

Avoiding a Corporate 'Identity Crisis' – How Communications Can Take the Lead

IABC – Heritage Regional Conference

October 14, 2008

Larry Ackerman



THE IDENTITY CIRCLE

Confidential information
© 2008 The Identity Circle
All rights reserved.

Corporate identity crises: They're all around us!

'Wal-Mart's Corporate Identity Crisis'

'Corporate identity crisis - corporations sometimes donate money to politicians who are anti-gay'

'Automakers face corporate identity crisis; Panelists say new retailing rules will impact brand value'

'Fannie, Freddie Must Resolve Identity Crisis'

'The social media corporate identity crisis'

'Identity crisis' in India

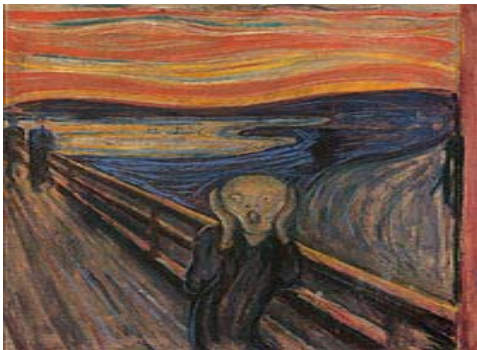
Source: Google, September 2008



THE IDENTITY CIRCLE

Confidential information
© 2008 The Identity Circle
All rights reserved.

2



THE IDENTITY CIRCLE

Confidential information
© 2008 The Identity Circle
All rights reserved.

3

Today's Discussion

- Anticipate an identity crisis in the making
- Use **brand** as a way to "talk identity" with senior management
- Crack the code on your company's identity
- Leverage **identity** to make communications a leadership discipline



THE IDENTITY CIRCLE

Confidential information
© 2008 The Identity Circle
All rights reserved.

4

What exactly is a corporate “identity crisis?”

What they aren't:

- A logo no one likes
- A name that means something awful in some foreign language
- An empty tagline
- A messy look and feel



Confidential information
© 2009 The Identity Circle
All rights reserved.

5

What exactly is a corporate identity crisis? cont'd

(n) **Identity crisis** - distress and disorientation resulting from uncertainty about one's self and one's role in society (Webster's)

- Who are we?
- What makes us special?
- Where are we going?
- Who can we trust?
- What is our message?



Confidential information
© 2009 The Identity Circle
All rights reserved.

6

In short, a threat to value creation



Confidential information
© 2009 The Identity Circle
All rights reserved.

7

In Chinese ...

An identity crisis is an 'opportunity riding on the winds of change'

拼音



Confidential information
© 2009 The Identity Circle
All rights reserved.

8

A top 'ten list' of identity crisis candidates

- 1.Fannie Mae/Freddie Mac
- 2.Yahoo
- 3.Wal-Mart
- 4.AARP
- 5.GE
- 6.Microsoft
- 7.Ford (and the other 'motors')
- 8.Newspapers generally
- 9.Publishing generally
- 10.Harvard Business School



Confidential information
© 2009 The Identity Circle
All rights reserved

9

Exactly what is "identity?"

The unique characteristics that reveal an organization's value creating potential



Confidential information
© 2009 The Identity Circle
All rights reserved

10

Avoiding a corporate identity crisis

Why and how communications can take the lead

Limitless sphere of influence (Who doesn't communicate?)

Multiple sub-disciplines:

- Marketing communications
- Employee communications
- Investor communications

The 'oxygen factor'

"Communication is a sacred trust between two people that is required for reliability, integrity, dependability" - *Ken Makovsky, CEO, Makovsky & Co.*

In short ...



Confidential information
© 2009 The Identity Circle
All rights reserved

11

Communications has 3 distinguishing traits

- More **reach** than any other function
- Intrinsically designed to build **relationships**
- Has universal **relevance**



Confidential information
© 2009 The Identity Circle
All rights reserved

12

What communications (you) can do

1. Be the barometer: Flag events – indeed “crises” – that foreshadow a full-blown identity crisis

- Crisis of leadership (*Confusion*)
- Crisis of direction (*Purpose*)
- Crisis of morale (*Hope*)
- Crisis of profitability (*Potential*)
- Crisis of relevance (*Renewal*)

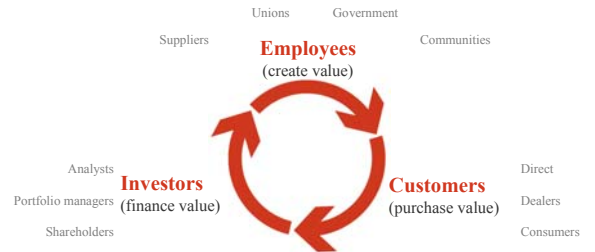


Confidential information
© 2009 The Identity Circle
All rights reserved

13

What communications (you) can do

2. Adopt the Identity Discipline



What communications (you) can do

3. Make the brand connection

Highlight the benefits of identity-based branding

- Builds on **authenticity and roots**
- Revolves around **multi-stakeholder value creation**
- Leads to **strategic efficiency**



Confidential information
© 2009 The Identity Circle
All rights reserved

15

Case in point: Norsk Hydro

- \$23 billion
- 50,000 employees
- 100 years old
- Europe, North America, Asia, Latin America
- Structure:
 - Aluminium
 - Oil and Energy
 - Fertilizer



Confidential information
© 2009 The Identity Circle
All rights reserved

16

How can Hydro build **institutional loyalty**...

Get beyond its culture of **“aggressive autonomy”** ...

Maintain strong, **independent businesses** ...

While avoid being **broken up**?



Confidential information
© 2009 The Hydro Group
All rights reserved

17

Each business created value in a unique way

Oil & Energy – drove economic and social progress

Aluminium – shaped patterns of living

Agri – was a “guarantor” of the world’s food supply



Confidential information
© 2009 The Hydro Group
All rights reserved

18

Four institutional capacities formed Hydro’s identity

- A genius for developing **“source businesses”**
- A drive to **optimize**
- An instinct to **commercialize**
- A passion for **“social commerce”**



Confidential information
© 2009 The Hydro Group
All rights reserved

19

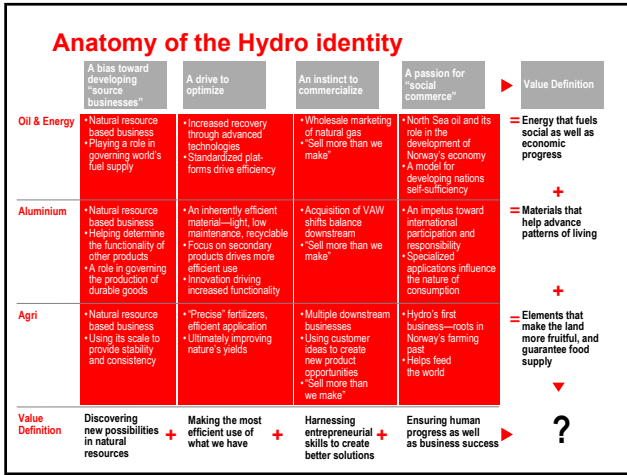
Anatomy of Hydro’s identity

Cracking the code on value creation –
from the bottom up ...



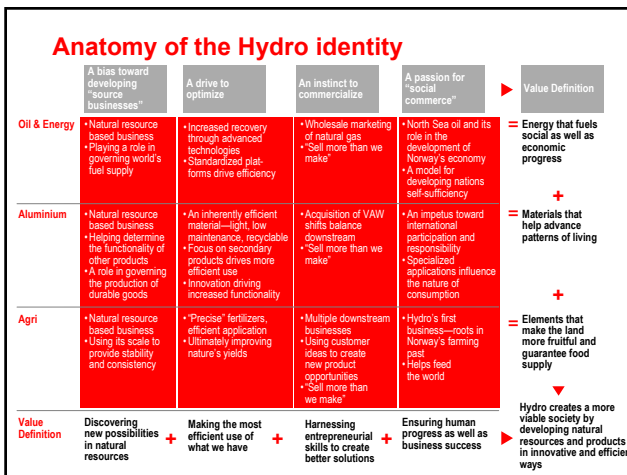
Confidential information
© 2009 The Hydro Group
All rights reserved

20



Identity Statement – Ensuring Viability

Hydro creates a more viable society by developing natural resources and products in innovative and efficient ways



What changed?

- A **new management model** – from de facto holding company, to unified operating company
 - Exec incentive comp now tied to corporate results*
- Revised customer approach** – from "low cost provider" to "viability partner"
 - Revamped sales tools led to expanded revenues with key accounts*
- Refined recruiting and competency criteria**
 - Employee skills and capacities align with Hydro's capacities*



For Hydro's people ...

- Career development **aligned individual identity with Hydro's identity:**

Opportunity to **determine personal "fit"** and refine roles –
via self-administered diagnostics and job alignment

HR assumed a major role in implementing **new mission and values**
– via companywide focus groups

- **Validated people's true importance**, as the source of identity –
via reward, recognition and communication practices



Confidential information
© 2004 The Hydro Group
All rights reserved

25

“We’ve integrated your work into our company.

You’ve helped us clarify our identity and in turn our brand. Your recommendations influence how we now manage the company, how we market, how we develop leaders and how we communicate.”

Cecilie Ditlev-Simonsen, Chief Communications Officer



Confidential information
© 2004 The Hydro Group
All rights reserved

26

“We have been struggling to explain our company to investors. And our employees want to know what we stand for beyond aluminium and energy. Now, we have our north star.”

Eivind Reiten, CEO



Confidential information
© 2004 The Hydro Group
All rights reserved

27

The most important result of all

CORPORATE DIRECTIVE

Hydro's Business Principles (Mission, Values, Capacities)

Document ID: NHC-CD01

Revision date: 2004-10-05

The purpose of Hydro's Business Principles is to guide how Hydro acts as a company and establish **criteria for decision-making for how Hydro will operate a sound and profitable business...**

The Hydro Business Principles define a framework for operation by which we will run our business in a successful manner. While the implications of these principles may differ from employee to employee, **every Hydro employee should understand the relevance to his or her day-to-day workplace activities and act accordingly.**



Confidential information
© 2004 The Hydro Group
All rights reserved

28

The 'hard truth' about corporate identity crises

- **Necessary evils** – Organizations can't grow and mature without them
- **Can be minimized** – if you make the identity discipline a priority



Confidential Information
© 2009 The Identity Circle
All rights reserved.

29

Communications: Toward a leadership function

- **Capitalize on your franchise**
 - Relevance*
 - Reach*
 - Relationships*
- **Make identity a center of gravity**
- **Focus on value creation**



Confidential Information
© 2009 The Identity Circle
All rights reserved.

30

BE AN
IDENTITY HERO

Rescue today's identity-imperiled enterprise.



Confidential Information
© 2009 The Identity Circle
All rights reserved.

31

Thank you!



Confidential Information
© 2009 The Identity Circle
All rights reserved.

32