – a product, an experience, a relationship – which customers want or need to have. This thing of value, from which springs the brand promise, must sit at the heart of the corporation, and management earns its reputation by developing it and protecting it.

Over the past couple of years, two particularly well-known corporate brands have given us two different angles on the concept of corporate integrity: Goldman Sachs and Toyota.

In 2009, Goldman Sachs faced unprecedented public criticism related to its hedging and disclosure activities leading up to the Great Recession. Combine with this a taxpayer bailout, an SEC investigation, and record profits and bonuses paid out at the height of the recession, and few would deny that the firm found itself in the midst of a severe reputation crisis from which it has yet to fully recover. But what about the Goldman Sachs brand?

Doesn't the firm's brand promise stem from the superior intelligence and performance of its people, and their ability to generate superior wealth for the firm's clients? While criticism revolved around the firm's excessive shrewdness and privilege, the truth is that even the company's reputational damage was earned in service of its brand promise. I would argue that the Goldman Sachs brand suffered minimally from the firm's reputational crisis; in fact, one could argue that the brand was even enhanced.

Toyota presents a different story. Over the past two years, the carmaker has seen its corporate brand suffer through the recall of millions of vehicles due to design and engineering flaws. The promise of superior quality had been the essence of Toyota for decades, so the shocking quality problems struck right at the heart of the brand. The effects to the brand were inseparable from impact on the reputation; management was seen to have failed at their jobs, to have broken the quality promise. The Toyota corporate brand suddenly lacked integrity.

### **Telling the corporate story**

For the corporate communicator, one of the important implications of corporate integrity is the need for greater strategic integration across all communications functions. In many companies, corporate communications (biased toward reputation) operates separately from marketing communications (biased toward brand), and sometimes even worlds apart. The corporate integrity framework helps to facilitate - indeed, requires - a more seamless partnership between these functions. The result is a more durable corporate story that resonates with all stakeholder audiences rather than a series of narrow corporate stories designed for individual audiences.

As a first step, I recommend conducting an in-depth corporate integrity assessment. We've all used reputation audits and brand audits to measure our success (or lack thereof), but to what extent do we audit the strength of the relationship between the two? Only this type of assessment measures how well the corporate story is being told. Questions to ask include:

- To what extent do shareholders understand and value the company's unique brand position? Does the company reinforce this position in all of its investor communications? Has the company attempted to assign monetary value to the corporate brand?
- Is the company's brand promise reinforced throughout all employee engagement programs? How are

employees expected to bring the brand to life in their daily work? How are these expectations communicated and measured?

- How do the company's CSR or philanthropy programs reinforce the unique brand promise? Are these programs extensions of the brand and its values? How can the explicit ties between CSR programs and the corporate brand promise be strengthened?
- Does the company have a clearly articulated vision, mission, and values which are fundamentally aligned with the brand promise? Are these elements proactively communicated to customers, partners, communities and shareholders? Does the company have a public code of conduct that is based in part on the values behind the brand promise? How does the company enforce this code of conduct?
- Are the company's community programs, employee engagement programs and financial performance marketed in some way to the customer audience? If not, why not?
- Do corporate communications and marketing collaborate regularly on brand strategy? What percentage of the total brand marketing budget is allocated to the corporate brand versus product brands?

If reputation is earned in service to the brand promise, then management must run the business in service of the brand too. It is the corporate communicator's role to reinforce this, and to advise and educate management every step of the way. Since it links brand positioning to business performance, corporate integrity, above all else, demands a seat at the table for corporate communications. If the integrity of the corporation, the brand, and the management team is on the line every day, what more important job do we have than preserving that?

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