

Maximize stakeholder value through the cultivation of your company's most important asset

— *Allan Gorman*

It's just not enough anymore to have a better mousetrap. You also have to have a better way of packaging it, selling it, supporting it, and nurturing a culture that makes the company behind the mousetrap seem truly unique.

As technology keeps getting better and the ability for us to communicate keeps improving, so too does the ability to copy—and even trump—market innovators with lightning speed. Today's exciting idea can often become just another “me-too” commodity alternative within months.

And so... as we've witnessed over the past decade—**the companies that have been able to attain and sustain their market leadership status in this highly volatile and highly competitive environment are the ones who've found ways to develop a connectivity to their publics that reaches beyond just what they do, make or sell. They've learned that the brand's most important asset can often be the public's value of a big intangible— and sometimes unarticulated—idea that we call TRUST.**

How much is trust worth?

According to Interbrand's 2007 survey of the world's 100 strongest brands, Coca-Cola is still by far the most valuable name on the planet—worth close to \$66 billion (US). So, is this massive number—far larger than some developed countries' annual GNP—derived solely from a measure of sales or earnings?

Certainly sales and earnings are great indicators of past and present performance, but as the Interbrand report shows, the most prized brands also increase (and measure) their value as a metric of something else.

Coke—and every other brand in the club— have learned the art of increasing equity and growing stakeholder value through masterfully marketing and nurturing their intangible assets. Each and every firm on the list proactively builds a positive perception of brand strength and quality through the cultivation of good will—and trust.

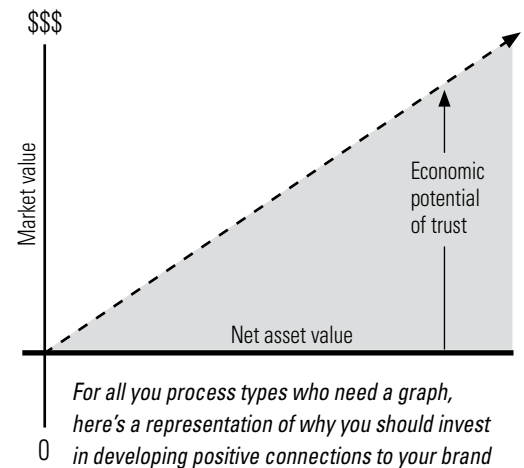
Here's some other evidence of the economic power of trust...

A late 1990s independent corporate branding study of business leaders showed companies whose brands were deemed superior outperformed market stock averages by 25% over a ten year period. And, during the market collapse in 1997, the 20 Fortune 1000 firms deemed to have the strongest brands actually gained in value, while the 20 with the weakest perception lost an average of \$1 billion each.

A 2004 survey distributed to 1500 respondees at the 34th World Economic Forum showed that, on average, corporate leaders attribute more than 40% of their corporate value to trust—and 77% of those polled thought that maintaining a good reputation is becoming increasingly more important.

Brand guru David Aaker studied the association between stock price movements and changes in brand equity (measured by a Techtel poll of 1500 decision makers). His analysis showed that "every 1 percent increase in brand equity (trust) can be associated with a roughly 1 percent increase in stock return." Aaker claims that this correlation is "consistent with the fact that investors realize that trust in a brand is an asset that can lead to higher future-term earnings."

In 1989, the Kraft Foods brand sold for an incredible \$12.9 billion—six times over its net asset value! Phillip Morris was willing to pay billions for the anticipated future revenues a set of intangible assets could provide.



Build trust to build your brand value.

Building a stronger brand by paying attention to intangible assets isn't just the domain of the giant, multi-national brands. The positive power of emotional connection is crucial to the development of your brand as well—maybe even more so. A strong appeal, distinction and positive "buzz" can help you break out of the pack and grow a bigger and better fan club.

Not only will taking an interactive role in the cultivation of trust result in greater numbers of happier and more loyal customers, but growing good will can result in happier and more loyal investors too.

To help, I've outlined some areas of attention that can be enhanced to increase the value of your brand. Hopefully, they'll inspire you to become more conscious and pro-active. And then, who knows—maybe next year you'll be able to make the Interbrand Top 100 list.

Integrate these building blocks of trust.

Coolness The endorsement of a respected third-party or friend is a powerful tool for the establishment of trust. Many firms have learned to build a “coolness” factor by marketing their ideas to fans who may never use their products or services directly, but may be in a position to recommend them to someone who can.

Cultivate your “coolness” factor by making good news. Become an involved corporate citizen. Find ways to get your name top of mind through senseless acts of good will. Coolness must be thoroughly embraced and integrated throughout the organization, become part of your culture, and be reflected in the experience of doing business with you. Get others saying great things about who you are and what you do.

Empathy Are you able to build a rapport with those you serve by identifying and sharing stories that address mutually shared views, ideas and experiences? They will trust you more if they feel understood.

Share your insights into their issues through relevant case studies, how-to’s, tips and hints (like the ones that I’m outlining here).

Chemistry Is your corporate personality well suited to your customers’? People feel more comfortable being served by friends who care.

Seek out those customers and ambassadors who share your values and will be a “good fit”, and try to discourage and minimize relationships with those who won’t be. You’ll be happier and so will they.

Selflessness Is your interest in your customers’ success -- do you truly want to know what his/her needs are? Are you willing to listen? Will they feel heard and served?

Survey and poll often to see that you’re doing all you can to help. Find ways to let them know that you are listening and genuinely interested in exceeding their expectations.

Ability Are prospects convinced that you’re capable? Have you done it before? For whom? What’s your track record of success handling situations like theirs? Is it impressive? Do you present yourself as (and are you) the best in the business?

Cultivate endorsements from satisfied customers. Provide references. Track and publish your results. Keep improving your knowledge, products and services. If you’re not now the best, commit yourself to becoming that.

Uniqueness Do your solutions appear more attractive than someone else’s in your market space? Do you have a unique system, philosophy or technological edge that no one else can possibly offer? Does that edge convey compelling value? What makes you so special that they’d be foolhardy to go somewhere else?

Encourage brand ambassadors to take an interactive role in the creation of innovation and new ideas. Cultivate an atmosphere of openness and creativity. Study your competitors to be sure that your products and solutions are always one step ahead.

Clarity Are you clear—and are they clear—about your processes, costs, and the results they can expect to receive? Any ambiguity will erode your credibility and lead to mistrust.

Make an extra effort to simplify and clarify all your communications and customer transactions. Train your sales force and brand ambassadors so that they know how to present your case clearly and succinctly. It will pay off in more contracts, stronger relationships and more referrals.

Integrity Are you honest with them and yourself? Will you/have you/can you deliver on your promises?

Make honesty and integrity a number one priority at all levels of the organization. Be proud of what you do and try not to compromise any of your values... ever.

Creativity Are you just providing a service, or are you constantly committed to adding extra value by delivering more than asked for?

With every transaction ask yourself if there's any more I can do to make this customer happier. If so, take action.

Performance Is your solution as flawless as possible? Will it delight or disappoint? Satisfaction or better can get you a re-order, a referral and create positive buzz. Just mediocre is, well... just mediocre.

What can you do to improve your brand's performance at every turn?

Loyalty Unselfish loyalty to your customer and his/her needs can pay off in huge dividends long-term if the customer feels taken care of and appreciated.

Build relationships based on positive experiences. Do everything you can to honestly win their confidence. Establish a system for ensuring some type of follow-up. Remember important dates and client preferences. Call them from time to time to see how things are working out or just to say "hello". Cultivate an environment of courtesy, respect and attentiveness. Be more loyal to them and many more customers and prospects will begin being more loyal to you.

Trust is built on a series of positive experiences. Use every opportunity to create more of them.

Review these building blocks often to gauge your performance. Embrace a culture that puts building ambassador trust at the forefront of the organization. Over time, the brands that focus of improving the quality of their intangible assets will build equity and stakeholder value over their competition's.

Those that fail to follow these tenets, do so at their own peril.

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