

Wally Olins

## **Viewpoints**

Corporate Identity – the ultimate resource  
Business, 2002

# CORPORATE IDENTITY

By Wally Olins

## **Executive summary:**

- Corporate identity makes the organisation's strategy, structure and vision visible.
- Every organisation has a unique identity. A corporate identity programme enables that identity to be managed and projected to all of its audiences.
- In order to develop an effective identity programme, the builders of an organisation must have a clear idea about what drives it – its vision
- They must set up and sustain a structure which enables the organisation both to project its identity to the outside world and live it internally.

## **Why do organisations need to develop a corporate identity?**

Companies face challenges to their identity from all sides. These are the principal reasons why identity is becoming an increasingly important topic in company boardrooms.

- Companies are increasingly merging, especially across national boundaries. Leaders have to consider how to create a new corporation out of two old and frequently competing organisations with different and sometimes incompatible cultures, eg Daimler Chrysler.
- Products and services are becoming increasingly similar, which means that consumers make purchases on emotional rather than rational grounds. For example, most customers would be hard-pressed to identify any real difference between the fuels marketed by Shell, BP, Texaco or Repsol.
- Organisations are forced through changing technologies, deregulation or globalisation to change the nature of their business and therefore sometimes their identity has to demonstrate this eg. BT.

## **What is identity?**

Every organisation carries out thousands of transactions every day: it buys, it sells, it hires and fires, it makes, it paints, it cleans, it promotes, it informs through advertising, the web and other media– and so on. In all these transactions, the organisation will in some way be presenting itself – or part of itself – to the various groups of people with whom it deals. The totality of the way the organisation presents itself can be called its identity. What different audiences perceive is often called its image.

Because the range of activities is so vast and the manifestations of identity are so diverse, the corporation's identity needs to be actively and explicitly managed. Identity management like financial management or information systems management, is a corporate resource which embraces every part of the organisation.

### **Identity can project four ideas:**

- Who you are
- What you do
- How you do it
- Where you want to go.

### **The four vectors:**

Identity manifests itself primarily through three main vectors which you can see:

- Products and services – what you make or sell – like BMW
- Environments – where you make or sell it – like Hilton Hotels
- Communications – how you advertise and otherwise promote your product – like Coca Cola

And one which you can feel and can sometimes almost see:--

- Behaviour – how you behave – to your employees and the world outside - like Orange or British Airways

The balance between these four is rarely equal and a priority early on in any identity programme is to determine which predominates.

### **The central idea/vision:**

The fundamental idea behind an identity programme is that in everything the organisation does, everything it owns, and everything it produces it should project a clear idea of what it is and what its aims are.

### **Name/Logo:**

At the heart of the visual identity is the nomenclature and identification system, and the way it is reflected in symbols, logotypes and marks. The symbol is highly visible. Its prime purpose is to present the idea of the corporation with impact, brevity and immediacy. It often becomes the focal point from which the whole identity is subsequently judged.

It is sometimes necessary to change the symbol in order to signify a change in direction eg. BP. In other cases, modification may be more appropriate eg Renault, Shell.

Sometimes it's appropriate to change the name of a corporation for legal reasons eg. Accenture from Andersen Consulting or for clarity eg. Vivendi from Compagnie Générale des Eaux. But, be careful, name changes are frequently misunderstood and always excite high levels of emotion, particularly in the media.

## **Audiences:**

The audiences of an organisation are those people who come into contact with it at any time, in any place, and in any form of relationship. It is often assumed that the most important audience for any company are its customers. In a service business, however, employees are much the most significant audience because they transmit the identity of the organisation to customers – so they have to live it.

There are two groups of audiences – internal and external. Internal are staff and their families. External are shareholders, competitors, suppliers, partners (sometimes these can be the same), the financial world and opinion formers of all kinds.

These audiences are not always separate and independent, to some extent they are overlapping.

## **Types of corporate identity:**

The identity of most companies can be divided into three general categories: *corporate*, *endorsed* or *branded*. These categories are not mutually exclusive, and none is necessarily superior to any of the others. Each is appropriate in specific circumstances.

*Corporate*: This is where the organisation uses one name and one visual system throughout all of its interactions. Because everything that the organisation does has the same name, style and character, each part supports the other. Virgin is a high profile example of this type of identity. The name and identity of Virgin is not associated so much with what it does, but what it is; how it behaves and what it seems to stand for.

*Endorsed*: Most companies grow (at least partly) by acquisition. The acquiring company is often eager to preserve the goodwill (equity) associated with these acquisitions. Under an endorsed identity strategy, the parent endorses its subsidiaries with the corporate name and (sometimes) visual style eg. Accor with Sofitel, Novotel, Mercure, Ibis and others.

*Branded*: Some companies, especially those in consumer products, separate their corporate identity from the identities of the brands they own, eg. Unilever, Diageo and LVMH. The final customer identifies with the brand and other audiences the corporation. Brands have names, reputations, life cycles, and personalities of their own, and they may even compete with other brands from the same company.

## **Starting and managing a programme:**

No CEO wakes up one morning and says let's start a corporate identity programme, there's always a reason. The CEO and Chairman must have a clear idea of what they want an identity programme to achieve in the longer term.

- Is it part of a complete corporate turnaround?
- Is it to reinspire, reinvigorate and create more cohesion internally?
- Is it to push up the share price?
- Is it to help integrate newly acquired companies or help culture change in a merger?
- Is it a response to competitive pressures?

When a programme is initiated, a senior individual within the organisation must be appointed to monitor and manage it.

## **Consultants:**

Organisations are rarely sufficiently objective, self aware or experienced to carry out all this work by themselves. They will need outside assistance from branding, identity or design consultants.

## **Working party and steering group:**

As in every corporate activity the identity programme needs a power base, financial controls and clear lines of authority. So a working party should be formed reporting to a steering group.

## **The stages of work:**

The basic building blocks of an identity programme are:

- *Stage One*  
Investigation, analysis and strategic recommendations
- *Stage Two*  
Developing the identity
- *Stage Three*  
Launch and introduction – communicating the vision
- *Stage Four*  
Implementation – making it happen

### *Stage One:*

The organisation has to take a good, clear, objective look at how it is perceived by its various audiences, both internal and external, and how these perceptions compare with its aspirations. If the existing identity is perceived as fragmented, incoherent, unclear, old fashioned and so on, there has to be agreement on the action required to change perceptions. Stage one ends with recommendations for action.

### OPTIONAL:

*Example – Repsol: an identity based on a vision*

*The Spanish oil company Repsol was formed in the 1980s from Instituto Nacional Hydrocarburos. The company was a state monopoly with low standards of service, old and badly maintained service stations and a plethora of names and identities. The central idea/vision emerged naturally from the company's new positioning. Spain was entering the European Union (1986), and the company had to defend its position against competition from Shell, BP and other global players. INH had to be revitalised and eventually privatised.*

*Repsol had the opportunity to become the admired model for a revitalised dynamic and democratic Spain. Repsol could become and be seen as the new Spain's industrial and commercial flagship. This was the vision that was presented to and agreed by the board.*

*The naming structure and visual identity followed from this brief. The name INH was abandoned in favour of one of the brands, Repsol, and a corporate identity structure was adopted in order to give the organisation strength and coherence. A new design scheme was part of the programme of change.*

### *Stage Two*

Developing the identity:

Depending on the results of stage one, it may be necessary to change the identity completely including name and visual style (Accenture), keep the same name but change the identity visually (BP) or just modulate it (Renault).

Changes of names and visual styles are expensive, time consuming and make clear signals to the market place that the organisation is making a new promise or moving in a new direction. This kind of change makes a promise of changed performance which has to be fulfilled. Never, ever, promise more than you can deliver.

On the basis of the recommendations made in stage one, the consultants will develop an identity system based around either the corporate, endorsed, or branded models. The identity system will usually consist of a name (or names), mark or logo, main and subsidiary typefaces and colours. These will be shown in the form of applications in a wide variety of corporate materials - letterheads, brochures, websites, showrooms, products and so on.

### *Stage Three*

Implementation/Electronic manuals:

The new identity has to be codified so that it can be used by everyone in the organisation who needs it, and by relevant outside suppliers. Manuals are prepared which contain all the identity elements and show a variety of applications. In addition the manual has to demonstrate the spirit that lies behind the organisation.

#### *Stage Four*

##### **Identity Programme Launch and Introduction:**

If the new corporate identity programme is to be implemented successfully, it has to be launched with enthusiasm and commitment. The launch is the first major opportunity for the corporation's leaders to present the identity as a significant corporate resource and to integrate it into the organisational structure.

Never trivialise it. Explain that the new identity is the outward and visible sign of change and explain what that change means. Internal audiences want to know what, why and particularly how it will affect each of them as individuals. External audiences only want to know why and how much.

##### **Conclusion:**

All organisations have an identity whether they control it or not. A corporate identity programme harnesses and manages this resource in the corporate interest.

##### **Recommended reading:**

*Corporate Identity* by Wally Olins (Thames and Hudson, 1994)  
*New Guide to Identity* by Wally Olins (Gower, 1995)