The brand manifesto

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The author, one of those attending the brand retreat for 2002 in Medinge, Sweden, summarizes the event's "brand manifesto", a document outlining what gathered experts expect from the brand industry in the coming year.

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In the wake of Enron

ENRON was not a problem when those gathered for the 2002 Medinge retreat—Thomas Gad, Sicco van Gelder, Nicholas Ind, Tim Kitchin, Chris Macrae, John Moore, Anette Rosencreutz, Lars Rystadius and the author—initially began writing their views on moral branding or corporate transparency. In many cases, their work could be said to be prophetic, warning readers about the lack of accountability in commerce, the conflicts of interest that existed, the ignorance of proper branding while corporations made the right noises but were never sincere about following them up.

Enron was winning awards for corporate social responsibility. As Marjorie Kelly wrote in *Business Ethics*:[2]

> As professor Sandra Waddock of Boston College Carroll School of Management noted in an unpublished paper, *Fluff is Not Enough*, Enron rang all the bells of CSR. It won a spot for three years on the list of the 100 Best Companies to Work for in America. In 2000 it received six environmental awards. It issued a triple bottom line report. It had great policies on climate change, human rights, and (yes indeed) anti-corruption. Its CEO gave speeches at ethics conferences and put together a statement of values emphasizing communication, respect, and integrity. The company's stock was in many social investing mutual funds when it went down.

It tied in well with the opening comment during Macrae's session, which went along the lines of: if 20 per cent of the worst performers in a corporation were to be replaced, then after 10 years one would have a company filled with the best liars. The thought of more than 50 of the world's 100 largest economies being corporations raised the question, 'How many more Enrons can the world take?'

As with their counterparts in other commercial sectors—bodies ranging from chartered accountants to President George W. Bush's call for corporate responsibility—there were parallels at Medinge, which was held just as Andersen went to court over its conduct in the wake of Enron, and WorldCom rumbles began.

The signs should have been more apparent. Mobile phone company Orange, for instance, generated more in advisers' fees than it had ever historically made through the 1990s' mergers and acquisitions. Analysts were expected to toe the line on Wall Street, when the ratio of buy to sell recommendations went from six to one in the early 1990s to 100 to one in 2000, despite the S&P declining 10 per cent and the Nasdaq fell 60 per cent. Less than one per cent of 28,000

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2. Kelly: 'The next step for CSR: building economic democracy', *Business Ethics,* summer 2002, *q.v.* the summary by Waddock: 'Fluff is not enough—managing responsibility for corporate citizenship', *Ethical Corporation,* February 2002, <http://www.ethicalcorp.com/NewsTemplate.asp?IDNum=178>.

recommendations issued by brokerage analysts between late 1999 and 2000 called for investors to sell.[3]

When *CAP Online* predicted a market decline, analysts missed it: *Breakingviews*' Edward Chancellor concluded that 'if an investor had acted contrary to analysts' advice, his portfolio would have outperformed the market by nearly 80 per cent.'[4]

The problem is widespread enough. By September 2002, *Fortune* would be examining J. P. Morgan, Chase and Citigroup going to court because of their involvement in Enron, WorldCom, Tyco, Qwest and Adelphia. Among author Creswell's introduction are these words respecting the Bill of Rights' principle of innocent till proven guilty:[5]

> Whatever business matters may underlie their behavior, the most serious issue for [Citigroup and J. P. Morgan] may be reputational. They appear to have loaned money with really caring whether their clients could pay it back. They appear to have leveraged their balance sheets to get investment banking business from their borrowers. They appear to have behaved in a guileful way and helped their corporate clients undertake unsavory practices. And they appear to have had an entire division that, among other things, helped corporations avoid taxes and manipulate their balance sheets through something called structured finance, which is a huge profit center for each bank.

University of San Diego School of Law professor Frank Partnoy said to Creswell, 'With Enron, Citigroup had no incentive to monitor whether Enron would repay its debts because it had shifted the risk away.'[6]

The problem is industry-wide, not restricted to a single organization. Yet the solution appears to lie in branding, being the tool that can make shifts in corporate culture and reinforce them to all stakeholders in the organization, be they directors or employees. New procedures within organizations do not help because the fundamental culture has not changed; everyone remembers why the procedures exist and they are only a faint paint job on rusted metal. Laws cannot help either because they appear half-hearted or they force compliance, whereas branding should, in its purest form, inspire people to follow a corporate credo freely.

There has been enough history, even in Confucius's day—a recurring topic of the author that was presented at Medinge[7]—to show that people can circumvent laws but would not curb their own freedoms. It is also a fallacy to believe that the human race has become gradually more civilized, taking the financial system from inter-village barter to global capital movements, when the same problems affected the world prior to the Great Depression, and which spurred

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3. Kanjorski, at US House of Representatives Subcommittee on Capital Markets, Insurance and Government-sponsored Enterprises: *Analysing the Analysts: Are Investors Getting Unbiased Research from Wall Street?,* hearing of June 14, 2001, opening statement, citing a report by First Call. Rep Paul E. Kanjorski is the leading Democratic Party member of the subcommittee.
4. Chancellor: 'Millennial market', *Prospect*, November 2001, pp. 28 –33, at p. 30.
5. Creswell: 'Banks on the hot seat', *Fortune*, September 2, 2002, pp. 79–82 *(sic).*
6. Ibid., at p. 82.
7. Yan: 'Confucianism and branding', to be published.

the New Deal legislation. That time, the practices that were frowned upon were financiers' profiteering, decline of investment research, flogging of poor securities and poor corporate structures being sustained. The game was the same at the close of the 20th century, just in a moderately different form.

Globalization and movement of capital were great forces at the turn of the twentieth century, with companies such as Singer exporting its sewing machines, opening new markets. The movement of labour was immense because of the Industrial Revolution, e.g. 60 million Europeans left for the Americas, Oceania, east and south Africa between 1815 and 1914.[8] Empires were international trading blocs. If the reform of the 1930s failed to protect millennial investors, then how will the reform of the 2000s? Chancellor notes that research departments have not become independent from investment banks, for example. The culture that he wrote of—a Morgan Stanley memorandum to staff, including research departments, in 1992 read, 'we do not make negative or controversial comments about a client as a matter of sound business practice'[9]—appears unshifted. Governments themselves remain preoccupied with finances more than social issues and even the war on terror opens up possibilities in Afghan oil fields for Big Oil.[10]

While the same issue of *Fortune* suggests that universities are teaching post-Enron courses,[11] commerce needs a solution now. The tools are right under our noses but they are ignored because of branding's misperceptions, something that has plagued the industry for years.[12]

The brand manifesto's eight points

Branding models advocated by the author and by colleagues such as Ind[13] have been well discussed and have common threads, enough to signal that many of the misperceptions are largely wrong. While there are companies guilty of equating branding to advertising, creating deceptive images to shift products and aid sales, there is no need to close the clinic because one patient has died. However, this is not to excuse the branding profession itself: something must have been wrong if it produced such *enfants terribles,* and this can only be remedied through better teaching of the subject in business schools and equally importantly, in design schools.[14]

With the average child seeing 20,000 commercials annually,[15] branding needs a wake-up call if it continues to be seen as a subset of advertising when the opposite is true. Modern audiences

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8. Mittelman: *The Globalization Syndrome: Transformation and Resistance*. Princeton, NJ: Princeton University Press 2000, p. 59. It is not a huge number relative to the world's population—Mittelman states that labour flows were far greater after 1950—but one should bear in mind issues of gender and transportation.
9. Chancellor, op. cit., at pp. 29–30.
10. Brower: 'The business', *Prospect*, November 2001, p. 42.
11. Schlosser: 'Scandal 101: lessons from Ken Lay', *Fortune*, September 2, 2002, p. 52.
12. See Ind: *The Corporate Image*. London 1992.
13. Ibid.
14. Such a course has been mooted at one design college that the author knows of in New Zealand, for introduction in 2003.
15. 'Television and the family', American Academy of Pediatrics, <http://www.aap.org/family/tv1.htm>.

reject hard-sell techniques and embrace greater issues such as global harmony and the environment. The Earth Summit received considerable press when it was held in September 2002. But as Enron has shown, window-dressing does nothing if the goods are not available in the store.

Many companies have not examined audiences well enough to see this, but those that have preached and practised ethics and sustainable development are suddenly in the limelight. Mark Barden recently spoke of Interface, which decided to become the world's first sustainable carpet company in the world, revamping its formerly toxic production processes and producing recyclable carpets.[16] Anyone following suit will be branded a copycat, but it may have to if customers flock to Interface.

Or, it can find another tack: if branding is about differentiation, then follow-me is a doomed strategy. Van Gelder wrote in an email to the author, 'My feeling is that ethical behaviour must fit with a brand and must be a logical result of brand management. I don't want every brand to help save the environment. I want those that are relevant to the environment to do so. And this goes for all social responsibility issues: poverty, inequality, racisism, health, edcucation, etc. Companies should not beat their breasts about such behaviour, they should be open and honest about it, also when they fail on some counts.'[17]

The author proposed a sportswear company to take on Nike which would educate its workforce, spending, for instance, an extra Kr 80 on each pair of Kr 1,200 shoes so that a low-gain workforce could be moved into higher-gain jobs rather than keep them in poverty.[18] *Business Week* examined 1980s darling, ReManufacturing Corp., whose CEO, Jack Stack, found his trust and ownership message irrelevant in a 1990s America where ambition was about companies built 'to flip, not to last,' and which told him that he was 'out of touch.'[19] Stack is suddenly back in vogue.

Like Stack, the manifesto's points are not new but they are primed for the world that 2002 and 2003 present. They emerge in an environment when groups such as the Institute of Chartered Accountants of New Zealand is authoring a paper on reporting standards, when special-interest groups are evaluating sustainable development concepts, when policy analysts in Green parties around the world, all disparate yet which all seem to have a common goal and brand, work toward more ecological policies.

In this environment are the eight points from Medinge.

1. Branding unites people's passions.

People are not born financial creatures. We recognize that revenue and returns on investment do not concern the majority of people. Branding respects that we are passionate people

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16. Barden: 'Advertising and the transition to sustainable capitalism', address at *Changing Minds in America*, APG conference, Washington, DC, July 29–31, 2002.
17. Private email from Sicco van Gelder to the author, July 8, 2002.
18. Yan: 'Solving *No Logo*', address at Marknadsföreningen i Stockholm, June 25, 2002. To be published in part in 'Brand 2010', *Agenda*, no. 13, September 2002.
19. Byrne: 'After Enron: the ideal corporation', *Business Week*, August 19, 2002, pp. 40–3.

who are inspired and who have freedom. Therefore, branding activities must be human and humane. Branding, not numbers, provides the interface between organizations and audiences.

2. Brands must have focus to be relevant.

Branding is not a mere gloss but something that must penetrate the whole organization. If there is a corporate philosophy, everything about that corporation must reflect that. Therefore, there must not be false claims about helping the planet. The philosophy must be focused enough and real enough to be meaningful to people.

3. Branding is about delivering what you promise.

We believe that every claim the organizationmakes must be sincere and must be carried out. The strongest brands are promise-keeping ones. Failing to do so leads to an embarrassing exposé. Good branding leads to sincerity while failure to use branding principles leads to collapse.

4. Good brands should make people happy.

Whatever a brand has to offer to consumers (whether purely functional, emotional, associative, empathetic), it must make people happy to part with their (hard earned) money and satisfied in the process. A company's employees must understand this and derive their own happiness and satisfaction from this. Shareholders should reward companies that have such brands and we in turn must create them sincerely for our clients.[20]

5. Finance is broken.

We believe money is a poor snapshot of human value. Brands, however, create value. The branding industry is about creating value for our customers. It makes more sense to measure the ingredients of branding and relationships.

6. Brands are not advertisements.

Branding is not promotion. Promotion is part of branding, but only a small part. Good brands act, not just speak or sell. Organizations must live the brand, not just in advertising and promotions.

7. Brands bring humanity to the organization.

Brands are the rallying-point for the positive empowerment of all connected with the organization.

20. Based on an email by Sicco van Gelder to the author, ibid.

8. Brands create community.

Brands are not created by a handful of big bosses, but by everyone in a system. A good branding exercise involves and builds a community. They, therefore, have a duty to educate and reinforce positive behaviours, and can even alleviate some of the world's worst problems.

What next?

The Medinge participants have remained in touch, three months after the conference. Each has taken the concepts into their specialist areas and have been active in forming communities to continue promoting the manifesto's principles.

The likely effect is that branding will come to be based around the eight points of the manifesto. Ideally, this could lead to branding being more seriously considered by other parts of business—after all, corporations already know how much a brand can add to their bottom lines (Coca-Cola's is worth $68·9 billion, according to Interbrand).[21] Considering it as part of the overall corporate system—and removing those financial indicators that can be manipulated and deceptive—business may be able to avoid another Enron, or, indeed the instability that created the Great Depression and fuelled the rise of fascism.

One of the fastest-growing online initiatives has been Macrae's Valuetrue.com.[22] The site is an open-source method in creating community standards for transparency mapping. Another venture, suggested by Macrae and mobilized by the author and others, has been the Million People Web,[23] where those signing the pledge try not to spend with any company that fails to put more than 10 per cent of a $250 million-plus advertising budget into a project alleviating poverty. It is one way for this community to pay a 9-11 tribute and make positive changes on commerce, by using the free market and consumer liberty.

Some even higher-profile ventures have been mooted by other Medinge participants, which will become increasingly apparent in future months.

As the manifesto is disseminated, the author suggests more companies—not just brand consultancies, but their clients, who must understand that these are amongst the forces that have mobilized many consumers—adopt them. The consequences may include dealing to the problems faced by the planet that are immediately connected to commerce, including the promotion of greater honesty on Wall Street, a real, not cosmetic, change to business cultures worldwide, and the disappearance of the symptoms of regional instability and conflict. Cynics may think the goals too lofty, but it is better to have greater targets to reach than suffer complacency.

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21. 'The best global brands', *Business Week*, August 6, 2001, p. 44.
22. According to Alexa Internet, its ranking has risen from the six figures to an impressive 54,652 as of September 9, 2002—a rapid rise given its specialist content.
23. See <http://www.jyanet.com/info-pledge.htm>.

About the author

Jack Yan founded Jack Yan & Associates, JY&A Consulting's parent company, as a virtual firm in 1987. A graduate of Scots College (where he was *Proxime Accessit*) and Victoria University of Wellington (BCA, LLB, BCA (Hons., 1st class), MCA), Jack is regarded as an authority in the areas of branding, identity, typography and cross-media branding, speaking and writing worldwide on these topics.

At JY&A Consulting, Jack's focus is examining branding and global business, including how smaller firms can leverage their intellectual capital applying an international marketing strategy. His master's thesis proved a connection between organizational vision and business performance through best-practice methods, which are now applied to many JY&AC clients. Recent research includes an examination of the success factors for online firms in Australasia, touching on cross-media concerns.

Client firms include insurance brokerage Willis, UNICEF, Electricity Corp. of New Zealand, Colgate–Palmolive, SANE Australia, Deutsche Bank, Knight Ridder, Victoria University of Wellington, and numerous non-profit organizations. He developed the *Lucire* brand from 1997, now one of the world's leading pure-play online fashion titles.

Jack Yan has a reputation of taking all his firms to leadership positions.

He is a regular columnist for *Desktop* magazine in Australia, and formerly contributed to UK design titles, *DZ3* and *Fontzone* (1998–2000). Articles about him or his work have been published in *The New York Times, Desktop, Elle* (US and Taiwan), *The Washington Post, Harper's Bazaar, Pioneer Press* (St Paul, Minn.)*, Access, Design Week, Graphic Design USA, Brand Strategy, Resumé, Vogue, IdN, Publish*, *The Sydney Morning Herald* and *The Evening Post* (Wellington, New Zealand) and broadcast on Saturn Television and the TV One network in New Zealand.

Jack Yan is a member of the Alliance Française, AGDA and advocacy group TypeRight (which he co-founded) and a former member of the Society of Publication Designers and the Sales and Marketing Executives.

His interests include the application of Confucianism in the context of global harmony and business, automotive design and international cultures.

He regularly travels and currently divides his year between the United States and New Zealand.

About JY&A Consulting

JY&A Consulting (http://jyanet.com/consulting) is part of Jack Yan & Associates, an independent global communications company founded in 1987. Based in Wellington, Sydney, New York, Chicago, San Francisco, Milano, Stockholm, London, Manchester, Essex and Tel Aviv, JY&A Consulting tailors solutions using researched business principles, based around the organization's vision and identity. The company specializes in identity, branding, marketing strategy and global strategy. Its clients have included small businesses, non-profit organizations and *Fortune* 500 companies. JY&A Consulting staff and alumni regularly contribute to the house journal, *CAP,* published in print, and online at <http://jyanet.com/cap/>.

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