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Image is Reality

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IMAGE IS REALITY

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Culminating Project Presented to the Faculty of
the Graduate School of Lindenwood College in
Partial Fulfillment of the Requirements for the
Degree of
Master of Science

1993

Abstract

How individuals perceive a business is reality. It doesn't matter if these perceptions are true or false. This paper explores aspects of corporate image and identity and the importance of shaping an image for a company.

We will focus on the importance of research and how initial research should determine how people perceive a company in and outside the organization itself. We will also discuss the CEO's impact and his/her role. The CEO oversees current perceptions, shapes and molds an image for the company, guides the image for the future and should also be a communicator within the company.

Employees and their impact on the company's image will also be another focus in this paper. Employees feelings spread throughout the company and the community and are closely linked to perpetuating a positive image. Employees should participate and support their company's image, but employees have a major responsibility to communicate and live up to that

image for this support to materialize.

Throughout the paper there will be examples of companies that apply image management techniques successfully through various situations, including crises which have the potential to seriously damage the corporate image.

Finally, the end of the paper will look at future issues and concerns for corporate image makers.

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CHAPTER ONE

Introduction

What do people think of when they hear NBC...Jack in the Box...Oreo Cookies? Individuals have a certain image perception for each. People might remember a logo, a news event and maybe even a melody from a commercial. Image is what the general public perceives. Companies, celebrities, politicians, people and places evoke images in our minds. Images are our preceptions of the world around us.

In today's corporate environment a company needs to portray a positive corporate image to survive. For example, a few years ago a rumor started that Oprah had Liz Claiborne on her show and that she confessed to being a devil worshiper. Consumers heard these allegations and did not want to purchase anymore Liz Claiborne clothes. However, through advertising and providing information to retailers and consumers, many people discovered that Liz Claiborne had never even been on The Oprah Show and that these allegations were false. Liz Claiborne opened a 1-800 toll free line to deal

with the public and their questions. Liz Claiborne's image quickly regained their previous image perception.

No matter if their perceptions are accurate or not, what people hear in a simple conversation can affect a company's or an individual's image in their mind. James R Gregory of the advertising agency Gregory & Clyburne, wrote a book titled, "Marketing Corporate Image." Gregory says, "Perception may not always reflect accurately a corporation's true profile, but to the public it is reality" (2).

Corporate Images Throughout History

Although image is a major concern in the 1990s, there is a long history behind how corporate images and identities have been created and nurtured throughout history. Shaping and forming a corporate image is not a new strategy. It began almost a century ago. According to Gregory, authors of the first real image ads concentrated on the great changes taking place in the American lifestyle. At this time in history, new industries were being formed with the inventions of the

automobile, telephone, airplane and radio. The general public needed to learn about these new products.

James Gray believes that the discovery of the image relationship between business and public began in the 1950s. Gray is a media impact owner and principal consultant. Gray designs and conducts seminars for businesses, the government and educational institutions. He believes that the growing relationship between businesses and the public started to blossom in the 50s. A National Industrial Conference Board report concluded, "The 1950s were a period when most Americans viewed the business community with relative trust and respect" (Gray, 18). Americans were satisfied with businesses and their role in the community. The economy in the early 1950s turned from war to consumer goods. The auto industry soared and new homes and families were growing throughout the United States. Yet, change was around the corner.

Gray said that changes occurred with the prosperous economy when John F Kennedy became president in 1961. According to Gray, "The Kennedy occupation of the White

House signalled the end of the idyllic. The media became a major factor in shifting the focus of the American mind from idyllic Camelot America to one of realities” (19). The realities the public would face included Kennedy’s assassination, the civil rights movement, Vietnam and later Watergate.

Furthermore, with advances in technology, television took advantage of these events to show the public what was actually happening to America:

The shock of Kennedy’s assassination, viewed publicly by millions closely followed by the deportation of thousands to far-off Vietnamese jungles, jolted that American public into a new reality. As baby-boomers graduated from high school in the mid-60s, the idea of another war was abhorrent, especially an unexplained one.
(Gray, 19)

At this time Americans wanted answers from the government. Yet, Watergate was soon to follow and the federal government would have to deal with their own image crisis.

After these events the public had a feeling of mistrust and the younger generation began to denounce their current way of life. This generation adopted different lifestyles and dressed in revolt against the current establishment.

As for corporations, they were not paying attention to the changes occurring in society. Instead of dealing with the changes head on, corporations tried to create "good citizen" roles through their employees and leaders in the company. Businesses encouraged their employees to become involved in their communities. Throughout the 1960s companies attempted to protect the "good citizen" image. Corporations adopted a stance of enlightened self-interest in community affairs. Yet, these attempts to become involved were not enough to satisfy Americans. Gray said, "As Vietnam took its toll, as college classrooms spilled over, as the resulting war wealth became flagrant, the national public splintered into subgroups. Some pursued anew the pleasure of wealth, others rejected profit for commune" (20).

The 1970s brought Watergate and Nixon's resignation. The public ultimately lost their trust in their leaders. According to Gray, "Watergate signalled the final burst of the innocent bubble of trust the public had placed in its leaders. This one event, perhaps more than any before or since, affected the perception of and trust placed in previously unquestioned

American institutions" (Gray, 19). This decade also tarnished corporations' images due to the oil embargoes. The public felt distrust once again when gasoline prices rose dramatically.

In the 1980s environmental issues became a concern. Toxic and hazardous waste stories were splashed across newspapers and magazines. Americans wanted details about these hazards and their consequences. According to Gray, "Although air and water pollution is a primary concern to virtually every American household in the 1980s, the government responded with a weakened Environmental Protection Agency (EPA) riddled with scandal which resulted in the toppling of its administrators" (Gray, 20). These problems led to further damage of corporate reputations. The mid-1980s were also filled with a shaky stock market which caused concern about the economy. Also the deficit was on the rise and the public was blaming defense spending for these problems. Many corporations were directly linked to the defense industry and once again corporate images were being affected. All of these issues and several others created a distrustful public that relied heavily on the media to find out the truth. Gray said,

relied heavily on the media to find out the truth. Gray said, "The American public, once inclined to believe what it was told by business and government leaders had grown skeptical, distrustful and frustrated. Both business and government were now attempting to regain public trust, but the chasm was wide" (Gray 21). The public has a perception about the government and large corporations. These historical events have lead the public to believe that businesses and the government perpetuate tax loopholes, high-salaried and influential leaders and increasing personal and corporate profits. According to Gray, "Consumers believe businesses emphasize quality goods and services too little. In fact, public perception casts business and government in much the same light, pitting both against the public good" (6).

Difference Between Corporate Image and Identity

Companies need to understand the difference between corporate image and identity before evaluating their needs as a company. Harold Marquis said, "The corporate image is the sum of all impressions of the firm in the public consciousness" (Marquis, 2). Images are different for each individual. Not only customers, but employees, suppliers to a company or government officials all form a corporate image about this company that they are dealing with. Everyday a business effects its image through employee relations, business dealing and even in the way the receptionist answers the phone.

Corporate identity is a portion of a company's image which is seen or heard. Identity includes a company's trademark, store design, slogan, a collection of phrases and any other element that is visual, tangible and "all-embracing." Wally Olins believes, "Everything that the organization does must be an affirmation of its identity" (7). The corporate identity plays an

essential part in having an effective corporate image. The products that a business produces or sells must exemplify the standards and values that they want in their image. The buildings, stores, factories and even the fixtures are all part of corporate identity and play a part in establishing the entire corporate image.

Communication material including advertising, public relations, letterheads, training manuals and other items display a company's character. These materials need consistency, accuracy and need to reflect the company and its mission appropriately. Not only does image projection involve materials people see each day, but it also involves behavior towards employees, suppliers, consumers and others. An organization needs to use the same consistency in its written materials as well as in its verbal and nonverbal behavior. The way a business behaves with its employees, suppliers, customers and its community reflects its image. These behaviors are especially important to companies in the service industry. Younger and/or smaller companies usually have a strong identity in relation to their behavior. The owner(s) are there daily and the

priorities and goals of the company are watched closely by the people who own the company.

In a large complex organization with several interests that are directed by different individuals, competition becomes the goal for the people within the company. People become concerned with their individual promotions and success and not the success of the company. A company's long-term goals, purpose and values must be managed clearly and without bias. If this does not occur, according to Olins, "The organization will simply become an inert victim of the various fractions that seek to control it" (7). Mistakes are often made when an organization gives in to individual pressures and does not look out for the best interests of the company as a whole. In major corporations it is often the job of the Chief Executive Officer (CEO) or a senior board member along with additional outside consultants to deal with identity management.

Identity is expressed in many different ways, such as a name, logo, symbols and colors. There must be control and management over them so that they are consistent with each other and represent and reinforce the desired identity. All of

these aspects of corporate identity eventually come together to try and represent a company's quality and create consumer loyalty.

If a company understands the difference between corporate identity and image it will see where possible changes can be made to effect the overall image. A new logo is an important part of an image-making program, but does not create an entire image. Marquis writes, "An image exists in the minds of people, not only on the signs and letterheads of the corporation. Until the new image is communicated through every possible medium, there will not be a complete program" (2).

Furthermore, today changes in a company's internal and external environment are happening constantly. Changes in products, packaging and innovative improvements impact the business itself, other organizations, consumers and the general public. Also if the size of a company is increasing or advanced technology is being added, such as voice mail, the general public feels separated from human contact and personal knowledge. The public becomes unaware of the company's values and general knowledge of its products and/or services.

Why is it so important to examine a company's identity program? Because when a company establishes an identity, the business is focused towards the ultimate goal. The public should perceive an organization as a good company and know about the quality product and/or service. So when a company is looking at its identity program it needs to know what the objective is. Elinor Selame writes, "One of the first identity goals of any commercial enterprise is to be seen and then remembered. It is the faceless nature of many of our corporations that confuses and irritates the consumer" (2). Consumers want to know the difference between one company and another. An organization's communication material is an expression of a corporation and its characteristics. These materials must be planned carefully.

Corporate identity programs effect the overall image. A favorable corporate image produces a climate which creates growth and increases earnings. Not only could sales and profits increase, but the company will have better relations with its customers, suppliers and their community. This improvement in relations is due the fact that employees will notice more

loyalty. All of these qualitative advantages, potentially contribute to an effective corporate image. Management, however, still will not examine the corporate image until it believes that bottom line or profit will increase.

A two-year study by the advertising agency Batten, Barton, Durstine & Osborn, Inc. (BBD&O) concluded that a favorable image contributes to sales and earnings. Two companies in four different industries were paired, one with a much higher price-earnings ratio for its common stock. Interviews with men and women in a wide geographical area were conducted. The interviews revealed that people don't just judge a company on its good works or contributions to the community. First, the company must be perceived as producing or selling a good or quality product/service before the consumer appreciates its good works. In comparing the companies, those with higher price-earnings ratios had several similarities:

1. It is always improving product lines or introducing new products.
2. It is a very profitable company.
3. The public would believe management's statements in a labor dispute.

4. The public would be more willing to buy that company's products than those of other companies.
5. The public would be willing to pay a higher price for its products.
6. The public is very familiar with this company.
7. It cares about the public interest.
8. Its concern with the public interest improves its standing as an investment.
9. Its concern with the public interest increases public belief in management's statements during labor disputes. (Marquis, 21)

BBD&O conducted another study to collect further evidence.

A quantitative test was conducted on twenty-two companies out of the top 150 companies, choosing 12 well known and 10 not so well know companies. Interviews were conducted with a national sample of respondents. Through the interviews the findings were that 96% were familiar with the well-known companies and 51% with the less well-known companies.

Through both studies a close similarity was discovered between the knowledge of products and services and the belief that the company "cares." Following the study Marquis said, "Almost without exception, ratings were two to three times as high for the well known firms on credibility, willingness to pay more for products, and investment merit" (22).

J. C. Penney's and K Mart Change Their Image

For several years J.C. Penny's was looked upon as a small chain of stores that featured good products at a good price. Now, J.C. Penny's advertisements claim "competitive styling" and the stores have expanded their product lines. According to Marquis, "The firm may not have lost all of its former image, but it does present a new face to customers and investors" (Marquis, 23). With changes constantly occurring in the environment around them, companies need to change with the times and often that includes changing their images. A business needs a strong foundation to start and to continue growing. But if a company's image does not grow with the company there will be a negative result. "It is true that performance has to be established before the favorable image." Marquis observes, "But these corporations work constantly to maintain their recognized position" (23).

Currently, K Mart is in the middle of a five-year 2.3 billion dollar store expansion, relocation and remodeling program

by 1995. Dave Van Zandt, store manager in Rochester, MI says, "This is going to be the K Mart of the future" (Sullivan, 16).

The new store design took approximately 18 months for the in-house staff to complete. The first store opening was in Rockford, IL and took place in October 1989.

Kate Staples, in an article on K Mart's new image, writes "For those who associate blue light special with a hamburger plate, it's time to take a second look at K Mart. Long stereotyped as a purveyor of house-brand polyester bowling shirts, Hawaiian-print mumus and clear plastic flat shoes, this classic discount house is finally losing some of its synthetic image" (145).

K Mart made a lot of changes. Remember that corporate identity is every tangible mark of identity. Marquis says identity is, "All the vehicles, objects and means of communication on which the corporate identity is displayed" (Marquis, 2). We can examine several changes that K Mart made to its appearance and store design and how it changed their image.

One important change which occurred concerns using traffic

patterns to the store's advantage. The pharmacy and health and beauty aids departments were moved to the front of the store with the "consumables" and impulse items. "Positioning the departments at the head of the main 'drive aisle' has proved a real boom to sales," according to Van Zandt. To increase traffic in other areas, the home electronics center was placed at the far end of the drive aisle. When customers walk in the door they immediately notice the home electronics center. Electronics is filled with several visual images. There is a wall of televisions and electronics and graphics all over the walls.

Another change the K mart stores have established is to move the store items around so that related departments are together. For example, home improvement, hardware, garden shop and automotive departments have been consolidated into a do-it-yourself center. There has also been an effort to make transitions between departments easier for customers. Next to the sporting goods is exercise apparel which leads the shopper into the apparel area. Furthermore, in the garment area efforts have been made to clearly display brand names, such as Jaclyn

Smith. Upgrades have been made to fitting rooms. Van Zandt says, "we've re-fixtured them, made them larger, and a lot more inviting and pleasant."

One of the most important changes has been the customer care program. "Operation invitation" means the customer will never have to look for a register. This program brings an unoccupied cashier out into the aisle to assist customers. The customer care program is also bringing food into the stores. The Rochester, MI store will soon have a Little Caesars pizza restaurant.

All of these changes and many others display the great emphasis that K Mart places on its image. And with sales expected to double within the next few years we can see how important this is for the future of the company and its bottom line.

An Established Corporate Image and Identity is Essential

Companies need to focus on public perceptions and comprehend when and how to deal with their image. The main link between the public and the corporation is image. As Gray notes, "A credible, sound, clear, continuing dialogue between public concerns and corporate claims must be apparent to today's sophisticated public" (22).

Companies are aware of the trends in their individual industries and want to be perceived in a positive image. Some corporations are starting to realize the importance of their reputation, and within the last several years there has been an increase in corporate image advertising. According to the Association of National Advertisers, "Image advertising is a burgeoning business, with more than half of the larger U.S. companies using advertising to promote ideas as well as products" (Gregory, 3). Furthermore, today companies are spending about six times the amount of money on image advertising. "As recently as 25 years ago it would have seemed

impossible for U.S. corporations in total to ever spend \$50 million a year on image advertising. In 1989 the figure was well over \$600 million and it keeps growing" (Gregory, 3).

This large growth might be due to the increase in mergers, acquisitions and takeovers which change the structure of the corporation. Other changes due to deregulation of banks and financial institutions, and European and Asian advertisers increased involvement in the U.S. market place and in the media have raised questions among the public. When any major changes, like these take place, customers, stockholders and the employees could possibly picture the company in a different light or image: "A corporation undergoing important changes needs to present its new environment for up-to-date perceptions" (Gregory, 4). However, there are still many companies that do not use the time, money or resources to create and maintain their image. Most dollars in a company are spent towards brand and product promotion. There is still room for substantial growth in understanding how corporate image effects large and small businesses.

Many corporate executives misunderstand the advantages

of a positive corporate image. A common belief among executives is that the money used to enhance the corporate image will in the end be taken from product advertising and from overall sales. A survey of executives of various companies conducted by the National Advertising Agency Network (NAAN) found that salespeople avoid discussing the company's image. One company official wrote, "Such phrasing means no sale to the salespeople...fluffy stuff, no real teeth. We avoid the use of that term as if it were the plague" (Gregory, 3). These negative attitudes toward image advertising make it difficult to maintain a positive corporate image.

An image does not appear on the company's financial records. Yet, the goodwill that is perpetuated by an image is an invaluable asset: "Without the goodwill of customers, employees, suppliers and financial services, no company can long be successful" (Marquis, 3).

The next several chapters will be devoted to seeing how other companies have succeeded and failed with their image plans (if they had one in the first place). Corporate image is formed and sustained by carefully evaluating the company's

weaknesses and faults and understanding the general public's perception of the company. According to Marquis, "Business and industry have come to recognize that the correlation between the favorable image of a corporation and its financial success is so great that creation of such an image should be an integral part of long-range planning and consistent development" (Marquis, 37). After all, as stated in the beginning, what the public perceives to be true is reality. It should be of grave importance for a company to care what its potential customers, employees, suppliers and community believe is true.

CHAPTER TWO

Review of Literature

Shaping Corporate Image & Identity

Corporate image is important to America's companies because they want to establish a favorable market position and build public awareness and acceptance. According to James Gregory companies understand that, "product advertising alone is often not sufficient to market effectively. When a company has a good image the public will assume more readily that it produces good products and will be likely to pay more for those products" (Gregory, 26). Gregory believes this is true no matter what type of target audience a company is focused on. Furthermore, Gregory says image advertising prepares the company's target audience for a particular company's point of view and products: "Its image says to the customer: 'You know who you are. You know what we stand for. You know you can

trust us. You know you can trust our products. Let's do business'" (25).

In the mid-80s New York's Chemical Bank had to examine its corporate image problems. Soon after Walter Shipley became Chairman, he realized that the bank was not projecting itself clearly to important audiences. The bank had an extensive customer base ranging from large Fortune 500 companies to their consumer market. Chemical Bank did have a consumer advertising program with consumer banking products, but lacked communication on the quality and the personality of the bank. First, Shipley started changing the bank's image by increasing public speaking programs for top executives and instituting more aggressive press relations. However, these changes alone would not entirely change the bank's image. In 1982 and 1983 Chemical ran a short corporate campaign that was dissatisfying. The campaign had been too general and lacked character. Looking back on this campaign, Shipley realized that a new campaign was needed.

Charles G Salmans, senior vice president for Chemical Bank's corporate communications, said changing its corporate image

was not simple:

The process of mounting a corporate campaign is a lengthy one. At least it took us about two years to get our program underway. First, there was a long search for an agency we felt could work with us effectively in producing image ads. Then there were many interviews with bank officers conducted by myself and agency executives, in an effort to determine how we were approaching our many various publics and just what image we should project. How do you give a single personality to a bank as highly diversified as Chemical, reaching out to just about every possible customer constituency? And then how do you make that personality seem real and believable? (Gregory, 24-25).

Chemical Bank decided on a corporate image campaign idea with help from an advertising agency, Lord, Geller, Federico, Einstein. Through the campaign the bank wanted to project a sense of knowledge of current banking-world events by identifying issues which affect the banking system. Through the increase in public speaking engagements from bank executives, Chemical Bank believed that some characteristics were reaching the public. The executives portrayed sound management skills and the ability to handle problems. According to Salmans, "A lot of product advertising needs to be

very tactical to meet or even anticipate what a competitor might do, image advertising is a slow build. One of the mistakes I see being made by many institutions is their impulsive chopping and changing. The advertiser becomes bored with his own ads even before the market place does, and consequently changes something worthwhile into something else" (Gregory, 27).

Before Chemical Bank's campaign was launched, extensive research was conducted. The research discovered that a couple of major bank failures, or near failures, were on the public's mind. Chemical wanted to attack this problem as soon as possible. The first ad (Index-1) the public saw was a very crowded and neon-cluttered highway, which displayed the ugliness of quick and uncontrolled growth. The headline read "How fast can you grow and still like it when you get there." The copy in the ad concerned the question of banks managing their growth and the importance of growth to the individual consumer, customer and shareholder. Another ad (Index-2) examined the subject of credit culture. At this time in the banking industry banks were failing right and left. Consumers

were becoming distrustful of banks. The ad focuses on the fact that good bankers know how to be a good salespeople and make sound credit decisions. The visual for this ad was a little white mouse on top of a piece of cheese. The headline read, "How do you stick to your credit culture when temptation's right under your nose." The copy explains how bankers must balance their roles in a competitive industry. The copy also says Chemical Bank will look deeper into a deal and work harder with a business or individual. Both ads and others which were published later have a tag line saying, "The bottom line is excellence." These ads were successful in establishing an image in the minds of the target audiences. The campaign continued for several years. Salmans said, "We attack subjects that get to the heart of the commercial banking business. By approaching these issues squarely, we express our own philosophy and encourage people to understand Chemical's personality as an institution" (Gregory, 30).

Gregory believes this technique works. Companies need to establish a corporate image and then they will have a favorable market position. Target audiences read and accepted Chemical

Bank's advertising. These ads were also considered by Chemical as a vital morale booster for employees. Feedback from employees was positive and some employees said they even felt an increased sense of worth.

Gregory said Chemical's image program was successful because they followed three basic principals:

1. The bank understands the direction it must take to establish its quality and personality with many different audiences.
2. The ads themselves are well written with timely proactive headlines; they feature dramatic color photography and utilize dominant space in appropriate media.
3. Chemical recognizes the tremendous value to image projection of consistency and continuity.
(Gregory, 31)

Another author, Marion G Sobol wrote a book titled, "Shaping the Corporate Image." Sobol says that establishing corporate identity requires both strategic planning and proactive behavior. Both CEOs and public relations professionals believe that establishing identity in the marketplace is a crucial step in creating a good corporate reputation.

For example, in the 1980s Estee Lauder Company began

exploring ways to deal with public concern for the environment through its products. Once again, research was used to establish a foundation for its corporate image campaign. Estee Lauder discussed healthier lifestyle trends with its customers. Through its research the company decided to adapt to meet the changing needs of its customers. In 1990 Estee Lauder began its "Origins" cosmetic line. These cosmetics are manufactured with environmentally friendly ingredients and packaging. The line is known for being "harmonious with nature." An advertising campaign was carefully launched. Most advertising came from simply word of mouth, good press and through special environmental events and promotions with department stores. The company also advertised each month in the *New York Times Magazine* and *L.A. Style*. William Lauder, vice president/general manager of "Origins" and grandson of the founder, Estee Lauder said, "We wanted to be environmentally responsible...but we realized that being green could not be our sole reason for being. What's more we believed that simply slapping a now recyclable banner on your package doesn't make you green" (Sobol, 133). The initial research for the

“Origins” line found that the target audience had high expectations of cosmetics with the Lauder name. The company had to focus on providing superior products with environmental concerns.

According to Sobol the success of the “Origins” campaign displays the importance of establishing the image and purpose of a company’s product and audience. Sobol states: “In order to persuade your customers to buy your product or service they must understand and need what you are selling” (Sobol, 133).

There are some basic principles of persuasion that marketers and strategic planners follow when developing corporate identity programs:

1. **Identification Principle**

Most people will ignore an opinion, or a point-of-view unless they see clearly that it affects their personal fears or desires, hopes and aspirations. **Your message must be stated in terms of the interest of your audience.**

2. **Action Principle**

People seldom buy ideas separated from action - either action taken or about to be taken - by the sponsor of the idea, or action that the people themselves can conveniently take to prove the merit of the idea.

Unless a means of action is provided, people tend to shrug off appeals to do things.

3. **Principle of Familiarity and Trust**

We buy ideas only from those who we trust; we are influenced by, or adopt, only those opinions or points of view put forward by individuals or corporations or institutions that we regard as credible.

Unless the listener has confidence in the speaker, the listener is not likely to listen or to believe.

4. **Clarity Principle**

The situation must be clear to us, not confusing. The thing we observe, read, see, or hear, the thing that produces our impressions, must be clear, not subject to several interpretations.

People tend to see things as black or white.

To communicate, you must employ words, symbols, or stereotypes that the receiver comprehends and responds to. (Sobol, 134)

Estee Lauder's "Origins" campaign established its company as the number one in customer base and created a new audience. People who were not using Estee Lauder products before were now interested in these products. The six years that the company spent on this project allowed it to clearly focus on what type of company Estee Lauder wanted to be known as and increased its overall visibility.

Increasing visibility is another advantage to corporate

image strategies and an important part of shaping corporate images. Many companies want to increase their visibility to their target audiences. Stan Sauerhaft and Chris Atkins wrote a book titled, "Image Wars: Protecting the Consumer When There's No Place to Hide." In their book they suggest three possibilities which address this issue. These three possibilities are: "taking a stand on an issue, being generous, or sponsoring or associating with a popular event or cause" (Sobol, 137). A study conducted in 1986 stated that CEOs of America's most admired companies are quoted in the press more often than CEOs in less admired companies.

An example of a CEO that has stood up for a cause is Ross Perot. In 1989 Perot took a stand on public education in Texas. Later in 1992 he took his beliefs on education and several other issues to the American people and ran for president. Sobol says that the point is that the stand that you take must have an innovative idea. Also in dealing with corporate image and identity the new idea that the business uses should relate with the business and the community. "Taking a stand for an important cause enhances the popular vision of the CEO and

hence earns goodwill for the company's product," Sobol writes. (137). Some examples might be for a pharmaceutical company to concern itself with treatment of the elderly or a baby food firm dealing with child care issues. Currently, several dairies are dealing with the issue of finding lost children and are placing pictures of lost children on their containers.

The second idea to increase visibility is generosity. As evident in the above examples, a company's cause should identify with both the business and community. Furthermore, sometimes a small gift has more meaning than a large one. Employees and consumers in a local area will be impacted more by a contribution to a local charity instead of a large gift to a national charity in another state. Companies might also want to encourage employees to work for charities, instead of donating money. For example, IBM encourages teaching programs. These programs encourage IBM employees to teach basic computer skills to schools and other organizations.

The third possible way to increase visibility is through sponsorship. For example, sponsorship might include sponsoring a baseball team or donating equipment. Companies

should remember to sponsor an event in tune with their target audience. If a product is sold to a low-income audience the company could sponsor a local baseball team rather than a yachting event. Furthermore, a company might receive more visibility through sponsoring compared to donating money. Atkins and Sauerhaft point out that, "combining taking a stand, financial support and sponsorship provides a very effective way to enhance the view of the firm and its products" (Sobol, 138). The Ronald McDonald House is an excellent example of an image identity strategy. The Ronald McDonald House provides parents a place to stay when their children are in the hospital, usually for terminally ill children. Children are big consumers of fast food, which is exactly the audience McDonald's targets.

Sobol also believes that it is important to evaluate the company's identity and image presentation to see what direction the company will take. A company should know its strengths and take advantage of them. Organizations need to find ways to get the most in the areas where their product/service and company are superior. In evaluating an organization's identity the process once again starts with

research. Sobol says that one method is to conduct a study to find out what your audiences have heard and what it means to them. The study should not be performed internally by the marketing or PR departments. The study should be conducted by an objective outside source, according to Sobol (143).

Another way to see how the company's image is perceived is to explore media coverage. The way the media portrays a company displays how the media perceives the company's image. If a company wants to stay ahead of the media it should try following Alfred S. Sloan's advice. Sloan built General Motors into a top manufacturing company in the 1920s and 1930s. Once every three months he went to dealerships throughout the United States and worked as a salesman or assistant service manager. Following these visits he returned to headquarters with new ideas on changing customer behavior, customer preferences, dealer service and many other things. Sloan would see trends before the marketing departments. Sobol suggests that executives of each company walk around to discover what customers, workers, media and other outside sources are feeling about their company. Sobol says, "This is the

true test of success in building your company's good reputation" (Sobol, 143).

Yet, another author focuses on corporate identity in a different way. Wally Olins has written a book called, "Corporate Identity." Olins believes that all businesses already have an identity and that if this identity is controlled it can be the single most powerful influence on the corporate culture. Olins continues by saying there are four major areas of activity with corporate identity:

1. **Products/Services** - What you make or sell.
2. **Environments** - Where you make or sell it - the place or physical context.
3. **Information** - How you describe and publicize what you do.
4. **Behavior** - How people within the organization behave to each other and to outsiders. (Olins, 29)

The four areas communicate different ideas about a company. As noted before in chapter one, what a company does daily perpetuates a corporate image. Olins says, "In a product-based company, it is the product that is the most significant element in the identity mix" (Olins, 30). If a company is

creating a car the most important portion of that company's identity is how the car looks, what it costs, what it feels like and how it sounds. These qualities have the largest influence on the public's perception of the car a company manufactures. Olins believes this is true because when an individual thinks about a product, he or she doesn't usually think about who the CEO of the company is or where its headquarters is located. When people think of Sony, they don't all of a sudden remember that Mr. Morita is the CEO, and they probably don't even know the symbol or logotype. People believe Sony has innovative electronic equipment and they often remember the company for the Sony Walkman.

Environments also play a vital role within a corporation. A new luxury car appears better in a showroom than in a barn. Many areas play a part in creating the environment: advertising, instruction manuals, brochures, the salesman and what the consumer expects from the company after the sale. According to Olins, "Most important, even if the products themselves are full of character it helps if the identity is symbolized and ritualized with names, graphic devices and

other elements. The Jaguar name and symbol, for example, are intended to symbolize all the speed, power and beauty that we associate with the company's products" (Olins, 29).

The information a company provides whether it be external or internal is a valuable part of corporate identity. As described earlier, instruction manuals that a consumer receives with a product affects that company's image. If the manual is difficult to understand, or even incorrect, the individual's perception of the company will turn negative and he will probably not buy from that organization again.

Finally, the behavior of the company's employees to other employees and the people outside the company help form corporate identity. When people call up a company and someone is not helpful on the phone or does not understand their needs a negative image will be formed about the company as a whole. In a matter of minutes one employee can affect the whole image of a company. These four separate activities can create either a positive or negative image in people in and out of the company. "The entire corporation communicates in everything it does all the time," Olins writes.

“The fact that the company exists at all is itself a form of communication” (Olins, 29).

Olins goes on to discuss creating an identity program. He says that corporate identity programs are emerging as major areas of change and that high visibility of the corporate identity can create a turning point in a company's life.

According to Olins, there are three themes that corporations are concerned with in expressing their corporate identity:

1. **Coherence** - The organization wants to present itself as clear and comprehensible. It wants its different parts to relate to each other so that people can find their way around its divisions, companies and brands.
2. **Symbolism** - The organization wants to symbolize its ethos, its attitudes, so that everyone who works for it can share the same spirit and then communicate it to all the people who deal with the organization.
3. **Positioning** - The organization wants to differentiate itself and its products from those of its competitors in the marketplace. (148)

These three themes can be used separately and together.

However, Olins warns that these areas are often misunderstood or not utilized enough. Corporate identity practitioners are just now beginning to use the many resources they have.

Professionals that deal with corporate identity and image are not supported by the world's major business schools and these professionals are uncomfortable with corporate vocabulary.

Olins says, "Until relatively recently many designers seemed frightened to emerge from their own cozy little world, to learn new skills and broaden their horizons by developing non-design disciplines" (148). However, corporate identity is a rapidly growing professional discipline. When companies respect and understand the need for a strong corporate identity, great changes can occur. Companies find that more and more they need to rely on an identity consultant when they are dealing with an identity or image problem. Olins says that the problems companies face often deal with confusion with coherence, symbolism and positioning.

At Aston University in Britain a new Vice-Chancellor, Sir Frederick Crawford, arrived to discover an image problem. A 1980 article stated that Aston University looked like a penitentiary. The article went on to say that if no one else would take you, (as a student) Aston would. The university had low morale among staff and students.

Vice-Chancellor wanted to make immediate changes. Sir Frederick cut down on students and worked on establishing academic excellence in students, teachers and research. He publicly announced that his goal was to create a top technological university.

However, due to the school's bad reputation and the appearance of the campus it was too difficult to attract the staff and students needed to make this transformation. Sir Frederick soon decided that in order to achieve his goals he needed to change the university's image. It was important to change the appearance of the facilities and improve academics at the same time. Sir Frederick knew the school would not grow if the campus did not look better.

Some corporate identity consultants were appointed. Research was the first step. A study was conducted to see how Aston was perceived by the financial grant authorities, the Department of Education, other universities, career teachers in other schools, local community and elsewhere. Through the research the consultants discovered morale was low at Aston. Individuals inside Aston explained how they felt about the

other schools, local community and elsewhere. Through the research the consultants discovered morale was low at Aston. Individuals inside Aston explained how they felt about the school and made many suggestions for change. They wanted the school to be a top technological university. They wanted activities coordinated with the landscaping, buildings, signs, graphics and information materials.

The proposal was accepted and the program soon began. Every development that was implemented had to do with Aston's identity. There were new buildings and roads and new brochures. Everything was filled with new symbolism. One thousand trees were planted and the entire facility was re-landscaped. Two sky lights gave the university a high-tech image. Thirteen buildings were taken down.

After these changes the same newspaper which wrote an article stating that Aston was comparable to a penitentiary said, "Aston is physically unrecognizable as the same campus. It is probably the leading university in the UK in its application of information technology and highly qualified students clamour to get in" (Olins, 157). Standards have steadily

increased for the school. Better teachers and students have come to Aston. From these results, it is evident that slowly but surely the image perception and credibility have increased and become positive. However, the image changing process was slow. Olins said, "Aston will not become an M.I.T. overnight. But the crawl has evolved into a walk and is even developing into a sprint. It may take a generation - universities sometimes move slowly - but the impetus is there" (Olins, 153).

The three themes Olins discussed were central to the Aston University example. "Coherence" is the visual style the school is presenting. There was a definite problem here, because so many individuals and outside institutions perceived the school as ugly and out of date. Personality or "symbolism" also had problems. Aston's personality should symbolize the school's attitude so people can have a spirit of communication. This area was indeed lacking. The employees, staff and teachers of the school all knew the problems, but no one was able to communicate and morale just kept decreasing. "Positioning" was also a theme that was confused at Aston. Aston needed to differentiate itself from other schools and display qualities that

would attract students, teachers and grants.

Managing a Crisis

A major problem occurs when cyanide appears in a well known pain reliever or meat is poisoned in a popular fast food chain or an oil spill causes major environmental damage. All of these problems and many others put the public relations department to the test and there is never a warning when a crisis is on the way.

According to James Gregory, "The possibility of disaster striking at any time is one very good reason to be sure your corporation has a well-defined, positive corporate image. It's a sound investment, an insurance policy against the unpredictability of the future" (172). Two separate companies approached a crisis effectively in two different ways. First, by examining the well-known Tylenol tragedy, we can see how effective a strong image and good planning can sustain a company and save the public's perception.

In September 1982 five deaths were traced to cyanide.

Gregory says, "The company's excellent public image created a reservoir of goodwill" (Gregory, 172). This goodwill reservoir, along with the quick response from Johnson & Johnson, saved the Tylenol name. All Tylenol capsules were immediately removed from stores throughout the United States and advertising quickly stopped. From the beginning open lines of communication were made available for the press and the general public. After two months Tylenol was reintroduced with a new tamper-proof packaging and coupons to enable customers to replace old bottles they might have. Within about three months Tylenol was gaining ground and almost back to its market position that it held before the crisis. "Fast, bold action coupled with a long-standing corporate image of public trust helped Johnson & Johnson bounce back in a relatively short time from a tragedy that might have left permanent scars" (Gregory, 173). In 1986, just four years after Johnson & Johnson dealt with the cyanide poisoning, another death was connected to Tylenol capsules due to poisoning. The product was withdrawn again, advertising was focused on withdrawing the product and production was stopped. Tylenol soon came out

with a tamper proof caplet form and introduced the product to the public.

In the same year Gerber Products Company, the largest U.S. baby food producer, was faced with rumors that glass had been found in its baby food. Gerber believed that these charges were false and kept its product in the marketplace. Gerber saw these rumors as not a problem with quality, but as a public misperception.

When examining the two cases it becomes clear why the companies dealt with their situations in different ways. First, people actually died in the Tylenol incident, while in the Gerber incident the worst problem (that was not verified), was a cut lip. Also, Tylenol poisoning occurred in the same area, five deaths in Chicago in 1982. The baby food complaints occurred in 40 different states and over half of these people called the media first. James Lovejoy, Gerber's director of corporate communications said, "Media myopia ignored the overall picture and reporters were only interested in the local angle of specific claims on which they often had more information" (Gregory, 173). Tylenol was also a single brand and Gerber's

complaints were coming from several different products. Lovejoy continues his analysis by saying, "To resale one or more products as a public relations ploy to demonstrate concern without documented proof of the cause of corrective action, clearly would only confuse mothers and would betray our employees who are totally committed to maintaining Gerber's heritage and being unexcelled in quality control" (Gregory, 174). The main similarities between the two cases was the timing. The first Gerber complaint came just three days after the Tylenol poisoning in 1986. This timing cast doubt at Gerber and with the press. But, Gerber did take the first incident seriously. The Gerber lab and New York state health officials tested the products. However, before the tests were completed the press pressured stores into taking Gerber baby food off the shelves. After the news spread copycat complaints started all over the United States. Gerber noticed immediately that there was no pattern to these complaints by product, shipping point, warehouse or manufacturing. Lovejoy said, "We

adopted a no-recall strategy unless justified by the facts. Based on research showing the FDA enjoys higher credibility than any company...we also decided our communications efforts should rely heavily on the agency's data and spokespersons to present the truth on baby food safety. While continuing to respond to local press calls that totaled up to 80 per day, we kicked-off a pro-active communication effort" (Gregory, 174). Gerber made sure to notify all the important areas in and out of the company. Gerber's 700 person sales force dealt with the media situation and their consumers individually. News releases were faxed and mailed overnight. Trade magazines became supportive of Gerber after they had all of the facts. "Key to the entire program was an aggressive consumer communications effort to stop the erosion that research said was taking place within the customer base" (Gregory, 175). After the incident a direct-mail message was sent to 2.6 million households, about 250,000 responded and three-quarters were favorable. Within a few months after the first glass was reported, operations at Gerber were returning to normal.

No matter how strong a company's image is or how



prepared the organization is for an unexpected situation it cannot prevent a crisis from occurring. A well organized plan helps in a crisis, but the management and the company as a whole still has to execute the plan well. Each situation is different. Tylenol and Gerber approached their situations in a different way. "One rule holds true no matter the company, no matter the crisis: the better prepared the corporation may be the better its chances of surviving the blow" (Gregory, 179). Gregory suggests six steps to follow to help a company maintain control of a company's future when disaster strikes:

1. **Be prepared. Have a plan of action.**

We are in an era of corporate crisis planning. Few companies today would consider not having some kind of action plan should an emergency arise.

2. **Build a crisis management team.**

A trained team of key executives and technicians representing fundamental disciplines of the corporation, should be on call at all times. These are people who will know what to do. They will know how to deal with and modify hostile media and other groups.

3. **Respond quickly but not hastily.**

Prepare a crisis communications plan that can be put into place quickly. Make sure several people are aware of the plan, so everything does not hinge on one person, who might not be reachable

in an emergency.

4. **Work cooperatively with the media.**
You need to media on your side - or at least neutral. You may need all the support you can get and the media can help you get it. They are vital to telling your story to government, financial, consumer and other influential groups.
5. **Don t Panic.**
You need to be able to assess the situation and make the right moves without letting potential disaster panic them down blind alleys.
6. **Take out image insurance.**
In this day and age, when almost anything is possible if not probable, it seems only good corporate sense to be prepared for the unpredictable worst. (179-181)

Johnson & Johnson and Gerber followed these basic steps.

Jack O' Brien, former president of McNeil Pharmaceuticals, a Johnson & Johnson company, said, "When a crisis develops, corporations don't have time to work out these details. Being prepared and involved with your target audiences and the media invariably results in a faster recovery of your credibility - and ultimately your corporate image" (Gregory, 180). Both companies had a crisis management team and responded quickly. Furthermore, both corporations cooperated with the media. Johnson & Johnson made the decision immediately to

answer all questions for the media. Gerber also was constantly trying to inform the media of the facts. Finally, neither company panicked and they both had a strong corporate image to keep their products out in the market place after the incidents.

Gregory does not believe that there is only one way to deal with a crisis. He wants companies to choose a plan that fits their needs. And above all, he suggests, a company retain a positive image so that the company has a strong foundation during a crisis.

James G. Gray wrote a book titled, "Managing the Corporate Image." He also studied the Tylenol case. Gray agrees with Gregory that one of the main factors that helped Tylenol survive was the strong image the company had before that tragedy. Gray said, "Johnson & Johnson's willingness to accept responsibility for the tragedy and to communicate with Tylenol users guaranteed that the company image endured intact" (23). Gray went on to say that the message to the public was to "trust us" and that's what actually made this plan work, was their forty-year-old credo: "Every decision made in response to

the Tylenol crisis rested in the corporate philosophy of doing business by putting the interest of the customer first” (23).

Two factors were vital in the company’s plan: being open and responding immediately. David R. Clare, Johnson & Johnson’s president and executive committee chairman also referred to the company credo: “Crisis planning did not see us through this tragedy nearly so much as the sound business management philosophy that is embodied in our credo. It was the credo that prompted the decisions that enabled us to make the right early decisions that eventually led to the comeback phase” (Gray, 25). The credo is a four paragraph document written by Robert Wood Johnson. Gray believes this was the foundation that held the company together and led it to make solid decisions to sustain its long standing image.

A case study by Keith C. Humphreys offers similar suggestions for crisis planning. Humphreys doesn’t believe you can thoroughly be prepared for a crisis, but agrees with Gray and Gregory that it is essential to have a plan. However, Humphreys says that companies should not build a plan for every possible situation. A good plan has built in contingencies

and works toward providing the structure and elements that can be used by management or others in the event of a crisis. Humphreys says that there are two basic objectives in a crisis. First, manage the situation so that losses or negative results to human or other tangible/intangible assets are minimized. Sometimes a crisis can be prevented or possibly negative results can have positive outcomes. Secondly, always communicate with employees, customers, directors, shareholders and the public so that these audiences maintain trust in the company. With these two objectives Humphreys believes that a useful plan can be formulated with three guidelines:

1. A clear statement of purpose, which includes goals and objectives the company expects to achieve through implementing one or more pieces of the plan.
2. An information release policy should assign selected officers company authority to speak for the company under various circumstances. All employees must know that no one else has that authority.
3. A section of the plan should be devoted to outlining the types of crisis situations most likely to occur, with an explanation of who does what, when and sometimes how. (35)

Durfee Attleboro Bank in Fall River, Massachusetts has specific plans for natural disasters, print/electronic news stories, rumors, employee/family kidnapping or hostage situations, lawsuits, robberies and negative financial news. For other situations not covered, Durfee Attleboro has a section in the manual for general preparedness for disaster recovery.

With a well organized plan the individual in charge of crisis management will be able to refer to one book to know how to handle a crisis. "The crisis management plan affords the decision maker(s) and all employees who have key responsibilities the maximum amount of time possible to concentrate on managing and controlling the event itself, rather than trying to think through possible responses and searching for information" (Humphreys, 35).

Employee Relations

Many authors write about the importance of employee relations for corporate image and identity because employees

often perpetuate an image of a company. First, as Gregory says, what a company clearly communicates to its employees, they in return will tell others in their communities. Employees need to feel involved in their company and become knowledgeable about their company's future direction. The more the employees know and the more that is communicated to them the more they feel a part of the company. Gregory says, "Informed workers can project a positive image for your company within their own communities. One can hardly expect outsiders to accept as truth what company employees do not understand or believe themselves" (Gregory, 184). Good employee relations can maintain a positive image in their community. People always talk about their jobs. If a company has bad employee relations the company is just creating a bad reputation among employees and their surrounding community. Organizations need the support of their community. An organization's community includes the media, authorities and consumers. A business needs the community to have a positive perceptions of their company and the community definitely wants the company to do well and

prosper in their area. Gregory says this can become a very involved and complex relationship because companies have to deal with social welfare and environmental and political concerns. "Consistent image advertising, backed by employee goodwill, does much to achieve the desired relationship by informing the community about products and services, company policies and goals, and company concerns and awareness" (Gregory, 185).

Image advertising can be a great way to create or sustain strong employee communications. Companies can encourage their employees to feel good about what they are doing for a living. *Reader's Digest* used image advertising to maintain goodwill with its employees. The ad campaign *Reader's Digest* developed tells businesses and advertising executives some facts they may not know about the company. This campaign also informs employees and makes them feel proud of their company. During the campaign people, including employees, were surprised to learn that *Reader's Digest* was a global publisher and one of the world's largest direct mail marketers. Furthermore, the ad campaign also wanted to show employees

other products and services within the company. According to Gregory, "The company wants employees to understand the basis of the *Reader's Digest's* product line and why it is an expert at what it does and wants them to be able to articulate the concept and have a sense of pride in their company" (Gregory, 185). The ads were four-color pages using the headlines Banner Business (Index-3) and "Local Accents." (Index-4) The copy explains that the magazine is a "consummate international publication" and that's only part of what they do. This campaign continued for several years and continued to be important to employees as well as other businesses.

Successful employee relations can also be important to a company competing for and in obtaining new employees. Gregory believes that an image program says to potential employees, "This is a company worth looking at, a company known and respected by its peers, its industry and by the general public" (191).

Coors Brewing Corporation is aware of how to use image advertising to effectively recruit employees and maintain

strong employee relations. Key areas in Coors' image advertising are professional growth, environmental progressiveness and moderation in use of their products. A Coors' ad which ran in *Colorado*, a magazine in Colorado, and other national publications demonstrates that Coors cares about the community and about their employees. The headline to this ad says, "Coors Touches us all." The copy reads in part:

Coors is making a difference. In the lives and economic security of its 10,000 employees and almost everyone else who lives in Colorado...more than 1,000 charitable, civic, educational and other organizations in our state received \$3 million plus in contributions from Coors last year...Coors volunteers donated 34,000 hours of their own time...Coors is not just committed to making a great beer. It's committed to making a great Colorado. For all of us.

Gregory believes that the three-way combination of company, employees and community are unbeatable. Coors understands this concept and tries to perpetuate this image daily in their corporate environment.

Harold H Marquis wrote a book titled, "Changing Corporate Image." Marquis also believes you can attract employees with a strong, reputable corporate image. Some business are definitely

considered better places to work compared to others.

Furthermore, many employees do relate their success to monetary rewards. Many individuals look for advancement and recognition with a successful company and good working conditions. Marquis said, "If a company is successful, growing, recognized as a leader, and steadily seeking new fields to conquer, it attracts desirable employees" (Marquis, 24).

However, the reverse is also true. If a company has fallen on difficult times and is projecting a negative image it is difficult to find qualified employees and the company may also lose some key personnel. A difficult situation for key employees is going through changes with a company, such as mergers, downsizing or when a company relocates. In these situations the company needs to effectively communicate with employees and the media. So many companies decline to communicate that they create a negative reputation. Marquis said, "This would seem so obvious a mistake that no firm would commit the error, but some have. If employees are first told about the firm's plans for transfers to another plant or efforts to arrange local jobs, there can be a feeling of mutual cooperation"

(Marquis, 145). A pending strike can cause a company to have serious image problems, even if the strike does not take place. When the word leaks out that a company may be involved in a work action, customers start looking for another company to do business with because they do not want to be involved directly or indirectly. If a company has a union, information about a strike usually comes from the union itself, not the company. In these circumstances the company has little opportunity to handle the bad publicity that they receive. Marquis said, "In a community and, to some extent, in the corporation itself, its image will be affected by the personal expressions of employees. This is one more instance where person-to-person recommendations or denouncements are stronger than mass communications" (Marquis, 146). The more quickly and accurately employees receive information from management the more confident employees become when they face change and the better image is ultimately portrayed.

Companies who are looking for hard-to-find scientific or technical employees advertise their projects and accomplishments, not just salaries, to interest top professionals.

A study was developed through employment advertisements to see the effectiveness of different methods. Most men in the survey said that opportunities for advancement and interesting work were the most important considerations when seeking employment. Other concerns expressed were the living conditions, climate, technical universities, schools for children and tuition reimbursement for additional educational training.

Clive Chajet wrote an article in *Executive Excellence* explaining why employees are image shapers. Chajet said, "Since the image of your company is largely shaped by those inside, you will need to involve all employees to change it" (Chajet, 18). Chajet believes that it is important to first define corporate culture before examining what employees do within this culture. He defines corporate culture as the sum total of the conversations in a company and the image these conversations create. These conversations include everything from a memo from the president to the simple traditions an organization follows. Chajet says, "Enlightened leaders create their companies around the power of their employees, leveraging their culture as a corporate asset" (18). Chajet also

believes that today too many companies look to the outside to see how their image is portrayed. However, companies should realize that outside audiences are largely effected by the people inside the organization. No matter what position employees have, each has two jobs. One is to fulfill their job requirements and the other is to convey the image of the company. Chajet says that enlightened executives understand a fundamental truth, "You are what your employees believe you are" (Chajet, 19). PepsiCo's D. Wayne Calloway carefully examined his company's affirmative employee involvement. He has granted stock options to all employees. He also has reviewed changes in hiring and is making employees feel involved in their company by holding "SharePower Rallies."

Even though innovative executives like Calloway look at employee involvement and make changes to better employee relations, problems still persist. One problem is that companies assume that the employees already know information about the company and changes that take place. Chajet says, "Although companies regularly undertake broad-based customer focus or total quality programs, these concepts too

often remain mere buzzwords to employees” (Chajet, 19).

Another dilemma is the traditional methods that are instilled in corporations. Many companies still believe that strategic decisions are made at the top. This attitude perpetuates the notion that employees need not even be involved.

Corporations need to understand the importance of employees in relation to corporate image if they want to sustain a positive image, through any situation. In the Tylenol tragedy, Johnson & Johnson found that employees are the place to embody the company's beliefs. According to Chajet, “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 feel they have a role in making it happen” (Chajet, 19).

CHAPTER THREE

Selective Review and Evaluation of Research

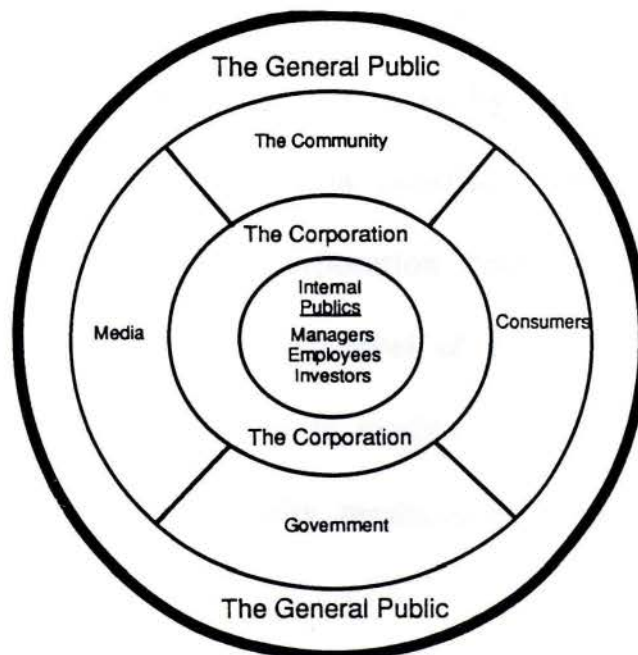
According to Socrates, "The way to gain a good reputation is to endeavor to be what you desire to appear" (Sobol, 131). Establishing a corporate image requires organization and long-range planning and this should be an important part of the total management plan of the company. Companies must think long term and ask themselves what will our company be like in 10, 20 or 30 years. If image is to be established by the public relations and/or communications departments, these individuals need to work closely with management. The areas of the company which are in charge of the company's image and identity must know the direction the company wants to take in the future.

Management should consider the transformations that will occur within the company, their industry and the marketplace. Marquis says, "It will not be possible to set objectives that are based on present conditions and feel certain they can be accomplished. An ironclad policy and inflexible corporate image can easily become obsolete after the inevitable swift changes take place" (Marquis, 3). For example, just by looking back over the last 50 years, companies can see that there have been great technological advancements, social change and economic change. Today, society is not as worried about building new cities, as they are worried about protecting them.

Examine the affects that the civil rights movement had on the future of a company. Will a company that is successful today be looked upon the same way in five years if they discriminate? Marquis says all speculation about the future is part of planning and planning takes its final shape in a corporation's image. It is important for companies to think about how much of their image will be shaped by management and how much by outside.

Below is an example of how external and internal publics

interact with the corporation to form the total image. Gray believes that the corporate image is a composite of perceptions and attitudes in these publics. The internal publics include managers, employees, investors and others inside a company. The external publics include the community, consumers and customers, the government and the media. Outside the external public area is the general public. Each area effects another area. Gray says that these external and internal publics interact to form the total image picture.



(Gray, 5)

Gray says, "Corporate image is more than the product of a phenomenon of mob psychology. Corporate image results not so

much from a single attitude held by the public at large, but from a mosaic of attitudes formed in the minds of those in close contact with the corporation" (4). As stated in chapter two in the discussion of employee relations, corporate image formation begins with those inside the organization. Gray believes that those on the inside include, foremost, the employees. The image employees have of their employers spreads into the local community and beyond. A company's image goes through the community, consumers, suppliers, investors, the media and the government. The corporate image is subliminally absorbed. Gray continues by saying, "Those inside and outside the corporation constitute small publics whose interactions with the corporation contribute to the total image picture. At the most basic level of doing business, these publics decide if a corporation is credible and economically stable and if it produces quality products and reliable services" (Gray, 4).

A company cannot exist without a positive image. The image might have been created carefully by design and closely watched by management or arrived at involuntarily to either a

positive or negative image. Marquis says, "Opinions of a company may be accurate or mistaken, but the opinion will always exist" (Marquis, 7). There are two areas that Marquis believes companies should take advantage of to make their company better than another: (1) advance planning and (2) deliberate interpretation of a company's accomplishments. If one company has aggressive and progressive policy through qualified management they can rise above the marketplace and beyond their competitors.

For example, in the mid 1960s two oil companies had similar positions in the marketplace. Both were fairly small and had a regional territory and were focused more on production than marketing. One company, company A, had grown conservatively. Their major acquisition had been a real estate holding that was slowly developing. The company had other investments which included oil and gas production in new locations. As for their communication efforts, they informed stockholders that until their accomplishments had increased substantially, no more mandatory information would be issued. Their corporate decisions received little publicity and although

earnings had improved, there were no large increases in profits.

The other corporation, company B, soon became one of the fastest growing companies in the United States. There were a number of acquisitions. Company B discovered oil abroad and adopted an aggressive policy of growth. Its publicity and financial public relations departments continually maintained a feeling of excitement. Any move the company made was reported to the press. Its stock soon became one of the most actively traded, which created the possibility for future business activities and even more publicity. Marquis notes that Company B's corporate image program was not the most important reason for its growth. Rather, "What has been demonstrated is the close relationship between management policies and image" (Marquis, 8).

On the surface it seems as though employees view the company they work for as a just a job. However, an individual depends on a company for economical stability, self worth and the desire and need to plan a future. If the company goes out of business or lays off employees the workers are directly

affected. Within the last several years there have been steel plants closing in Pittsburgh, Pennsylvania and Weirton, Virginia. After receiving the news about the closings, employees felt abandoned and were hostile towards management. These feelings were soon felt throughout their communities. Soon, other businesses were feeling the burden of the weakened economy. Homes lost value and banks foreclosed on mortgages. The leaders in these areas stood by and watched their towns decline. Schools and churches closed and governments were left without leaders. People perceived these companies as extremely selfish, only out to make profit.

Management's Role

The corporate image of a company depends on the chief executive office (CEO) and other top management officials. According to Marion Sobol, "The chief executive officer is the voice of the corporation, a voice that reflects the image of the entire organization" (Sobol, 65). The CEO becomes a spokesperson for the company and is relied on to define, mold

and communicate the company image and identity. Sobol believes that part of this task is to make sure the corporate policies display the corporation as a credible, open business which cares about public expectations. Sobol spoke to CEOs and public relations practitioners of large and small companies to find out their views on corporate image and reputation. These five areas were discussed:

1. Where do they get information about corporate reputation?
2. What are the most important audiences for corporate reputation programs?
3. What are the key things a company can do to enhance reputation?
4. What are their key rankings of the eight *Fortune* attributes of corporate reputation?
5. What is the influence of corporate reputation on labor, finance, sales and community? (Sobol, 66)

Regarding the first area, information about corporate reputation, most CEOs said their information was obtained from personal experience. Al Casey, former CEO of American Airlines, said he usually takes one airplane trip per day. Another CEO of a lumber company said he talks to competitors to see how his

company compares to his competitors in his industry. The second most popular way to gain information on the company's reputation is through reports by market analysts (such as Shearson, Goldman Sachs and Eppley-Guerin). Most analysts specialize in a particular industry and have a strong feel for the trends. Another important way to receive information was derived through, "word of mouth." However, some CEOs and public relations practitioners believe that often this feedback is negative because usually management only receives feedback from customers and employees when there is a problem.

CEOs did not use much research on media coverage or focus groups and PR people did. From this Sobol states, "The PR people might do to enlighten CEOs on the possibilities of content analysis and media research in assessing reputation" (67). However, CEOs did use other forms of objective measurements, which PR professionals did not mention. An example of an objective measurement used by CEOs in the airline industry for instance, would include on-time performance of airplane departures and arrivals. There is a downfall to this area. The CEO might be aware of an excellent area within the company

but the potential customers might not. CEOs and top management need to work together with the PR department so that these areas of excellent performance are advertised to the public.

The second area of discussion answered the question of, "What are the important audiences for corporate reputation programs?" CEOs had varying answers. Most said that the customers were the most important. However, employees and stockholders were also mentioned frequently.

The third question was, "What are three key things a company can do to enhance its corporate reputation?" Stan Rabin, CEO of Commercial Metals said the three important areas are: credibility, integrity and reliability. Another CEO stated that the most important areas in his company that are needed for a strong corporate image is producing quality products and being aware of employee's needs. (Sobol, 68). The two areas mentioned most frequently were quality of the product and/or service and reliability. Rod Canion, former CEO of Compaq Computers has a definition of quality: "Quality isn't whether or not your products work. Quality is how people do their job.

Quality is defining your job and then meeting the expectations. When you do that, you raise everyone's consciousness that everything is important. Every piece of the company is important" (Sobol, 68)

The next question asked was, "Rank the importance of the *Fortune* survey reputation attributes." Below are the results from both CEOs and PR practitioners. These areas were ranked from 1 to 8, with 1 being the highest ranking.

	<u>PR</u> <u>Average Rank</u>	<u>CEO's</u> <u>Average Rank</u>
1. Quality of Products and Services.....	1.5.....	1.75
2. Quality of Management.....	2.5.....	4.1
3. Financial Soundness.....	3.7.....	5.2
4. Ability to Attract and Keep Talented People.....	3.8.....	5.2
5. Innovativeness.....	4.8.....	2.8
6. Long-term Investment Value.....	5.4.....	3.2
7. Community and Environment Responsibility.....	6.4.....	7.6
8. Use of Corporate Assets.....	7.5.....	5.2

Quality of products and services is most important in both

areas. The second most important area for CEOs was innovativeness. However, this probably means that CEOs want innovative leaders and managers. This is ranked 5th for PR specialists. Professor Andrall E Pearson, Harvard Business School, who was president of PepsiCo for 15 years says,

What distinguishes outstanding competitors from the rest? First, they understand that consistent innovation is the key to a company's survival. Being innovative some of the time in one or two areas, just won't work. Second, they know that the most powerful changes they can make create value in their customers and potential customers. The result? Competitive companies constantly look for ways to change every aspect of their business. Then, when they've found them, they make sure they translate those changes into advantages customers will appreciate and act on. (Sobol, 69)

CEOs choose long-term investment value as the third most important area and PR personnel ranked this area sixth. However, PR people understand the importance of the finances of a company and ranked financial soundness third. CEOs seem to focus more on the market value of a company and the long-term future.

CEOs said that the quality of management was the fourth most important and PR personnel ranked this area second. According to Sobol CEOs seem to be underrating the importance

of their own work.

The next area was a three way tie for CEOs between financial soundness, ability to attract and keep talented people and use of corporate assets. PR personnel ranked two of these areas higher. PR specialists tended to believe financial soundness and the ability to attract and keep talented people was more important.

Finally, community and environmental responsibility were ranked last. However, even though these areas were ranked low, if a environmental problem did occur priorities in a company would very likely switch their emphasis to the problem at hand.

After discussing these eight attributes, the final question is raised by Sobol, "What is the influence of corporate reputation on labor, finance, sales and community?" These four areas help determine where a good reputation can help a corporation. If a company has a strong reputation it may be able to hire more qualified workers and pay them lower salaries. Financing can also be easier if a company has a good image. Product sales may require less advertising because the public is already

aware of the strong corporate image. Community relationships can also be easier. Out of all of these areas the most important for both CEOs and PR personnel was better quality workers. Within this area increased employee loyalty and larger selection of potential employees was also important. CEOs and PR people seemed to agree in some areas, while differing in two areas. PR personnel give all the outcomes of what a good reputation can do for a company higher importance than CEOs. PR specialists are more impressed with the value of a good reputation than the CEOs.

James Gray Jr examines Lee Iacocca's role as a CEO. Iacocca as CEO of the Chrysler Corporation led the Detroit automaker out of bankruptcy. Iacocca was fired from Ford Motors and hired by Chrysler to guide the company's recovery efforts. Iacocca convinced the federal government to bail out Chrysler with almost a billion dollars in loans. These loans have now been repaid and were repaid well in advance of their due date. According to Gray, "The Chrysler recovery story is intrinsically tied to Iacocca. Beneath the public guise, Iacocca analyzed the public's car-buying habits, offering the Chrysler market

smaller, gas-efficient models. Against all the odds of turning Chrysler around, he persevered and won" (Gray, 72).

In a television special titled, "Lee Iacocca-An American Profile," Iacocca was portrayed as the CEO of Chrysler and a man of privacy who cared about his family. Gray says, "Iacocca's virtues as a private man stand in almost direct contrast to his public image as the hard-as-nails, front-seat leader of an American auto manufacturer" (Gray, 71).

Iacocca utilized the advertising knowledge at Chrysler and also appointed another agency, Kenyon & Eckhardt. Iacocca wanted the public to understand two points. Quoting Iacocca from his autobiography, "We had to let people know two things - first, that we had absolutely no intention of going out of business, and second, that we were making the kind of cars America really needed" (Gray, 9).

As in Iacocca's case, the CEO is usually the central focus of public opinion in any corporation. Even though CEOs hold an image of importance and power there are problems that persist in the public's perception. Many people believe that the CEO's main interest is making a profit. This public opinion is often

reinforced by the media which displays the picture of CEOs gaining power through increased profits. The public sees this as their sole ambition. Iacocca is an example of one CEO who developed his own image through a conscious campaign and whose company benefitted as a result.

Nevertheless, as Gray says, "America's corporate executives are suffering from a reputation of being too greedy and concerned only for the rewards of business. Mergers and acquisitions are perceived as further encroachments of big business over the little guy" (Gray, 73). The increase in takeover has also led to "golden parachutes." A golden parachute is a large payment that is made to a company executive when they leave a company. One of the best known golden parachutes was a \$4 million payment made to Bendix who was the chairman of Bendix-Martin during a takeover battle. The public usually sees large company executives as not even aware of the common man. Furthermore, the public believes that an executive would sacrifice public interest to gain more profit and growth. David Finn, chairman and cofounder of Ruder & Finn, Inc one of the largest public

relations firms in the world said the CEOs, "don't seem to know how to fire the public's imagination with enthusiasm and excitement about life's potentialities. They rarely inspire public confidence in their judgements about how to cope with great social problems. They don't propose goals for mankind to which all can aspire" (Gray, 74).

Given these concerns that the public has about corporations, it is essential that CEOs and other top management executives strive to change this image. CEOs need to consider the importance of their role in establishing and maintaining a strong image so their company will be perceived in a better light by the public.

CHAPTER FOUR

Results

This chapter presents the results of my study of the best ways of developing a corporate image. It focuses on the importance of research at the outset, the role of the CEO and on communications between CEO, management and employees and the need for crisis planning.

An article titled, "Ten Easy Ways to Lose Your Customer's Trust" written by Earl Naumann displays the importance of a company caring about its image. According to Naumann the best way to lose the customer's trust is to produce poor quality products. The next best way is not to worry about corporate image. Naumann's article discusses several examples of companies who have abused their image and then states that too many examples of a declining corporate image exist. He

says it doesn't matter what the situation is, whether people are discussing the Exxon Valdez or the bad hamburger meat at Jack-in-the-Box, the company's image has been effected. Naumann says, "The trust of customers is closely tied to the corporate image" (Naumann, 32).

Successful Image Campaigns

After studying different image plans and techniques by several authors and realizing that every company has different image concerns, I concluded that Gregory's six guidelines are the best to follow for a successful image campaign. These six guidelines are:

1. Perception
2. Direction
3. Know Thyself
4. Focus
5. Creativity
6. Consistency

The first guideline is to realize that perception is what really counts. No matter if the perception is reality or not. What the public believes is what a company should be concerned about. The second point to examine in a company's image campaign is the direction the campaign will take. As described in chapter three it is important to involve top management. According to Gregory, "Direction for an image campaign should be established at the top - usually by the CEO" (Gregory, 22). The CEO should understand the company from all viewpoints. Through this vantage point the CEO can deal with conflicts between different departments, keep the campaign focused and allocate the budget needed for the image project.

The third guideline is, "Know Thyself." I definitely agree with Gregory. Gregory says, "You've got to know who you are before you can decide where you're going" (Gregory, 22). Through initial research a company must know what their image is and why they need an image campaign. Furthermore, a corporation should "know thyself" all the time, not just at the beginning of an image make over. Research should be conducted before, during and after. Research will be discussed

later in this chapter.

The fourth step is to "Focus." The image program should be focused to a particular audience. The organization should know who it wants to reach, what its target audience's current perceptions are and understand that the audience perceives the company in a certain light. If an organization understands its audience and is focused it will clearly influence perceptions better.

The fifth guideline is to be creative. A company needs to examine what it wants to say to its audience and what element will appeal to this audience the best. This specific appeal should be remembered and make people want to go out and buy this product and/or service. Research is again important. A company needs to know its audience well enough for this step to be effective at all.

The final guideline to a successful campaign is, "Consistency." Once again I agree with Gregory. Gregory believes that creativity and consistency go hand in hand. As illustrated in chapter two with the Chemical Bank example, too many companies give up on their image campaign before the

audience has even had time to notice it. If image campaigns change too frequently communication problems can occur between the public and the company. A company needs consistency to maintain an image. Gregory says, "The execution of your advertising, or the *how* of it, must be dependent upon the answers to *who* and *what*. By nature it must involve not only consistency of theme but also exposure, or your entire investment may be wasted" (Gregory, 23).

Du Pont's Image Campaign

Gregory believes that Du Pont is probably one of the oldest examples of a corporate campaign that is still in service. The company's original advertising campaign started in 1935. Its campaign started on radio, later went on to television and has also recently started using print. Gregory believes that Du Pont's success has been due to establishing and focusing on one objective. Gregory says, "All this time Du Pont has used corporate communications to achieve one objective: to teach the American public the real nature of its business, creating a

favorable image for a long line of products with very limited public visibility” (Gregory, 19).

During World War I Du Pont supplied military explosives to the British and French governments. They made large profits from these war related sales. These actions created negative publicity. At this time the public thought of Du Pont as the “merchants of death.” After the war Du Pont did not have an identity, except for the perception that their company was the “merchants of death.” Roy Durstine, creative director at Batten, Barton, Durstine & Osborn, created a proposal. He suggested the company create and sponsor a weekly radio show, dramatizing incidents in U.S. history, titled, “Cavalcade of America.” Later he introduced the slogan, “Better Things for Better Living.” Du Pont added to this slogan and created, “Better Things for Better Living Through Chemistry.” The radio show became a weekly prime-time network radio hit and Du Pont had its company out in the public eye with a positive image. The radio campaign continued until 1953 when their campaign moved to television. Through this radio and television campaign Du Pont did not advertise its products like other companies. Instead, it

explained to the public what Du Pont created and what the company was about. Du Pont was also careful to constantly research their audience. Every year the company would survey a large national sample. In 1937 only 47 percent of the adult American public had a positive image of the company. In 1957 the figure jumped to 79 percent. Gregory says, "Careful research has always been a hallmark of Du Pont's corporate advertising, and to this day they spend liberally in this area" (Gregory, 20).

The Importance of Research

It is important first to examine and realize the importance of research and what guidelines companies should follow for different situations. The first step involves researching a company's current position. This begins with discussing management's involvement and what goals the company is looking for in the future. The groups involved in executing and maintaining the corporate image should agree with top management about what the company's image is and where

they want it to be in the future. Marquis says, "Self-examination may start with a review of the company's history - where and when progress was made or mistakes committed. There will be a careful look at all the symbols of identity, the visual presentation of the corporation, to see whether they accurately represent the company" (Marquis, 56). A company should examine all communications materials, including advertising, training manuals and logos to make sure the materials are consistent as a whole and with the image of the company. Furthermore, not all of this research should be conducted internally. Individuals within the company need to express their beliefs about the image problems and what could possibly be done to change these situations. If people within the company conduct these interviews those interviewed will feel pressured not to give the entire truth. Marquis says, "Research studies at leading universities show that the internal evaluation of a company's image is seldom the same as that of outsiders" (Marquis, 56).

There are several ways to approach a company's research methods regarding corporate image and identity. If a company

wants to conduct broad research with the intention of making a change in their image or identity, the best way to start would be to analyze the strengths and weaknesses. This study will reveal which areas are well known and liked and which areas are negative. Upper management should use these results to decide what areas stay the same, need to be emphasized or enhanced and what areas to change or get rid of all together.

If a company wants to examine its identity, as conveyed by symbols, trademarks, logos, signs, etc, another research method can be used. Outside researchers can survey the geographical area the company wants covered and find out if people relate a certain symbol (or another identity property) to the company and if that has positive or negative feedback. For organizations that are introducing new identities other outside trends should be examined. Marquis says, "This study should consider current trends and possible conflicts or confusion, making certain that the new name or symbol will not limit the firm at some future date. The psychological appeal of various emblems can be important. How well symbols can be applied in all means of communication must be considered--how they will look in

advertising, on stationary, vehicles, plant signs and other places” (Marquis, 59).

In conducting interviews with organizations and people outside the company, it is important to cover seven different areas. Marquis follows an important principle in interviewing these companies. When interviewing, it is necessary to ask questions regarding several companies in the same industry. In this way the individual being interviewed is not aware of what specific company is in question. Below are the seven areas that should be covered in outside research. These areas are devoted to assessing how its various publics perceive a company:

1. Research and development organizations
2. Customers
3. Editors and publishers of business periodicals in the same industry
4. Banks and other financial institutions
5. Distributors and dealers
6. Competitors
7. Major Suppliers (Marquis, 63-64)

Several examples were discussed throughout this paper

suggest that the first step is research (such as Aston University and Chemical Bank). Companies must conduct thorough research to know what changes need to be made. After this research phase is concluded, the individuals involved in evaluating this project and the CEO need to make important decisions.

An overview of CEOs and Employee Involvement in Corporate Image

CEOs do have an important role in this entire process. Without their cooperation changes will not be successfully implemented. Julie Johnson wrote an article for the magazine *Hospitals* titled, "Image Obsession: Is it healthy for CEOs?" In this article she states that administrators (in hospitals) determine their hospital's image in many ways. She reports Thomas Chapman, president of Greater Southeast Community Healthcare System in Washington, D.C. says that an administrator determines his hospital's image by his involvement in several areas. These include: "The services that

are launched and developed in the community, the degree of interaction that the hospital leader decides to have with other community leaders and the amount of collaboration and partnerships that the leader pursues" (Johnson, 56). Chapman continues by saying that the close partnership with community leaders is Greater Southeast's most important community relation tool. Administrators serve the CEO's function in an hospital environment. Administrators, just like CEOs, must be clear about the image they want their hospital to convey in their community and within their industry. Clear concise planning with the administrator, upper management and public relations personnel is again important to plan for the future and keep the public aware of the hospital's services.

In certain industries CEOs take on different roles. In the medical industry, the administrator might need to become more involved in the community. It is important the company realize within their research what role a CEO could take to achieve a more positive perception in the community. Whatever role a CEO follows, it is important that he/she is involved. The CEO should guide the image improvement

conducted, the CEO and/or upper level management will make the final decisions which effect the company's future. Wally Olins says, "The CEO should normally be the final arbiter on the identity because in the end it is his responsibility and the corporate identity will be his creation. What's more, the organization as a whole will only take its corporate identity program seriously if the CEO is seen to be wholly committed to it" (Olins, 158).

CEOs must also consider the employees and their role in their image program. As discussed earlier employees perpetuate an image about their company to their own community. If someone hears from another individual about poor management practices, a negative image results which is passed on from person to person. The Aston University example displayed how teachers had ideas to help Aston with its image problems. Through initial research the school discovered how low morale was at Aston University. After interviewing employees and teachers Aston officials learned how bad the teachers and employee felt toward Aston.

When a company involves its employees they feel more

important and their image can start to change from the inside. Furthermore, when CEOs are involved the company moves together in the same direction. These images don't change overnight, but they can change in time. The inside of a company needs to project a positive image before individuals and companies on the outside can have a complete positive image.

Companies must be Prepared

Gregory says, "The possibility of disaster striking is one good reason to be sure your corporation has a well-defined, positive corporate image. It's a sound investment, an insurance policy against the unpredictability of the future" (Gregory, 172). A company must have a plan ready when a crisis occurs. There is no way for a company to be prepared for every incident that might occur. But the company and its top officials should have contingency plan in place. To examine a company's current preparedness, a committee should be established to examine current policies. After examining these policies, the

committee should discuss several incidents that might occur and establish procedures. For example, if a natural disaster, such as a hurricane destroyed a location, or took away power, what would the company do. If one of the products the company produces was defective and hurt someone, what would the company do? After establishing these ideas the committee should create a policy manual that explains specific procedures for specific situations and the chain of command. Furthermore, it is important to explain who is authorized to speak to the press and who is not. After these procedures have been carefully set up, these guidelines should be communicated to everyone within the company.

It is also important to remember to act quickly if a crisis occurs. Tylenol acted extremely fast and was able to save their image and their product. If the public is left in the dark they will start formulating their own ideas of what is going on in a company. According to Sobol, "It must be remembered that reputation is a perception, not a fact. If firms leave the market

'hanging,' much anxiety may be created in the minds of investors and this can adversely affect corporate reputation. Telling investors the bad news may actually be a better strategy than letting them imagine what the bad news may be; they may imagine things being worse than they actually are" (Sobol, 127). To be able to act quickly in unpredictable situations, a company must be ready with a well organized plan to act within and apply to the situation.

What individuals and companies inside and outside believe should be considered the reality about a company's image. An organization needs to decide through research where they stand. By examining how employees, press, the public and organizations feel about a company, decisions can be made to change or maintain an image. Examining the impact of these changes can also assist a company in planning for the future and help the organization survive a crisis.

CHAPTER FIVE

Discussion

Chapter five will be devoted to a discussing Wausau Insurance Company's successful image campaign to exemplify how some of the key elements discussed in this paper can be applied, and have positive results. The next section will be an interview with an assistant account executive with a public relations and sales promotion company. She will discuss her company's image and why she believes a corporate image is needed. Next, will be the area that interprets the results of this paper. This section will reiterate the important points of having management and employees involved in corporate image planning and the need to be prepared for the future and a potential crisis. Then we will look at the future, and project what will be important concerns and areas of research for companies as they continue to pay increased attention to their

public image.

Perception is Reality

Most people agree that a corporation's reputation is important in the business environment. When people think about reputations they often think in terms of appearances. In a corporate society this impressionism can raise some questions. Is a company good or does it just appear to be good? What is more important, perception or reality? What do a company's customers seem to believe more, perception or reality? According to Marion Sobol, "Corporate reputation is a very important asset to a firm" (Sobol, 3). The CEO of Wal-Mart Stores, David Glass, was quoted in *Fortune* saying, "Reputation helps you with customers, suppliers and employees. Your reputation is everything and should be protected at any cost" (Fortune, 58).

Image is reality. Companies must initially understand the importance of their image before executing a plan. After an organization realizes this need and decides to establish a plan,

careful organization and research is necessary. Careful planning includes involving the CEO and employees, examining the goals for the future and being consistent. Robert W Gunderson, vice president for advertising at Wausau Insurance Companies believes that consistency is very important throughout an image campaign plan. Gunderson said,

Consistency has always been a big thing with me in my nearly forty years of doing this advertising - consistency in message and consistency in media selection. But consistency doesn't have to mean sameness. We've tried to keep our ad designs contemporary and inviting, our copy short and to the point, and our commercials lighthearted. No advertiser, regardless of the expenditure, can purchase the right to bore people. (Gregory, 31)

In 1954 Wausau Insurance Companies ran an image campaign which featured a small-town railroad depot at dusk with the headline, "How come one of the world's most important insurance companies is located in Wausau, Wisconsin?" This was the beginning of the American public's exposure to, "The Wausau Story." People were also being introduced to the Wausau depot which soon became a unique and popular corporate trademark. Nearly 40 years later, these ads are still effective. When Wausau ads ran on "60 Minutes,"

a study showed these commercials were remembered more than other larger advertisers.

This famous campaign actually began in 1953 after World War II. Wausau was trying to become involved in the national marketplace. In June 1953 the company hired J. Walter Thompson to create a more competitive image campaign. Of course the first step was to research different aspects in and outside of the company. After the research was conducted, Thompson concluded that the company was suffering from a "corporate inferiority complex." This corporate inferiority complex was due to the fact that the company was located in the North Woods rather than a large financial center.

Gunderson says, "Thompson felt we could turn the perceived disadvantage of our small-town beginnings into an asset. We could talk about accepted values of small-town America, such as home-town neighborliness and personal concern. Another asset we had was the very name of our hometown. Wausau was an unusual place name and we alone could lay claim to it" (Gregory, 33). The objective of the image campaign was to set themselves apart from other companies and create a strong

identity. Everett McNear, a prominent commercial artist, was hired to do the illustrations for the campaign. Gregory says, "What McNear created has earned its place as a classic corporate identity - the Wausau depot" (Gregory, 33). These illustrations captured people's attention.

After establishing Wausau's identity the company moved to explain their image in different parts of the country. Several ads were carried in various cities with headlines such as, "A Little Bit of Wausau on the Sidewalks of New York"; "A Little Bit of Wausau Deep in the Heart of Texas"; and "A Little Bit of Wausau in Sunny California." After Wausau established their national base they moved to another approach. In the new ads satisfied customers talk about the positive relationship and the benefits they have with Wausau insurance. The ads show how Wausau has prevented disasters and discusses ways they helped a particular company.

The Wausau story has continued to grow with careful attention focused toward image and consistency. Gregory says,

“The campaign may have been refined from time to time, but thematically it’s the same as it was when it started - building awareness and acceptance by telling stories of satisfied Wausau customers ” (Gregory, 38).

Through examples, like Wausau, companies can see how effective a positive and well established image is for the organization. Wausau was affected in the 1950s by how the people inside and outside felt about the company. By focusing on these perceptions Wausau was able to turn them around and grow.

Wausau used the basic principles of corporate identity well. Remember corporate identity is the portion of a company’s image which is seen or heard (examples: trademark, slogan, store design etc). Wausau focused on creating a unique symbol and hired McNear to create it. The trademark was so well known people wrote in for copies and hundreds of frameable prints were mailed out.

Wausau also used the basic three themes that are cited by Olins as the most important issues needed to create a strong corporate identity. These three themes are: Coherence,

Symbolism and Positioning (Example used in chapter 2-Aston University). Wausau's identity plan was coherent and did present the company clearly. The latest campaign, specifically focuses on what Wausau's plan can do for the individual client. The ads didn't focus on tragedy like other insurance ad campaigns. Wausau dealt with the positives and what their company could do to prevent disaster. Wausau's plan also contained symbolism. The company symbolized their hometown attitude in their trademark and in their image advertising. They tried, with good success, to project the virtues of a hometown. Finally, Wausau did position itself to be different from other companies. Once again with its unique location Wausau took advantage of appearing more "hometown" and friendlier compared to other large companies located in large financial centers.

With these three themes, coherence, symbolism and positioning within a company's identity plan and a well organized image plan built on research from inside and outside the company, a business is well on its way to a successful corporate image.

Interview with Debbie Aten

Debbie Aten is an assistant account executive with Louis London Advertising & Sales Promotion in St. Louis, Missouri. Her accounts include Southwestern Bell Telephone, Pet Incorporated, Seven-Up Company and Venture Stores. Aten says, "It is important to paint a strong corporate image. Companies that don't, often find themselves struggling." Her company, Louis London, "tries to be a little funky and a little more risky," Aten says. Louis London is located in the Central West End in St Louis which is a younger more contemporary location compared to downtown. Aten believes the combination of London's location and portraying a fun atmosphere at work makes the company appear more creative. The creative directors don't wear suits. They are allowed to wear jeans and even boots to work. Aten went on to say that if someone was walking downtown and saw an individual in a blue suit they would probably think they worked for Boatmen's Bank. Banks have to be conservative so that customers don't think that they are spending their money unwisely. But an advertising agency

may not want to portray such a button down image.

Advertising companies want to appear creative. Aten concludes by saying, "Image is very important and companies need to understand how much a positive and accurate image can mean for their customers and their future."

Interpreting Results

Companies need to understand the importance of establishing a strong corporate image and identity. Companies do care how they are perceived so they need to be sure and do something about it. More companies seem to be hiring consultants and looking at where they stand in the public eye. However, many companies still do not see the entire picture. Often a company will worry so much about what the people and organizations think outside the company, they forget the importance of how the people inside perceive their organization. Organizations must remember how important employee relations are to the corporate image picture. Companies should communicate with their employees and

make them feel involved. James G Gray, who wrote the book titled, "Managing the Corporate Image," says, "Employees who are intimately involved with the company are a valuable asset and should be treated as such. When employees take pride in their organization, they communicate their positive feelings to the public. Consequently it is important to nurture goodwill among employee's" (Gray, 93).

Furthermore, in establishing a corporate image the company as a whole should remember that everyone works together to perpetuate an image. Inside the corporation there are employees, managers, investors and upper level management, including the CEO. Outside this circle is the community, consumers, government and the media. Further outside these groups there is the general public. According to Gray, "Those inside and outside the corporation constitute small publics whose interactions with the corporation contribute to the total image picture" (Gray, 4).

At the top, managing all of these external and internal forces is the CEO. Few businesses, have a permanent department dealing with identity and image. Few companies

have an area that deals with consultants that are hired to examine image and identity. Wally Olins says, "The chances are that the CEO will never have been involved in a corporate identity program before. He will know what many of the company's problems are, but he won't necessarily think that many of them are interrelated" (Olins, 158). When a company is examining its image it is extremely important to look at the company's and the CEO's goals for the future. The department or the consultant that deals with a company's corporate image should follow the same goals or the image plans will have no effect and could even harm the business. Furthermore, the CEO doesn't have to be the only member of management involved. It is helpful to have different perspectives from other managers and focus in on what is important to the company as a whole. Gray says, "The function of leading the corporation, responding to public demand for credibility, and forging and communicating the corporate image should be shared with other members of management, including line management all the way to plant management level" (Gray, 75). Gray continues by saying too often the responsibility of corporate image lies

with the CEO. However, Gray says, "Corporate managers have begun to realize that leaders other than those at the top need to know about corporate public concerns and be able to answer to them" (Gray, 76).

Once a corporation has followed the necessary steps, conducted research to discover their opportunities and strengths, they need to plan for the future. The plan for a company's future image should include crisis preparedness. Long range planning is important for the future of any company. Harold H. Marquis says, "The corporate image should be as much a part of long-range planning as research, marketing, or finance. No company exists without an image. If the image is ignored during the planning stage, the true picture of the company may be distorted" (Marquis, 12). The possibility that a crisis can occur at any moment is reason enough for management to plan for the future and what to do in certain situations. Companies cannot be prepared for everything. However, thinking about the future and how to handle difficult situations prepares executives and other professionals. Furthermore, being prepared can result in

preserving a company's image for the future.

Future Areas of Research

There are several areas that could be researched further on corporate image and identity. One area might be to examine the global market place. Companies are expanding to international markets more and more. Organizations will have to consider different cultures and beliefs to establish a positive corporate image in one country compared to another. Wally Olins briefly touches on this subject through an example of an oil company.

In 1984 Kuwait Petroleum decided to expand their business worldwide. Kuwait Petroleum International (KPI) division wanted to acquire more of the European market. KPI changed its previous name and symbol. KPI's previous name was Gulf Oil. Olins says, "The company opted for an entirely new name and identity, intended for a possible eventual worldwide application" (Olins, 202). The name was changed to Q8, based on the English pronunciation of Kuwait. The change was intended to get away from an association with just one region,

Kuwait and the Gulf area, and become more international. The symbol was also changed to two sails which were below the Q8 trademark. The sails were based around the idea of traditional Kuwait trading vessels.

The program was introduced slowly. First the changes were introduced to KPI's staff and then to its dealers. Seminars and teach-ins were held to display the new corporate ideas. The actual changes took place in 1986. Over 3,000 petroleum stations changed in six different countries: Sweden, Denmark, Belgium, the Netherlands, Luxembourg and Italy. Immediately after this change KPI's market share increased. According to Olins, "Although there has, of course, been some advertising, the company attributes the success of its program largely to the impact of the new corporate identity program" (Olins, 203).

Another topic that could be discussed further concerns research methods. Corporate image and identity plans are based on research. If the initial research is not accurate or complete enough long term planning for an image will be incorrect. Yankelovich Clancy Shulman wrote a brochure in 1987 titled, "Marketing Intelligence." In this brochure he

states, "Intelligence. It's what helps us make the right business decisions that lead to one thing: more successes with fewer failures...A company learns what it needs to know about itself and its markets in order to set objectives it can achieve successfully" (Yankelovich). With so much emphasis on research, it would be important to look further at some different ideas and methods.

Finally, an area that could also be expanded on is mergers and takeovers. These changes within a company have a direct affect on an organization's image. Douglas Longmire, senior vice president at Brouillard Communications, a division of J. Walter Thompson, said, "The last decade has seen about one in every six Fortune 500 corporations disappear as an independent entity. This can be both distracting and motivational for a CEO. And it's CEOs we deal with in image advertising" (Gregory, 60). CEOs need to watch their company as well as the companies changing around them. James R Gregory continues, "Image advertising is also important in communicating continuity in merged or acquired businesses and especially during and after a takeover" (Gregory, 60). Gregory briefly discusses the

importance of image and identity during changing times. However, with organizations constantly changing in today's corporate environment image should be an important concern for businesses.

Corporate Image and Identity in the Future

Marion G Sobol conducted several surveys with public relations professionals and discovered that five issues were most important to these professionals in the 1990s. These issues express emerging societal and corporate concerns that are pertinent to how companies will have to think in shaping their images.

1. Quality products and services
2. Global competition
3. Qualified employee recruiting
4. Environmental responsibility
5. Cost consciousness

Sobol says, "Quality products and services will continue to

be a driving force in the quest for corporate reputation. Without quality products and services companies cannot expect to achieve or maintain a 'good' reputation" (Sobol, 62). As discussed before, the actual products and services are the basis of the company's existence and need to be considered of good quality to perpetuate a positive image.

In the 1990s there will also be more global competitors, such as Japan and third world countries. Furthermore, competition is expected from European markets. According to Sobol, "Companies will be expected to increase their ability to communicate internationally and to design products for international markets" (Sobol, 62).

Environmental responsibility has become a major concern in the 1990s. Consumers and the general public are holding corporations responsible for their actions. People would rather buy products that are environmentally safe. A poll that was taken in 1990 showed that 52 percent of consumers would pay more for socially responsible products. Companies need to follow this trend to establish a strong image in today's society. Sobol says, "As Americans become more environmentally

aware, corporations will not only have to initiate and continue programs to save the environment, but also communicate their efforts to their audiences" (Sobol, 63).

Employee relations once again is an issue. The labor pool is shrinking and corporations need to try harder to sustain an image that employees will want to work for. According to Sobol, "Corporations will have to concentrate on their reputation (especially in dealing with employee relations) to continue to be able to recruit and retain qualified employees" (Sobol, 63).

Finally, public relations professionals are concerned about cost consciousness in the 1990s. The start of the 1990s began in an economic recession and consumers are very careful with their money. Sobol continues by saying, "Corporations will have to emphasize their concern for the economy and prove that they can produce a value-added product" (Sobol, 63).

Companies in the future will need to minimize their costs and show the increased value of their products.

The concept of a company creating and maintaining a positive corporate image and identity is important now and

will continue to be in the future. This does not mean that just one advertising and public relations departments work hard to constantly achieve a good image for their company. Image involves everyone. Marquis says, "If production, research, finance, marketing, and other major functions of management are the building blocks with which the corporation is constructed, the corporate image is the facade that is seen by everyone" (Marquis, 12). Because image involves everyone, it cannot be a mere facade. It must be real. Employees, familiar with the company's inner workings, will not buy into any image concept that they feel is contradicted by reality.

William Butler Yeats was referring to a model or vision of what a man could become saying, "Man is nothing till he is united to an image" (Gray, 71). I agree with Gray in that the same is true for a corporation. Image is reality and companies need to understand the importance of how they are perceived by others.

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Index 1



How fast can
you grow and still like it
when you get there?

It may be heresy to say it, but thoughtful bankers have grown disenchanted with pure growth.

Coming from an institution that ranks number six among 11,000 U.S. banks—a bank whose assets grew by over 9% last year—that may sound like a contradiction. But the facts, assets just aren't what they used to be.

When banks made money mainly by borrowing at regulated rates and lending for a little more—the bigger you were the more you earned. But changing regulations, new competitors for funds and clients who now have more direct access to the capital markets have changed all that.

Now banks that grow too fast don't always like what they grow into. In fact, too-hasty growth can lead to even more sudden shrinkage.

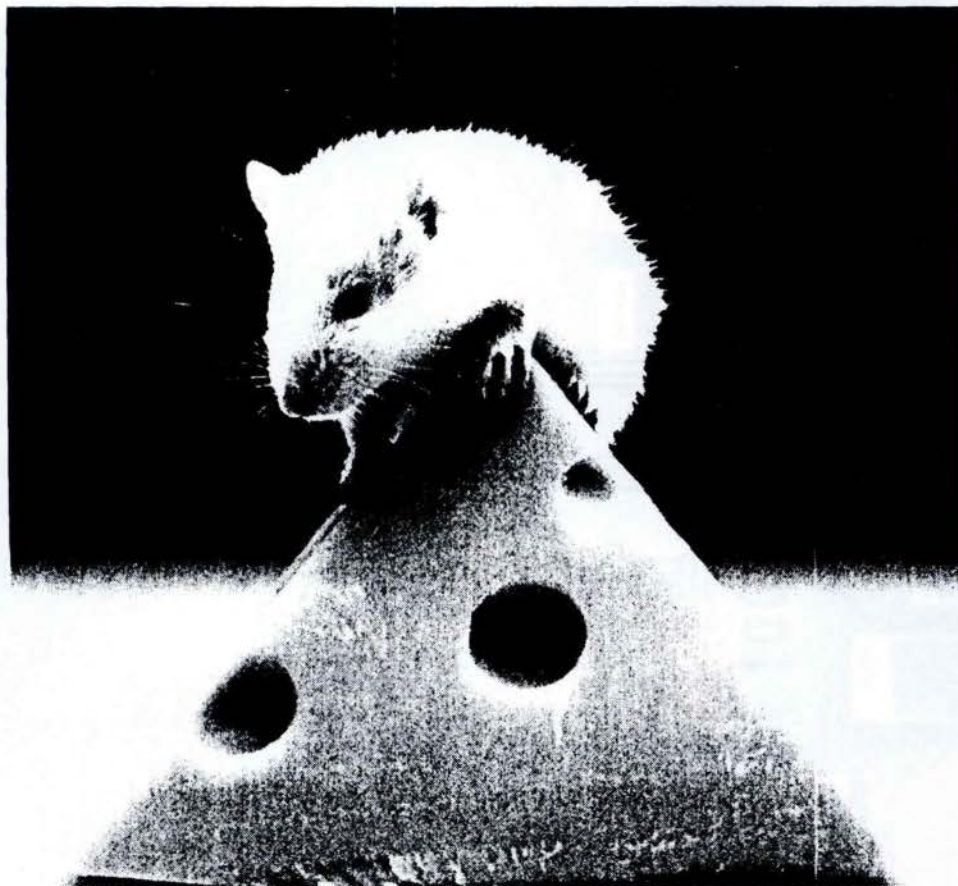
Hence the emphasis on problem solving, financial acumen, the *flow* of capital instead of simply holding loans as assets—and the reason banks like Chemical are no longer banking as usual.

These days loan distributions, swaps, new strategies in foreign exchange and many other innovative ways of handling capital are growing strengths at Chemical. In 1985 we *doubled* our investment banking business. That's the kind of growth we approve of.

At Chemical we think a bank that *manages* its growth will like what it grows into.

CHEMICAL BANK
The bottom line is excellence.

Index 2



How do you stick
to your credit culture when
temptation's right under
your nose?

Bankers are the only salesmen who must drain up business and turn down would-be buyers — simultaneously.

The process of draining, winning and rejecting is governed by what we call our credit culture. It involves a series of tough decisions — and crucial ones — because the competition's fierce. One bank's unacceptable risk can be another's handsome profit. The bank that thinks it's only in the business of saying "no" would be in *any* business very long — while those who say "yes" too readily can do so readily get into trouble.

Our credit culture, when all is said and done, is an intricate *alltack* as a set of rules. A belief that some kinds of deals, no matter how profitable they first appear, remain bad business. And a determination to look for the best ways to help our customers.

Is there anything unusual about our credit culture? We like to think there is. It's a willingness to look a little deeper into a deal, a business or an individual before we lend. A willingness to work with customers if things get tough. A desire to solve a problem and save a promising business.

Does this apply beyond commercial banking? Absolutely. Because a sound approach to risk is vital in today's much broader, ever more competitive financial marketplace. To help our customers with foreign exchange, swaps, stand-by credits — with the dozens of new services in financial banking — we can never forget the conscience of our bank, our credit culture.

CHEMICALBANK
The bottom line is excellence.

Index 4

One hundred million people all over the world consider *Reader's Digest* their own local magazine. For good reasons: local editors, local content, local language.

Our editors live and work in the countries they serve. They speak the language, know the customs—and know what their readers want. Rather than merely translate stories, they tailor each edition to local readers using original articles and condensed selections from local and international sources.

Reader's Digest is the world's most widely read magazine because our global reach allows our editors to put the accent where it belongs—on local readers.

That's why more than 100 million readers from every country in the world read 39 editions in 15 languages every month.

Reader's Digest is a leading force in providing knowledge and entertainment to the world through magazine and book publishing, music and video products,

travel and financial services. We also provide significant support for programs for youth, education, the arts and humanities, both directly and through the *Reader's Digest* Foundation.



We make a difference in 100 million lives worldwide.

Local accents.



Index 3

Our vast global presence stems from the universal appeal of our products, which are published in the local language all over the world.

Reader's Digest, the world's most widely read magazine, is printed in 39 editions and 15 languages including Arabic, Chinese, Hindi and Korean. Every month more than 100 million people in every country in the world read our original articles and condensed selections from local and international sources.

Reader's Digest also ranks among the world's largest book publishers

with annual sales of more than 40 million volumes in 10 languages. And we're one of the largest producers and global marketers of recorded music.

To succeed as a global publisher, you have to know your local markets, speak the local language and love the local customs. That's why every Reader's Digest product is a global best-seller—and that's worth a little flag-waving.

Reader's Digest.

We're a leading force in providing knowledge and entertainment to the world through magazine and book

publishing, music and video products, travel and financial services. We also provide significant support for programs for youth, education, the arts and humanities, both directly and through the Reader's Digest Foundation.



**Reader's
Digest**

**We make a difference
in 100 million lives worldwide.**

Banner business.

