The business of brand

By Johnny Johnson

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Milton Friedman said: "The business of business is business." For saying this, he has been cast as the bad guy by those promoting the stakeholder capitalist agenda. One example is Professor Colin Mayer who says: "The purpose of business is not simply to produce profits. It's to produce profitable solutions to the problems of people and planet."

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Peter Drucker also had his say back in the day: “There is only one valid purpose for a corporation: to create a customer.”

All of these astute business commentators are right. On the one hand, if a business isn’t making a profit for its shareholders, it won’t be in business for long. But, if it isn’t satisfying its customers, its employees and other stakeholders, it won’t make a profit and so it won’t be in business long.

It seems strange to me that the debate around Stakeholder Capitalism has so much divided opinion. As a brand strategist, I am well aware of the need for a brand to position a business in such a way that it satisfies all its stakeholders, especially its employees. As Richard Branson says:

> *If you look after your employees, they will look after your clients.*

Of course, over time, stakeholders will be prioritised differently: shareholders may be asked to invest and wait patiently for a dividend; customers may be asked to be patient during an upgrade or pay more for an upgrade; employees may be asked to tighten their belts. That’s business.

> *And the business of brand is to manage expectations by making relevant promises that can be kept in pursuit of building or at least maintaining trust.*

Brand as a business tool not marketing tool

If the stakeholder capitalism debate continues to grow the understanding of brand as a business tool rather than just a marketing tool, then it will be doing everyone a favour. There is still a tendency to see brand as a promotional tool, but this often leads to a “buy now, pay later, regret forever” approach. This doesn’t cut it because trust is essential for successful stakeholder relations and trust isn’t built by making overblown promises and not keeping them.

This doesn’t mean that making a promise that gets people to buy into a brand (or invest in the company, whether that is a shareholder buying shares or an employee proffering labour) isn’t an essential part of branding. Of course, it is, because to build trust you need to start off with a promise.

In the same way that a brand needs to balance or prioritise stakeholders, it needs to suit the product or service category in which it competes. For example, many luxury brands get away with making inflated promises because they can rely on status, but even they are facing an increasingly cynical consumer.

Leadership and brand development

So why not tackle stakeholder capitalism and brand at the source? When defining a company or corporate brand, get the leaders of the company involved so that customers or clients are represented by the marketing director; employees (which includes the leaders themselves) are represented by the human resources director; operations by the operations director; shareholders by the financial director; and the managing director to manage the balancing of stakeholder expectations.

(On a side note - it will be a fine day when there is also an environmental director there to represent not only the planet but, more importantly, our children.)

If the brand being strategised is a consumer-facing brand then the emphasis does move to marketing and the involvement of the other disciplines can be minimised (but not ignored). After all, as in the case of a house of brands like Unilever, the product brands (or consumer brands) still need to be aligned to the corporate brand values, especially in a connected and increasingly cynical (to the point of activist) marketplace.

Unilever, I believe, is a prime example of successful stakeholder capitalism. All their product or consumer brands have to align with the corporate brand’s higher mission. Alan Jope, their CEO, has committed the company to aligning revenue growth with social benefit and has gone so far as to say they will sell brands that don’t have a higher calling other than profit.

Paying attention to social benefit is a good idea when it is being demanded by so many shoppers (the Edelman Trust Barometer 2020 puts this demand at 75%, albeit in a first world market), but this can change. This is why establishing a dynamic corporate brand is so important. If, for example, Unilever finds that the cost of aligning to social benefit demands is too high, they will need to adapt, giving shareholders a heightened priority.

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5 Feb 2020

The responsibility for ensuring that a company balances the benefit accruing across stakeholders rests with the executive of that company. Each leader must ensure that the constituency they represent is catered for, and the best place for them to start giving expression to this responsibility is their brand strategy.

ABOUT THE AUTHOR

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