



SIGNAVA®

Using Corporate Identity as a Means to Grow Business

How this often-misunderstood business asset can help attract customers, drive growth, and improve financial performance

Executive Summary

Many executives once defined corporate identity as the organization's vision and mission statements, logo, or advertising tactics. Image and reputation were considered ethereal, synonymous concepts -- lagging indicators managed by marketing and corporate communications. Yet regardless of industry sector, C-level executives are increasingly recognizing that their corporate identities – *and the image and reputation perceptions they create* -- are under-leveraged business assets. Corporate identity is a repository of significant strategic and financial value and thus can be a leading performance indicator. When developed and well implemented, corporate identity helps attract customers, builds loyalty, drives growth, and takes businesses to the next level. Proper use of a corporate identity can distinguish a business and transform it into a preferred choice. When used as a means of viewing and addressing the strategic issues facing an organization, corporate identity becomes a powerful means to harness significant value and proactively create the future success every organization wants.

Corporate Identity: The Power of How

Every company has a business strategy. It is the “what” and “why” of the business, and includes Vision, Purpose, and Mission statements, company values, strategic aspirations, capabilities, and goals. Corporate identity is a multi-dimensional strategic platform through which the company purposefully defines who it is, what it stands for, why it is different, and why that difference matters. It comprises the strategy for how the company will achieve its vision, live its mission, operationalize its business, and create a deliberately planned, differentiating, and spectacular stakeholder experience of value. Simply stated, the corporate identity is the “how.” The company's “how” creates the clear differentiation that not only drives choice, but also gives a meaningful reason to transform choice into preference. When a company becomes a preferred choice in its market, it is better poised to efficiently drive loyalty, increase recommendation behaviors, gain competitive advantage, and produce top-line growth.

Think of the organizations you really admire. They may be industry leaders in their respective sectors, like Apple, the Walt Disney Company, Starbucks, or Johnson & Johnson. In each of those cases, those firms have at their core a very distinctive “how” that is authentically and credibly their own. Before Starbucks, most of us would not think of paying more than \$0.50 for a cup of coffee. What changed? Economic inflation aside, Starbucks created an “Explorer” corporate identity strategy, one that spoke to a subconscious driver of choice tied to independence and fulfillment. Everything Starbucks does aligns with that unique “DNA.” Starbucks even has most of us exploring a new language to talk about coffee – tall, grande, venti, trenta. Starbucks differentiating corporate identity – their “how” -- is what makes their tall coffee different from the cup of Joe[®] you order at Dunkin' Donuts. It can be argued that both are good coffees, but they are clearly different, as are the experiences those coffee companies deliver.

Corporate identity is not solely for certain industries. Consider hospitals. An audit of 110 U.S. hospitals and health systems revealed that the primary business strategy expressed in Vision and Mission statements was “Caring.” It is not surprising that a healthcare provider delivers “caring” because it is a market-qualifying attribute (i.e., healthcare providers provide care for patients). That said, not one of these hospitals expressed *how* they cared differently from their rivals. In the era of the consumerization of healthcare, how can hospitals and health systems expect to become preferred choices if they have not clearly expressed how they are different?

The lack of a differentiating “how” has downstream impact. A significant number of businesses today are actively investing in improving their customer experiences. An entire industry has risen out of this need. Yet if a corporate identity’s “how” is not weaved into the customer experience map and plan, the result of all of that effort and expense will be a good customer experience that is not particularly different from the company’s competitors.

Corporate Identity, Image, and Reputation: Not synonymous, but all link to competitive success

Corporate identity is how a company intends to be experienced. It is the reality and uniqueness of the organization.

Corporate image is the immediate mental picture that stakeholders have of an organization. That mental picture may be based on direct experiences with that organization or based on perceptions formed by hearsay about the company. Given that corporate image is created by experiences both real and imagined, a company cannot directly control it, but the company can directly influence its corporate image by having a purposefully strategized and implemented corporate identity.

Figure 1. Corporate identity purposefully drives an entire organization; it influences corporate image and, when used properly, drives competitive advantage.¹

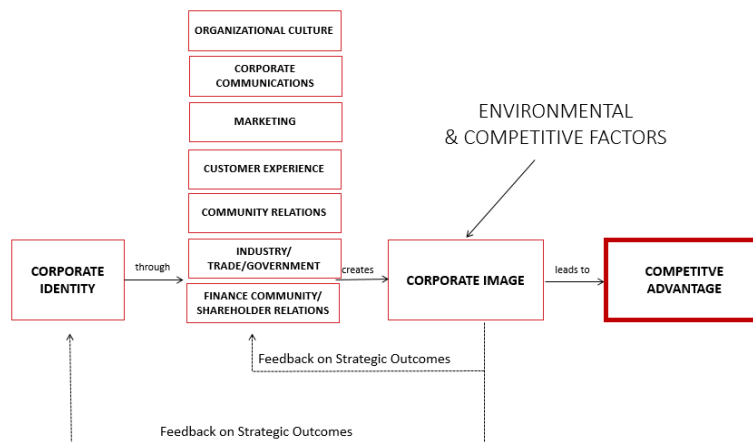


Figure adapted from Gray and Balmer, 1998.

Corporate reputation, in contrast to corporate identity and image, indicates a value judgment about the organization's attributes. Is the reputation good? Is it bad?

Because identity, image, and reputation are all interconnected, maintaining strategic advantage depends on monitoring, measuring, and managing all three as strategic outputs of all company disciplines. (See Figure 1.)

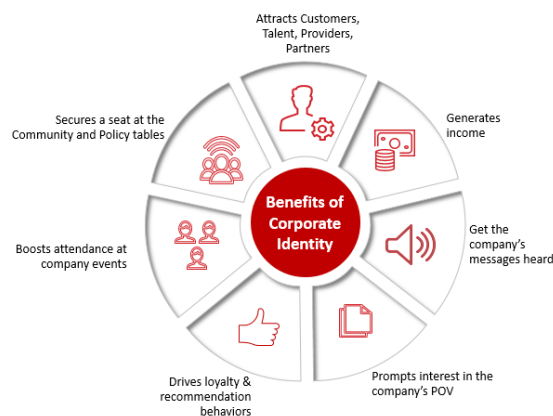
Corporate identity: Fiscal Value and Tangible Benefits

A growing body of research has confirmed that companies who have purposefully cultivated corporate identities have resultant images and reputations that have strategic value.² Companies with differentiating identities make replication by competing firms considerably more difficult, if not impossible. Furthermore, existing empirical research has confirmed that there is a positive relationship between corporate image and reputation and financial performance.

A strong corporate identity promotes a strong corporate image and reputation, delivering fiscal value:

- Companies with good corporate images outperform on every financial measure over a 5-year period³
- Strong corporate images generate 31% more return to shareholders⁴
- Market Value Added* is 97% greater for companies with highly focused corporate identities⁵

When a company has a clear and differentiating corporate identity, tangible benefits result.



*Market Value Added (MVA) is an indication of a company's capacity to increase shareholder value over time. A high MVA is evidence of effective management and strong operational capabilities.

Corporate Identity: Whose business is it anyway?

Simply stated, corporate identity is everyone's business. Corporate identity is a vital strategic foundation on which the business is built from the inside out. It is not a veneer that wraps around a business. Because corporate identity defines how the business strategy will be operationalized, its development originates in the C-suite, starting with the CEO. Yet the corporate identity does not just stay in the C-suite. When it is operationalized and implemented well, corporate identity is lived by everyone within the organization.

Conclusion

Corporate identity is a source of tangible value. If you are only using your corporate identity -- and the image and reputation perceptions it creates -- as a lagging performance indicator for your business, you are missing the opportunity to harness its value and proactively create the future success you want.



SIGNAVA is a corporate identity management firm. Using proprietary diagnostic and strategic approaches, we show companies how to use their corporate identities to grow business, minimize risk, and better prepare for the future.

To find out how to harness the value of your corporate identity, contact:

Camille DeSantis (cdesantis@signava.com)

Janet Donnelly (jdonnelly@signava.com)

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References: 1. Gray and Balmer, 1998. 2. Roberts and Dowling, 2002. 3. Fombrun and Van Riel, 2004. 4. McKinsey & Company, 2013. 5. Mark and Pearson, 2001.