

## CHINA BUSINESS MANAGEMENT REVIEW

### September, 2005

Theme of this issue: “What China’s business leaders should know about Corporate Branding”

*For the cover story, Tony Spaeth was interviewed by editor En Rong Hui. Interview questions & Tony Spaeth answers (unedited) are as follows.*

1. According to your article of “Rebranded and Reborn,” there are only two kinds of rebranding: have to or want to. It’s easy to point out when is “have to,” so would you please explain more on “when or under what kind of situation” the CEOs should “want to” rebrand? In other words, what are the reasons for a company to rebrand?

In “Rebranded and Reborn,” my review of 2004 identity programs, I said there are only two kinds of identity change, “Have to” and “Want to.”

“Have to” changes are driven by an outside event, most often by a merger or an acquisition, or conversely a split or spin-off so important that it must be reflected in a change of corporate name and image.

“Want to” changes are voluntary and unforced; they are changes initiated by leaders, in an act of leadership.

Sometimes, such changes are driven primarily by marketing considerations... to better position the company for a change of product or channel, for example, or to appeal to a different customer base. More often however, the leaders’ real purpose is internal: it is to change the company itself, for example...

- by changing the way its managers (and the leaders themselves) think about their business and its purposes;
- by increasing employee pride and confidence;
- by shocking employees (and managers alike) to accept a need to change;
- or by encouraging previously independent units to work better together, to think and act as one.

Often, of course, there is a mix of these internal (managing) and external (marketing) reasons. But I believe the *internal* forces are usually more important. Business people like to talk about the primacy of the customer -- “We are customer-driven” -- but deep-down, we know it is the employee that creates the customer. The leader’s most important responsibility is the competence, creativity, passion and commitment of employees; it is their achievements, in turn, which create customers.

2. In your opinion, what is the most important function (or achievement) for rebranding?

The most important reason for rebranding is to better align the power of the brand with the leader’s intentions for the enterprise.

When the brand (and thus its image in peoples’ minds) is badly misaligned, it is time to rebrand.

Often, for example, a brand may be associated with one industry, or with one place or nation, which can limit the company's sense of itself and its desire, as well as its ability, to grow. Or the brand may simply be wrong in personality (old and conservative, perhaps, for a company wishing to be seen as innovative). To change the brand can send a powerful signal, inside and out, and can change both perceptions and behavior.

### 3. According to your study, what's your impression and comments on Chinese enterprises' brands and rebranding? Do you have any special suggestion for them?

We've seen Legend (poorly named, unfortunately) become Lenovo, and then acquire ThinkPad. We've seen Nanjing Automotive buy Rover and Cnooc bid for Unocal, and Haier bid for Maytag. Is outright purchase the best way for Chinese companies to acquire global brands? or can better brands be made in China, whether using existing names or newly created names (like Legend/Lenovo)? From Japan and Korea there are precedents for both strategies, like Sony (a newly coined name, brilliant for its universal simplicity) and Samsung (a Korean name, brilliantly Westernized through design). Which way is best for a given Chinese company – purchase, creation or design adaptation?

Actually, this is not the most important question: it addresses merely tactics, or form. More important questions ask about content, and substance. It is useful, before thinking about company names and logos, to think very carefully about these more fundamental things. For example, how can one best express the reasons the company exists, what its leaders hope to achieve, how its people are to be organized, and what behaviors they must value if the enterprise is to succeed? We call this the "Corporate Brand Platform." Ideally, no naming or design work should take place until the brand platform is clearly articulated and understood. The answers to these questions are the best guides to naming, and to design that really works.

The "Corporate Brand Platform" merits a separate, longer article; but in brief, the structure I have found most useful asks for six statements:

1. Corporate Purpose: what we are in business to do (make, sell) every day.
2. Mission: the contribution we make to the world by achieving this purpose. (Our deepest motivation, beyond earnings and profits, is the social benefit created by our work product.)
3. Positioning: the competitive position we want to occupy in peoples' minds, in terms of industry definition, geography, and competitive ranking. (Example: China's/the world's? ... biggest/best/leading/fastest-growing? ... energy/steel/merchant banking?... company)
4. Composition: how we are best seen to be structured, to achieve our purpose... how we name our principal parts, and associate them with each other and with the corporate whole.
5. Corporate culture: what is distinctive about common values and behaviors that distinguish us, and help us achieve our purpose.
6. Corporate personality: our preferred style and manner.

For American companies, spelling this out in concrete, specific words is hard work. I suspect it must be even harder for Chinese companies, who are newer perhaps to corporate habits and attitudes of creative self-determination.

But these six platform elements, I believe, are universal in their relevance and value, across all national cultures. Take "Mission," for example. People everywhere, I suggest, want to feel that their company's work product ultimately makes the world in some way a better place. While it

does not replace earnings as a reason for working, ultimately this feeling of social contribution is a deeper and stronger motivator of good work, pride and commitment.

In terms of rebranding needs, in geographic scope I suspect Chinese companies are in one of three phases. In one group are companies like Cnooc and Haier with the leadership, capabilities, scale and resources today to be global competitors. They need brands that help establish immediately, to worldwide audiences, their present stature and intention.

A second group of companies may have no need to think beyond China's national borders, and can build stronger brands solely for Chinese audiences.

Third are companies who can grow within China, and at the same time plan ahead to serve other Asian markets and beyond. Their branding task may be more complex, requiring balance, transition and translation.

Let us say, then, that a Chinese company's leaders are very clear in expressing their Brand Platform fundamentals. What special suggestions might I have for tactical choices in naming and design?

First, naming. Many Western companies are named after people, their founders... rare indeed in China. Most Chinese companies, I believe, use descriptive place/industry names (Shanghai Automotive Industry Corp.). These words, of course, are very different in English and Chinese: but for global brands, the ideal is a name that sounds the same everywhere, though it may look different. Descriptive names also tend to be long whether in China or America, which leads to the use of initials (SAIC, for example, and CNOOC)... seldom a strong branding tactic, although there are exceptions.

The ideal name is short, appropriate in meaning (if any) but not limiting, thus often abstract or fanciful. "Legend" was a perfect name for a computer company but -- like all "perfect" names today -- unavailable worldwide. The substituted "Lenovo" is more functional in that it is both distinctive and legally available, but to many Western ears it is less comfortable and will take some getting used to.

For Chinese companies seeking new brand names, this is precisely the problem; no 'perfect' names and very few 'really good' names, of Western origin and resonance in English, remain legally available worldwide.

The good news however is that many Chinese words sound well, and look well, when rendered in Western letterforms. They have the benefit of establishing the brand's Chinese heritage and authenticity. (This is the Samsung naming strategy.) We may not know, or need to know, what such names "mean" in Chinese in order to function as a name; but if there is a good story to tell, so much the better.

Thus to rebrand a Chinese company, while I would not *limit* name generation to Western spellings of Chinese words and names, that's probably where I would invest more creative effort.

Next... design. For Chinese companies who seek stronger (and more exportable) brands, what design strategies are appropriate?

Two things come to mind. First, one must decide whether the name is to be rendered in one alphabet or two... Chinese and Western... (and if two why not more, Arabic and Cyrillic and...).

If the answer is “one – like SONY, the same in Tokyo and Paris” then the design case for a wordmark-based logo like Sony’s may be strongest. If not, then there is a stronger argument for a symbol-based logo (symbol plus wordmark), so the symbol can be universal while the wordmark varies. (To be clear, however, there can be other situation factors that can influence this symbol-or-wordmark choice of logo design strategy. More on this later.)

Second, if the name is to be rendered in a Western alphabet for global exposure, I would urge use (or participation) of a Western-trained designer: type faces have huge (and swiftly changing) cultural resonance, and what looks modern in China may look very old in Romania.

4. Since many famous international companies are rebranding or have rebranded, would you please share your perspectives on the new fashions in brand identity change? What are the trends for rebranding in style and design?

I track noteworthy brand design changes (and report them on [www.identityworks.com](http://www.identityworks.com)), and if I saw anything worth emulating I would happily share it with you.

There is a trend, for example, to design new logos as if they were three-dimensional, rounded and shaded, in part because computers make it easy to do so. Many traditionally “modern” logos – strong, flat, one-colored – have been re-drawn to look like a sculptured badge or button of the same logo. Designers actively debate whether this “3D” or “rasterization” trend is a good thing; some say “why not?” while most, I think, feel 3D marks are by nature graphically weaker. For Chinese companies I advise an open mind and eye, but a preference for classically simple strength.

I think there is a trend, too, toward use of symbols more often than before, where a strong wordmark alone would have been recommended. (Some CEOs, it seems, simply feel a logo is a symbol and want one, and their designer doesn’t argue. In addition, more brand design work is being done today by agencies and designers less trained in this area of specialization.) In general, the symbol decision should start with the name decision. For Chinese companies who seek global brand impact, I would favor a short and distinctive name that should itself be the “hero” of the logo, especially because the name will be new and unfamiliar to most audiences. It may well incorporate a symbolic device, integral to the wordmark; or it may be contained in a distinctive shape; but it should not have to compete for attention with a separate, freestanding symbol.

But there are no sacred rules. Each company is a new and unique situation, for which there will be a strategically sound branding strategy that can be executed with creative excellence.

5. From the perspectives of management, what is your suggestion for business leaders to “manage” their brands or rebrand? Such as during the process of rebranding programme, what kind of details or area should they pay more attention? Like marketing/ brand recognition etc.

Marketing considerations, even brand recognition, are secondary. First comes the vision, the intention, of the leadership team. In this, the leaders must lead. Only they can understand the company they are in the process of creating, the company which the brand will help create. The customer has a role in shaping that intention, but cannot be expected to know what it is.

My suggestion is to step back and look at all the factors that shape and express the brand – the leadership intentions (Brand Platform), the facts of company history and composition and situation, and finally the verbal and visual tools of the identity system (names, slogans, logos,

type, colors). (See “*Components of Identity*” chart.) Consider everything that can usefully be changed, not only in the way things are expressed but even in the facts themselves, to better align with a consistent, compelling and empowering sense of corporate purpose. That is what branding is all about... whether in New York, London or Beijing.

6. Since you’ve been focused on this issue for many years, we believe you must have a lot interesting stories or cases on rebranding. Would you please share some of them with us?

With pleasure. Here are my favorite stories.



For several years, with the identity firm Anspach Grossman Portugal, I worked with Pfizer’s corporate communications staff, nurturing the idea of an identity change to update the company’s visual appearance and professionalism. We had done the required management interviews, and proposed an identity plan which somewhat cleaned up the branding and nomenclature system. But in 1987 we were getting nowhere, having found as yet no leader to champion the change. No one wanted to explain and defend what was still seen as a largely technical or ‘merely esthetic’ improvement.

In one last effort, a “fish or cut bait” meeting with CEO Edmund T. Pratt, Jr., I was at last able to link a proposed new logo to Pratt’s most cherished leadership goals for Pfizer. There would be benefits in clarification of a more focused health-care positioning of the Pfizer brand, and in a lowering of the traditional wall between the U.S. and international divisions. But to Pratt, the larger opportunity would be to kick-start a more fundamental change of culture ... to make Pfizer’s people really believe they could be, and actually become, the industry’s leaders in innovation. It was exciting to see Ed Pratt’s eyes almost literally light up to this idea.

In reality, this rebranding goal was credible, and was supported by an awesome pipeline of new drugs. But in 1987, “Innovation” was definitely not Pfizer’s self-image. The *old* oval logo took employees back to Brooklyn, in wartime 1943 (when Pfizer had mastered production of penicillin). The dramatic *event* of a logo change, as much as the nature of the change (which in truth was minimal), would face them forward and away from the past.

The new mark, then, was launched to employees as “A Symbol of Innovation.” As Ed Pratt explained, “Innovation defines us. It is the source of our success.” And “Innovation” quickly became Pfizer’s self image.



The design execution in this instance shows how little really needs to be changed to express *the idea* of change. A small graphic change of letterforms in an oval shape, when linked to a leadership commitment and forcefully communicated, effectively “tipped” Pfizer’s self-image.

In 1987 Pfizer was 6<sup>th</sup> among pharmaceuticals. It became 1<sup>st</sup> by 1997.



## EASTMAN CHEMICAL COMPANY

In 1992, Eastman Chemical embraced an ambitious “strategic intent,” to become “the world’s preferred chemical company.” Yet Eastman was still a division of Kodak, not actually a company. Employees and managers alike were proud to wear the Kodak logo, and the Kodak brand’s fifth-place ranking in global awareness was a great comfort to them. CEO Earnest Deavenport nevertheless felt independence from Kodak was a reasonable objective... for perhaps the year 2002, ten years away.

A minor issue (the confusing names of some European subsidiaries) had triggered an identity analysis. But in my recommendations to Deavenport and his management team, my analysis led to a strong, simple conclusion: “If you are truly serious about Strategic Intent, you must create your own potentially free-standing corporate identity, and reduce your reliance on the Kodak brand mark.”

“A company identified visually by the Kodak logo,” I continued, “cannot become ‘the world’s preferred chemical company. As long as the ‘K’ remains and in proportion to its prominence, you will appear to be an afterthought, a stepchild, perhaps a captive supplier or an opportunistic seller of by-products, and not truly in charge of your own destiny.

“It may be difficult for Eastman people to fully appreciate this effect of the Kodak brand, simply because you yourselves already know the true stature of Eastman Chemical Company. For you, adding the Kodak mark merely embellishes this existing awareness. The problem is that when *others* see you, they too know who you are, and they are substantially wrong.

“It will be easier for you to establish true awareness and respect with a substantially new identity, than with an existing logo no matter how well known which means something else and whose future meaning is out of your control. The rationale for a new, potentially free-standing corporate identity boils down to expressing the new vision, vesting it, giving it a home. Unless you do that, your Strategic Intent is not credible,” I concluded.

Management discussion then focused on the power of “Kodak” in Eastman’s various markets. But the goal, “World’s preferred chemical company” addressed (and challenged) employees, not customers. Earnie Deavenport knew that ultimately, *employees create customers*. He expressed his leadership decision in a way that clearly reveals this internal focus:

“It’s time to get off the porch and hunt with the big dogs.”

**EASTMAN**

With its Erlenmeyer flasks in the A’s, the resulting logo preempted the “Eastman” name for the chemical division, and completely replaced the Kodak “K.” It took *only a year* (not ten years) for Eastman to

become a freestanding company... and for good measure, to win a Malcolm Baldrige National Quality Award. All three achievements flowed from Earnie Deavenport's confident commitment that Eastman would determine its own destiny, and "hunt with the big dogs."

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## DOW JONES & COMPANY

In 1996 "Dow Jones" was not thought of as a brand, and actually had no logo. The corporate name would appear in virtually any convenient serif font as above, usually capitalized, like the names on bronze plaques of other Wall Street firms with whom it was thought to associate.

But neighborhood aside, Dow Jones is not a "Wall Street" firm. It is a media company whose peer group includes Time Warner as well as the New York Times. And it was an increasingly technology-driven media company whose future would be more electronic (digital and broadcast) than its print past (and image) would suggest. Tension between these media, and the cultures and values associated with them, would provide the biggest challenge in creating a coherent corporate culture, and brand. The uncertain future of its recent Telerate acquisition escalated this challenge.

But in 1996, when CEO Peter Kann asked "should we have a logo?" he did not at first intend to re-think the company, or clarify its culture; this opportunity came into focus gradually, through my management interview process. At first, Kann named just three executives to be consulted about identity needs. As I played back their issues and ideas, Kann wanted to hear from yet others. Ultimately twenty-eight interviews were transcribed (and Kann, a Pulitzer Prize-winning reporter, would read virtually every word).

The first work product was a Dow Jones Corporate Brand Platform with six planks – statements of Position ("World's preferred source of business knowledge"), Purpose, Mission, Composition, Culture, and Personality. The Composition and Culture statements, taken together, expressed emphatically Kann's view that "Dow Jones" must behave as a seamless continuum across media, including Telerate:

"Composition:

"Although historically we are formed of strong, freestanding businesses, today convergence and coherence are more important to us than division. Our purpose is best served by an open flow of ideas, skills, people and information throughout Dow Jones.

"Culture:

"Our most fundamental passion is for the integrity, accuracy and relevance of the information we provide. This Dow Jones value crosses all unit lines."

The Personality statement, however, was equally important as an expression of culture, or intended behavior:

"We are not a bronze plaque. Our defining personality is dynamic, fast-moving, real-time. We are innovators."



The design of the new Dow Jones logo was driven by this personality statement. Peter Kann came alone to the designer's office not once but twice, to participate in screening (and tweaking) scores of design ideas. Though it was not the most original of graphic ideas, he chose the "horizon line" design because it helped express the "World's preferred" positioning as well as an aggressive, progressive and confident personality.

The resulting "Worldmark," designed to impact internal audiences more than the public, appeared quietly in the Wall Street Journal's banner, top left corner of the front page, where Peter Kann placed it. There could be few clearer examples of a CEO's use of the corporate brand to refocus, clarify and unify corporate culture.

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In each of these three examples, we saw a company leader *who better aligned the power of the brand with his intentions for the company*. Ed Pratt made Pfizer's own people (and the rest of the world) see that Pfizer had in fact become a leader in innovation, and was determined to retain this leadership. Earnie Deavenport made Eastman's people understand at last that they themselves, not Kodak, would determine their own destiny. Peter Kann showed his print, broadcast and internet-based businesses (and Dow Jones investors as well) their stronger future under a common brand.

No outside expert can say, especially from America, what intentions should drive the design of a given Chinese company's brand. Those intentions are in the leaders' heads and hearts.

I *can* predict, however, that the most powerful new (or rebranded) Chinese corporate brands will express the company's confidence, a sense of its purpose, and the value it seeks to add (beyond economics alone) to its community, to its nation, and to the world as a whole.

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