



Identity Series

PART I: INTRODUCTION TO IDENTITY



How your company identity goes much deeper than style



GETTING STARTED

The term “identity” is frequently used as part of a rebranding effort. But, if you only focus on the visuals, you’ll never see a return on your investment.

This is the first in a series of guides to help you realize the value of your identity that goes way beyond your visual style. The fact is most “rebranding” efforts lose their luster in just a few years. Your identity goes much deeper, lasts longer, and has a measurable ROI.

To start, we need to define “identity” and the role it plays in growing a company. The topics in this first guide include:

1. The elements of a company identity
2. Why an identity is important
3. How your identity creates value
4. Signs that it may be time to work on your identity

The rest of the series will guide you through the process of creating a distinctive identity that will position you for growth. It will also help you determine how to allocate the time, money and people needed to complete the process.

It may not something you have thought much about but working on your identity will clarify your purpose, position your organization to grow, and energize your employees. In short, it will make you a better company.

“Differentiation is one of the most important strategic and tactical activities in which companies must constantly engage.”

- Theodore Levitt
Harvard Business School

THE ELEMENTS OF YOUR IDENTITY

The term “identity” is used in the management consulting community as a strategy for growth. It’s used in the marketing community to describe the way a company presents itself to the public. Which is right? Both.

Your business identity is a combination of strategic, brand and organizational identities that define who you are, what you stand for, and where you are going. Here’s how each piece plays a part:

Strategic identity

Your strategic identity defines your purpose and distinction in the market. It’s the delivery of value to your customers that creates long-term relationships.

This identity is hardwired into the organization with standards guiding internal planning, decision-making, and execution to ensure value is delivered consistently. It’s the place where large management and brand consulting firms focus because it’s where most of the value is created.

Brand identity

The brand identity communicates how your organization is distinctive. It makes the promise and sets the tone with customers and employees. It’s the face of the company.

This identity also has a set of standards (brand guidelines) that define how the promise gets communicated. It’s where most rebranding initiatives and agencies focus.

Organizational identity

Your organizational identity defines a shared sense of purpose for employees. It creates a personal connection to the organization, guides behavior, and attaches meaning to the work.

This identity uses vision, mission, values, and practices to shape the character of the organization. It’s often led by top management to provide direction and motivation for employees.



EXAMPLE: APPLE

Apple has a distinctive identity guiding the capabilities it develops and the experience it creates for customers. The three parts of their identity are intertwined in everything they do. Let's start with the organizational identity because it's always been the foundation of the company.



Organizational Identity

"Apple is dedicated to the empowerment of man – to making personal computing accessible to each and every individual so as to help change the way we think, work, learn, and communicate." This original mission statement focused on what people want to do with technology, not on the technology itself. This attracts employees who share a desire to think differently to disrupt the status quo, which Apple successfully does in every market it enters.



Strategic Identity

To empower customers to do what they want with technology, Apple must shape every aspect of that experience. The company does not leave anything to chance controlling every aspect of how products are designed, built, and delivered to the market – even designing its own custom silicon chips if that's what it takes.



Brand Identity

The company identity is translated into a very human brand that is oriented around customer emotions and experiences, not product features. The customer is always at the center of the story envisioning how they will feel about owning an Apple product and imagining what they can do with it.

WHY YOUR IDENTITY IS IMPORTANT

A CEB survey revealed only 14 percent of business-to-business customers perceive enough of a difference in vendor offerings and value to be willing to pay for it. This is because B2B companies tend to focus on meeting the product or service-level needs of customers while ignoring the higher-level needs that play a big role in the buying decision.

The result is a sea of sameness. Every company in a given market looks the same, sounds the same, has similar product and service features, and claims the same benefits. Nobody really stands out.



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Raising the bar

A strong identity elevates your company above the sameness by connecting you with the higher-level needs of your customers. You become the only company that can solve their problems while setting the standard in your industry by which all others are measured.

Building a brand

Your company identity also gives you the foundation you need to build a brand. It ensures your brand promise gets backed up by the ability to deliver on that promise. Your marketing team will thank you.

HOW YOUR IDENTITY CREATES VALUE

A recent PricewaterhouseCoopers (PwC) study revealed only half of company leaders are able to describe a distinctive identity for their companies, and only 1 of 5 think their employees could do so. It's not that executives lack an understanding of their business, but they spend most of their time solving problems and making decisions.

Yet, knowing a company's identity is fundamental to value creation. A clear identity focuses investment on the capabilities customers value the most and prevents wasting resources on those that don't matter.

"This has proven not only to be a winning strategy for financial results, but also an incredible motivator for employees, who perform at their best when they know how they fit into the larger objective," wrote Paul Leinwand, a global managing director at PwC.

The value of a strong identity can be realized in three areas: Company performance, customer value, and employee engagement. An increase in value in any one area impacts the value of the other two. Get them all working together and the sky is the limit.

THE VALUE OF IDENTITY

A strong identity has strategic value in three key areas.



Company performance

Let's start with the bottom line. Organizations with a clear identity outperform their competitors because they know exactly how to allocate their capital to maximize return. The impact can be seen in a wide variety of metrics such as:

- **Shareholder return:** A PwC survey of executives determined companies perceived as having a strong identity outperformed others by 25 percent in average annual total shareholder return.
- **Brand value:** A McKinsey & Co study concluded companies with brands that are perceived as strong outperform weak brands by 20 percent (average EBIT margin).
- **Efficiency:** A product portfolio that is tightly aligned behind a strategic identity is more efficient to produce, market, sell, and support.

Customer value

The essence of identity is differentiation. By defining what makes your organization unique, you become the only company that can solve the customer problem. The impact can be seen in:

- **Tighter product alignment:** A clear identity guides the development of products and services designed to solve the same, or adjacent, customer problems.
- **Profitable relationships:** Customers know what value you provide which helps preserve pricing, cement relationships, and create opportunities for future offerings.
- **Market opportunity:** Being known for something paves the way to enter new geographies or adjacent markets more efficiently and effectively.

APPLE

In a 2015 Fast Company article, Apple CEO Tim Cook noted the company only enters categories that are aligned with who they are and where they can make a unique contribution to the world. The result is market domination and high profitability in every market they enter. For example, in 2017 Samsung sold more phones, yet Apple commanded 87% of smartphone industry profits, increased their market capitalization by 5%, and was the most valuable brand in the world.

Employee engagement

The COVID-19 pandemic experience has amplified the fact employees are seeking more purpose in their work. A strong company identity defines the purpose of your organization in a way that helps employees understand how they fit in the big picture. The benefits to the company are seen in many ways:

- **Recruiting:** A strong identity attracts candidates that share your purpose and values, which can reduce the cost per hire by as much as 50 percent.
- **Performance:** Purpose-driven companies report 30 percent higher levels of innovation than their competitors.
- **Retention:** A Deloitte study found that purpose-driven companies have 40 percent higher levels of workforce retention than their competitors.

The human resources community often uses the term “employer brand” to describe the employee relationship to the company identity. Whatever term you use, company culture effects how well employees serve your customers and makes HR a key component of your identity.

“People want to be part of something larger than themselves. They want to be part of something they’re really proud of, that they’ll fight for, sacrifice for, that they trust.”

- Howard Schultz, CEO
Starbucks

IS IT TIME TO WORK ON YOUR IDENTITY?

There are many signs in an organization that indicate the need for a clearer direction. Here are a few questions to ask yourself.

Check all that apply:

- Do we have a lack of clarity internally about the vision, purpose and direction of our organization?
- Are our systems and processes not aligning individuals and teams around shared goals?
- Are divergent views of the business creating barriers to growth and wasting resources?
- Has our business changed significantly?
- Do we need to reposition the company for new opportunities?
- Are competitive forces hindering our success?
- Are customers and/or employees unclear about our value proposition?
- Has a merger or acquisition muddied the waters?
- Has the flow of high-quality leads slowed?
- Is it getting harder to win business or maintain pricing?
- Is the marketing story stale and outdated?
- Is employee recruiting and retention getting harder?

Any of these can be signs that it is time to define (or redefine) your identity. You may see signs of your own.



WHAT ARE YOUR GOALS?

As you think about all the potential reasons for working on your identity, what stands out as the primary reasons for you? What areas of your business do you need to improve? (Hint: Think bigger than creating a better logo)

Our identity effort needs to result in:

1.

2.

3.



ABOUT ME

I'm here to help you build a better business. I'm the only business consultant in the Northwest focused on growing small to mid-sized organizations through identity strategy. I provide business strategy and management leadership to companies including:

- Leading efforts to define both strategic and brand identities.
- Facilitating cross-functional teams of company leaders to ensure organizational-wide alignment.
- One-on-one consulting with corporate leaders to integrate identity and business strategies.
- Speaking to companies, member organizations, and community non-profits about identity strategy.

For more information, call 503-703-7417 or email me at grant.kimball@brandincite.com.



Grant Kimball
Consultant

[Let's talk >](#)

