

Opportunities for Action

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The CEO as Total Brand Manager

In a tough competitive environment, managing brands the traditional way—that is, having a good product, making a strong claim, and communicating the message aggressively through advertising and promotions—is no longer enough. To succeed, a company must redefine the promise of its brand to include the reliable delivery not just of a valuable product, or even of an image, but of a total experience. That experience begins the moment a consumer learns about the brand and includes all aspects of shopping for it, purchasing it, using it, getting it serviced, and purchasing it again. To fulfill the brand's promise, company leaders today must become *total brand managers*. What would that role entail? Take a look at the job description on the preceding page.

The New Brand Management

Traditional brand managers tend to be junior members of the marketing department. They are responsible mainly for managing promotions, advertising, and relations with the trade. They are more interested in today's bump than tomorrow's crash. They have neither the authority nor the skills to articulate the strategic, cross-functional, long-term perspective that total brand management requires. In fact, in most large companies *no one* is minding the brand.

It takes someone with central authority in the corporation to manage the consumer's experience with the brand. Whether it's the CEO or a very senior executive, that person must have the power, skills, perspective, and access to information necessary to drive not only the development of new products but also the design of new business processes for delivering them. Only the

Help Wanted: CEO as Total Brand Manager

Role:	Grow the brand's profitability by managing the consumer's brand experience from beginning to end. Live the brand, experience it every day, and drive the organization to your level of commitment. Learn. Change. Invest. Renew.
Responsibilities:	Control all processes that affect the consumer's brand experience. Set funding and performance targets. Continually improve the brand's value. Protect the brand from get-rich-quick schemes and other misguided promotional ploys.
Requirements:	Passion and skill for learning directly from consumers. The ability to experiment and to learn from failure. A belief in fixing what isn't yet broken. Openness, intelligence, intuition, discipline, honesty.
Compensation:	A generous share of the value you create over the next five to ten years of your committed and passionate love affair with the brand.

CEO or a senior executive can make judgment calls about funding, give direction to development and delivery functions, and hold managers accountable for hitting their targets. Once the broad brand-management role is safely in senior

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managers' hands, marketing managers are free to focus on their most important job: managing the relationship with the customer.

What might the new brand-management function look like? Consider the exhibit below, which indicates that total brand management must encompass three crucial roles.

Brand Management. Brand managers identify the issues to explore with consumers about their brand experiences, and they build the research capabilities to gather that intelligence. Then, with help from each of the company's functions—product development, manufacturing, marketing, and sales—they translate this learning into specifications for product development and process design. They also fund the development of brand-building capabilities and track the performance of the functions they oversee.

Category Brand Management. Category managers patrol the boundaries between and the relationships among a company's brands. Category management is becoming increasingly important for two reasons. First, any successful brand manager is going to work unceasingly to expand the brand's scope. He or she will always be scanning the horizon for new line extensions to improve sales growth, expand shelf-space

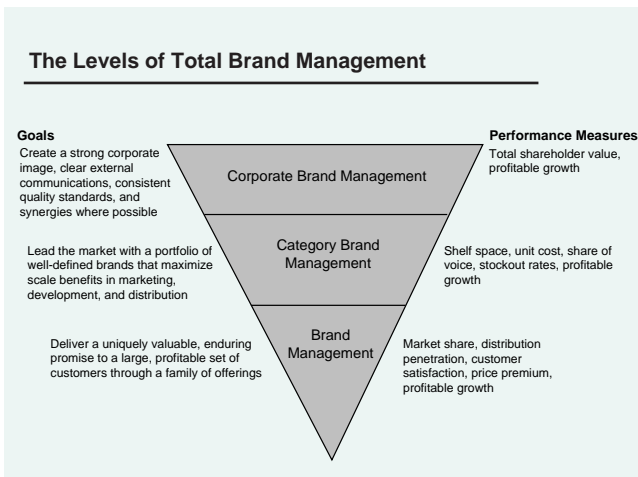
presence, and get more leverage with the trade. If left unchecked, however, such expansion increases the likelihood of overlaps with other brands in the company's portfolio. The category manager must make sure that line extensions don't compete with similar brands in the portfolio.

But category managers play a second and even more important role: managing investments across a coherent brand portfolio. Financing the massive buildup in new capabilities that total brand management requires can rarely be sustained by one brand alone. Therefore, companies need to spread their investments over many brands, cascading across price points and channels.

Corporate Brand Management. When brands become business systems, the corporation itself becomes a kind of brand. For that reason, probably the most important role in total brand management is, strictly speaking, not a functional role at all. It is corporate brand management, which is intimately linked to a company's overall strategy. That's why at some of the best branded-goods companies, the corporate brand manager is the CEO.

Corporate brand management focuses on defining and communicating what the company as a whole stands for, which includes the promise that a long-term relationship with the company is worthwhile. Defining that promise can range from articulating the company's high-level values to detailing companywide standards for service, warranties, and quality.

Total brand management is the essence of the Four Seasons hotel chain's success, since 80 percent of its earnings come from managing hotels rather than owning the hotels that bear its name. CEO Isadore Sharp believes that a successful brand experience is rooted in how he and his senior managers treat the people who deliver



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that experience. “If you trust people,” he says, “they go beyond what is expected of them.” At Four Seasons hotels, laundry rooms are often air-conditioned, and employee cafeterias can look as attractive as commercial establishments. Because the company goes an extra step for its staff, the staff goes an extra step for customers. In a well-known anecdote, a maitre d’ lent his tux (altered by an on-the-spot seamstress) to a guest who had arrived for a black-tie affair without the appropriate attire.

Corporate brand managers are also responsible for deciding when and how to leverage the brand’s equity across other products and businesses. Howard Schultz, CEO of Starbucks Coffee, believes that new products signal a company’s commitment to innovation and self-renewal. Before branching out into ice cream, CDs, and other products, however, he insisted that the brand first establish its word-of-mouth reputation for high-quality coffee.

Interestingly, Schultz initially thought that a proposed new product—a milk-shake-like coffee drink—was not at all in keeping with his original concept of a European-style coffee shop. But he was smart enough to listen to his customers, who had been asking for a cold, creamy drink for hot weather. As it turns out, Frappuccino was named one of the best products of the year by *Business Week*, and it garnered 7 percent of the company’s total annual revenues in its first year. Schultz calls turning down Frappuccino the “best mistake I never made.”

Developing Total Brand Managers

Few companies have CEOs with the broad cross-functional and general management skills that total brand management requires. And even if a CEO has those skills, he or she can’t do it all alone. Brand-committed CEOs need brand-committed senior managers with complementary skills. One venerable global marketer has

recently determined that its gap in brand-management skills is the biggest obstacle to growth that the company has faced in the past decade.

How are companies filling that gap? Some organizations without a strong tradition of brand management are hiring talented people from traditional packaged-goods companies. Other companies are moving country managers into senior brand-management slots. But the most sophisticated companies are developing more comprehensive approaches.

One global company recently created a multifaceted strategy for nurturing senior brand managers. The company began by designating a new senior vice president position responsible for executive training. It then established career tracks across functions, geographies, and brands to give managers the range of experience they would need to become senior brand managers. At the same time, the company lengthened the tenure of junior brand-management positions from a minimum of 18 months to four or five years.

But the company’s most creative move was to develop a portfolio of managerial learning experiences called Action Learning Programs. Designed to enhance on-the-job training, the programs put teams of managers to work solving existing business problems. A manager spends anywhere from two days a week to an intensive three months working on a project before moving to his or her new position. The company actively tracks the results of the projects and uses its findings to improve future programs.

Finally, the company developed a skills database, which describes the range of skills needed for various jobs, and an employee performance database, which tracks the skills that employees exhibit. That information helps match managers

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with jobs and identify where skill gaps remain—for individuals and for the organization as a whole.

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Today's total brand manager must have a holistic perspective on the consumer's experience and on the entire business system that defines a brand. The necessary levels of investment are higher. So are the necessary levels of managerial expertise. As a result, the stakes involved in launching, maintaining, and evolving a brand are much higher today than they were in the past.

But if the risks are high, so are the potential payoffs. In a world where products, markets, channels, and industry boundaries are in flux, a well-managed brand can be the one source of stability, strategic direction, and competitive advantage. It can provide entrée to new markets, new product segments, and entirely new businesses. And the brand manager will take pride of place in the strategic councils of the corporation.

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