



*From the library of The Identity Circle — Insights and ideas about leading, managing and living through the lens of identity.*

## ***Branding for Integrity***

### ***Synopsis:***

One of the most common words in business today, “integrity” has come to mean ethical behavior, keeping one’s promise and doing what’s right. As admirable as these definitions are, they don’t come close to revealing the deeper meaning — and power — of integrity as a business concept. Integrity has *three crucial dimensions*, each of which needs to be operationalized as part of a company’s brand strategy, if leaders are to going to turn the corporate brand into a dynamic performance asset.



# BRANDING FOR INTEGRITY

*Leaders need to remember that their companies' integrity and brands are much the same thing. Neglecting one can damage the other. —LARRY ACKERMAN*

**B**EFORE THEIR DOWNFALL, ENRON AND Arthur Andersen were widely admired companies. Both were considered by many to be "golden brands." Enron was the ultra-progressive, highly successful, gas-pipeline-turned-energy-trading juggernaut that had left traditional utilities behind. Andersen was the accounting firm typically cited as the shining example of a public-trust institution.

But, as the story goes, their lack of ethical behavior ultimately was their downfall.

A closer look at each of these cases, however, reveals that what undid these institutions was more than a flagrant lack of ethics. Enron chose to ignore its roots as an energy producer and the unique, value-creating characteristics that these roots represented.

Arthur Andersen let the promise of consulting revenue drive accounting practices, forgetting along the way the immutable nature of its core franchise. What do these facts signify? In

essence, management allowed the organizations to abandon their birthrights, with disastrous results.

While the Enron and Andersen cases are both instructive about the "hard" value of ethics, they also tell us more. Both allude to other aspects of this thing we call "integrity" that we don't normally think about – ideas which are even more basic than ethics and that inform the true meaning of brand.

## **The Integrity-Brand Connection**

A COMPANY'S INTEGRITY AND ITS BRAND STAND ON COMMON ground. Both are designed to earn the trust of stakeholders, and share important traits in service to this goal.

First, your company's integrity and its brand both imply a promise to behave in a manner toward others that is inherently positive. In turn, that promise calls upon everyone in the organization to carry the message, in word as well as in deed.

Second, the brand and integrity are both comprehensive in nature – they influence all constituencies simultaneously. No group of stakeholders goes unaffected by the integrity of your company, or untouched by your brand.

Third, your company's integrity and its brand both mirror the value of your enterprise. By all rights, your brand should be a proxy for value creation – a statement about the proprietary contribution the company is capable of making in the marketplace. In similar fashion, your company's integrity also stands as a measure of this contribution.

In short, the role of the corporate brand, and the role of integrity, are essentially one and the same: Both represent a comprehensive promise about the value your company creates. It is in recognizing this powerful connection in my work with numerous organizations that I have come to see what integrity is really all about, and how it influences branding.

### The Truth About Integrity

ACCORDING TO WEBSTER'S, "INTEGRITY" HAS THREE ESSENTIAL meanings. The first, in fact, is ethical behavior, defined as "uncompromising adherence to a code of values such as sincerity, honesty, candor; avoidance of deception, expediency, shallowness." The dictionary goes on to offer an example, wherein "a writer with integrity has a responsibility to tell the truth."

This definition of integrity comes to life in Berkshire Hathaway's 2001 annual report, in which Warren Buffett wrote, "Though our corporate performance last year was satisfactory, my performance was anything but ... I allowed General Re to take on business without a safeguard ... I'll tell you more about my mistake later and what we are doing to correct it." This is a classic example of the popular definition of integrity. To understand the significance of integrity in how organizations build brands, however, means looking deeper.

The second definition of integrity is soundness – that which is in "a solid, unimpaired condition." By way of demonstration, Webster's cites this example: "The ship's watertight integrity was never in doubt." It is a useful metaphor for companies striving to achieve integrity.

For all its complexity, GE is typically regarded as a "sound" enterprise; it has (or appears to have) few stress fractures. It is regarded as fundamentally solid. In this regard, the company can be trusted. It has "integrity."

The third meaning of integrity is wholeness – the state of being complete and undivided. Here, Webster's offers a particularly intriguing example: the human being; specifically, that "the integrity of each person as a complete being is clear." What comes to mind almost immediately is Leonardo daVinci's well-known drawing of a man with his arms and legs extended into two, overlapping poses. It is a visually striking reminder of the fact that our power as individuals comes from how all of our capacities – physical, mental and emotional – come together to form an integrated, seamless whole.

It is no different for organizations. Boise Cascade is in three distinctly different businesses: paper, building materials and distribution, and office products distribution. But this fact masks a deeper reality. All of Boise's businesses share a common purpose; all three are driven by a deep-seated need to support customer operations in essential ways.

Aided by the vertical integration that exists across the company – from the forest that yields pulp to the retailer's shelf

where paper is sold – customer operations support is the company's center of gravity, explaining how the "whole" is greater than the sum of the organization's parts. This is where Boise's power as one institution lies. In this sense, Boise has achieved integrity.

Taken together, these three definitions – ethical behavior, soundness and wholeness – constitute the three legs of the

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integrity stool. Remove one of the legs and integrity is compromised. Said differently, while ethical behavior is admirable, by itself, it simply isn't enough.

These three ideas illuminate the deeper meaning of integrity, but they also beg a couple of questions: What foundation does this "integrity stool" rest on? Where does integrity come from?

### Tapping Identity

IN MY EXPERIENCE, THERE IS ONLY ONE PLACE INTEGRITY CAN come from, and that is from the core identity of the organization – the unique characteristics that reveal its value-creating potential, in the broadest sense.

For years, Dow Chemical fought public ridicule about the seemingly destructive nature of some of its chemical and plastic products. For many, Dow's production of napalm in the 1960s was prima facie evidence of the organization's lack of ethics. Dow was a "chemical company," they reasoned, and that, by definition, was bad. In other words, Dow had no integrity.

But nothing could be further from the truth. While certainly imperfect, as all companies are, Dow has worked hard to learn from its mistakes and to respond honestly to criticism. As a result, Dow has become a more socially conscious institution. By extension, it is fair to say that the company has come to think and act more ethically over time.

But the real source of Dow's integrity lies elsewhere. A few years ago, Dow undertook a study designed to clarify its brand. The company had consistently received high marks from customers and others for quality, reliability and fairness, but no one could answer the question: What makes Dow, Dow?

To ensure credibility, the study spanned the globe, encompassed nearly all stakeholders and embraced its history as well as present-day activities. What we discovered in the search for identity was that Dow was much more than just a chemical company; Dow was driven by a century-old need to constantly improve what is essential to human progress.

Dow's identity was anchored by a particular institutional talent: a bias toward the essentials of life. In the aggregate, the company's many offerings influenced mainly those things people simply must have to survive. This fact was dramatized in having successfully traced nearly \$19 billion in product sales (prior to the Union Carbide acquisition) to

10 particular consumer markets, ranging from food, transportation, and building and construction, to healthcare and water purification.

Cracking the code on Dow's identity met two basic challenges. First, it clarified the company's value-creating potential in ways that transcended dozens of product lines and diverse business areas.

Second, it helped distinguish Dow from key competitors including BASF, whose brand franchise revolved around making products better, and DuPont, whose main brand proposition centered on innovation. What it meant to be Dow was now made clear.

Focusing on the identity of the organization led us to address the three-part question of integrity directly. Defining Dow's brand was a natural byproduct of what we unearthed. In short, we had been "honest."

By clarifying identity first, we had discovered, rather than manufactured, the brand. By highlighting the company's particular institutional strengths, we had demonstrated what made Dow fundamentally "sound." Finally, we told the "whole" story; we managed to articulate Dow's value-creating potential as one enterprise.

For Dow, having integrity meant operating according to the native truth of the organization – who it truly is and what it truly stands for.

### What is Integrity Worth?

I HAVE FOUND THAT NEARLY ALL EXECUTIVES TAKE IMMEDIATE, visceral comfort when they finally "see" the integrity of their organizations through the lens of its identity. In itself, this reaction is worth a lot, for it leads to constructive changes in the nature of the dialogue managers have with their peers, their employees and outside stakeholders.

Yet the question – what is integrity worth? – remains worth asking. To answer the question, it is useful to restate it as, what is the value of trust? When it comes to running a successful business, the answer is, almost everything.

In my work with Fidelity Investments some years ago, I discovered that the organization was driven by one thing: a need to celebrate individualism – the belief that the interests of the individual are paramount; that all values, rights and duties originate in individuals. This worldview – Fidelity's identity – was at the root of the firm's integrity, in all its dimensions.

As much as this passion permeated the company, it had never been harnessed in concrete ways. As part of its brand-building efforts, Fidelity Investments began to make changes designed to strengthen its relationships with customers that capitalized on its identity. These initiatives included developing an employee training program to ensure a "one-Fidelity" approach that stressed individualism, as well as recalibrating all customer service hiring criteria to identify and recruit people who would understand and apply the tenets of individualism to all facets of customer relationships.

Another approach involved instituting customer relations awards for outstanding service reps whose actions clearly demonstrated Fidelity's commitment to the individual.

Fidelity has become one of the most highly regarded brands in the financial services industry – not just based on ethical behavior, but on the solidity of the enterprise and the fact that the whole of Fidelity is, and is seen as, greater than the sum of its parts.

When it comes to brand building, Fidelity's success demonstrates what integrity is worth.

Generally speaking, integrity's value is most clearly evident in several forms. For instance, profitable revenue from loyal, trusting customers; a steady stream of capital from investors who, knowingly or not, are seeking to invest in all three aspects of corporate integrity; and license to operate in communities around the country, or around the world, whose leaders put their faith in the good intentions of management and the viability of the organization.

Apart from its direct impact on business operations, there is another way to understand the value of integrity, which is even more fundamental. That is the deep sense of self-esteem and self-confidence people gain – executives and employees alike – when their organizations operate on the strength of integrity in all three of its dimensions.

From this bedrock, companies are in a position to accomplish almost any goal and to withstand almost any attack, for they are operating from a place that is difficult, if not impossible, to compromise.

### Self-Sustaining System

WHETHER IT IS DOW, BOISE, FIDELITY OR ANY ONE OF A thousand other companies, it can be safely said that most organizations that think they have a branding problem really have an integrity problem – only they don't know it.

Executives who are serious about branding for integrity have no choice but to brand through integrity. This means addressing all three parts of the integrity question head on:

- Are we being honest?
- Not only are we behaving ethically, but have we clarified our core identity?
- Are we demonstrating organization soundness?
- Have we highlighted our institutional talents?
- Are we telling the whole story?
- Are we explaining how our company creates value as a single enterprise?

As important as it is to answer the integrity question in full, it is equally important for companies to operate with all three parts of integrity intact.

The elements of integrity – ethical behavior, soundness and wholeness – reinforce one another. They are all expressions of identity that, in many ways, form a self-sustaining system. Lose one part and the system fails.

Together, the system gets stronger with time. Executives who have the foresight and courage to bring this system to bear in their organizations will not only bring integrity to their companies' brands, they will also bring integrity to themselves. ■

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