Chapter 3

Balancing corporate branding policies in multi-business companies

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Chapter

Conflicting Views about Corporate Branding

The CEO/Chairman looked once more at the letter he had just drafted for his management team and strategic business unit directors. It was a great letter – in his opinion. It formulated why the company had to change the multi-branding strategy into a more uniform approach. The arguments were crystal-clear: it would increase familiarity for the company; it would be more attractive for the labor market; communications could be spread across the corporate entity; and, the shareholders would appreciate cost reductions that could be gained by the revised strategy. He also thought, personally, that it would be advantageous because his friends at the golf club would get a better impression of the company he was responsible for as well.

Three days after the letter was sent, the first reactions reached his office. The CEO was surprised to see little enthusiasm for his ideas. Was this something one ought to expect in an international company? It was quite peculiar to see that while everyone could benefit from the new strategy, no one seemed to be overly enthused and supportive of the revised strategy. The one irritating exception was the kind letter of the business unit in Luxembourg, just the one that he intended to sell shortly, due to its low profit rates. But, real support should have come from the blue chips, not from business units that were first in line as potential disinvestments.

Three weeks later, criticism had intensified. One of his most regarded executives resigned. This executive openly stated in an interview with a national newspaper that he loved being an entrepreneur and would never accept a job where “corporate headquarters” determined everything. Critical letters,
sometimes anonymous, bombarded his office. The CEO understood he had to do something to avoid further damage. The next day he called a well-known firm of international corporate communications consultants. They recommended holding a meeting with all members of the management team as soon as possible. The purpose of this meeting would be twofold. Firstly, to enable them to express their concerns. Secondly, to announce a systematic approach to involve managers in the decision-making processes that would help steer the corporate branding issue.

They also recommended including a presentation with examples of other firms who had passed through similar experiences. Not in terms of describing the final outcome, but, by focusing mainly on the processes they went through internally and externally. The discussions with the consultancy made it clear to the CEO that it was of crucial importance to get support from his own business unit management first, before expressing anything about an intensified use of a corporate umbrella externally.

In the event, the presentation by the consultancy about the procedures applied by various competitors in dealing with similar problems in front of the critical audience of business unit managers was evaluated quite positively. The managers were especially enthusiastic about the fact that they were to play a serious role in the decision-making processes to choose a uniform or more variety focused style of corporate branding.

The consultant leading the presentation explained that in finding an answer to the question of whether the emphasis in the corporate branding strategy of a multi-business company should be placed on “uniformity” or “pluriformity,” the so-called SIDEC model can be used as an important aid internally. SIDEC stands for Strategy, Internal organization, Driving forces, Environment and Corporate branding strategy. The presupposition underlying the SIDEC model is that the final voice in favor of a particular type of corporate branding strategy is determined by considering the homogeneity of the corporate strategy, the internal organization of the company, the driving forces on group and strategic business unit levels, and the homogeneity of the environment in which the company operates.

Three months after the data were gathered according to the logic of the SIDEC model, the CEO stated in an interview with a journalist of the corporate employees’ magazine that he “felt that the company had avoided a lot of internal damage by listening carefully to the arguments provided by the managers within the company before making a final decision about the new branding strategy.”

Source: Authors.