

LIPPINCOTT

Employees and Image: Bringing Brand Image to Life

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Good morning.

Before we can talk meaningfully about the role of employees in bringing brand image to life, we need to be clear exactly what a brand is.

What is a brand?

In situations like this it is customary, if not especially original, to quote the dictionary. But in my research I found Webster's

"A brand is the sum of all available information about product, service or company."

wasn't much help. When I looked up the word "brand," I saw that it carried three separate and distinct meanings. The first was, and I quote, "a trademark or distinctive name identifying a product or manufacturer. That's accurate as far as it goes. But it doesn't begin to capture either the full weight or subtle nuances of brand identity, or what it means to position a brand in the marketplace, and it clearly ignores that strong emotional connection that people have with their brands.

Definition two was even further off the mark: "A sign of disgrace or notoriety." And definition three missed by a country mile: "A mark burned into the flesh of criminals." I could see I was getting nowhere fast.

Then I realized that in its own dumb, if well-meaning, way, the dictionary was trying to tell me something: namely, that defining a brand, like defining the term brand, is absolutely essential. If you fail to define your brand or define it improperly, you'll wind up with something that more closely fits definitions two and three.

So, in the absence of a usable dictionary entry, I took it upon myself to put together a definition as it relates to the subject at hand. And this is it: "A brand is the sum of all available information about a product, service or company." This information is conveyed in two ways.

First, through our direct experience with the product. Our experience is a combination of two factors—functional satisfaction and emotional satisfaction. From the functional standpoint—how well it removes tartar, reduces engine knock, gets out tough stains, answers my need for information or otherwise performs against the basic requirements. But brands and brand loyalty go far beyond meeting the basic promise—a brand must provide emotional satisfaction. Does the brand fully understand its target markets' needs—that I am a busy person and need prompt attention from the telephone company or the energy service provider I'm using, that I need to feel smart or hip or competitive. Does the brand speak to me in a way that fulfills my individual needs thereby bonding my relationship with it?

Second, there are the various communications drivers, such as advertising, public relations, a name, logo—or a truck, a service professional's uniform or attitude—that companies use to shape our perceptions about the brand. For many brands, the channel or the environment through which they're sold can tremendously communicate different attributes about a brand.

At the end of the day, direct experience combined with the sum of all these communications drivers will create an impression in the minds of key stakeholders, including customers, employees and the investment community.

Aligning Brand Practices

Now let's turn for a moment to what I call the Brand Wheel.

Here is a schematic representation of all the image drivers that could typically combine to create the brand or corporate image in the mind of the consumer. As we move around this wheel, I think we'll find that many of these image drivers in some way involve employees. Of course, customer service is the first and most direct contact point between employee and consumer—and I'll have lots to say about customer service shortly—but consider these other areas as well. Retail facilities, social responsiveness, service appeal/quality, sales/marketing, public and community relations, trade exhibits, even advertising/promotions, each one of these image drivers may provide a point of contact between employee and customer and the role of the employee in each may be critical.

Critical to the success of a brand, is that all of these factors align or otherwise "make sense" when subconsciously brought together to form the big picture of the brand. This impression is brand image or brand reputation, and it will be either positive or negative, or somewhere in between.

The Dual Role of Employees in Building Brand Image

Pick up any annual report of any major corporation and you are bound to find a reference to employees. They are most often called the "finest and most dedicated" in their industry and the real source of the company's competitive advantage. Companies recognize the value of their employees. They know the difference an able, committed employee force can make.

For any business, the road to customer loyalty runs directly through customer service and brand image. Obviously, the value of customer loyalty is not absolutely quantifiable, but consider this: according to the Coalition for Brand Equity, it costs four to six times as much to win a new customer as it does to retain an old customer. For most companies—whether they are selling hamburgers through branded franchises or flying passengers from coast to coast—the major factor in keeping existing customers happy is the service they receive. And the responsibility for providing that service falls squarely on the shoulders of employees.

Whatever their position, employees have two jobs—one is the work they perform, the other is conveying the corporate image. That second job is their role as "brand ambassadors," primary agents in communicating a company's corporate identity to the outside world.

For better or for worse, there is an eternal truth that holds for virtually every company: the image of the company that employees, your brand ambassadors, project to your customers is whatever those employees "believe" that image to be.

Let's take a look at the role "brand ambassadors" play in shaping brand image.

Alignment of Employee Behavior with Brand Image

Consider for a moment, the role played by two National Basketball Association luminaries, Michael Jordan and Dennis Rodman, in projecting the image of the NBA and their team, the Chicago Bulls. In theory, the behavior of either of these high-profile employees should align perfectly with the image attributes the league and the Bulls would like to project: Physical excellence, competitiveness, teamwork, professional integrity, and strong personal values.

Michael Jordan projects those values on and off the court. Whether shooting jump shots, starring in a film, or selling Gatorade in a TV ad, Jordan's behavior aligns with the brand image of both the league and his team.

Rodman's behavior, on the other hand, is less consistent and could readily be described as "out of alignment" with the brand image. Consider the unfortunate incident of his kicking a photographer in the groin on national television and his perplexing habit of dressing in drag for appearances on TV talk shows. Does his behavior align with desired brand image? I leave the answer to the audience.

Texaco

How about the last year's events at the Texaco corporation? Here is another classic case of the failure of employee behavior to align with brand image.

Let me quote from a glossy booklet published by Texaco proclaiming its commitment to diversity. "The company believes that a work environment that reflects a diverse workforce, values diversity, and is free of all forms of discrimination, intimidation, and harassment is essential for a productive and efficient workforce. Accordingly, conduct directed toward any employee that is unwelcome, hostile, offensive, degrading, or abusive is unacceptable and will not be tolerated."

Now consider some of the allegations presented by minority workers in a complaint filed to the government:

1. "I have had 'KKK' printed on my car. I have had my car tires slashed and racial slurs written about me on bathroom walls. One co-worker blatantly called me a racial epithet to my face."
2. "Throughout my employment, three supervisors in my department openly discussed their view that African-Americans are ignorant and incompetent, and, specifically, that Thurgood Marshall was the most incompetent person they had ever seen."

In this case, non-alignment of employee behavior resulted in boycotts of Texaco products and had a devastating effect on Texaco's brand image.

Johnson & Johnson

On the positive side, there is the case of Johnson & Johnson's handling of the Tylenol tampering incident some years back. Here is company that has, for over one hundred years, successfully cultivated an image that positions the health of the consumer as its #1 priority. When the tampering incident occurred, there was no attempt to equivocate or make excuses. J&J; spokespeople described what was happening and explained that the company was removing all products from retail shelves. Because their behavior aligned with the image J&J; endeavors to project throughout its entire corporate brand program, the strategy worked. Although Tylenol was off the market for a period of time, there was no negative impact on the J&J; brand image. And when the Tylenol products returned to the marketplace, they quickly regained almost all their market share

UPS

The flip side of the coin was seen in the recent UPS strike. Obviously the package delivery industry is one in which employees are involved in a high degree of customer interaction. But it is an industry in which a significant proportion of employees are part time. And getting part-time employees aligned with overall image programs is particularly difficult.

In this UPS case, being part-time rather than full-time was the issue for many of the strikers. Clearly, dissatisfaction was the only attribute that those part-timers were projecting to the public. It will be interesting to see how the company deals with this image issue now that the strike has been resolved.

Brand agentssm

For some companies, what we call a brand agentSM can actually serve as a prototype for employee behavior. Not to be confused with spokespeople, brand agents are living breathing embodiments of a brand. The individual represents the brand in its totality—its positioning and its brand attributes. Brand agents are not just recognized celebrities or mere spokespeople, but individuals that stir emotion that support the brand in a meaningful way. Nike is master of the use of the brand agent concept and Tiger Woods is its supreme example.

The young golf prodigy has also become an overnight marketing sensation. Crushing competition is his forte, as evidenced by his victory in this year's Masters Tournament. No one could argue that he possesses the attributes of "active, inspired, hip, winner, intense and energized," and will continue to be an inspiration to many in the coming year. He's a neat "fit," which is why the company is paying him somewhere between \$30-66 million over the next five years to be its brand agent.

Diana Princess of Wales

And last, but not least, we must consider the strength of Diana Princess of Wales as an unofficial brand agent of the Royal Family—and true brand ambassador. Quoting Earl Spencer in his recent eulogy, "[Diana] proved that she needed no royal title to continue to generate her particular brand of magic."

How the image of the Royal Family will transform at this point, is yet to be seen. But I would venture to predict that the outpour of sentiment for this remarkable woman will, by necessity, be instrumental in reshaping the Royal Family image and its members' behavior. As most corporations determine their desired image and educate employees to follow suit, it is entirely possible that the attributes particular to Diana may lead in this "corporate" transformation—adding compassion and selfless humanity to duty and tradition.

Surefire Shortcut to Tarnishing Brand Image

A few months ago, the role of employees in corporate branding programs was very much on my mind when I happened to read an article in the New York Times about Ronald W. Allen, the long-time chairman, chief executive and president of Delta Airlines.

At that time, Delta was proclaiming that it had the lowest costs of any big carrier operating a hub-and-spoke route network. Year-to-year second quarter revenues were up 5.4 percent and year-to-year second quarter net income was up a whopping 87 percent. On the previous day, Delta stock had risen \$1.50.

So Mr. Allen must have been getting some special bonus, right? Wrong! All he was getting his walking papers. You see, several years earlier Mr. Allen had undertaken a program to cut \$2 billion from Delta's annual operating costs. And he had succeeded splendidly. But in doing so, he had undermined one of the airline's most important assets: employee morale.

In the airline industry—as in so many others—customer satisfaction is paramount. To an enormous extent, customer satisfaction is a function of employee behavior. In turn, employee behavior is a function of employee morale. If morale suffers, employee behavior suffers. If employee behavior suffers, customer satisfaction suffers. And all of this leads directly to the tarnishing of that other supreme corporate asset: brand image.

During the cost-cutting process, Delta closed dozens of small reservations offices. It cut employee vacations by a week and put a cap on what had once been very generous health benefits. To reduce labor costs Delta offered severance packages to its most senior employees and lost valuable experience in the process. With fewer baggage handlers more luggage was lost. In 1990, Delta's number of complaints per customer was about one third of the airline industry average. By 1996 it was just about the same as the industry average.

As one industry analyst commented, "Morale fell a lot further than costs did" and "put a big

dent in Delta's corporate culture and in customer perception of service standards."

So rather than proceed with reductions in spending and the further erosion of the Delta brand image, Delta's directors ended the cost-cutting program. They also ended Mr. Allen's tenure.

For better or for worse, there is an eternal truth that holds for virtually every company: the image of the company that employees, your brand ambassadors, project to your customers is whatever those employees "believe" that image to be.

For this reason, and many others, ensuring that your brand ambassadors share the identity attributes that your company wants to communicate must be a high priority for corporate management.

In the Middle East, for example, the U.S. wants to project the image of a neutral intermediary committed to facilitating a peaceful resolution of all issues. If our ambassador to Israel—acting on his own—were to project the image of the U.S. as anti-Palestinian and encourage the establishment of Israeli settlements in East Jerusalem, our image would be muddled, confusion would reign, and we would find it difficult to achieve our own strategic objectives.

The same is obviously true for businesses. If the brand ambassador isn't aligned with the image your company is projecting through other brand practices, chaos will ensue. Strategic objectives will be hard to achieve and, in the end, the bottom line will suffer.

How to Create a Strong Network of Employee Ambassadors

But if the employee is critical in driving brand image—and will serve successfully as a strong brand ambassador—how does a company successfully integrate the committed, able employee force into its total corporate brand management program?

There are two parts to the answer, and I'd like to present them both today. The first part addresses the ways in which companies communicate their corporate identity to employees; the second part addresses the ways that employees, brand ambassadors, communicate to customers.

In other words, to successfully create a strong network of employee ambassadors, companies must establish a communications component that involves both employee education and the feedback mechanisms that include employees in decision-making and engender a sense of empowerment and ownership. And second, only when employees understand their roles as brand ambassadors, receive recognition for their roles and are rewarded appropriately, can they be integrated successfully in corporate image programs.

Corporate Ambassadors and Corporate Culture

Major corporations have set up a variety of programs and structures to communicate their key positioning and brand messages to employees. Almost universally, "corporate culture" is part of the equation. But what is corporate culture? We use the term every day, but its definition seems amorphous.

Let me take a shot at presenting a precise definition. One way to define corporate culture is within the context of communications. Corporate culture is the sum total of the conversations that a company holds with itself. In other words, it is the image these conversations create within the corporate family.

These conversations can be as tangible as an all-employee memo from the chairman, or as subtle as tradition. Whatever form they take, they powerfully shape how employees present the company to the world at large; whether they will be ambassadors of commitment, or ambassadors of indifference.

If corporate culture is the infrastructure that supports the role of employees as brand

ambassadors, there are many different ways in which that infrastructure can be built and bolstered. Let's look at a few.

Procter & Gamble

Consider Procter & Gamble, for example, one of the world's largest consumer products companies. Procter & Gamble has traditionally separated its corporate name and activities from its brands. A few years ago, however, Procter & Gamble itself began to become one of its own most important brands. Procter & Gamble acknowledged that the integrity of the company and its policies and practices concerning the environment, nutrition, the safety of its raw materials and its social consciousness all played an important part in how the consumer feels about individual brands.

While Procter & Gamble still insists that its individual brands stand on their own feet, today, the image and reputation of Procter & Gamble visibly stand behind those brands. So the corporate culture, and the P&G; employee, has become more central to the company's overall communications strategy.

Procter & Gamble defines its culture, according to former Chairman and CEO Edwin Artzt, as one of quality, integrity and a high level of competitiveness. It expects its employees to personify that culture. P&G; employees take pride in both the company and the role it plays in the community. Employees, Mr. Artzt suggests, get an enormous amount of satisfaction out of the fact that they work for P&G;. It affects the way they relate to their jobs and to both customers and suppliers.

Because P&G; is very much a promotion-from-within company, the future of the P&G; brand depends on the people the company recruits for entry-level jobs. Developing those people is a major responsibility of P&G; managers. According to Artzt, two very simple things preserve the culture of a company. One is a set of principles that survive change. The other is management that's been through it all and has an historical perspective of what has made the company successful.

Artzt described the relationship between his managers and P&G; brands as "neo-parental." He wanted managers to think of themselves as the temporary parents of eternal children—P&G;'s brand assets. "We want them to be aware ," he said, "of the heritage of the brand they're managing." It's their job to take the brand asset that's being entrusted to them—to keep it healthy and make it grow—and to make sure that its value is greater when they turn it over to a successor. "I want our people to feel that our brands are going to be around for a long time," insists Artzt, "and that they're not just here to generate profits today."

To sum up the P&G; approach, I would say that the P&G; culture is, in a sense, the brand. And to the extent that employees are imbued with the qualities and principles that constitute the culture, they too work as brand ambassadors, whether they are out marketing the product or managing a plant.

Avis

At the other end of the spectrum is a company like Avis, the number two car rental company, and a company—unlike Procter & Gamble—selling service, not products.

For Avis, "We Try Harder" isn't just a tag-line. The company has always built its brand identity on the concept of superior employee effort. But in 1987, Avis implemented an Employee Stock Ownership Plan (ESOP) that transferred ownership of the company to its employees. At that point "We Try Harder" became a way of life. Although ESOPs have since become common, The Employee Stock Ownership Plan (ESOP) which was used to transfer ownership is considered to be a role model in the corporate world for other companies considering a similar program. And while other companies have implemented such programs, the stake held by employees rarely matches the stake held by Avis's employees.

While Avis had always been employee-oriented, the creation of the ESOP took the idea of "employee-oriented" to a higher level. One initial key in the transition to employee-ownership were Avis's Employee Participation Groups (EPGs). These groups were set up to meet regularly to discuss every aspect of the business, how to improve it and how to serve customers better. Employee representatives are elected by their co-workers to attend monthly district meetings, quarterly zone meetings, semi-annual regional meetings and a national meeting once a year. That process has been very successful in eliciting employee input on every aspect of Avis' operations.

Another thing Avis did to make its quality program more effective was to empower its people to make the decisions needed to solve a customer's problem on the spot without having to go to a supervisor. The goal of customer satisfaction can frequently be achieved by employees taking some action on their own. If a mistake is made, support is provided by managers who explain how to do better the next time. Part of Avis' Management training program gets managers in line with the concept of having their people taking some actions on their own.

Joseph V. Vittoria, who was Chairman and CEO of Avis Inc. at the time when the ESOP was implemented, made it his business to maintain ongoing contact with Avis employees. He spent at least one week every two months going around the country to meet with employees, usually visiting two cities a day, filling in employees on how the company was doing and listening to employee views on how to make things better. Keeping communication lines direct and uncomplicated had been a goal of senior management at Avis for many years and the advent of the ESOP gave new importance to the management style.

Conoco

Consistent brand alignment was well-exemplified in a recent project that my company, Lippincott, undertook for Conoco, an energy company and retailer of gasoline throughout the Southeast, Mid-continent and Rocky Mountain states. I want to use this particular example, because the alignment of the employee component of the branding process with the many other components was central to the success of the project.

Because profit margins for an undifferentiated commodity like gasoline are paper thin, Conoco found itself at a serious disadvantage when squaring off against the major national petroleum marketers. However, after exploring its potential customer base through market research, Conoco management identified an ideal opportunity for differentiation in a breakthrough store concept for its gas station-related convenience store business.

Marketplace research undertaken by Conoco described a new customer profile—the convenience store connoisseur—a shopper who typically visited the same convenience store 14 times a month, was familiar with the store staff and enjoyed the ease of a regular stop-off, a daily "break." The connoisseur's list of priorities included safe, efficient "in and out" shopping; a familiar feeling from one store to the next; and courteous, friendly, respectful service—"just like it used to be."

To support the development of a new store concept that would directly address the customer profile, Conoco turned to Lippincott, with its specialized experience in both the petroleum industry and retail identity management. As you'll see, the process involved creating a new brand and ensuring that all brand practices were carefully aligned. A substantial part of the whole equation involved employees.

Conoco's multi-faceted retail store concept represents a significant industry breakthrough in the way it responds to the connoisseur's needs in every design element—from architecture right down to the napkins and paper cups...and employee behavior. By reinterpreting the convenience store concept to meet higher customer expectations, Conoco elevated its store presentation to new standards not generally associated with the convenience store category. The question is, could it also raise its customer service standards to a level that would align with the store's design?

Consistent with the preferences of the target customer, the store design combines a traditional and modern approach. In bold contrast to existing designs, the store presents an inviting café-style, specialty food section with a coffee bar, fresh baked goods and a deli counter.

Continuing the seamless alignment of branding practices, the store name, "breakplace," addresses the profile customer's need for a specific destination for a daily "break." Incorporating the "breakplace" name into a "retro" oval form also allows related sub-brand names within the store to signal other areas, as in "Coffeebreak," "Thirstbreak" (cold drinks) and "Freshbreak" (baked goods).

Now we get to the employee components. To ensure consistency, our retail consulting team participated in an introductory staff education program in which employees were trained to project the "breakplace" brand positioning in all their interactions with customers. A virtual reality simulation of the store's architecture and graphic presentation, originally developed to help crystallize the design concept for management, was used to facilitate the orientation process. The employee component of the branding process was critical. Remember, the research said that the convenience store connoisseurs wanted service "just like it used to be." They wanted a traditional feel with the speed and convenience of modern retailing. Our orientation ensured that the brand image projected by employees aligned perfectly with every aspect of the design, the internal and external signage and, of course, the overall positioning of "breakplace."

From the time of the first official "breakplace" opening, the new store design—and the employee-related branding practices—have enjoyed a high industry profile. As one Conoco executive commented, "'breakplace' is a big step, not only for Conoco but for the whole industry."

Continental

Before going on to my next story, permit me, once again, to refer to the case of Delta. Here is a company whose positioning focuses on customer satisfaction. Every marketing or advertising communication put out by Delta asserts Delta's commitment to customer satisfaction. However, in an internal survey conducted by Delta in 1996, 57 percent of its own employees indicated that the quality of the company's customer service had declined over the previous two years.

Obviously, if a majority of Delta employees were telling the company that service had worsened, that same majority would find it difficult to project Delta's positioning in their interactions with Delta customers. The ambassador's could be delivering the wrong message.

The airline industry, a heavily service-oriented business, provides several good examples which are in direct contrast to the Delta story. And the story of Continental Airlines, demonstrates how, as in the Avis example, employees can really make or break an identity program.

Interestingly, the Continental story reflects a somewhat different strategy used by the airline to engage employees in the identity program. But what it demonstrates dramatically is that until employees have a better understanding of strategic direction, a wide gap can still exist between a company's plan and successful implementation. In other words: don't just tell employees to go out and project a certain image, engage them in strategizing about what the image is and how to assert it.

A few years back, Continental Airlines had a goal of achieving the status of a top-tier carrier. To that end, it was making a significant investment in improving its operations, quality of service and employee morale. To underscore these changes, the airline decided to completely revise its positioning and presentation in the marketplace.

Research at that time showed that employees, customers, and travel agents all believed that

Continental was changing for the better but was not yet a top-quality airline. Lippincott recommended that Continental adopt an image management strategy to present a world-class airline, consistent and professional in operations and service, yet personable, dynamic and responsive.

The visual component of the image program involved a dramatic interpretation of a globe that immediately reinforced the airline's international credentials. The oranges and reds of the old logo which projected a "regional and recreational" image, were replaced by blue, white and gold to convey an image of a stable, dependable, first-rate operation geared toward the sophisticated requirements of the frequent business traveler.

But for a new image to emerge, employees had to feel a sense of ownership for all the changes that were being instituted, from internal operations to external communications.

To ensure that the developing program reflected employee opinions—and that they believed in Continental's vision—we formed the Image Advisory Group of pilots, ground crews, flight attendants and ticket agents. The communications plan reflected the Group's input and called for an "inside-out" approach to gain employee understanding of and support for the program well before its introduction to the public. The Image Advisory Group played a key role in shaping the ultimate execution of the entire identity program.

Research revealed that the airline's employees had a tendency to be apologetic and self-effacing prior to the new image initiative, which included new uniforms and new plane interiors and exteriors. But the changes improved employee pride, morale and confidence. For example, employees believed that they were perceived as more professional in their new uniforms and, accordingly, customers believed that they were more professional.

Once the new identity was rolled out, employee perceptions were aligned with the image attributes that Continental wanted to project. Employee enthusiasm spilled over to the way they serviced customers, and the entire program was a major success. J.D. Powers now ranks Continental #1 in baggage handling and #2 in on-time performance among the 10 major carriers. Business First, Continental's first class for business, is ranked as the premier first class experience.

Signature

As in the case of Continental, when a company is repositioning itself, or implementing a brand extension, the focus on employees is sharpened and the role of the brand ambassador may be central. I think that is particularly true when the service element of the brand image is the object of a brand extension.

Another case from the aviation industry exemplifies this.

Page Avjet was a company providing fueling services for private and small commercial aircraft. After acquiring its primary competitor, Butler Aviation, Page became the largest business aviation service organization in the US. Still, as the provider of an undifferentiated commodity like airplane fuel (remember the Conoco case), it needed to adopt a strategy to establish a firmer and more visible market presence.

Product line extension was part of the strategy. The company broadened its scope of services to include ground transportation, meeting room facilities and catering. But Page Avjet didn't really have a brand image to support the product line extension.

What the company needed was a value-added image that would distinguish its service offerings and justify a premium price for fuel.

Research showed that pilots wanted personal service and care, while traveling business executives wanted facilities and services on a par with quality hotels and restaurants. Giving its customer's top-tier service and refurbishing its facilities to provide a country club

atmosphere could help satisfy these needs.

To establish the new brand—and support the value-added positioning—the consulting team from Lippincott developed the name Signature Flight Support. This new name projects a brand identity that focuses on people and upscale customer service. As in so many other stories of successful repositioning, employee involvement was essential. And in order to project the country club atmosphere that customers sought, the Signature employees truly had to transform themselves into brand ambassadors. Apparently this did this with enormous success.

In a sense, the introduction of Signature Flight Support, helped Page Avjet reinvent an industry. And the results have been impressive. In the first year of the program's implementation, revenues increased 10 percent. Sales and customer ratings improved dramatically; and the company was voted number one in service in a survey of flight attendants of the 100 largest corporate fleets in the US.

Earlier, we mentioned the special difficulty of involving part-time employees in image programs. In industries like fast-food and supermarkets, up to 75 percent of the work force is part-time. As with any part-time employee base, turnover is high. If a particular company wants to build an image around service, employee attitude is critical.

LOEB

LOEB is an Ottawa-based company that decided to move from the wholesale food distribution business to the retail marketing business back in the 1980s. LOEB wanted to be an umbrella organization that would provide owner-operated franchise food stores with the tools and programs to compete on par with the major grocery chains. The stores' positioning would be service-oriented with consistent high quality and evade low prices.

LOEB saw one very central and strategic asset to draw upon in projecting its corporate brand image: LOEB employees.

LOEB launched a variety of aggressive communications and training programs to develop that asset, but one of those programs proved exceptional: The LOEB Pride Program. In this program, says David Guilfoyle, who was Senior VP for Marketing Services at the time of the program's launch, employees across the whole organization became "living advertising."

In order to build a sense of team work and spirit, particularly when it came to serving the customer, LOEB took the concept of the Pride Program and turned it into a statement of status, an emblem of a club to which employees wanted to belong. Franchisees organized lots of activities including parties and award programs to build the kind of environment that leads to better service. Then Loeb put its logo and colors on a line of fashionable actionwear including everything from athletic jackets to T-shirts, 77 items in all. [SLIDES]

Putting a logo on clothes is hardly breakthrough thinking. "But simply getting our name around wasn't the point," says Mr. Guilfoyle. "In fact, these items aren't available to the general public. Although we've had a lot of requests. We wanted to harness the pride that LOEB employees and the employees of the LOEB franchises already express. It became a way for us to show our community that we are proud of where we work and who we are. We also saw it as a way to build employee involvement in the organization."

First LOEB talked with retailers, employees and others to find out what people wanted. Then the program was rolled out to corporate employees. More than 70 percent of them took advantage of the chance to buy fashionable, durable quality products that were priced well below wholesale.

Next came the rollout to LOEB retailers who took sample kits and orders for back to their stores for the employees. The retailers embraced the Pride Program with fervor and organized fashion shows to display the actionwear.

According to Mr. Guilfoyle, employee response has been outstanding. As a result the LOEB logo is placed in front of customers in a very effective way. Equally important, a symbol of pride has been created. The Pride Program has been an enormous help in boosting enthusiasm among employees and, apparently, in customers as well. In the aftermath of the program's implementation, LOEB realized increased margins in its new premium-label areas, and square-foot sales increased overall by approximately 11 percent above the industry average. LOEB has now secured a place as one of the leading grocery chains in Canada.

TELUS

In situations where a business undergoes a significant change in the way it operates—the employee as brand ambassador is absolutely essential for projecting appropriate values to customers.

One set of circumstances where this particularly critical is in industries that are deregulating and/or privatizing.

In an environment of rapid privatization and deregulation, continued competitiveness may require major shifts across every dimension of a business. Those changes must, in turn, be projected to customers through the creation of a clearly defined positioning and brand identity. No group is better equipped to project that image than a company's employees.

Telecommunications and Electricity are two giant industries that have been exposed to the rigors privatization/deregulation. From either of these industries there are countless tales of companies struggling to reshape an image to conform to the demands of a newly deregulated marketplace. Some of these tales are horror stories some are success stories. Since we began with a horror story, let's give this presentation a happy ending.

TELUS is a holding company created when the Alberta provincial government privatized AGT (Alberta Government Telephone). After privatization, however, the legacy of the company's government-ownership was seriously eroding its competitive position. TELUS' marketplace identity was projected through the AGT name and, of course, customer contact. Unfortunately, AGT connoted a slow-moving bureaucracy. Customers actually expected to be treated brusquely. Given the chance to choose their long distance service provider in an unregulated environment, AGT did not present an attractive alternative. In fact, research showed that employees themselves felt burdened by this legacy of a plodding bureaucracy.

Recognizing the importance of projecting a clear, customer-focused image, TELUS's CEO initiated a major evaluation of TELUS's identity structure.

The consulting team from Lippincott recommended using the TELUS (as in "tell us") name to support the image of a company with a rich tradition of innovation, and a responsive, customer-friendly attitude. A detailed plan established guidelines for communicating a unified message about TELUS's strengths, culture, style and future direction to each key audience. TELUS's goal was to be seen as open, accessible, responsive, dynamic, trusted and uniquely Albertan, yet world class. Change, however, had to be more than cosmetic; it had to signal the launch of a newly energized, customer-centered enterprise. And that change had to come directly from employees. So the entire company was involved in a series of service-driven initiatives and employees at all operating entities underwent training to answer phones in a more friendly and responsive way. TELUS supported this with the introduction of a new 24-hour repair service timed to coincide with the launch of the TELUS master brand.

A massive implementation effort, facilitated by employee volunteers enabled the new TELUS identity to be incorporated—virtually overnight—on over 16,000 pay phones and on 2,000 vehicles.

Several publicity "coups" helped launch the new brand in dramatic fashion. Across the province, TELUS held "retirement ceremonies" to "retire existing brands with dignity and

respect." And immediately prior to the brand launch, a repair person and truck, both bearing the new TELUS logo, appeared prominently in an episode of the popular TV show, "The X-Files."

This surprise "guest" appearance was important for employees, energizing them and enhancing their fervor for the new brand launch. It also created enormous interest and awareness throughout the TELUS marketing area. TELUS' CEO received a wave of phone calls—some from competitors—marveling at the speed and effectiveness of the brand launch.

After only four weeks, tracking indicated that top-of-mind awareness had jumped to 52 percent. With the new positioning and identity solidly in place, TELUS is now firmly aligned with its brand promise: "committed to providing Albertans with the communications services they need to live richer, more productive lives—competitive, flexible, customer-focused."

I think it should be clear that even for companies marketing a product or products rather than a service, the concept of the employee as brand ambassador has become essential to any identity management program.

Creating a Strong Network of Employee Ambassadors

Before closing, let's review our approach to creating a strong network of employee ambassadors. We've seen how companies like Procter & Gamble and Avis educate their employees and provide strong feedback mechanisms. And we've also seen the many ways in which airlines, retailers and telecommunications companies involve their employees by defining, recognizing and rewarding their roles as brand ambassadors.

Back in August of 1995, Raoul Pinnell, the marketing director for the NatWest Group, discussed his theory of "building a strong brand" in Bank Marketing International. "As regards building a brand," he said, "our strategy is founded on the idea that our brand is our people—that the people who work for the bank create the brand. They are our brand ambassadors."

While Pinnell's statement may not be universally true, one thing is certain: if a company wants a certain image, then its leadership must make sure that the employees who are to embody that image fully understand it, fully accept it and fully feel that they have a role in making it happen. And programs must be put into place that support employees in their role as brand ambassadors. There is no other way.

Thank you.