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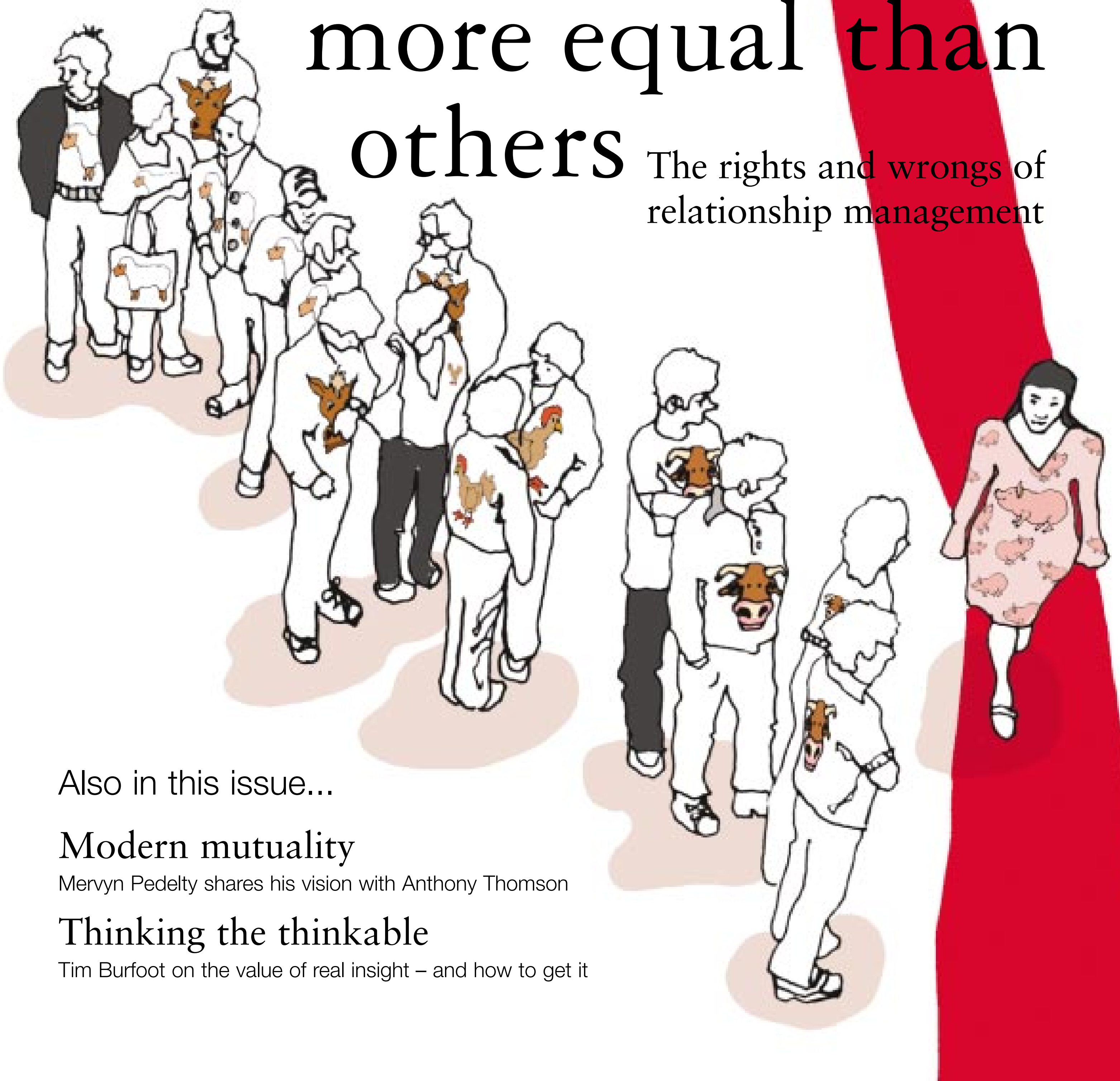
Some customers are more equal than others

The rights and wrongs of relationship management



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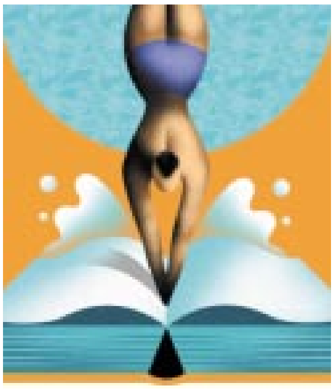
Modern mutuality

Mervyn Pedelty shares his vision with Anthony Thomson

Thinking the thinkable

Tim Burfoot on the value of real insight – and how to get it



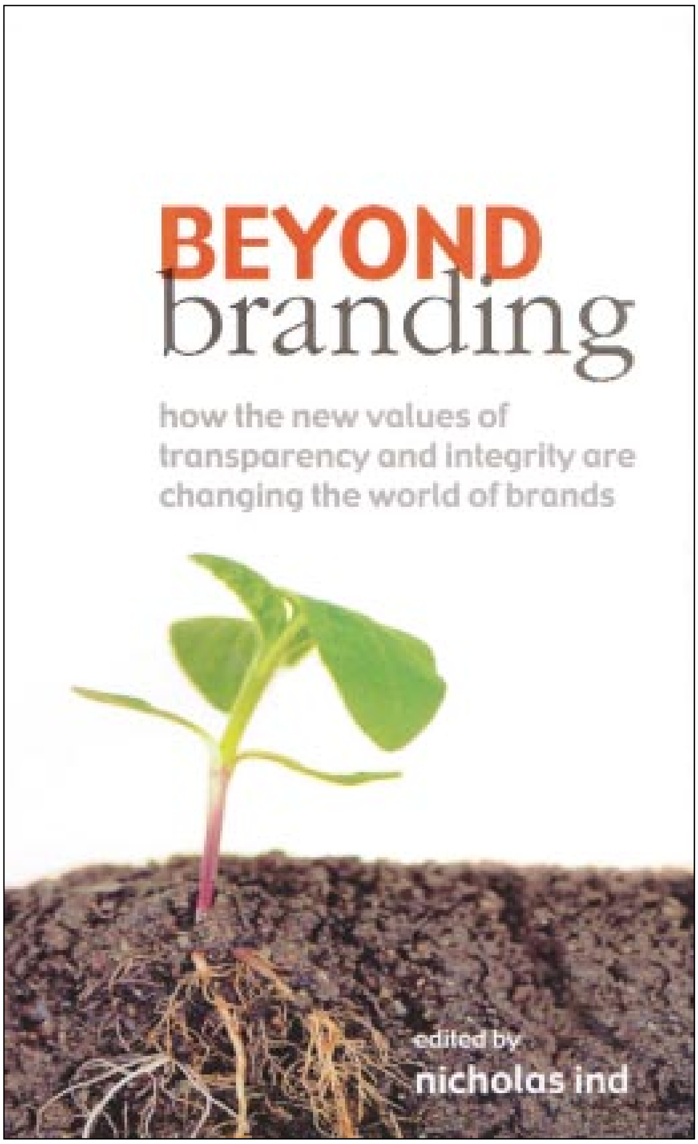
We continue our regular book review format – one "classic" that has stood the test of time and deserves to be read again; and a "hot off the press" work that we think could still be selling well in ten years.

We examine a new book edited by Nicholas Ind that challenges, in a very practical way, the narrow, short-termist, shareholder-focused approach to marketing that drives many companies today. And we revisit the 1991 edition of Charles Handy's classic that changed the way that a whole generation of managers thought about organizational culture. Reviews by Malcolm Oliver.

Beyond branding

How the new values of transparency and integrity are changing the world of brands

NICHOLAS IND



I have noted before in these columns that the task of editing and producing a collaborative volume such as this one – with fourteen authors scattered around the world – is formidable, as the reader will quickly tire of any inconsistencies in style and repetitions of ideas. Worse still, any discrepancies or contradictions in the separate expositions will be cruelly apparent, and will detract disproportionately from the whole. In *Beyond branding*, Nicholas Ind has either done his job as editor supremely well or has been blessed with a team of exceptionally like-minded contributors.

Perhaps it is a bit of both, because it is clear from the preface that all the authors (including Ind, who contributes the first chapter) share a common and profound frustration with the ways of modern business. Their concern is not so much with the active dishonesty that destroyed Enron or the combination of spin and smoke and mirrors that disfigured Equitable Life, but rather that – even in apparently-well run organizations – the accepted financial measures (so long-established that they were designed for an industrial economy) are these days profoundly misleading in assessing the value of any business.

They argue[1] that perhaps 85% of business value cannot be meaningfully measured or managed by accountants, and that this financial knowledge vacuum is being randomly plugged with "contextless snippets of transparency" – which, I think, is their posh name for sales promoting hype. Not only does the company not really understand the drivers of the business, but nor do their regulators – yet the response to the continuing scandals is simply to build stronger *[sic]* and more rigorous regulations, and to apply them (inevitably) to the 15% of the activity that can be measured. This, of course, just adds more scaffolding to a decaying structure.[2]

Their solution, summed up in the grandly-named but really rather practical *Medinge Manifesto*[3], is that new standards are needed to measure the health of organizational relationships, and that these must be based on the ability to foster positive exchanges of value between *all* stakeholders. The imperatives for marketing, and the parallels with the spirit of modern mutuality are clear.[4]

This type of book is quite difficult to review in a thousand words, as a paragraph or two is just not enough to give a proper assessment of each contributor or contribution. So I will not dwell on John Moore or Tim Kitchin, both familiar to readers from previous issues of *Argent* – save to note that Tim's contribution to *Beyond branding* is in fact a development of some ideas that he first set down in these pages last year.[5]

In general, the style is erudite but informative, and has a reassuring hint of that polymathic insight that derives from broad experience and intelligent application, rather than the dilettante web-surfing that this modern age enables and to which so many "experts" succumb.

The discussion ranges widely. I particularly enjoyed *Beyond brand narcissism* – a fairly savage indictment of loyalty management and what Alan Mitchell terms "Look at me! marketing".

Perhaps the most effective way to illustrate succinctly the overall tenor of the book is to describe Jack Yan's chapter on the brand manifesto that the authors and their colleagues have developed in the past few years. Or, as the subtitle puts it, why brands must act now or alienate the future's primary consumer group. The message is blunt: brands are in trouble. They still act as shorthand for the often complex ideas that are combined as the manifestation of a company, its products and its interactions with its customers, but their power in also conveying trust to customers is failing. The problem is not so much with the disasters – up to a point, people will accept the Marconis and the Parmalats as one-offs, and in a genuine crisis such as Tylenol, the strength of a brand is still a huge strength, provided that the crisis management remains consistent with that brand. The real concern is that, every day, brands strain the trust and credibility of customers by not doing what they say – or, in banking terms, words and figures do not match. And these do not have to be grand failures – Yan, for example, notes the incongruity of visitors to the *No Logo* website being greeted by a large *No Logo* logo!

Their solution, whose elements and supporting philosophies are widely discussed in the preceding chapters, is neatly summed up in the eight points of the manifesto, all but one of which is entirely self-explanatory. Thus, [proper] branding ignites people's passions [both employees and customers]; brands must have a focus to be relevant; branding is about delivering what you promise; good brands should make people happy; brands are not advertisements; brands [should] bring humanity to organizations; and brands [should] create community. Which leaves the not-entirely obvious *Finance is broken* – but what they mean here is that it is much more sensible to expect customers first to find affinity with a brand and then as a result to drive a company's performance than to say that they will first find affinity with the financial results, and in so doing boost the brand. To judge from the advertising, not many financial services companies believe this yet – but they will.

John Moore begins his chapter, as he did in his *Argent* article on authenticity, by quoting Polonius – *to thine own self be true* – and noting the "delicious irony" that, despite his fine words, he was as slippery and untrustworthy a character as you could wish for. This is fine in a play – you can afford the luxury of irony, as it scarcely reduces your enjoyment of the whole if you fail to recognize Hamlet's pun on, for example, country matters – but in business life, swallowing the Polonian spin, by merely knowing the quote rather than understanding its context, makes for the real tragedies that we see unfolding nearly every day.

In business, merely knowing the quote rather than understanding its context makes for the real tragedies that we see unfolding every day.

Reading this book won't give you all the answers – the authors would surely argue that you must work those out for yourselves in your own contexts – but it should stimulate some pretty searching questions about your approach to business, and illuminate the other side (arguably the real-life side) of the usual marketing perspective.

Beyond branding
How the new values of transparency and integrity are changing the world of brands
Nicholas Ind [Ed] London Kogan Page 2003
236pp ISBN 0–7494–4115–1

[1] In contrast to, for example, Tim Ambler at the London Business School.

[2] Their argument is entirely different, but the conclusion is rather similar to that drawn by Simon Deakin and Suzanne Konzelmann in their paper *After Enron: an age of enlightenment* (Organization **10** 3, reviewed in *Argent 2.5*, September 2003). Deakin and Konzelmann suggest that the American response to Enron – for example, the Sarbanes–Oxley Act – is unworkable and ignores a fundamental problem at the heart of the shareholder value system. Their radical solution is that the regulatory reins should be loosened and managers should be given back some of the autonomy that company law once sought to give them, by developing the concept of "enlightened shareholder value".

[3] The authors (and others) meet each year at Medinge, near Stockholm.

[4] Some of which are described by Mervyn Pedelty in his interview with Anthony Thomson on pp14–21.

[5] See *Travelling the customer road* by Tim Kitchin in *Argent 2.5*, September 2003; and also John Moore's articles *Authentic marketing* in *Argent 1.5*, November 2002 and *Bringing truth to light* in *Argent 2.6*, November 2003. Back issues and reprints are available from Richard Nolan at the Forum office.