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Internal Branding

- How to Make Employees Live the Brand

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Abstract

- TITLE:** Internal Branding – How to Make Employees Live the Brand
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- COMPANIES:** Pågen AB, SAS Airline, Öresundskraft AB
- KEYWORDS:** Core Values, Corporate Brand, Implementation, Internal Branding
- PURPOSE:** The purpose of this master thesis was to investigate the phenomenon of internal branding, with the aim of creating a process model to be used as guidance by companies when implementing an internal branding strategy in the organisation.
- METHOD:** To carry out our research, we performed a theoretical as well as an empirical study. The empirical study consisted of the undertaking of three case studies with the companies stated above being the objects of research. As our method for the collection of empirical data we used semi-structured interviews, which were conducted with 2-3 representatives of each of the selected case companies.
- CONCLUSIONS:** Our findings indicate that an internal branding process consists of four sequential steps: *initial work*, *creation of vision and core values*, *adaptation*, and *follow-up and evaluation*. Moreover, we have found that certain pre-requisites need to be fulfilled before the undertaking of the process, among these that the goals of the process are clearly defined and that the process is fully supported by the company management. Further, our model *the circle of adaptation* demonstrates concrete measures that companies can take in order to make their employees live the corporate brand.

Preface

This master thesis was written during four months in the winter of 2002/2003. Working on the thesis has been very interesting and provided us with a deeper knowledge of the phenomenon of internal branding as well as contributed to an improvement of our ability to think and reason analytically.

We would like to show our sincere gratitude and appreciation to the people that have helped us during the process of writing and hence made this thesis possible. First of all, we would like to thank our supervisor, Assistant Professor Frans Melin, for inspiration and support during the process. We would also like to thank Eva Malmberg, Ewa Dahlqvist and Georg Kittel at Pågen AB, Kerstin Edenby-Stross and Stefan Bjurholm at SAS Airline, Anders Mathiasson and Karin Hallgren at Öresundskraft AB, who very helpfully provided us with valuable information.

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PART I. THESIS FOUNDATION

1. Introduction

This chapter begins with the overall background to and development of our thesis subject. The specific research questions are thereafter presented in our problem discussion. Further we state the purpose as well as the specifications and demarcations of the thesis. Moreover we include a discussion regarding the theoretical and practical relevance of this thesis and a statement of target audience. The chapter ends with a thesis outline that depicts the structure of our report.

1.1 Background

1.1.1 Importance of Branding

In the 1980's firms became aware of the financial value of brands and since then branding has attracted considerable interest among researchers and consultants (de Chernatony 1999). Kapferer (1999) argues that branding means much more than just giving a brand name and signalling to the outside world that such a product or service has been stamped with the mark and imprint of an organisation. Since brands are intangible assets, senior executives have diverse interpretations of their brand (de Chernatony & Dall'Olmo Riley 1998) and emphasise different objectives then using developed strategies to achieve their diverse goals. The marketing director stresses the brand objective of sustaining an attractive positioning, the finance director strives to satisfy the goal of increasing the share price from the brand's goodwill, while the human resource director aims for a strong culture, using the brand as a form of cultural glue (de Chernatony 2001).

Although much has been written about the interaction between brands and consumers not many authors have dealt with the role of the organisation's staff. (de Chernatony 1999)

1.1.2 From Product Brand to Corporate Brand

Authors have started to draw sophisticated distinctions between product brands and corporate brands (Balmer 1998). There has been a move to corporate branding, since, among other things, organisations recognise that their staff are the embodiment of the brand, providing a point of welcomed difference not just through what customers receive (*functional values*) but also how they receive it (*emotional values*) (de Chernatony 2001). This has led to an increasing interest in how a sustainable competitive advantage for the corporate brand can be achieved through a unique organisational culture that reflects the aligned values of employees (Pringle & Thompson 2001 according to de Chernatony 2001). "The new focus is no longer just on defining an externally-centred promise, but also considers whether and how staff be orchestrated to be genuinely committed to delivering the promise." (Barrett 1998 according to de Chernatony 2001 p. 2). In view of the growing interest in corporate brands (Macrea 1999) and the uncertainty amongst managers about how to best manage them (Ind 2001) this thesis seeks, among other things, to clarify the concept of a brand within a corporate context.

1.1.3 Why Internal Branding

The increased interest in corporate brands brings with it the challenge of coordinating all value-adding activities in order to deliver integrated brands (de Chernatony 2001). Employees are being recruited not only on the basis of their intellect and functional knowledge, but also by reason of the extent to which their values align with the brand (Kunde 1997). Focus has shifted to building emotional values and organisations are increasingly linking their brands with their corporate values, putting more emphasis on corporate rather than individual product branding. (de Chernatony 1999)

Internal branding is generally understood as a program for encouraging employee behaviours that align with the brand values. In other words motivating, mobilising, and managing employees at all levels of the organisation in order to continuously improve the way they serve external customers and deliver the corporate brand to them. (ibid.)

1.2 Problem Discussion

Internal branding is about implementing the business strategy, the corporate identity and the brand values, in the organisation. Ind (2001) believes this process will make the employees “live the brand”. Webster (2002) states that when employees understand and communicate the brand they can create a brand differentiation, which is a competitive advantage. It therefore seems suitable to start this thesis on internal branding with an outline of the essential values in an organisation, namely brand identity and brand image. We want to clarify these two concepts by discussing the following: *What is the relationship between brand identity and brand image?* Of particular interest, in our opinion, is the corporate identity, which is the core of the organisation. While classical branding theory focuses on external issues such as brand image, internal branding concentrates on the internal aspect of brand identity and emphasises the significant influence employees may have on brand image.

Since the internal branding process originates from the corporate brand, we believe we need to outline the central elements of this concept. Gregory (1999 p. 66) refers to corporate branding as “a planned, inclusive strategy that sets communications standards and policies for all divisions and departments for the cumulative benefit of the corporation”. Ackerman (1998) suggests that a corporate brand humanises business strategy when it states a promise that can be acted upon by everyone in the organisation, regardless of hierarchical position and task. The corporate brand turns business strategy into a people-to-people experience by concentrating people’s thinking and actions around a value creation. Consequently, managing through the corporate brand helps companies learn what is really important to the business. Hence the planning of an internal branding process has to start from the two following key question: *What makes up the identity of a corporate brand and how can a corporate brand be activated as a means to guide employees?*

Although the increased focus on internal effects of the corporate brand has produced a growing number of academic outputs, there is still an element of ambiguity regarding the role of internal branding in companies, how it works and the nature of its interactions. In this context our focus is to look at *internal branding as a process, its purpose, scope and resource factors* and thereby clarifying the notion of internal branding. In order to get a balanced picture of the phenomenon of internal branding we also want to look at *possible negative implications of an internal branding process*.

To create a company culture, in which employees are both able and motivated to deliver the brand promise, the organisation must, according to Farrell (2002), determine what customers expect from the company and also what the employees are able to deliver. Developing the ability to deliver the brand promise may require a transformation of the organisation. Farrell believes that if employees should become advocates of the brand, the company needs to treat them with respect and trust, engage in two-way communication and value their contributions. When employees share the same values and goals in their work, they feel an internal brand loyalty. Farrell believes internal brand loyalty is a prerequisite for brand loyalty among customers. This discussion leads us in to the question of *how organisations can motivate their employees and unite them around one shared brand idea.*

We believe that after a company has worked out an internal branding strategy the hardest work still lies ahead, namely the process of implementing the strategy. Aaker (1996) argues that an internal marketing strategy, to be effectively implemented, has to be recognised and fully accepted by management. Moreover, in order for an internal branding strategy to be successful, employees' values and behaviours need to be aligned with the brand idea, providing a basis for the brand's consistency and trustworthiness. Developing and consistently demonstrating a particular "brand behaviour", requires that employees believe in the brand and feel committed to it (Ind 2001). Our goal is to investigate *how an internal branding strategy can be implemented and managed in order to make employees live the brand.* Moreover we would like to identify possible *key factors for a successful internal branding implementation.*

On the basis of the questions presented above, we have arrived at the purpose of thesis stated below.

1.3 Purpose

The purpose of this master thesis is to investigate the phenomenon of internal branding, with the aim of creating a process model to be used as guidance by companies when implementing an internal branding strategy in the organisation.

1.4 Specifications and Demarcations

The focus of this thesis is the activation of corporate brand through the implementation of an internal branding strategy. We will in our study only consider companies with a monolithic identity. This form of corporate identity is distinguished by the consequent use of one name and a single logotype (Olins 1989). When describing a brand, we thus refer to the corporate brand.

The brand identity, which according to Kapferer (1999) consists of the values and beliefs that the brand stands for and that make it unique, is a central concept of this thesis. Brand image concerns the way in which consumers perceive the brand. We believe that external branding theory focuses on brand image. Internal branding, on the other hand, centres on employees' relationship to the corporate identity. When using the concept of core values we consequently refer to the values that lie within the identity.

When investigating the phenomenon of internal branding we have collected literature relevant to the subject field of marketing. More specifically we have analysed theories from the different sub-areas of internal marketing, service marketing, marketing communications,

corporate advertising, corporate strategy, corporate branding, internal branding and brand management. Due to time limitations, we have chosen not to include theories belonging to the field of human resources management and organisational behaviour. For the same reason, we have not been able to look into psychological theories of motivation, socialisation and cultural dimensions.

Concerning the literature belonging to the field of branding, we will focus on key concepts such as brand image, brand identity and corporate brand. As our thesis deals with internal branding we will not go further into the wide area of external branding. Moreover it is important to remember that this thesis is written from a management point of view. Our goal is, as stated in the previous section, to create a comprehensive process model that can be used as guidance by management of organisations with a corporate brand.

1.5 Theoretical and Practical Relevance

In order to show the theoretical and practical relevance of the chosen topic for this thesis, we will draw attention to some specific aspects recently discussed in the field of internal branding.

As an important development in brand management, theorists have, as stated above, started to draw sophisticated distinctions between product brands and corporate brands. The literature about building and sustaining brands has mostly placed significant emphasis on the interactions between consumers and brands whereas the importance of staff as brand builders has not been sufficiently considered.

When it comes to the conceptual theoretical framework, we feel that there is a definite lack of comprehensible models that incorporate the brand and all the organisational elements. Classical models of brand management pay insufficient attention to staff as brand builders, placing more emphasis on external issues such as image. However, there are a few particularly interesting theoretical works discussing issues related to internal branding presented by Kunde (1997), de Chernatony (1999, 2001), Hutchinson (2001), Ind (2001), Versant (2001), Buss (2002), Farell (2002), Fill (2002) and Morel et al. (2002). Two of these authors, de Chernatony (2001) and Ind (2001), have presented conceptual models that we find to be of particular relevance for analysing corporate and brand identity and its role in the organisation.

Within the field of internal branding there seems to be a lack of a common language. We have come across differences in terminology that we find confusing. Authors refer to the notion of internal branding under a variety of concepts, like for instance *employer branding*, *employee branding*, *recruitment branding* and *brand activation*. With this thesis we hope to clarify the relationship between the concepts.

Although the theorists mentioned above emphasise the importance of internal branding in organisations, and sometimes suggest strategies for the implementation of an internal branding strategy, they do not give any concrete proposals on how to make employees live the brand. Internal branding still being a relatively new concept, we believe there is a risk that company executives will underestimate the importance of understanding and living the brand.

Taking into account all the above-mentioned factors, and especially the increasing need for companies to embrace the aspects of internal branding, we believe that our research will be a

useful contribution to internal branding theory. In addition, we hope that this thesis also will represent a practical contribution by providing companies with a management tool focused on the practical aspects of internal branding implementation.

1.6 Target Audience

As we would like this thesis to be of both practical and theoretical relevance we have identified two target groups. Regarding the theoretical relevance, we consider the target audience to be made up of teachers, professors, researchers and students in marketing and brand management. Our thesis may also be of interest to academics studying organisational culture.

Concerning the practical relevance of this thesis, we believe that the target audience mainly consists of companies and organisations interested in internal branding. Some companies, to which the concept of internal branding is unfamiliar, might be interested in knowing what internal branding can do for their business. Organisations already employing internal branding may want to learn about the key success factors of an internal branding process, i.e. how an internal branding strategy can be successfully implemented.

1.7 Guide to Thesis

1.7.1 Thesis Outline

This thesis consists of eleven main chapters divided into five parts, which are presented in figure 1.1 below.

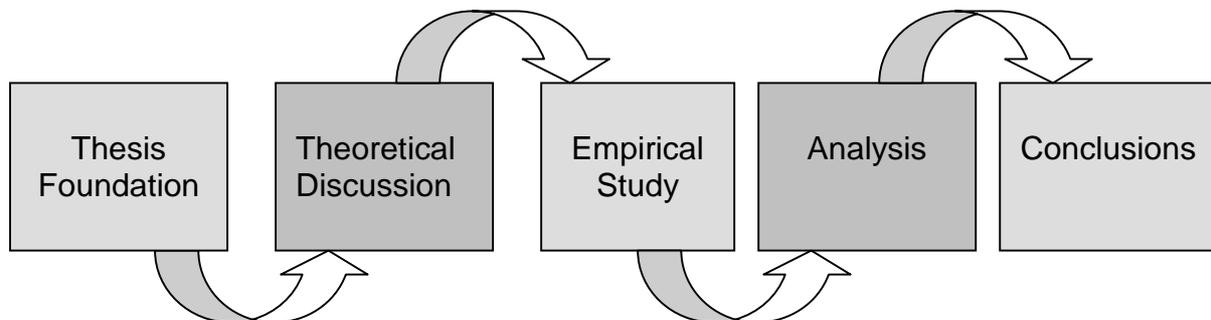


Figure 1.1: Schematic figure of thesis disposition.

The first part, Thesis Foundation, consists of two chapters aiming to describe the foundation of the thesis and the logic behind our research, i.e. what we have done as well as why and how we have done it.

In the second part, Theoretical Discussion, four different chapters are included. The first chapter deals with the concept of branding, while the second comprises a discussion on theories relevant to the phenomenon of internal branding. In the third chapter, strategies for

the implementation of internal branding are presented. Finally, in the last chapter belonging to this part, the theoretical framework we have set up for this thesis is presented.

The third part, Empirical Study, includes the presentation of the empirical data collected from our three case studies, each of which results in a separate chapter.

In the Analysis part, which contains a single chapter, we perform by means of our theoretical framework an overall analysis of the case studies performed.

The final part of this thesis is devoted to Conclusions. In the only chapter included in this part, the results and findings of our research are summarised and the theoretical and practical contributions of this thesis are discussed. Moreover, we also give our suggestions for future research.

2. Research Approach

In this chapter we give an account of the methods we have used in order to be able to answer the research questions and to fulfil the purpose of this thesis. Our intention is to clarify and discuss the different steps and decisions that have been made during our work on the thesis. In the first section of the chapter the overall approach for the thesis is described. In the second part, our practical mode of procedure is depicted.

2.1 Overall Approach

2.1.1 Choice of Subject

As marketing students we have studied many different and interesting theoretic areas in the field of marketing. However, when we attended a course in brand management we immediately felt that this was our area of interest. We became fascinated with the idea that the brand of a good or service can be of greater importance to the customer than the product's functional value. In the contemporary western society, people's lives seem to be increasingly influenced by brands. Often, the symbolic associations of a brand appear to say enough about a product to conjure up an image in the consumer's mind, hence making further description seem redundant. As Chris Hodder (2002 p. 9) puts it: "brands have now become the narratives which people live by - brands are the new traditions". The fact that branding relates to several subject fields such as psychology, sociology and semiotics and design, is also one of the reasons why we found it to be such an interesting subject.

When attending a seminar on branding we came into contact with Frans Melin, a well-known brand consultant and researcher at the School of Economics and Management in Lund. Frans introduced us to the idea of internal branding which we found very interesting since it is an area of marketing that is growing in both size and importance. We further discovered that a great number of articles had been written in this area. However, it was our impression that internal branding is not yet regarded as an evident part of the brand management field. We decided to investigate this new phenomenon more closely and after reading several articles in the area, we realised that internal branding is of both practical and theoretical relevance and therefore a highly pertinent topic for a master thesis.

2.1.2 Choice of Method

Our research was composed of both a study of literature and an empirical study, where the empirical study consisted of a qualitative case study aimed at the objects of research selected. The purpose of the study of literature was for us to achieve a greater understanding of the selected area of research and at the same time form a theoretical framework for the subsequent case studies. Our intention with the empirical study was for it to illustrate the theoretical framework and if possible also contribute to the expansion of this framework. The empirical study and the study of literature were pursued simultaneously according to an *abductive* method (Holme & Solvang 1997). The reason why we chose this approach was that we believed it would result in a beneficial interplay between theory and practice. This in turn

would enable an adjustment of the theoretical framework to the empirical findings, and vice versa. It is our opinion that this results in a higher level of relevance between theory and practice. We also believe that an abductive approach can help the researcher avoid being trapped in misleading interpretations.

2.1.3 Weltanschauung

The way in which a researcher views the world, his conception of the world or *weltanschauung*, influences to a great extent the research work conducted by him. This may be observable particularly in research disciplines that deal with social phenomena, since the research work in this area may, to a higher degree, be marked by difficulties in defining problems and objective contexts. The way in which a researcher views the world exerts an influence on what is regarded as truth or knowledge and what methods and techniques are being used. (Holme & Solvang 1997). Therefore we believe that it is also essential to describe our own conception of the world.

We assume in this report that reality is a social construction. There is no objective and directly measurable reality, instead reality is determined by people's attitudes towards it. This implies that research in our selected problem area cannot mainly be aimed at finding optimal structures. Instead it has to concentrate on interpretation and learning by hermeneutical principles, principles that have come to characterise our work on this thesis. We find this suitable since the idea of our research is to interpret different people's view on a certain phenomenon, namely internal branding.

Different people have different perceptions of the world, perceptions that guide our actions in different situations (Alvesson & Sköldberg 1994). Our own frame of reference has naturally also influenced the direction of research, and therefore we believe it to be of importance to communicate it to the reader. Our fundamental frame of reference is primarily based on the studies conducted in business administration at the University of Lund. Studies in psychology, consumer behaviour and brand management have particularly affected our way of perceiving and reasoning.

2.1.4 Theoretical Frame of Reference

The theory that makes up our theoretical frame of reference was collected from literature in the areas of internal marketing, service marketing, marketing communications, corporate advertising, corporate strategy, corporate branding, internal branding and brand management. As stated earlier, we have, owing to time limitations, chosen not to include theories belonging to the field of human resources management and organisational behaviour, as well as we have decided to leave out psychological theories of motivation, socialisation and cultural dimensions. Due to the fact that internal branding is a relatively new phenomenon, articles constitute an important source of information since they provide up-to-date information about developments in the area in point.

The theoretical part of this thesis is, as mentioned in the first chapter, disposed according to the following structure. First we will discuss the concepts of brand identity and brand image in conjunction with corporate branding. Further we will describe important aspects within the field of internal branding. Finally, strategies for the implementation of an internal branding strategy will be presented. Regarding the motives for choosing these specific theoretical areas,

we argue they will contribute to the consolidation of the quality of study by providing a framework that gives the study precision as well as adequate profundity and width.

When referring to published sources we used the Harvard system, which we believed would, as compared with the Oxford system, increase the readability of the thesis. This since the reader would not have to go to the end of the page to find information about a reference figuring in the text. In addition, the Harvard system enables the use of footnotes exclusively for important remarks and comments. Generally, when figuring in the text, a source applies until another source appears. More specifically, when the source is referred to in the end of a sentence, it concerns only that specific sentence and eventually sentences that follow thereafter. When instead placed after a completed sentence, the source applies to the entire passage above it.

2.1.5 Criticism of Sources and Literature

When evaluating our sources and the literature used, we took three criteria into consideration: the *tendency criterion*, the *criterion of contemporaneousness* and the *dependency criterion* (Alvesson & Sköldbberg 1994).

The tendency criterion is used for the purpose of determining the self-interest of the source in the question in point, as well as how this might have distorted the information (ibid.). In order to as far as possible avoid biases in the study of literature, we use material from several authors representing different views and approaches. The fact that the majority of the selected authors are recognised in the area of branding, probably also reduces the risk for tendentious elements. Concerning our primary sources, we are aware that there is a great risk of the interviews conducted being tinged with subjectivity. Hierarchical position, working tasks and personal experience all influence the way in which a person perceives and reasons. However, since this is an unconscious process it does not involve a conscious distortion of data. On the other hand, such a distortion might occur if the respondent for some reason find a self-interest in not responding according to his actual opinion. The person being interviewed may often be restrictive in giving information that might put him, the company or its management in an unfavourable light. For example, the representatives of the different companies being interviewed may be restrictive concerning information suggesting themselves or the company being less competent. An excessively favourable picture of the company may also be depicted for strategic reasons. In this context, it is also important to take into consideration the effect of the interviewer (Patel & Davidsson 1994). This effect occurs when the interviewer behaves in such a way that the interviewees understand what is expected from them. Even if it is impossible to avoid the effects of the human factor when performing interviews, the interviewer can minimise these effects (Merriam 1994). With the aim of avoiding unnecessary bias, we tried during all interview sessions to create a fairly relaxed and personal atmosphere at the same time as we did our best to remain neutral, sensitive and non-judgemental in relation to the respondents.

Regarding the contemporaneousness criterion and the literature used, we believe this to be met since the majority of the articles and books we used were written in the late 1990's or in the early 2000's. Concerning the primary data, we tried to comply with this criterion by recording all interviews after which the transcription and interpretation of the audile material took place without delay.

The dependency criterion, finally, discusses whether the sources and the literature employed are interdependent (Alvesson & Sköldbberg 1994). Concerning our literature, we find this a very tough question to answer. Still, different authors probably influence one another, either positively or negatively. Regarding the primary data, we believe it is worth mentioning that the different respondents may have had an influence on each other. Representatives from the same company will be likely to discuss the ongoing investigation and thereby exert an influence on each other.

2.2 Practical Approach

2.2.1 Case Studies

The aim with the empirical study we were to perform was, as already mentioned, to try to illustrate the theoretical framework of this thesis and if possible also to expand it. When choosing how to carry out the empirical study, i.e. how to collect the empirical data, the researcher needs to think about what type of questions he is asking. Moreover, the researcher must take into consideration the degree of control he exerts and what final result he expects. (Merriam 1994). The researcher's ability to identify a marked off system as the focus of the investigation constitutes another important and probably decisive factor (Smith 1978 according to Merriam 1994).

Considering the phenomenon we aimed to study and the type of questions we focus on in this thesis, a qualitative study was the obvious choice of method for carrying out the empirical research. More specifically, we believed that an undertaking of case studies was the most appropriate way to proceed when collecting the empirical data.

Yin (1994) argues that the need for case studies arises from the desire to understand complex social phenomena. The case study allows an investigation to preserve the holistic and meaningful characteristics of real-life events such as organisational and managerial processes, which is the focus of our research in this thesis. According to both Merriam (1994) and Yin (1994), a qualitative case study research is appropriate when the three following conditions are fulfilled:

- 1) The research questions posed are of the kind "how" and "why".
- 2) The investigator does not have control over actual behavioural events.
- 3) The study focuses on contemporary events.

Regarding the empirical study we were to pursue, we believed it met all three of these criteria.

Merriam (1994) states that when carrying out a case study, the researcher focuses on understanding, discovery and interpretation rather than on hypotheses testing. Moreover a case study can be described through its special characteristics. A review of several authors' opinions show, according to Merriam, that four basic characteristics are distinguishing features of the qualitative case study: they are particularistic, descriptive, heuristic and inductive. The fact that a case study is particularistic means that it focuses on a special situation, event, phenomenon or person. The fact that the final product of a case study is descriptive signifies that the description of the studied phenomenon is extensive and thick. The fact that a case study is heuristic implies that it can enhance the reader's understanding of the studied phenomenon. And finally, the case study is inductive in the sense that it for the

most part is based on inductive reasoning. This means that generalisations, concepts and hypotheses originates from the information available, which in turn is derived from the context that forms the framework of the study.

With reference to the discussion above, we believed our choice of using case studies as our method for the collection of empirical data was justified. The next step was then to choose what companies to include in our study. Here we had three main criteria:

- 1) The company should be using a corporate brand.
- 2) The company should either be experiencing an internal branding process or have undergone such a process in the past.
- 3) The company's head office should be located in Sweden.

Several companies probably fulfilled these criteria, which also made them suitable as research objects. However, to be able to perform a case study with a specific company being the object of research, having access to that company is essential. Often a researcher must take the cases to which he has access (Eriksson & Wiedersheim-Paul 2001). Due to the fact that the time frame of a master is relatively narrow, only about ten weeks, we decided not to include more than three or four companies in our study. We believed that with an empirical research base larger than this, the width of the study would have increased but only at the expense of the depth of the research. Considering again the narrow time frame for collection, interpretation and analysis of the empirical data, this decision seemed justified.

Three companies that fulfilled the three criteria above and to which we also managed to get access were Pågen AB, SAS Airline and Öresundskraft AB. Therefore, these three companies also came to be the ones we chose as objects for our empirical research. Choosing the three companies above also provided us with a relatively balanced base of research, bearing in mind the fact that Pågen is a goods company, SAS Airline is a service company and Öresundskraft has a history as a local company.

Before taking on the empirical study, we did not know if three companies would be enough to provide a saturation in empirical data. However, after having carried out the three pre-selected case studies, it was our opinion that the quantity of information collected was satisfying. Consequently, we did not consider it necessary to include a fourth company in our empirical study. Moreover, the collection and analysis of the empirical data revealed that Öresundskraft somewhat differed from the other case companies regarding the nature of the undertaken internal branding process. It turned out that the process carried out at Öresundskraft was focused on the internal aspect of building a strong organisational culture, with the intention of making all employees work in the same direction as well as creating a pleasant and attractive working environment. Considering this fact, one might ask oneself if the process carried out at Öresundskraft should to the same extent be considered an internal branding process, and hence if it should perhaps be excluded from our empirical study. However, since we consider the cultural aspect an important one when it comes to internal brand building, we believed that the Öresundskraft case contributed relevant and valuable information to our research on internal branding. Considering also the fact that the Pågen case as well as the SAS Airline case provided us with relatively little information regarding the cultural aspect, the decision to retain Öresundskraft in our empirical study seemed clearly justified.

2.2.2 Interviews

When selecting representatives of the companies to be interviewed, we chose people responsible for or highly involved in the internal branding process within the company in question. In order to get a more balanced picture of the situation and to, as far as possible, avoid biases in the study, we decided to interview two or three persons from each case company. We admit that it would have been desirable to increase the number of interviewees, since this strengthens the validity of the research. However, in our opinion, this would have been too time consuming both for the case companies and for ourselves considering the rather narrow time frame of this master thesis.

According to Merriam (1994), there are three ways of conducting an interview. The researcher can either use an interview with a very firm structure, an interview that is semi-structured or a very open interview similar to an ordinary conversation. The structured interview is used when the sample of people to be interviewed is very large and when a quantification of the results is important. Unstructured interviews are useful especially when the researcher does not have enough knowledge about a phenomenon to be able to ask relevant questions. One of the goals with such an interview, Merriam argues, is actually to learn sufficiently about a situation to permit the formulation of questions for future interviews. However, when conducting a qualitative research, the most common way of interviewing is, according to Merriam, to use the semi-structured interview, which permits the gathering of certain information from all respondents. This type of interview is controlled by a set of questions or problems that are to be investigated, but neither the wording nor the sequence of questions is determined in advance. This approach makes it possible for the researcher to adapt to the situation as it evolves, to the respondents' conception of the world and to new ideas that come into mind.

To perform the interviews, a questionnaire was constructed on the basis of the theories we worked with in the initial parts of the thesis. The questions, which are enclosed in the appendix, were formulated so that the answers received could contribute to the creation of the process model we were to build. At the same time as we did not want to control the interviews, we wanted to keep the discussion within the theoretical frames we had set up for this thesis. We found, with reference to the discussion of methods for interviewing presented in the section above, that a semi-structured interview represented the best way of achieving this. We also believed that a semi-structured interview with open answers would give the respondents the space needed for creative and innovative thinking.

With the purpose of increasing the efficiency of the interviews and thereby the case studies in general, the questions were sent to the respondents the day before the interview was to take place. This gave the interviewees the opportunity to think the questions through and to prepare and formulate answers. The interviews were then conducted in an informal manner, where the questionnaire was used rather as guidance than being strictly followed. Yet, the questionnaire served in the end of each interview as a checklist so as to assure that none of questions had been left out.

It is important to let readers know that all interviews were performed in Swedish, hence the quoting of the interview persons is our translation of their Swedish words into English. Another remark we would like to make concerns the quantity of information collected through the interviews. Due to the fact that we interviewed three persons from Pågen while only two from SAS Airline and Öresundskraft respectively, a greater quantity of information was gathered in the Pågen case. Another reason for the superior amount of information in the

Pågen case, is the fact that the interviews held with the representatives of Pågen came to last quite a bit longer than the ones conducted with the other respondents.

All interviews were recorded, except for one that due to logistical reasons was conducted over the phone. This would, we believed, reduce the risk of losing valuable information and lessen the probability of us making misinterpretations. With the intention of further increasing the accuracy in the interpretation of data, both transcription and interpretation of the audible material were carried out immediately or very shortly after the interview session. Despite these measures taken to assure the accuracy in the interpretation of data, there was still a possibility of us misunderstanding the information received from the respondents. For that reason and for the purpose of giving the respondents the possibility to revise their answers, the account of the empirical material was sent to the interviewees for approval, after which some minor modifications were done.

2.3 Reflections and Criticism of Chosen Research Approach

All research methods can be discussed in terms of their relative strength or weakness, i.e. their advantages and disadvantages. The benefits of a certain approach lie implicitly within the reasons for choosing the method in question with the purpose of taking up a problem. The researcher chooses the case study method on the basis of the type of research problem and what questions he is asking. The method should be the best way to find answers to the questions asked, the advantages should counterbalance the disadvantages. (Merriam 1994). We chose case studies as method since we believed this represented the best way of approaching our research problem. We wanted to study the phenomenon of internal branding, how this concept is seen and used by companies. Our goal was to illustrate the theoretical framework and if possible also to expand it by constructing a process model to be used as guidance by companies when implementing an internal branding strategy within the company. The undertaking of case studies seemed, as mentioned above, like the natural choice of method considering the type of questions we were asking.

The benefit of using a case study method is that it results in a rich and holistic account of the phenomenon. The method provides understanding and information in a way that widens the reader's knowledge. Case studies also play an important role in the development of the knowledge base within a specific area. However, most of the characteristics special to the case study representing the reasons for choosing this approach in the first place, also involve certain limitations concerning its application. For example, even though the researcher strives for a rich and thick description and analysis of a phenomenon, he may not have the time or the money required to succeed in this. Furthermore, although the researcher has the time needed to produce a qualitatively very good case study, the result or product may be too extensive or too detailed for the target group to have the time to read and employ it. (Merriam 1994). Cuba & Lincoln (1981 according to Merriam 1994) illustrate yet another limitation when pointing out that case studies may oversimplify or overstate factors in a situation, which makes the reader draw incorrect conclusions. In addition, the researcher's sensibility and integrity (Riley 1963 according to Merriam 1994) are factors that limit qualitative case studies. When considering our own case studies, we believe that there is a risk that especially this last drawback may have had an effect on our research and hence also on the results of the research. As Merriam (1994) points out, the researcher himself is the principal instrument regarding the collection of data and analysis. Since we, when starting the work with this thesis, did not have very much experience with interviewing and observing, there was, for example, probably a risk of us not always being as neutral, sensitive and non-judgemental as

desired in relation to the respondents. Further, as the researcher during the most part of the research process, must rely on his own capability and instinctive feeling (Merriam 1994), we believe there is a great risk of him having an influence over the research process as well as the results. Therefore, our own behaviour as researchers and our way of thinking and reasoning should have had an effect on the outcome of our research.

Another restriction of the case study method concerns the possibility or not of making generalisations. Some researchers argue that it is not possible to generalise on the basis of a case and consider this to constitute one of the limitations of the method. Others believe that instead of applying a statistical view to generalisations regarding case studies, a concept of generalisation that agrees with the underlying philosophy of qualitative studies should be developed. (ibid.). Due to the difficulty of making generalisations from one case to another, the researcher falls, according to Yin (1994), into the trap of trying to select a representative case or set of cases. However, no set of cases, irrespective of its size, is likely to resolve this problem of generalisation. The analyst should therefore, instead of trying to generalise from one case to another, aim at generalising findings into theory. Yin refers to this type of generalisation as analytic generalisation, as opposed to statistical generalisation. This is also what we intend to do with the findings of our research. Our goal is thus not to generalise the conclusions drawn from the set of cases we have studied and analysed to other cases, but to try to expand the existing theoretical framework of the virgin territory of internal branding. This we intend to do by constructing a process model.

PART II. THEORETICAL DISCUSSION

3. Branding

In this chapter we initially discuss the relationship between brand identity and brand image, elements important to the concept of branding. Moreover, we look into the functions of the corporate brand and how it can be activated as a means to guide employees in their daily work. Internal brand loyalty is another important aspect that is taken into consideration.

According to Kapferer (1997), branding is often seen as an activity that concerns the packaging, labelling and advertising of a product. In these cases the brand is considered to be nothing but a superficial label. However he argues (p. 47) that “branding is not about being on top of something, but within something”. The branding process aims to make all the different aspects that influence the brand act together, in line with the chosen position, and thereby strengthening the brand. Branding is the terminal phase of a process that involves the company’s resources and all of its functions, focused on the strategic intent of creating a difference. Kapferer claims that only by mobilising all of its internal sources of added value can a company set itself apart from competitors.

3.1 Brand Identity and Brand Image

Until recently branding has been managed by brand image research. The brand’s main concern was to know how its customers perceived it. Today, the notion of identity is considered to be the core concept of branding. Before a company knows how they are perceived, they must now who they are. Therefore it is not up to the customer to define the brand and it’s content but up to the company to do so. The *brand identity* represents what the organisation wants the brand to stand for. For that reason the identity must be rich and clear. To be effective, a brand identity needs to resonate with customers, differentiate the brand from competitors, and represent what the company will and can do over time. (Aaker 2000)

According to Kapferer (1997) the values and beliefs that the brand stands for and what makes it unique make up the brand identity. Having an identity means for a company to be its true self, and to be driven by a personal goal that is both different from other companies and resistant to change. Thus, Kapferer suggests that that the identity becomes more clearly defined by answering the following questions:

- What is a brand’s particular vision and aim?
- What makes it different?
- What need is the brand fulfilling?
- What is its permanent nature?
- What are its values?
- What are the signs that make it recognisable?

The *identity process* is something that is controlled by the company itself. Kapferer refers to the identity process as an activity on the sender’s (company’s) side that includes a procedure of specifying the brand’s meaning, aim and self-image. *Image*, in contrast, is on the receiver’s side and represents both the result and the interpretation of the identity. Image research

focuses on the way in which certain groups perceive a brand. The image refers to how these different groups decode all the signals that emerge from the brand.

Ind (2001) discusses the identity and image relationship using Riondino's "The Brand Model" (see figure 3.1 below). The model is an attempt to show how the *brand idea* relates to the overall formulation of identity and image.

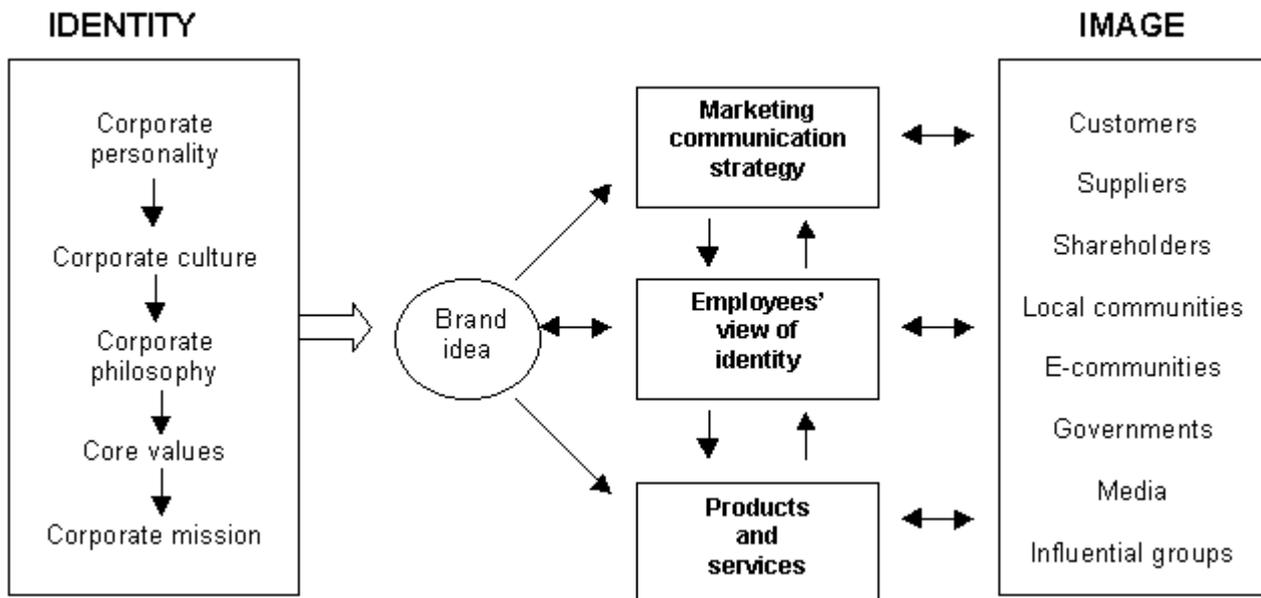


Figure 3.1: Simplification of Riondino's "The Brand Model".

Riondino (according to Ind 2001) argues that the identity represents the core of the organisation's purpose. It is transmitted through the brand idea, which is the articulation of the unique attributes that are significant for the organisation. The brand idea is communicated through the three following key mechanisms: marketing communication, employees' interpretations of the identity and the nature of products and services. Ind argues that it is important to focus on the employees' role in this process, since the employees not only interpret the corporate identity but also create and deliver the marketing communication and the products and services. Ind suggests that a more uniform identity will be delivered to the public if all employees perform their tasks according to the signification of the brand idea. By making sure that the brand idea is strongly defined and consistently transmitted throughout the organisation, he believes that the identity could be strengthened and thereby reinforce the identity of the company.

3.2 The Corporate Brand

A *corporate brand* refers to the company name in capacity of a brand. A lot of successful companies have a company name and a brand that interact, i.e. *brand-as-product*. Canon, for example, markets cameras, photocopying machines and office equipment, all under its own name. This phenomenon is also known as an *umbrella brand strategy*. The corporate brand involves an unspoken declaration of "who we are", "what we believe" and "why you should

put your faith in our company”. This declaration begins with the aspect of *corporate identity*. (Kapferer 1997). The identity of a company is created within the context of the mission statement, organisational culture, symbols, products, strategies, management styles, employees and communication. Even though a corporate brand automatically draws attention to corporate values, the corporate brand does not necessarily need to have organisational associations as important elements of its identity. Rather the brand-as-product perspective could dominate its identity. Volvo for example might signify price-worthy and secure vehicles. However, organisational associations and characteristics are important since they can provide a basis for differentiation. (Aaker 1996). Most corporate brands provide value propositions that are tied to a product benefit. Still, by having associations driven by the organisational characteristics, the company can distinguish themselves as qualitatively different. The famous Nike slogan “Just do it”, was actually born when an advertising executive talked to some Nike employees and exclaimed: “You Nike guys, you just do it”. This is an example of a strong organisational characteristic that constitutes the corporate identity and that has come to represent a remarkable competitive advantage. (Gregory 1999)

3.3 Activation of the Corporate Brand

Japanese firms, in general, look at branding very differently compared to firms from other countries. When it comes to corporate branding, Japanese companies often aim their advertising primarily towards current and prospective employees. An impact on customers is almost seen as a bonus and certainly not as the only benefit. When employees feel proud of their firm, its values, purpose, past success and future goals, they are more effective and more motivated. Corporate advertising in Japan is largely justified on the basis of its internal impact. In contrast, western companies rarely consider employees to be an important audience for corporate advertising. (Aaker 1996). According to Gregory (1999) corporate advertising, despite its long history and many documented successes, remains the least understood weapon in the marketing arsenal. Gregory argues that the most important function of corporate advertising is to build public awareness and acceptance and thereby establishing a more favourable market position. Apart from the external effects, corporate advertising has a strong influence on the company’s shareholders and the financial community. Another advantage of corporate advertising is, according to Gregory, its ability to attract and retain quality employees.

According to Ackerman (1998), successful companies are those who know how to manage their corporate brand. He refers to well known brands like Coca-Cola, American Express, Kodak and IBM. Ackerman argues that a corporate brand humanises corporate strategy when stating a promise that can be acted upon by everyone in the organisation, no matter whether it is the managing director, the manufacturer, the customer-service representative or the sales person. The corporate brand turns business strategy into a people-to-people experience by concentrating people’s thinking and actions around a value creation. Consequently, managing through the corporate brand helps companies learn what is really important to the business. Everything that does not contribute to the creation of value as prescribed by the corporate brand becomes irrelevant and often redundant. However, in some companies, the brand may not be stated or articulated in a way that easily translates into personal behaviour, attitude or mission (Morel et al. 2002).

Interbrand (2001) states that the difference between an average corporate brand and a great one, is that a great brand lives its values. Ind (2001) also focuses on the living brand and

establishes that it is in the interest of every company to take on a strategy that will make the brand come alive.

de Chernatony (2001) believes that by enabling staff to understand the brand’s values, employees will better appreciate their roles and have increased commitment to delivering the brand promise. It will also result in a greater likelihood of higher brand performance. While in the product brand field, a mechanistic command and control approach is common, a more humanistic approach is necessary in corporate branding, placing greater emphasis on internal communications so staff fully appreciate the corporate brand and how the brand’s values should guide their behaviour. Ind (2001) states that successful corporate brands are characterised by participative approaches whereby senior management provides guidance about their corporate brand’s values, but find mechanisms to engage staff in debates about their values to encourage a mediated, consensus view.

de Chernatony (2001) suggests that corporate brands can be managed using the “Defining and enacting the corporate brand” model. This model, illustrated in figure 3.2 below, is founded on the contention that a successful corporate brand necessitates management refining before communicating the corporate identity. The starting point of the model draws on several of the key elements of corporate identity.

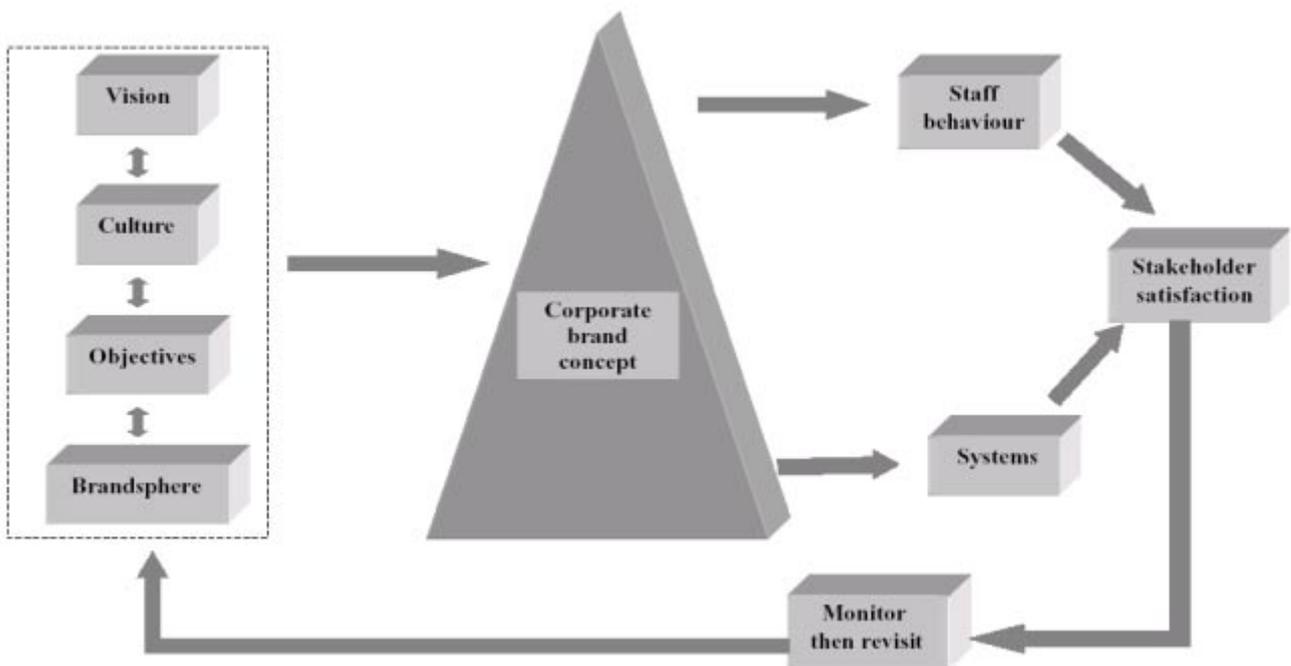


Figure 3.2: Defining and enacting a corporate brand (de Chernatony 2001).

The model draws on several of the key elements of corporate identity: mission, vision, culture, objectives and brand sphere. The corporate brand concept is formed under the influence of these interacting elements and is activated, amongst other ways, through the behaviour of staff and supporting systems. de Chernatony believes that the model provides a way of visually communicating the characteristics of a corporate brand, to make everyone aware of the brand promise they are to deliver. The blending of these two elements should

result in the matching between the claimed and the delivered brand promise, and through the monitoring of potential gaps.

There may be a great risk for tension within the organisation when trying to activate a corporate brand. If, for example, senior management do not involve staff in the visioning process employees may find it hard to behave in the desired manner, as they may feel uncomfortable accepting some aspects of the brand vision. de Chernatony (2001). Ind (2001) states that across Europe only a third of organisations communicate their visions to staff. de Chernatony (2001) emphasises that it is not sufficient for senior management to just communicate their vision to staff, but the only way for the vision to be shared and internalised is for it to have meaning for all employees. He suggests that senior managers are wrong when they think that just writing down the vision is sufficient. This, he claims, is just the start of the job since the vision needs to be given meaning for staff.

3.4 Internal Brand Loyalty

Melin (1999) explains that a company needs to be loyal to their brand in order to achieve brand loyalty among the consumers. According to Melin it is vital that management is well aware of the corporate identity and what the corporate brand represents. If not, there is a risk of inconsiderate and ill-founded decision-making. To be able to achieve a high level of internal loyalty, management must focus on four different fields: *trademark management*, *identity management*, *image management* and *loyalty management* (see figure 3.3 below).

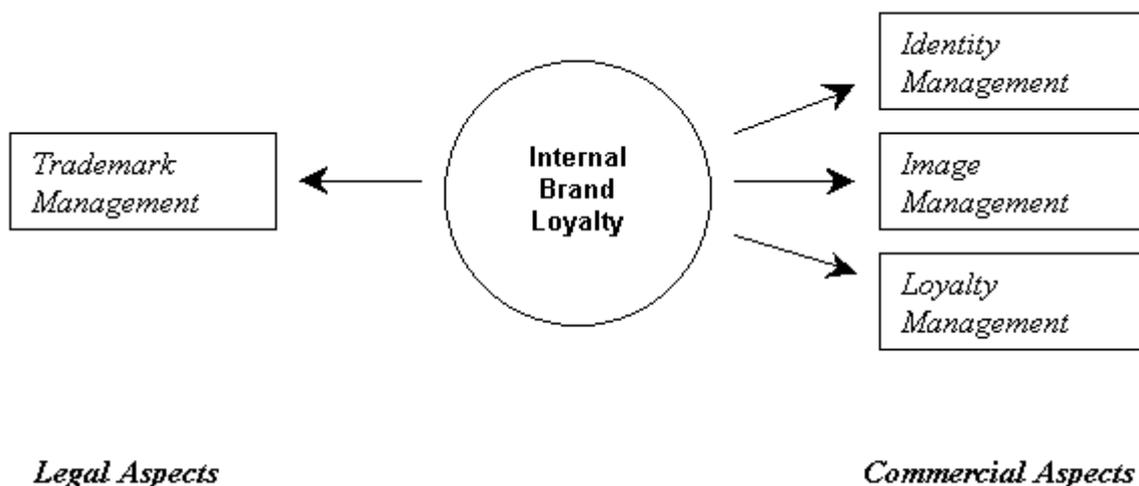


Figure 3.3: Internal brand loyalty (Melin 1999).

Trademark Management: The overall goal of trademark management is to protect the company's copyright of the brand. In doing so, it is possible for the company to avert both external and internal threats like infringement and misuse of the brand. A brand manual stating rules for correct handling of the brand can often avoid misuse of the corporate brand. The success of trademark management is dependent on the involvement of all personnel within an organisation. To uphold the legal status of the brand, all personnel must take responsibility for the protection of the brand. (Melin 1999)

Identity Management: Identity management aims to preserve the uniqueness of a brand identity. The fundamental criterion in this process is that the company to have copyright to the brand and controls all aspects concerning the brand. This gives the company a possibility to coordinate the identity building process in different markets and product groups. Identity management is crucial for the brand building process since it focuses on the importance of the brand identity in product development and brand extension. (Melin 1999)

Image Management: The focus of image management is on realigning identity and image. The way the consumer perceives the brand must correspond to the way in which the company wants the brand to be seen. Knowing the image of a brand is difficult for a company since it cannot be measured. Therefore the company must have a good conception of the consumer's interpretation of the brand so as to be able to steer the brand in the right direction. Consequently, in order to observe if image and identity are in accord, the company should undertake regular image surveys. A divergence between image and identity is of greatest concern for the company and can be avoided through changes in the marketing communication. In severe cases a repositioning of the brand might be necessary. (ibid.)

Loyalty Management: Loyalty management is concerned with the aspect of retaining loyal consumers. This is a widely discussed subject in branding and has been referred to under different titles like *brand loyalty marketing*, *customer asset management* and *retention marketing*. To retain loyalty a company can take different measures like investing in brand building advertising and by rewarding repeat purchase customers. Melin emphasises the need for advertising due to the fact that most advertising serves to increase brand loyalty instead of retaining new customers. Another important aspect that needs to be taken into consideration by companies is that not all loyal customers are satisfied. There may be other reasons for why they choose to stay loyal to a brand, in some cases due to financial reasons and in others just because of laziness or lack of substitutes (Johansson 2002). On the other hand most customers that are satisfied with a brand tend to stay loyal to it. Therefore it is in the major interest of any company to attach an added value to the brand and to investigate to which extent this value succeeds in satisfying the needs of consumers. (Melin 1999)

We believe that Melin's model is a useful tool for understanding the essential internal aspects of a brand. When investigating the internal branding process we will mainly focus on the identity management aspect in the model.

4. Internal Branding

In the following chapter we discuss the concept of internal branding. First we present different definitions of the concept. Thereafter, as we find the theories regarding the phenomenon of internal branding not to be very integrated, we try to clarify the notion of internal branding by the use of four different themes: Communication, Recruitment, Employee Motivation and Role of Management. Moreover, so as to provide readers with a more balanced picture, we include a section of criticism of internal branding.

4.1 Definitions of Internal Branding

Since internal branding can be said to constitute a sub-area of the field of internal marketing, we think it is suitable to start with a definition of internal marketing. According to Grönroos (2000), internal marketing emphasises the need for marketers to first make sure that employees understand and accept marketing programs, efforts and offerings before these are launched into the external market. The concept of internal marketing can be seen as management strategy that is vital to the progress of the organisation, since inadequately trained employees with poor attitudes towards their job and towards internal and external customers, jeopardise the success of the firm.

Regarding the concept of internal branding, this seems in the literature to occur under a variety of names. Some authors refer to the concept of internal branding as *employer branding* or *employee branding*, while others use the term *recruitment branding*. The concept *brand activation*, used for example by Morel et al. (2002), is another name for the same concept.

Morel et al. (p. 2) see brand activation as “looking deeper into the possibilities within the brand, its strategy and position to find assets that have relevant consequences for the whole company”. They find that a brand can be activated in four cornerstones: *products and services*, *employees*, *identity* and finally *communication*. When focusing on employees they argue that branding should not belong to marketers only, but to the whole company in order to earn trust and loyalty from the customer. Morel et al. do not think of brand activation as a theory, but as a natural step in the evolution of brands.

Employer brand defines as a company’s image seen through the eyes of its associates and potential hires. An employer brand encourages pride and job satisfaction with associates. When companies implement employer branding successfully, associates believe in and embody the brand, carrying it through to their interactions with customers. For the customer, this experience fulfils the promise of the consumer brand and reinforces his or her purchase decision. (Versant 2001)

Arruda (2001) defines internal branding as a communication plan that nurtures and supports the brand throughout the company. In his opinion, internal branding is about making sure that everyone in the organisation has a complete understanding of the company brand positioning and attributes, as well as the ability to express it. Moreover, Arruda argues that internal branding exists when employees live the brand for the benefit of the entire organisation, and when they are aligned behind a brand identity that will maximise the strength of the brand.

Theorists seem to find many reasons for companies to plan and implement an internal branding strategy. Ind (2001) argues that internal branding is more important than ever as the employment climate has changed. Employees are more demanding and know the value of their knowledge and capacity. As organisations are growing larger and more global, top-down management is hard to sustain. Ind strongly believes that internal branding can engage people more with their work tasks.

Interbrand (2001) discusses the importance of an integrated internal branding program that maximises the success of a corporate brand. An integrated program of internal initiatives will transfer employees from awareness of brand vision to true acceptance of the values and behaviours that the vision entails. Further, Interbrand declares that the difference between an average corporate brand and a great one is that a great brand lives its values, it is a living brand.

Morel et al. (2002) suggest that consumers are becoming more selective regarding brands and products, seeing themselves as individuals with strong values and preferences, and that companies that don't live up to communication promises will rapidly disappear from the consumers mind. The implications of this being that companies cannot afford not to meet expectations set by the marketing communication. According to Morel et al., companies would be wise to take control of their brand management, and apply it to areas beside the pure marketing function. Moreover they believe that a brand can be activated in all customer relations, like for instance at the help desk, in the telephone and in the product or design. However, to succeed in this the brand needs to be made a common knowledge among all employees, so that it can be a source of innovation and new ideas among all competencies within the organisation.

4.2 Internal Branding Themes

After having studied articles and literature in the field of internal branding, we have found some recurring themes namely *communication*, *recruitment*, *employee motivation* and *role of management*. To be able to analyse and hopefully clarify the concept of internal branding, we find it suitable to centre our theoretical discussion round these different themes.

4.2.1 Communication

Communication seems to be a key factor in the existing theories about internal branding. The vision, values and guidelines of the company need to be communicated throughout the organisation, so as to make employees realise who they are working for.

Ind (2001) believes that an internal branding process starts with a structuring of the *brand idea*. According to him, the brand idea consists of a *core idea*: the essence of the organisation, a *functional idea*: what the organisation offers on a functional level, an *emotional idea*: what motivates employees, a *comparative idea*: how the brand or organisation differs from other brands and organisations, and finally *values*: the most important beliefs of the organisation. Ind believes that internal branding can engage people to feel more committed to their work tasks. However, in order to achieve this the brand idea needs to be:

- *Imaginative*: the brand should infer values that stir people's imagination, which builds commitment and enthusiasm.

- ❑ *Authentic*: refers to both words and actions. Words relate to communication and opening of dialogues. Action refers to the need for the organisation to be open regarding their activities as well as their values, i.e. stating what they do in a language and manner that is credible.
- ❑ *Courageous*: having a distinctive point of view and values that stretch and pull the organisation, which creates a sense of dynamism.
- ❑ *Empowering*: a key concept when employees are allowed to create and handle their own intellectual capacity and are empowered to work harder and better.

Ind refers to the philosopher Peter Koestenbaum who has identified the best leaders as those who operate in four dimensions, namely *vision, reality, ethics* and *courage*. Operating in these four dimensions will, according to Koestenbaum, lead to long-term success. We find it satisfying that a marketing author applies philosophy and ethics to marketing, and in our opinion a good company moral is a pre-requisite for an internally established brand.

Ind suggests that Koestenbaum's dimensions should be applied to the concept of brand idea. Vision will then mean that the brand senses the future and corresponds to the needs of consumers. Reality will signify the truth in the brand guidelines. Ethics regard the brand principles and how they provide guidelines for employees regarding ethic and moral behaviour. Finally, courage concerns the aspects of how a brand stands for something, how it is willing to take a risk and how it affects people.

Furthermore, Ind discusses the deeper meaning of words when he talks about the communication of the brand idea. As words are interpreted differently depending on the person's experiences and cultural references, the semiotic meaning of a word used to describe a brand needs to be carefully considered. According to Ind, one way of finding the right words can be to create workshops where employees divided into smaller groups discuss the brand's meaning. The group members can discuss what a certain word means to them, and then ask themselves if the word describes the organisation. When a word is agreed upon, it can be checked against Koestenbaum's dimensions. It can also be established if the word in question distinguishes the company from other organisations. Finally, Ind emphasises the need to understand that words and contexts will change over time, as the company adapts itself to a changing environment. The essence of the brand vision will remain the same but the nuances will change.

Interbrand (2001) suggests that for a brand to be alive in the eyes of customers, it must be communicated through the organisational culture and reward systems. It must live in all interactions between employees and clients. BMW, Disney and Starbucks are, according to Interbrand, examples of companies that successfully live their brands. These companies utilise internal communication to raise employee morale and commitment through a shared belief and vision. In this way they give their employees a deeper understanding of the brand promise and its values, which in turn enables them to understand how their own work tasks contribute to the delivery of the brand promise.

According to Fill (2002), branding provides a form of integration. Internal organisation issues need to be sufficiently coordinated so that the brand in the external marketplace is perceived as consistent and uniform. Fill argues that this can only be achieved with an integrated marketing communication strategy, supported by all employees interacting with the customers. Better still is if all employees embrace a customer focus and "live" the brand. This can, according to Fill, partially be achieved through the use of training courses and in-house

documentation, but normally a change of the organisational culture is also necessary. Changing the organisational culture means a longer-term period of readjustment and an adoption of new techniques, procedures and ways of thinking and behaving. Fill (2002 p. 464) describes the concept of integrated marketing communications in the following way: “IMC is about blending internal and external messages in order that there is clarity, consistency and reinforcement of the organization’s (or brand’s) core proposition.”.

Aldisert (2002) stresses the importance of communication, as the image of a company is conveyed through all media: print, television, radio and the Internet. She also emphasises the importance of directing the marketing efforts not only to the external market but also to employees and future employees. Creating a comprehensive marketing campaign gives current and potential employees the important message that they are appreciated and important to the company’s success. Furthermore, companies that display a consideration for their people are viewed favourably in the market of all stakeholders. However, Aldisert accentuates the need for the campaign to reflect the actual internal culture of the company.

Farrell (2002) points out that marketing and human resources are not mutually exclusive but need to work together to retain workers and engage them in delivering the brand promised to customers. An organisation must make sure that its corporate brand effectively influences its employees. This can be obtained through the alignment of the brand communication to customers with the sales service provided by employees. It is thus, as Farrell (p. 38) puts it “a matter of ‘walking the talk’”. The brand communication a consumer sees in the marketplace is the “talk” and the sales and services provided by the employees are the “walk”. The means by which these two units are allied is the company culture. However, everyone in the organisation, not just the client-facing parts, makes some sort of contribution to “walking the talk”. Therefore, Farrell stresses the need of considering each employee in the organisation.

Webster (2002) believes that when employees understand and communicate the brand they can create a brand differentiation, which is a tremendous competitive advantage. The workforce of the organisation needs to share the same brand vision, and therefore internal branding must be a dialogue between the managers and their employees. As the employees are in daily contact with customers, their experiences should be used in the internal branding process. Webster adds that it is not enough to communicate and create an internal branding process, but employees must enjoy working in the company and feel proud of their assignments in order to give customers a positive perception of the company. According to Webster, dissatisfied employees can never be good brand communicators.

4.2.2 Recruitment

Just as the role of communication is important, recruitment and training is an issue to be taken seriously by management. The human resources department normally handles these tasks. However, as the issue is strongly connected to internal branding we believe that it should be included in our discussion. Ind (2001) points out the important role of the human resources department in the internal branding process. He believes that the brand should permeate the recruitment process, the training development and the reward systems for employees, but argues that this is rarely done due to high costs. Developing a more brand focused human resources strategy demands investments in recruitment, reward systems and electronic and learning material. However, Ind argues, that if made correctly, these investments will lead to higher sales. Based on this reasoning, he suggests that management should re-value the function of the human resources departments. Recruitment, training, appraisals and rewards

need to be seen as parts of a dependent system that should be steered by the brand idea. If an element does not work as it is supposed to, this will affect the whole system. Moreover, Ind states that a company that sends out clear signals of its values and what it believes in will attract people with similar beliefs and interests. He refers (p. 70) to Dutton & Dukerich who state that “An organization’s image matters greatly to its members because it represents members best guesses at what characteristics others are likely to ascribe to them because of their organizational affiliation”.

Hutchinson (2001) suggests that the brand can be a critical factor for a company’s success or failure in hard economical times. He argues that when companies are downsizing, they need a clearly defined brand promise that will enable both the human resources department and the employees to evaluate their contribution to performance standards tied to the brand promise. Moreover, Hutchinson believes that the human resources department benefits from internal branding since they will be able to employ the right persons, which in turn will maximise productivity and minimise mistakes. Regarding the employees, they can work after performance standards to avoid being cut.

Buss (2002) argues that companies are putting more and more resources into recruitment marketing and employer branding in order to find people who can “be the brand”. Buss identifies two goals with this internal or recruitment branding initiative, namely to attract the most promising new recruits and to make sure that existing employees understand the company’s goals and commitment to them. In a marketplace where acquisitions, mergers and bankruptcies have blurred company identities and rattled employees’ sense of security, employer branding is becoming more and more important. Just as the promise of a consumer brand is tied to how a company’s goods and services perform for customers, employer brands are inextricably related to what it is actually like to work for a company. Furthermore, Buss believes that despite the great importance of internal branding, few companies have established ways to measure the impact of their employer branding efforts. However, according to Buss, companies are increasingly realising that in order to bring these efforts to the level of consumer branding, they have to be able to measure return on investment more effectively.

Versant (2001) believes that a strong employer brand can turn a company into an employer of choice, an organisation where the best and brightest want to work. The employment experience is the underlying foundation of the employer brand. It includes tangibles such as salary and benefits and intangibles like for instance culture and values, opportunities for learning and career, reward and recognition and management style. Versant argues that the employment experience creates job satisfaction and loyalty. Furthermore, in strong economic conditions, associates seek an employment experience that best suits their needs and they will change companies in order to find it. A good match between associates’ needs and the employment experience can help keep associates at their current employer. In uncertain times, the employment experience provides confidence for associates and can assist in keeping motivation levels high. According to Versant, it can also help companies attract key talent from the larger pool of labour that becomes available through workforce reductions. Versant claims that if doing business with a company is a positive experience for associates, it will have a positive impact on retention, recruiting and associates’ loyalty.

4.2.3 Employee Motivation

A third theme that we have identified as an important element of the concept of internal branding is the motivation of employees. According to Morel et al. (2002), employees are one of the most important carriers of a brand, and need to be motivated and educated about the brand in order to be able to perform in line with the expectations created by marketing promises. Morel et al. state that the basic idea about active brands is that these brands are executed in other terms than marketing. Moreover, brand activation creates trust between the customer, the society and the brand (i.e. the company), and trust is a key factor when it comes to creating consumer brand loyalty and re-purchase behaviour.

To create a corporate culture in which employees are both able and motivated to deliver the brand promise, the organisation must, according to Farrell (2002), determine what customers expect from the company and also what the employees are able to deliver. Developing the ability to deliver the brand promise may require a transformation of the organisation. Farrell believes that if employees should become advocates of the brand, the company needs to treat them with respect and trust, engage in two-way communication and value their contributions. Farrell believes that one way of achieving the commitment of employees is to introduce a formal recognition and reward system, supported by training and development. According to Farrell, it is also very important to carry out employee and customer satisfaction surveys, so as to determine the degree to which employees are embracing the brand and the impact it is having on customers.

“Employee branding is a genuine reflection of a company from the inside out. By showing employees that their relationship with the company is as important as any it shares with consumers, the health of the business will improve and profitability will increase. At the end of the day, internal branding is all about the promises you keep, not the ones you make.” (Farrell 2002 p. 38)

Kunde (1997) argues that for a company to be able to create a strong brand position, it must first of all have faith in its own capabilities. The company needs to believe in their activity and in their profitability. Kunde uses the metaphor of religion to describe the organisational culture. In a company having a corporate religion, the employees become figuratively speaking missionaries. The reason why it is so important for the organisation to be centred round an ideology or belief is, according to Kunde, that belief creates motivation. To be able to work with the qualitative values of the products, a set of attitudes and values must govern the organisation. While it is central that co-workers have the right knowledge and qualifications, it is at least as important that their values and attitudes correspond to those of the organisation. For in the future, Kunde claims, a co-worker’s most important quality is if he or she is a true believer.

Ind (2001) claims that internal branding is needed because individuals need purpose and values at work. He refers to Maslow’s hierarchy of needs when pointing out that a company cannot be built on safety and physiological needs solely, but has to engage peoples higher maslowian needs. According to Ind, employees engaged in a common purpose share knowledge, stimulate innovation and build a successful brand. This enables organisations to adapt to a changing environment and to deliver bottom-line value. Individuals look for higher values in life and need to feel a sense of purpose with their life and their work. The implication of this is that organisations have to change their way of treating employees and give those a sense of fulfilment, self-actualisation and self-esteem. A key-inhibiting factor for achieving self-actualisation is, according to Ind, failure of imagination. Ind therefore argues that companies should encourage employees to use their imagination as well as stimulate

creativity and curiosity. However, it may be hard for management to trust their employees and give them as much freedom as this requires. As Ind (2001 p. 38) puts it: “The uncomfortable part for managers is that it requires trust in people - a willingness to accept that a well-focused workforce collectively has greater knowledge, intellectual capacity and better ideas than the board of directors.”.

Socialisation, another step in Maslow’s hierarchy, Ind interprets as a motivation of employees. Ind claims that work is for many employees a joy because of its socialisation opportunities. People in the western world see their work as an important determinant of meaning in life, as they spend the majority of their life there. Moreover, the work defines people as individuals and specifies their social worth. According to Ind some organisations, though not the majority, have recognised the need of creating a job environment that nurtures social engagement. On the other hand, Ind points out that too much social engagement at work can lead to a blurring of the boundaries of free time, and eventually to longer working hours for employees.

According to Ind (2001), employment relationship also depends upon the self-esteem of employees. An employee want to feel important to his employer, supported, trusted and listened to. Individuals look for organisations with values similar to their own since this will give them good opportunities for self-actualisation. Ind argues that there are companies that do not provide obvious opportunities for self-actualisation or meaning, but still give their employees joy and pride. The reason for this is that employees in these companies take pride in doing what they do the best they can. If a company does not have products of the highest quality, it can deliver the best customer service. For example, a cleaner at Disney World is not a cleaner, but instead he fulfils people's dreams of joy and childhood experiences. Ind believes that every organisation has the opportunity to create meaning as well as identification and shared values and goals for its employees.

4.2.4 Role of Management

What most authors seem to agree on regarding an internal branding strategy, is that top management must take the issue seriously. Aaker (1996) states that when starting to implement an internal marketing strategy, the focus of internal marketing needs to be recognised and fully accepted by management. Moreover, when allowed to participate in the process, employees will feel that management considers them important. Employees should be encouraged to take part in the internal research process as well as in the planning of their work environment, the goals and scope of their tasks and external campaigns. When employees realise they can take an active part in improving something that is important to them they will be more inclined to commit themselves to the business and the goals of the internal marketing strategy.

Hutchinson (2001) believes that senior management must, through their actions, initiatives and words, demonstrate that they prioritise internal branding. This is also mentioned Interbrand (2001) who argues that managers, in order to inspire the employees to live the brand, must live by the brand themselves. Moreover, Hutchinson (2001) suggests that management should focus on specific goals for various employees. When deciding what to prioritise, management should concentrate on the three following questions: What matters the most to the customers? Where can our employees stand out? What can our employees actually deliver on consistently?

Kunde (1997) goes one step further when suggesting that the managing director is the “religious leader” and responsible for the spreading of the company’s “religious message”. He argues that the traditional market adjustment philosophy is characterised by a weak management. In order to implement a corporate religion successfully, Kunde claims that the managing director must take on the real responsibility of leading the organisation.

4.3 Criticism of Internal Branding

Although the majority of articles published in the area of internal branding seem to embrace a positive approach to internal branding, there are authors that criticise the way in which internal branding is defined and used. For example, Guaspari (2002) criticises the conventional wisdom about internal branding. He believes that the traditional approach to internal branding is based on the following assumption: If an organisation’s employees do not know and do not understand what the company brand is, they will not be able to deliver it. Organisations must invest in ensuring that their people understand what the company has to offer to consumers and that their people want to offer it. This way, the organisation will better be able to deliver the brand promise as well as recruit people who can deliver that promise. However, according to Guaspari, this perspective misses the whole purpose of internal branding, since it inaccurately defines the notion of internal branding and thereby promotes three logical fallacies. According to the Guaspari these three fallacies are:

- Employees must reflect the brand for the brand to be effective.
- Internal branding can be just the ticket for getting and keeping the employees energised.
- Internal branding is a job for the communications and the human resources departments.

First of all, Guaspari argues that employees do not reflect the brand, but it is the sum total of their efforts that are the brand. Secondly, the energy is already there, residing within the employees. It is thus a matter of using that energy, not creating it. Finally, both communication and recruitment are important elements of internal branding. However, these two are not the only factors involved in the process of internal branding. To avoid these traps, Guaspari states that the organisation must utilise the notion of internal branding as a way to involve all employees in understanding and in deeply connecting with customers. When this is done, employees can be involved in creating and in delivering the brand. Consequently, it is essential that companies understand that it is the sum total of the efforts of all the employees that determine the value delivered to customers, and hence how customers perceive the brand.

Ind (2001) makes several assumptions, among these that people want meaning with their lives and that they want to work for organisations with clearly defined brand ideas. Further, he assumes that most organisations are willing to use the collective intellectual resources at their disposal, and that some organisations are willing to invest time and money in building skills and knowledge in their people. However, for organisations with strong charismatic leaders or strong standards proven successful, these assumptions are not correct. According to Ind, some organisations still follow a strong hierarchy where the word empowerment means nothing.

Even if an internal branding process has many advantages, it also encompasses many complexities. First of all, it is difficult to find an exact match between personal and corporate aspirations. Moreover, aspirations and identification can alter if a major change in the company, like for instance a merger, occurs. Employees may criticise or question their identification with the brand, and at worst leave the organisation. Although management encourages identification with the corporate brand, they do not want to deny individuality. A

balance must be desired between individuality and teamwork. At a corporate level, there has to be a commitment to recognising and supporting individualism, and the communication needs to be a two-way interaction between management and employees. If employees work in teams, those teams need budgets and resources of its own. However, there must also be opportunities for people within the teams to develop their own abilities and skills. For this purpose, both financial and time resources need to be invested, as it gives responsibility and accountability to the brand idea. (Ind 2001)

5. Implementation Strategies

In this chapter we present different approaches to internal branding strategy implementation. Firstly strategy implementation in general will be briefly discussed. Thereafter we give an account of three specific suggestions for internal branding strategy implementation, namely the implementation strategy proposed by Ind, Employer Brand Evolution and Brand Experience Mapping.

Strategy implementation is concerned with the translation of a strategy into organisational action through organisational structure and design, resource planning and the management of strategic change. According to Johnson & Scholes (1999), successful implementation of a particular strategy is likely to be dependant upon the extent to which these various components are effectively integrated in order to provide competencies that other organisations find difficult to match. Questions important to consider when planning a strategy implementation might include the following:

- Who is responsible for carrying through the strategy?
- What changes in organisational structure and design are needed to carry through the strategy? (there may also be a need to adapt the systems used to manage the organisation)
- What will different departments be held responsible for?
- What sort of information systems will be needed to monitor the process?
- What key tasks are required to be carried out?

As illustrated in figure 5.1 below, implementation will involve resource planning, including the logistics of implementation. The process also requires managing of strategic change and this is dependent on action from managers in terms of the way they manage change processes. This is not only concerned with organisational redesign, but also with changing day-to-day routines and cultural aspects of the organisation as well as overcoming political blockages to change. (Johnson & Scholes 1999)

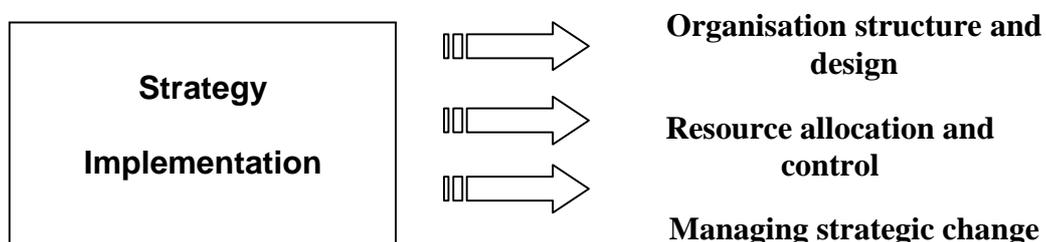


Figure 5.1: Partial reproduction of “Summary model of the elements of strategic management” (Johnson & Scholes 1999).

5.1 Implementation of Internal Branding

It seems there are not as many theories about internal branding implementation as there are definitions and arguments for internal branding. However, we have found some interesting implementation suggestions, which we present below.

5.1.1 Ind's Implementation Strategy

In his book "Living the brand" (2001), Ind discusses the aspect of how to successfully create and implement an internal branding strategy. Regarding the implementation, Ind suggests the initiation of a *research programme* as a first step, so as to understand employees' and customers' opinions and perspectives regarding the organisation. After this, Ind argues that a *brand articulation* should be created in order to structure the brand idea, which then should be communicated throughout the organisation. The final part concerns the aspect of bringing the brand to life through workshops and brand champions that will enable employees to use their brand in harmony with their own beliefs. According to Ind, all the above-mentioned activities require the brand manager, or the person responsible for the brand, to have a broad organisational view. Moreover, the person responsible should not have sole responsibility, but needs to be enthused and encouraged by the company board as well as by other managers. A suitable candidate is one that has enough credibility and authority to support, involve and promote other employees. The person must be able to set limits, make decisions and take control. Ind emphasises that an internal branding process is a long-term process that should be one of mentoring and not imposition.

Further, Ind suggests some tools that can help the company in the process of making the employees live the brand:

Ind stresses that it is the task of the company management to communicate the meaning of the brand. This can be made through a *brand book*, of which the purpose is to present the context and the value of the brand in order to reinforce it. This book should be seen as a guide to attitudes and values.

A *brand report* is an annual commitment that covers all relevant aspects of the brand, its performance during the year and the goals for the year ahead. The intention is to keep the brand alive for everyone in the organisation, to stress the benefits of a powerful brand and to identify areas where the brand can be improved. According to Ind, a brand report may also include descriptions of the brand in action, with examples on how the brand has changed attitudes and behaviour of individuals and teams. However, most important is that the brand report includes a presentation of the impact of the brand on organisational performance.

Another important means to implement the brand among employees is the use of *brand champions*. Brand champions are employees who strongly believe in the power of the brand and who are willing to proselytise on behalf of it. Their function is, among other things, to communicate the brand idea to colleagues, to encourage involvement and to make recommendations about brand issues. They should have the capability to run effective workshops and the confidence to promote the cause of the brand to others.

Ind accentuates the importance of evaluation as a means to find strengths and weaknesses in the internal branding process. He believes that self-completion questionnaires delivered in print or in electronic format are most effective. In order to encourage people to participate in

the evaluation, Ind suggests that a note from a brand champion, stressing the value of the brand and the benefit of the employee feedback, should be enclosed with the forms.

5.1.2 Employer Brand Evolution

Versant (2001) uses the word *employer brand* for signifying the company's image seen through the eyes of its current and potential employees. The underlying foundation of the employer brand is the *employment experience*, which includes tangibles such as salary and benefits and intangibles like for instance company culture and values. Versant believes that when successfully implementing employer branding, companies will have associates who believe in the brand and deliver it to customers. This will fulfil the promise of the brand and reinforce the consumer's purchase decision. Versant has developed a process that through a gradual and continual change will help companies develop efficient employees. This process goes under the name of *employer brand evolution* and consists of the four following steps:

Step I comprises the *assessment* of the organisational culture. A *cultural elements survey* measures key elements related to attraction, motivation and retention, and provides information about associates' personal feelings of fulfilment and satisfaction regarding their employer. The tabulated and categorised results provide feedback that can be used in the strategy development process. If needed, focus groups and personal interviews can follow up the assessment. The final step of this phase is the conducting of a *leadership learning summit*, a combined orientation and workshop for senior management accountable for employer branding. This summit will help leaders understand the importance of their roles, and more importantly their behaviour during the employer branding process. A key factor for successful employer branding is managers' ability to demonstrate personal integrity and their capacity to put principles into practice.

Step II is the *construct process* where the information obtained during the assessment phase is used with the purpose of creating a clear and deliverable *employer brand identity*. First of all, an *employer brand promise*, a statement that represents the value proposition with both emotional and rational benefits, should be developed. The promise communicates the essence of the company by revealing its principles and values. Once adopted, all stakeholders should view it as a constant and immutable ideal. After this, the creative team needs to develop an *employer brand voice*, a consistent communication guide in terms of tone, attitude and content. The employer brand voice should provide criteria that can be measured in terms of relevance. During this step current business processes are examined and those out of alignment or in need of improvement, will be identified. The company must make sure that their human resources competencies are aligned with the employer brand promise in terms of learning and development, recruitment and retention, compensation and benefits, and rewards and recognition. Now the *employer brand strategic road map* can be created. This map ties together the employer brand identity, the marketing tactics and the core competencies needed for both marketing and human resources processes.

Step III is the *implementation process*. During this phase, strong employer brands are built over time through successful communication of the brand message. An alignment of management behaviour and employee programs with the *employer brand promise* also takes place. The goal of this step is to share the employer brand story as often and as consistently as possible. Just as in consumer marketing, an integrated approach enables the company to send a consistent employer brand message in a number of ways and at a greater frequency. In order

to stay updated, the company should implement workshops on topics such as recruiting, growing human capital and embracing diversity.

Step IV, the measurement process, involves the creation of an *employer brand effectiveness index*. This index establishes the elements that will be used to measure the effectiveness of the employer, for example retention, motivation and recruiting efforts. As the economic and corporate climate changes, the employer brand evolution process should be used to make small adjustments to the brand. Nevertheless, the employer brand promise should be consistent over time.

5.1.3 Brand Experience Mapping

In accordance with Versant (2001), Semans (2001) believes that brand mapping is the key to successful internal branding. She describes in detail the advantages of a *brand experience map*, which will enable employees to understand their role in the delivery process as well as all the steps and flows involved. Further benefits of a brand experience map are, according to Semans, the possible identification of weak links of the chain of service activities and the highlighting of service activities contributing to the experience of the brand. Moreover, the map clarifies interfaces between internal departments, which leads to improved inter-relationships and a common goal. A brand experience map also provides a basis for evaluating and allocating resources based on the impact of each point of contact on the overall brand experience.

The key action areas of a *Brand Experience Map* are:

- ◆ *Customer Actions* – steps, choices, activities and interactions that the customer performs in the process of purchasing, consuming and evaluating the service.
- ◆ *Contact Employee Actions* – steps and activities that the employee working as contact to customers performs. These actions are divided into *onstage activities* (activities visible to the customer) and *backstage activities* (activities invisible to the customer but necessary to move the service forward).
- ◆ *Support Processes* – internal services, steps and interactions that take place in order to support the customer contact employee in the service delivery.

These key action areas are illustrated in figure 5.2 presented on the following page.

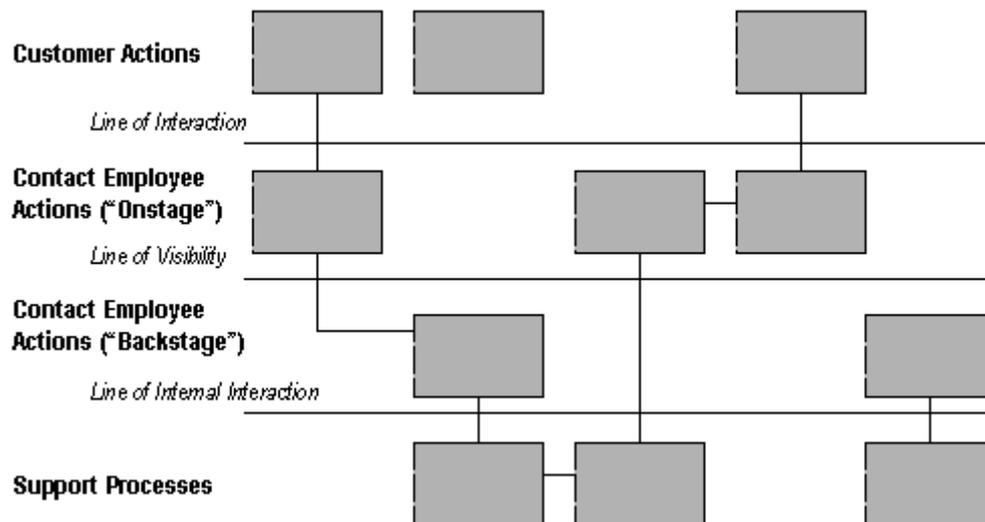


Figure 5.2: Brand Experience Map (Semans 2001).

As shown in the figure, the key action areas are separated by horizontal lines representing the customer's interaction with the contact employee and the customer contact employee's interaction with internal support processes respectively. When the lines of interaction are crossed by an activity, a contact point is established. Semans points out that contact points are important since they increase the risk of service non-delivery.

Moreover, Semans argues that when developing a brand experience map, responsible creators first need to identify the process to be mapped. When these agreements are made, the line of interaction and the line of visibility can be drawn. As on-stage actions must be distinguished from backstage actions, front-line operations personnel need to be questioned about what activities they perform in full view of the customer and what they do behind the scenes. After the completion of these steps, the line of internal interaction can be drawn. When establishing the linkages of activities to customers, their impact on customer perception of the service and brand becomes apparent. At this point, all tangible evidence of service at each customer action step should be added into the map. Finally, additional information such as demographic information, financial data and customer satisfaction surveys can assist further in clarifying and interpreting the findings of the map.

According to Semans, the map can be read and interpreted in several ways depending on the need to evaluate and learn. If the goal is to learn more about the customer's experience, the map should be read from left to right allowing a tracking of the events in the customer area. Questions that might be asked are then: *How does the customer initiate the process? What choices does the customer make? Is the customer involved in creating/delivering the service or is he passively receiving the service? What physical evidence does the customer receive of the service? Is the evidence consistent with the brand?* If the purpose of the map is to understand employees' roles in delivering service, the focus should be on the customer contact employee activities section. Relevant questions to ask are for instance: *How rational, efficient and effective is the process? Who interacts with customers, when and how frequently? Is one person responsible for the customer or is the customer passed off from one contact employee to another?* If the aim is instead to understand the integration of the various

elements of the service process, or to identify for particular employees where they fit into the bigger picture, the map can be analysed vertically. Some questions to consider are then: *What tasks and which employees are essential in the delivery of service to the customer? Are the linkages from support actions to contact employees to the customer appropriate? How are hand-offs from employee to employee being made?* And finally, if the goal is to redesign the service process, the map should, Semans argues, be looked upon as a whole. Most important is then to assess whether the process supports the delivery of the desired brand experience; i.e. if the evidence delivered fit with the desired brand image.

6. Theoretical Framework

In this chapter we highlight what we believe to be the most important sections in the theoretical chapters. Similarities and dissimilarities as well as advantages and disadvantages of theories relevant for the purpose of this thesis are discussed and analysed. Moreover we present a model created with the purpose of facilitating the structuring of the empirical data as well as the subsequent analysis.

6.1 Corporate Brand Identity and Activation

There are several helpful models that enable managers to better appreciate their corporate identity (Kapferer 1997, Aaker 2000). We believe that Riondino (through Ind 2001) presents a particularly insightful brand-based view of identity. In our opinion, her model “The Brand Model” (Fig 3.1) is a useful tool for understanding why and how the identity represents the core of the organisation’s purposes. Riondino sees the brand idea as a means to communicate the significant attributes of an organisation. In his interpretation of Riondino’s model, Ind (2001) emphasises the role of the employees and the need for them to perform their tasks according to the brand idea. The goal of this process is to reinforce the identity of the brand and thereby, hopefully, strengthen the position of the company. We believe that this is the essence of an internal branding process and we will therefore focus on the aspect of how to make employees aware of the brand idea, and consequently, how to make them act upon it in their day-to-day roles.

de Chernatony’s model “Defining and enacting the corporate brand” (Fig 3.2) describes a similar process like the one depicted in Riondino’s model. This model builds on the idea that a successful corporate brand is developed through refining and communicating the corporate identity. By analysing Riondino’s and de Chernatony’s models we have found that both theorists are referring to similar notions but through the use of different concepts. Although the identity building processes in the two models are not equal, parallels can easily be seen. Both theorists point out the importance of a well-defined vision, cultural aspects, objectives, mission and values as vital parts in the identity building process. What Riondino then refers to as a brand idea, de Chernatony describes as a corporate brand concept. These two concepts are interrelated since they are both formed under the influence of the interacting elements that are part of the corporate identity and they both serve as means to communicate the significant attributes of an organisation. The *raison d’être* of Riondino’s and de Chernatony’s models is to illustrate how the corporate brand is activated through committed and motivated staff, backed up by systems that help deliver the brand benefits to stakeholders.

de Chernatony’s and Riondino’s models are relevant for our empirical study and analysis because they show the most important factors influencing the corporate brand, reveal the brand’s central place within the company and explain the internal activation mechanism of the brand. However, the models are limited in their capacity to describe how, i.e. through what activities, a corporate brand can be successfully activated. Therefore, we will focus on the different means that an organisation can take into use in order to make employees aware of the brand idea and to make them act upon it in their day-to-day roles. Throughout this thesis we will use the word brand idea when referring to the concept of corporate brand or the

concept of brand idea in de Chernatony's and Riondino's models respectively. We would here like to emphasise that in our opinion the most important components of the brand idea are the vision and values of the organisation, therefore we aim to focus on these two elements in our empirical study.

6.2 Internal Brand Building

When referring to the notion of internal branding, theorists use a variety of concepts such as employee branding, recruitment branding, brand activation or activation of the corporate brand. In this thesis we are consistently using the term internal branding when referring to the concept of a program for encouraging employee behaviours that align with the brand values. Among the different descriptions of internal branding, we consider the one proposed by de Chernatony (1999) to be the most thorough and accurate. de Chernatony describes internal branding as a process that motivates, mobilises, and manages employees at all levels of the organisation, in order to continuously improve the way they serve external customers and deliver the corporate brand to them.

After having revised internal branding theory we have identified four different themes that we believe are important elements in the internal branding process namely *communication*, *recruitment*, *motivation* and *management*.

Communication

We believe that Ind (2001) and Webster (2002) present a particularly interesting view on communication between employees and management. Ind stresses the importance of the chosen words in the communication and suggests that one way of finding the right words is through organised workshops where employees get to discuss the brand's meaning. We agree with Ind and therefore intend to investigate if the case companies chosen for our empirical study have the custom of involving the staff when deciding upon what language to use in the internal communication. Webster explains that the entire workforce in an organisation needs to share the same vision and core values and that internal branding therefore must evolve around a constant dialogue between management and employees. In accordance with Webster we believe that a constant dialogue is important but what is more important, and what Webster does not take into consideration, is the difficulty of how to motivate employees to take part in the dialogue. In order for the dialogue to be creative and productive we strongly believe that management needs to create an incentive for the personnel.

Recruitment

A majority of theoreticians seem to agree on the fact that internal branding can be an effective tool in helping the company attract the right kind of potential employees, people who can "be the brand". Ind (2001) suggests that the human resources department should play an important role in the internal branding process by letting the brand permeate the recruitment process, the training development and the reward system. Hutchinson (2001), in accordance with Ind, argues that the human resources department benefits from internal branding, as they will be able to employ the right persons, which in turn will maximise productivity and minimise mistakes.

As mentioned in the introduction chapter, one of the delimitations of this thesis is the exclusion of human resources management and organisational theory. Since recruitment is an activity mostly belonging to human resources, we will not, although we consider it an important element of internal branding, further treat this aspect.

Motivation

As discussed in the previous section, we believe that employee motivation is one of the most interesting aspects of internal branding and perhaps the factor around which the whole process revolves. Kunde (1997) claims that an organisation needs to be centred round an ideology or belief to be able to create motivation for the staff. He also argues that it is important for co-workers that their values and attitudes correspond to those of the organisation. Ind (2001) is in strong agreement with Kunde and claims that internal branding is needed because individuals need purposes and values at work. He points out that a company cannot be built on safety and physiological needs solely but also has to engage people's higher Maslowian needs, like for instance a sense of fulfilment, self-actualisation and self-esteem. We are interested in investigating exactly how and through what kind of activities a company can succeed in engaging their employees and making them feel motivated by the sharing of values and beliefs.

In order to achieve the desired action from employees, Farrell (2002) suggests that companies need to show employees that the relationship they have with them is as important as any relationship they share with consumers. By treating the staff with respect and by valuing their contributions, Farrell believes that employees will feel motivated. One of the intentions with our empirical study is to see if the companies have applied any of the activities suggested by Farrell.

Management

In order for an internal branding process to take place, we consider that it has to be decided upon by management. If management do not believe in the positive effects of internal branding and do not see the purpose of initiating such a process, it will most likely not occur. In his comparison between corporate governance and religion, Kunde (1997) implies that the managing director is the "religious leader" and responsible for the spreading of the company's "religious message". In accordance with Kunde, Hutchinson (2001) believes that management must, through their actions, initiatives and words, demonstrate that they prioritise internal branding.

We believe that the outcome of an internal branding process is totally dependent on the commitment and support from the company management. In our empirical study we will look at the role of management not only in the aspect of leading an internal branding process, but also when it comes to setting a good example. Interbrand (2001) have attracted attention to this matter and suggests that managers must, in order to inspire the employees to live the brand, live by the brand themselves.

6.3 Internal Branding Implementation

The main focus for our study is the implementation process of an internal branding strategy. The reason why we chose this focus is because of the lack of existing theory within this specific field. However, we have found some suggestions for implementation strategies relative to an internal branding strategy. Versant (2001) and Semans (2002) are advocates of the use of a brand mapping. Seaman's *brand experience map* is a tool that outlines the service system in a company. With the help of such a map, Seaman believes employees will understand what service they are to deliver and in what way they should deliver it.

Ind (2001) suggests three activities in order to make employees live the brand. These activities include the investigation of employees and customers perceptions of the

organisation, the articulation of the brand idea, and finally the task of bringing the brand to life. Ind believes that a *brand report*, which among other things includes an overview of the performance of the brand and the objectives set for the brand, is an important tool in the process of making employees live the brand. Other tools are the creation of a *brand book*, which is as a guide to attitudes and values, and the use of *brand champions* whose role is to communicate the brand idea to colleagues, encourage involvement and make recommendations about brand issues. Moreover, Ind stresses the importance of evaluation as a means to find strengths and weaknesses in the internal branding process.

The *employer brand evolution* proposed by Versant (2001) is in our opinion the most comprehensive and interesting implementation program. The goal of this process is, according to Versant, to build a stronger employer brand over time, which in turn will result in more efficient employees. This four-step program starts with an assessment of the company culture, identical to the first step in Ind's program. After this, Versant suggests that the company should undergo a construction process, where the brand identity and the brand promise are created through the analysis of the findings of the cultural assessment. In the third step of the program, the implementation takes place. Here Versant, though stating examples of potential activities, does not describe actually how to carry out the implementation. The last step of the program is the measurement process where the effects of the internal branding process are assessed.

6.4 Empirical and Analytical Tool

After having studied and analysed literature within the field of internal branding, and especially after having interpreted the implementation theories presented by Ind and Versant, we have come to the belief that an internal branding process consists of a series of subsequent steps. We have created a model, which shows the different steps we believe are included in an internal branding process. The reason why we have developed this model, which is presented in figure 6.1 on the next page, is that we hope for it to serve as a useful tool in the empirical study as well as in the subsequent analysis.

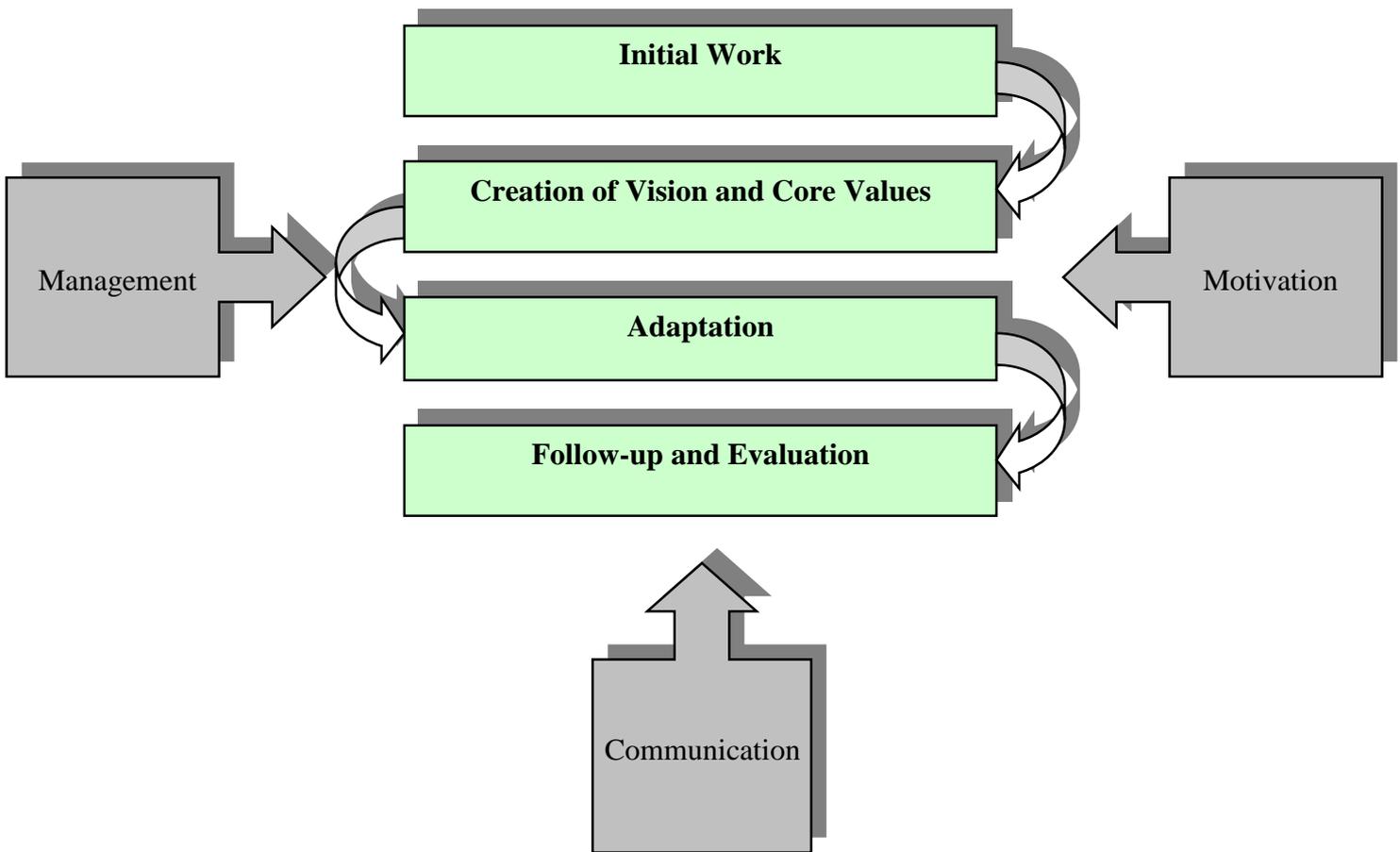


Figure 6.1: “The Internal Branding Process Model”.

We believe that each step in the model is essential for the proceeding of an internal branding process. It is also our opinion that the role of *management* and the aspects of *communication* and *motivation* exert a great influence on the outcome of an internal branding process. Through our theoretical study we have also learned that recruitment constitutes an important facet of internal branding. However, we do not believe that it has the same influence on the proceeding of an internal branding process as the other above-mentioned factors. Instead we see recruitment as an activity influenced by the internal branding process, rather than the other way around.

Initial Work: When initiating an internal branding process we believe that it is probably wise to commence by setting the goals for the process. The company must define why they want to undertake an internal branding process and how they plan on doing it, i.e. how they wish to implement the internal branding strategy. Here we also suggest that the company should decide who should be responsible for the entire process.

Creation of Vision and Core Values: In accordance with Ind and Versant, we believe that the creation of vision and core values, which represent important tools for the communication of the significant attributes of an organisation, should be preceded by a cultural survey. The survey will, as already stated, help the organisation identify the underlying values and beliefs in the organisation.

Adaptation: Versant refers to this step as the implementation and Ind describes it as “bringing the brand to life”. However, we find adaptation to be a more suitable word, since this step includes the adaptation of the organisation and its employees to the vision and the core values. This step is in our view the most vital part of the internal branding process since it determines the success or failure of the entire internal branding process.

Follow-up and Evaluation: In order to learn from a process, you have to evaluate the results. In accordance with the opinion of Versant, we believe that it is important to carry out a comprehensive follow-up and measurement program that will serve as a ground for the evaluation of the process.

To get a better understanding of the practical aspects of internal branding, we will follow up this theoretical investigation by an empirical study concerning the way in which internal branding is practised in reality. Due to the lack of theory concerning the aspect of how to make employees act upon the vision and the core values of a brand (i.e. the adaptation phase in our model), we are particularly interested in investigating this facet of internal branding.

However, before taking on the empirical study we feel that it is necessary to make a clear distinction between the concepts of implementation and adaptation. In our view implementation refers to the “set to action” of an internal branding strategy and includes all the four steps figuring in the model depicted above. Adaptation, on the other hand, concerns the specific process of activating the brand. That is making the brand come to life through a series of activities where employees learn to act upon the vision and the core values of the brand.

PART III. EMPIRICAL STUDY



7. Case Study Pågen

To perform the case study of Pågen, interviews were held with Georg Kittel, Corporate Brand Manager; Eva Malmberg, Human Resource Manager and Ewa Dahlqvist, Production Administrator and one of the “brand ambassadors” in the internal branding process. Information was also collected from the web site of Pågen AB and from the magazine “Personal & Ledarskap: Facktidningen för personalansvariga”.

7.1 Company Presentation

7.1.1 Company History

Pågen AB, a subsidiary of Pågengruppen AB, is Sweden’s largest bakery company with a turnover of 1.8 billion SEK. The company was founded in Malmö in 1878 by Anders and Mathilda Pålsson and has ever since then remained in the possession of the Pålsson family. Finn Pålsson, the present chief executive of Pågengruppen AB, represents the fourth generation Pålssons.

When in the 60’s changing the business from being a local to becoming a national bakery, an adjustment of the company was required. For example, the name of Pålssons Bageri was thought to be too anonymous. The company searched for a new name that could be associated with youthful freshness and that reminded of the origin of the company. The choice came to be Pågen, the Scanian word for boy, and the figure of a little Scanian goose boy became the symbol of the company. In 1965, the company assumed the name of Pågens Familjebageri AB, which eventually, during the 80’s, became Pågen AB. The logotype, however, remained the same for almost thirty years. In the year 2000, the two big bakery companies Pågen AB in Malmö and Pååls AB in Göteborg, both subsidiaries of Pågengruppen AB, merged into one company. At the same time it was decided that the name of Pågen AB was to remain the company name.

7.1.2 Corporate Strategy

The merger between Pågen AB and Pååls AB was the first step towards a new future for which the company had set up high goals, namely to become the qualitatively leading food company within the Nordic countries. With *Joy for Life* as their core value and with *Care*, *Enthusiasm* and *Pride* as strong inner driving forces permeating the company, Pågen now aims at developing the company in this direction. Today the company has more than 1600 employees, of whom the majority work at the bakeries in Malmö and Göteborg, and about 50 products divided into the categories of *Bread*, *Cookies*, *Pastry* and *Toasts*. The company has a considerable export to some 30 different countries. France is by far the most important

market. 90 % of the toast volume is exported under the name of “Krispröls”, Pågen’s world leading toast brand present in some 30 countries.

Pågen’s ambition is to bring joy for life and wellbeing to consumers by providing fresh, tasty and high quality bakery products, which have been lovingly baked, conveniently packaged and made accessible to everyone.

Since bread is a perishable goods, distribution is a key factor to the business. 5000 Swedish groceries daily receive fresh bread via Pågen’s 420 directly distributing sellers. Pågen works after the principle of *category management* in the sense that they want retailers to classify bread according to product kind instead of supplier. Every day 600 000 consumers buy a bakery product from Pågen.

7.1.3 Structure of Organisation

About 1000 Pågen employees work in the production at the three bakery plants in Malmö and Göteborg, about 500 employees are engaged in the sales staff and some 100 persons work in other management functions and in the office staff.

The key people reporting to the Managing Director, Håkan Sigvant, and thereby constituting the Strategic Management Team are the heads of:

- Manufacturing
- Product Development
- Domestic Marketing & Sales
- Export Marketing & Sales
- Corporate Brand (Georg Kittel)
- Human Resources (Eva Malmberg)
- Finance
- IT

7.2 Internal Branding at Pågen

7.2.1 Why an Internal Branding Strategy?

When Pågen and Pååls merged in the year 2000, the idea was to create a stronger company with a strong common belief and culture. According to Georg Kittel, Corporate Brand Manager, this was the origin of the internal branding process at Pågen.

The prime reason why Pågen was chosen as name for the new company was that the Pågen name was well established, not only in Sweden but in all of Scandinavia. To avoid that the employees at Pååls felt left out and run over, and in order to create a strong team spirit within the entire company, an internal branding strategy was regarded necessary. The newly defined ambition of becoming the qualitatively leading food company within the Nordic countries had to be put forward and taken seriously by all the company’s employees. Kittel states that having a common culture and shared values is extremely important to a company, and that he was very excited about being involved in creating these vital assets, which until then had been missing in the company. Before joining Pågen, Kittel had been working for companies with

very strong internal cultures, so he knew from experience that strong values weld employees together.

When the merger was executed, the organisation was transformed and a totally new organisation was created. A new top management team was formed. Håkan Sigvant, joining from a sister company, was appointed new Managing Director. Several other key functions were filled with new, externally recruited managers. Eva Malmberg, the new (and first) Human Resource Manager, was one of them. Other managers changed responsibilities. For instance, Georg Kittel, Pågen Export Director during 15 years, was appointed Corporate Brand Manager, a previously non-existing function.

The aim was to start creating a new company culture with the co-workers at the centre. Internal and external processes were to be carried out simultaneously in order to achieve this goal. The above-cited examples are only some of the restructuring measures taken in order to rebuild the organisation. All the people employed in the production units and the two sales forces remained within the organisation after the merger. About 30 persons, mainly managers and administrative staff at Pååls, were made redundant.

7.2.2 The Internal Branding Process

Initial Work

At the merger it was, as already mentioned, clear that the strongest company name of the two was Pågen, which was therefore chosen to be the name of the new organisation and hence also of the corporate brand. The administrative functions, the sales forces and the product ranges of the two companies were put together very quickly while the work with the new brand was allowed to take longer time. Finn Pålsson, who was well aware of Kittel's qualifications, both professionally and with regard to interest, appointed him to be Corporate Brand Manager responsible for the branding process. However, Kittel strongly emphasises that he alone is not responsible for the brand, but that all the 1600 co-workers share a collective responsibility of bringing the brand to life.

The articulated vision, or ambition as Pågen rather calls it, of the company was now *to become the qualitatively leading food company in the Nordic region*. When stating qualitatively leading, Pågen refers to how the company is perceived by its employees, customers, consumers and suppliers. The Group Chief Executive, Finn Pålsson, had written a book entitled "*Möjligheter*" ("*Opportunities*"). This book, which was given to all the company's co-workers, is about the importance of sharing common values within an organisation like Pågen. Finn Pålsson also wrote a personal dedication to each and every one of the 1600 employees. This was the very first step of the internal branding process.

Identification of Values

At the start of the process it was concluded from consumer research that Pågen was a well-known brand in the minds of consumers, though a brand with no or few emotional values. The *Aided Brand Awareness* was close to 100 %, while the *Spontaneous Brand Awareness* was found to be quite weak. Considering Pågen's strong market position this was a bit surprising.

Kittel engaged Indigo Partners, a British brand and design consultancy, for coaching Pågen through the challenging branding process. Indigo Partners had done a very impressive work for Swedish Match, which strengthened Pågen's interest in the way they approached the issue. Indigo Partners started to analyse the Pågen organisation with the aim of finding the right

identity. This process began with a series of in-depth interviews with some 20 persons in different management positions and with different backgrounds and experience. Then followed a series of qualitative consumer research investigations (focus groups) at different places in Sweden. The aim was to identify the role of bread in the minds of the consumers. The interviews conducted with consumers were qualitative in-depth interviews carried out by professional interviewers. Kittel and Kevin McGurk from Indigo Partners attended these interviews. With the purpose of making McGurk understand what was said during the interviews, simultaneous interpretation was used. The data collected was then used to produce a map of the various emotional benefits of bread, which was named “Brödets positioneringskarta” (“Positioning map of bread”). This map is presented in figure 7.1 below.

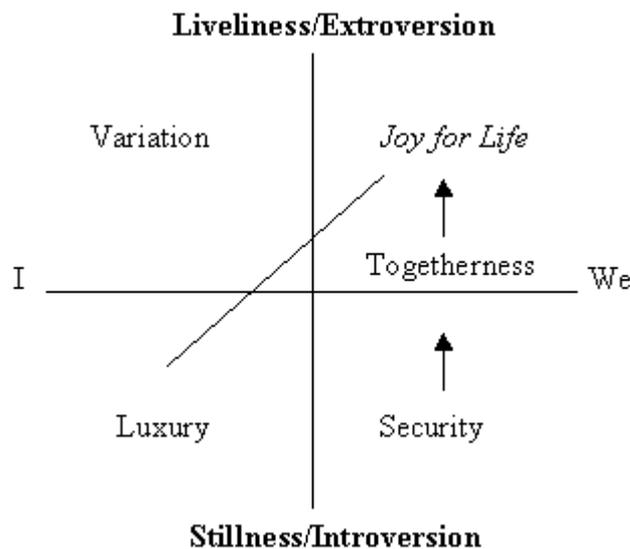


Figure 7.1: “Positioning map of bread”.

All major bakery companies could be positioned in the map. According to Kittel, most of them are to be found in the security quadrant. The arrow symbolises the possible journey from the passive (Security) to the active (Joy for Life). The shift from the passive to the active quadrant in the map provides a greater dynamic power, thence the upward arrow.

After having analysed this model, Kittel and McGurk agreed that Joy for Life represented a very interesting and promising positioning opportunity for Pågen. Through a new series of qualitative consumer research studies, this was tested on consumers: the Creative Hypothesis Stage. The results were very encouraging; consumers would welcome to be invited into such a positive relationship with bread.

Based on all the investigative work, a brand platform reflecting both consumers' attitudes towards bread and the key values identified within Pågen was created. The brand platform took the shape of a triangle: *the Pågen Brand Pyramid* (in Swedish *Pågens Värdepyramid*). The new brand was to symbolise the new company culture, with the best from each of the two worlds that constituted the separate companies of Pågen and Pååls.

The brand project team decided to hold on to and recommend the concept of Joy for Life. A new slogan was born: *”Vi är stolta glada bagare – vi bejakar livsglädje”* (“*We are proud and happy bakers – we recognise the notion of joy for life*”). The organisation now had a platform for their brand building, namely the associations that bread and bread baking arouses.

Creation of a Brand Pyramid

The Pågen Brand Pyramid was built on five layers: Brand Attributes, Consumer Benefits, Brand Personality, Brand Values and Brand Essence. This pyramid is presented in figure 7.2 below.

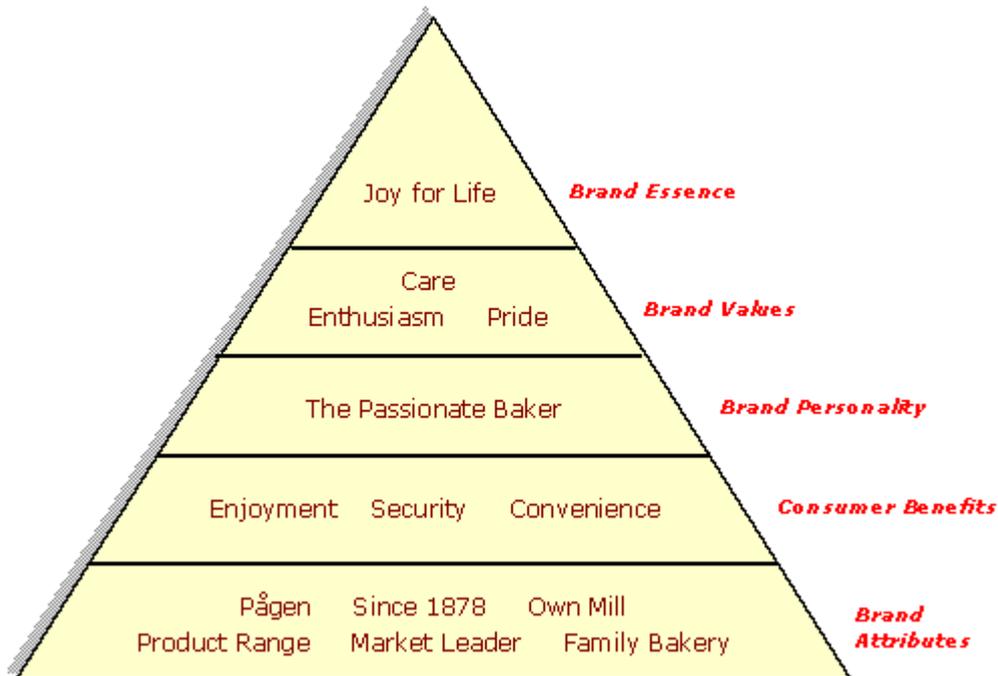


Figure 7.2: “The Brand Pyramid”.

Kittel says he prefers to describe the Pågen Brand Pyramid as their Value Pyramid. He argues that it is very important to use words and notions that are familiar to everyone. He always tries to avoid sophisticated expressions that are perceived as purely academic or typical marketing jargon. All words should be simple, straightforward and easy to understand, though never cold and indifferent; they should have a strong emotional dimension.

Indigo Partners presented a first proposal for the Brand Pyramid in English, and Kittel then put a lot of effort into finding the right Swedish expressions. Further modifications and alterations were made during the internal reviews with the Strategic Management Team. The Brand Pyramid was very favourably supported by the entire team and fully approved by top management.

The value pyramid represents Pågen’s ambition, it shows what characteristics are important to the company and hence also those that the products should exhibit. However, the word “quality” does not feature in the pyramid. This might seem a bit odd since Pågen’s vision and ambition is to become the qualitatively leading food company within the Nordic countries.

However, Kittel explains that the sum total of all the factors figuring in the pyramid, should be quality. As the company wanted to really anchor the values to the employees and to the entire organisation, the use of Pågen's own words was thought to be the most suitable and the most apt choice. The goal is to make every co-worker in the organisation think about and reflect upon the values stated in the pyramid.

Kittel believes that when undertaking this kind of process, it is extremely important to have assistance from outside the company in order to get the necessary objectivity. There is, according to him, a need for someone who is able to see the company in a different light. Indigo Partners were able to spot something that was obvious in Pågen, namely the passion. Kittel believes that without the cooperation of Indigo Partners, Pågen would probably not have dared to simplify things as much as to stating that bread is a symbol of life and love. The company would probably have thought it to be too pretentious. However, Kittel also emphasises the importance of Indigo Partners' humble attitude towards the Pågen people who quickly felt they had faith in these British consultants, something that facilitated the entire process.

Creation of a New Corporate Logo

Once the Pågen Brand Pyramid was finalised and agreed upon, a creative team including art directors from both Indigo Partners and Pågen In-house started the challenging process of creating a new brand logo for Pågen. After several months of intensive work with hundreds of visualisations, the creative team finally came up with a proposal that was approved by the top team in general and by Finn Pålsson in particular. The new Pågen logo was judged to be in perfect harmony with the Pågen Brand Pyramid.

Creation of a Brand Handbook and Brand Manual

When the creation process of the new brand was terminated and it was clear what the brand should stand for and mediate, a digital *Brand Handbook* was designed. An abbreviated version, a digital *Brand Manual*, for external parties, was also developed. The brand handbook also included the presentation of the new logo and a careful description of graphic rules regarding typeface, colours, size, placement and other design elements.

The various stages described above took about eight to nine months. It is Kittel's opinion that a process like this cannot be rushed, but must be allowed to develop peacefully and to take time. Eva Malmberg, Human Resource Manager, agrees with Kittel when stating that one must be aware of the fact that an internal branding process is a continuous and dynamic long-term process.

Adaptation

Before communicating the new brand look and the brand values to the external world through packaging, advertising and other marketing activities, it was decided that the entire brand story should be anchored to the organisation. Kittel argues that "It is necessary to charge the organisation from within. We want everybody to be 'living' our brand."

Kittel states that Pågen today communicates what the company stands for. The current advertising mirrors the corporate identity or brand personality, not the individual products. Since the company in its advertising efforts features its culture and values instead of its products, it is extremely important that everyone in the organisation understands these values, and hopefully everyone also believes in them and lives by them.

The anchoring process was carried out in several sequential steps as described below.

Brand Building Kick-off Days

Leadership Day

On this day, some 120 managers and leaders were given detailed information about the entire “brand journey” including the Brand Pyramid, the new logo and the plans for the future. The reason for letting the leaders be the first to know was that they should be well prepared and motivated to spread the key message to all the other employees at Pågen. The leaders were also given the task of thinking about what characterises a leader at Pågen, what values should guide him etc.

Brand Revelation Day

Shortly after the leadership day all employees were invited to a Brand Revelation Day - a prolonged coffee break, a cake party - at all the local work places, where the new corporate logo was presented for the first time. Naturally, all cakes were decorated with the new logo! All employees also received a greeting card displaying the four ingredients for future success, namely *joy for life* seasoned with *care*, *enthusiasm* and *pride*. The cards were all signed by the group chief executive, the chairman of the board and the managing director.

Brand Happening Day

Three major happening days, the theme of which was joy for life, with 400-500 participants each time were arranged in Stenungsund (for the sales staff), Göteborg and Malmö. The whole “brand journey” was presented and explained. A film with Jesper Aspegren acting as a chef baking “the best bread in the world”, the most important spices being *care*, *enthusiasm*, *pride* and *joy for life*, was shown.

Weekly bulletin “På G...”

For more than a year, Managing Director Håkan Sigvant wrote a weekly bulletin to all employees where he repeatedly came back to the core words of *care*, *enthusiasm* and *pride* and their profound meaning within the new Pågen company.

In summary, major efforts were made to make everyone at Pågen feel aware of and comfortable with the brand values and the brand personality (the passionate baker) that the company wanted to convey. Kittel explains: “We want everybody at Pågen to see himself or herself as a baker, and to be proud of that. We should all have ‘flour on our fingers’”. This is why the new visiting cards do not state any titles, instead they all say “with flour on the fingers”.

However, so far only a basic fundament had been laid out. The next step, Stage 2, was to be carried out under the leadership of Eva Malmberg. All Pågen's employees were to spend a full day devoted to personal involvement in the Pågen brand values.

Brand Training Days

The brand training days, which were organised throughout the spring of 2002, took place at Pågen's premises in Malmö three days a week. Each time 40 co-workers from Göteborg and Malmö, from different departments and holding different positions in the company, were assembled for a day of education and fun.

Eva Malmberg, Human Resource Manager, created in cooperation with a consultant the foundation for the training day. They came up with the proposition that the training day

should involve both games and more serious tasks. The proposal was presented to the Strategic Management Team of which Malmberg is also a member. Malmberg explains that she was at this point questioning herself and the idea: “Is this concept the right one, is this really going to work?”. However, the company management liked the proposition, and hence approved it.

Malmberg now needed 20 supervisors, or *brand ambassadors*, who were to be responsible for the training days. For this she wanted people with a positive attitude, a genuine interest in the internal branding process and people who were keen on developing personally. Some of those Malmberg picked out herself, others contacted her and asked if they could become supervisors. The supervisors came from different departments and held different positions in the company. Malmberg says this mix of employees was a conscious choice. She stresses that the multitude aspect is very important to the company and that diversity is encouraged. Kittel particularly remembers a young female co-worker with an immigrant background normally working night shifts on one of the production lines in Göteborg. She was one of the volunteers who travelled early mornings to Malmö to be a supervisor, bubbling with enthusiasm and happiness. Then she returned to Göteborg in the afternoon the same day to work the night shift on the production line. “This is a manifestation of genuine commitment, joy and enthusiasm”, Kittel says.

The goal was to show all employees what the new Pågen really stands for and the key words were participation and involvement. Together with the 20 supervisors, Malmberg designed four *experience rooms: the leadership room, the co-worker room, the quality room and the joy for life room*. In the leadership room, the employees were to think about and reflect upon group dynamics and thereto related questions. In the co-worker room, questions related to the meaning of being a colleague were discussed. The quality room was arranged as a quality quiz in the format of “Who wants to be a millionaire?”. And finally, in the room devoted to joy for life, the employees were asked to think about and write down what joy for life means to them. In order to create a team feeling, all employees including salesmen, production people and administration people were divided into mixed groups. The group chief executive, the chairman of the board and the company management all took part in these activities, just like everyone else.

Seen from an administrative and logistical point of view, the training days were quite difficult to carry out. Still, in June 2002 when it was all over, there was almost a feeling of anxiety, a bit of a loss, Malmberg explains. Further, the most fantastic with all of this, she thinks, was the loyalty displayed by all employees. Those who had already been to the training day knew what was awaiting the others, but they all kept quiet about it. Moreover, Malmberg explains that the company received an enormous amount of feedback from the employees. For example, it turned out that many felt that management was invisible to them and also that many co-workers employed in the production felt replaceable. However, most of all the employees were incredibly positive about the training day as such. The concept proved to be a huge success, it really turned out to be the right way to convey the message.

Ewa Dahlqvist, Production Administrator at the Malmö plant and one of the supervisors in the internal branding process, points out that one thing she felt was very important was the mix of fun and seriousness. Many employees would probably have found it difficult to sit down and listen to lectures all day in a “school-like” atmosphere. For example, those working in the production are used to being on their feet all day. Dahlqvist also states that she truly enjoys

being a supervisor and that she and her fellow supervisors have taken the new company identity and values to their hearts and that they now live by those in their daily work.

Advertising Involvement

Backed by all this internal involvement, Pågen now felt ready to start communicating the company's new identity and values to the external world. A launch advertising campaign was created by the advertising agency Valentin Byhr Partners in Göteborg, and the première took place, quite suitably, on St. Valentine's Day. This was the first time ever that the Pågen brand was advertised on Swedish television, a milestone in the company history. The message "*Pågen – baking with love*" was conveyed through a film called "*The wedding*" portraying passionate bakers with flour on their fingers.

Kittel was anxious to involve everybody at Pågen in the new advertising concept. All co-workers received a letter with floury fingerprints on it in the mail. This letter contained a presentation of the advertising concept and the thinking behind it, so that all the Pågen people could become positive brand advocates. The letter also included a detailed media program with a list of all the booked TV spots.

Follow-up and Evaluation

Kittel hopes this internal branding process has given the company's co-workers a basis from which they can start "living" the brand. He hopes that they all can radiate "the passionate baker" and thereby contribute to the building of the brand in the external world.

Clearly the marketing activities, and the television advertising in particular, have had a strong positive impact on consumers' awareness of the Pågen brand. In brand awareness studies carried out by ScandInfo Marketing Research, Pågen had a low but stable "top of mind" score of 13-14 % during several years. However, in the last survey performed in June 2002, the score had taken a giant leap to 29 %: a doubling in one year. Pågen was now the "mental" market leader in the minds of the consumers.

Separate communication studies, carried out by a company called Market Watch, also confirmed that the TV commercial was very effective in bringing across the brand values. Despite its symbolic overtones the film was well understood and appreciated. Particularly the music in the film has been a strong element in bringing across an emotional sympathy, Kittel explains.

Kittel states that the company aims at developing other instruments for measuring the effects of the process. He mentions external measurements on a Nordic basis and also that some sort of internal measurements most certainly will be performed some time or other. Also Malmberg explains that measurements of the internal climate of the organisation is something that probably will be performed in the future. However, she admits that in order to be able to assess a difference, this type of measurement should have been carried out before the internal branding process even started.

Plans for the Future

Pågen is now thinking about how the internal branding process is to be continued and how this should be done continuously. An important aspect of this is how to make the company management more visible and accessible to all employees. "Bakers working the night shift do not get the same exposure to management as employees who work day time", Kittel says. However, the company has now initiated a program to improve this situation, he reveals.

The Pågen book of joy for life is another internal brand building project. It is a direct follow-up of the brand training days, where everyone was invited to describe his or her own personal interpretations of joy for life. Several thousand cards were collected from the training days and all these quotes constitute the raw material for the book. A selection of 365 quotes and numerous photos will be published in the book. A copy will be given to all employees when the company celebrates its 125th anniversary in the summer of 2003.

Another project that Malmberg would like to realise in the future, is to organise some sort of game for the employees with the goal of giving everyone an overall picture of the company and how it is run. This would help in making all employees understand the company as a whole, how it is managed externally as well as internally. With that kind of understanding, the employees can be more effective in their own roles, Malmberg argues. Further she states that it is important for the employees to understand the company culture and values, however it is also essential that they understand how a company is run.

For the next training phase new supervisors will be appointed, while the old ones will have a supporting role. The concept will be a bit different and the training carried out in smaller groups. The aim is to go one step further and take the internal branding process to a more practical level, i.e. to discuss how the corporate values can be activated in the daily work.

Malmberg also claims that the company will need more people who can be responsible for the process and who can “do the talking” so to speak. She explains that today there are really only three persons involved in this, namely Håkan Sigvant, Georg Kittel and Malmberg herself.

7.3 Impact of the Internal Branding Process

7.3.1 Achievements

Malmberg believes that an anchoring of the brand to the organisation permits personal development and makes individuals grow. This in turn, she points out, raises the level of competence in the company. In addition she emphasises the fact that Pågen, as a result of this process, will become a more attractive work place. However, Malmberg believes it will take another two years before the effects of the internal branding process can be properly observed and established.

Still, some effects following the process have been observed. Malmberg and Dahlqvist state that one of the goals with the internal branding process was for the company management to get closer to the co-workers. This objective has, according to them, also been achieved. The co-workers are now happier and hence the workplace is more pleasant, as Dahlqvist puts it: “It is more fun to go to work.”. “There is talking about joy for life, care and enthusiasm going on during coffee breaks, which shows that the employees have taken in the message.”, Dahlqvist adds.

Other positive result are, according to Malmberg, that the number of sick days has decreased and also, despite the restructuring of the organisation, that the company turnover increased by 10 % the year following the merger.

During the past year Pågen has received a number of external awards that reflect a strong interest in and recognition of the internal branding process at Pågen.

In January 2002, Pågen's Managing Director Håkan Sigvant was awarded with a new distinction called "Morotspriset" ("The Carrot Award"). The jury motivation was his "ability to listen to his co-workers, delegate and make decisions with empathy". The aim of the award is to feature the new "heros" of the business world – business executives who put effort into involving and motivating their own co-workers. This award is planned to become a tradition and handed out every year on "The Carrot Day", 31st of January.

In November 2002, Pågen received the "2002 Print Advertising Award", distributed by Allers Förlag, for the new advertising campaign ("Pågen – baking with love").

In January 2003, Pågen AB received another distinction: "Malmö stads Mångfalds- och Integrationspris 2002", this also being a recognition of the internal branding process. The jury points out in the motivation that Pågen "has managed to integrate co-workers from different cultures through significant internal education programmes focused on a common value base".

Also in January 2003, at "Varumärkesdagen" ("The Brand Day") in Stockholm, Pågen received an honorary mention when the 2003 Nordic Brand Award was given to Absolut, one of the strongest brands in the world today. This was the first time ever the jury deviated from a "winner takes it all" approach, no company had received an honorary mention before. The motivation: "a recognition of a very impressive branding process".

7.4 Learnings

7.4.1 Key Factors

Commitment and Support from Top Management

Kittel states that in order for the implementation of an internal branding strategy to be successful, the company management, the board of directors and the group chief executive must fully support the process. The key decisions related to branding have to be made at the highest level and the company management must be totally committed. Kittel mentions that the branding process has, ever since the start, been of very high priority for Finn Pålsson, the group chief executive, and Håkan Sigvant, the managing director. Also the perception of "living the brand" must be of crucial importance for top management, not only in the initial phase but also on a long-term and continuous basis. The top managers should be role models in radiating the brand values, Kittel says. They should mirror all the passion, joy, enthusiasm and pride that the Pågen brand represents. That is a constant and tough challenge to everyone in top management, he concludes.

Suitable leaders

It is Kittel's opinion that the person who is to lead the process must be someone with a senior role in the company. If not the managing director himself, then someone who receives his full support. Neither an external consultant nor a person at a more junior level is suitable as leader, no matter his qualifications. Moreover, Kittel argues that the person in charge of the process must be someone for the other employees to model themselves on.

Dahlqvist believes that someone from the human resources department must assume the role of leader when it comes to internal efforts of the process. "The person responsible should be someone who really knows how to handle people. Eva Malmberg knows that the company's

employees are different and in what way. People working in the marketing department are more customer oriented.”, she states.

Malmberg argues that for this type of process to be carried out successfully, the human resources function must be given a powerful role and be represented in the company management. If this had not been the case at Pågen, Eva explains she would not have wanted to go through with it.

External Assistance

The engaging of external consultants was a very important factor in the early stages of the branding process at Pågen, i.e. when the foundation for the Pågen Brand Pyramid was established. Kittel believes that companies wanting to undertake the same kind of process would benefit from the use of external assistance. One of the reasons for this is that such a company would need someone who is able to look at the organisation with objective eyes. However, Kittel points out that it is of vital importance that the company's co-workers have confidence in the person in question. In the case of Pågen, the employees felt at an early stage that they had faith in Indigo Partners, which facilitated the entire process. Still, Kittel stresses that consultants cannot be responsible for the implementation of an internal branding strategy, but only provide knowledge and understanding.

Continuity and Flexibility

Malmberg states that the implementation of an internal branding strategy is a continual process that takes time. Moreover, she emphasises the need to recognise the dynamism of the process and that it requires a dynamic organisation and management. As Malmberg puts it: “The process feels like a roller coaster, it has its ups and downs. However, if you do not continue to work on it, it will keep going down”.

Kittel agrees with Malmberg. He feels internal branding is a process with no end, a process that requires constant attention and maintenance. He also believes it is a process where things develop gradually and over time. Moreover, Kittel emphasises the importance of making the vision and brand values an integrated part of the daily work. “In the ideal situation all the employees, from the very top down through the whole organisation, are genuinely living the values, radiating passion and joy for life”, he says.

In June 2002 when all training days had been completed, no new activities were planned or organised and the process was not attended to for a while. Malmberg and Dahlvist agree this was a mistake and that there should not have been a break in the process. “The employees do not know there will be new activities. Therefore, in order to keep spirits high, we should have continued the activities and kept going directly after the training days were all carried out”, Malmberg and Dahlvist explain.

Economical Aspects

Kittel argues that in order to undertake and successfully carry out an internal branding process, a great amount of resources in the form of time, money and people is required. On the other hand, he believes the investment pays off in the long run. Pågen made large investments in the process, which was necessary considering the very ambitious goals the company had set up. As Kittel puts it “You cannot aim high and then not be willing to go for it, i.e. to invest in the necessary resources”.

7.4.2 Learnings and Advice

Malmberg believes that there was not enough cooperation and coordination between the internal and external efforts in the internal branding process at Pågen. Malmberg herself was responsible for the internal part, while Kittel focused more on the process in an external perspective. According to Malmberg, this is not the best way of carrying out the process: "The ideal case would instead be to have one person responsible for both the internal and external efforts". "It would also be great if someone could work with this on a full-time basis", Malmberg adds. Furthermore, Malmberg states that the differing opinions about the new commercials broadcasted on television show the importance of internal and external cooperation. The employees agree that the message conveyed is right, on the other hand some of them do not like the design of them. Malmberg admits she does not personally like the new commercials either. She thinks they should have shown more of the employees and what they do.

While working with the internal branding process at Pågen, Malmberg also realised that it is necessary to take into consideration what kind of people are working in the organisation. "It is of utmost importance to adapt the internal branding strategy to cultures that have existed or still exist within the company. However, regardless of strategy, the preservation of values requires a methodical approach.", she argues.

Moreover, Malmberg emphasises the need to teach the employees, to let them do the job. It is about getting the employees to feel committed and about showing that the company cares about them. "To work is more fun if everybody works to achieve the same goal", Malmberg states. Further, Malmberg argues that one should not pay any attention to the employees who have a negative attitude towards the process. "Gradually the majority of those will hopefully change their attitude, still certain employees may never embrace the internal branding process", she says. Kittel agrees with Malmberg as he states: "Put resources into committing the ones who are in favour of the process. Do not pay special attention to those with a negative attitude, there will always be some of those".

Kittel argues that it is crucial that the process is fully supported by the company management and that the goals of the process are clearly defined.

Malmberg explains that it was Georg Kittel, Håkan Sigvant and herself who were responsible for the process, they were the ones who did all the "talking". However, she argues they will have to be more than three persons involved in this in the future. She also adds that she puts in a lot of hard work and that the reason she has the strength to do this is that it is so much fun. Moreover, she explains she had no experience from the Pågen organisation before the internal branding process started. Malmberg believes this may have been an advantage: "Perhaps should you be a bit naive", she states.

Finally, Malmberg is convinced that the implementation of an internal branding strategy will constitute a success factor for companies in the future. However, the coordination of external and internal efforts is something she regards as crucial.



8. Case Study SAS Airline

In the empirical study of SAS Airline we interviewed Kerstin Edenby-Stross, Director Brand & Concept Development, Marketing and Product Management (MPM). She has a background in HR and Product Development within SAS. The other interview was held with Stefan Bjurholm, Manager Brand & Concept Development, MPM. Bjurholm has worked with product development, marketing and Star Alliance. He has also been in charge of food and beverage. Additional facts have been collected from the web site of SAS AB.

8.1 Company Presentation

8.1.1 Company History

Scandinavian Airline System (SAS) was formed in 1946 as a consortium of three national airlines: Denmark's DDL, Norway's DNL and Sweden's SILA. Over the years the pressure from competitors required SAS to operate as a single uniform company, at least in terms of the customer perception and experience. Today the SAS Group consists of five different business areas namely SAS Airline, Subsidiary & Affiliated Airlines, Airline Support, Airline Related and Hotels. The organisational structure of the SAS Group is presented in figure 8.1 on the following page.

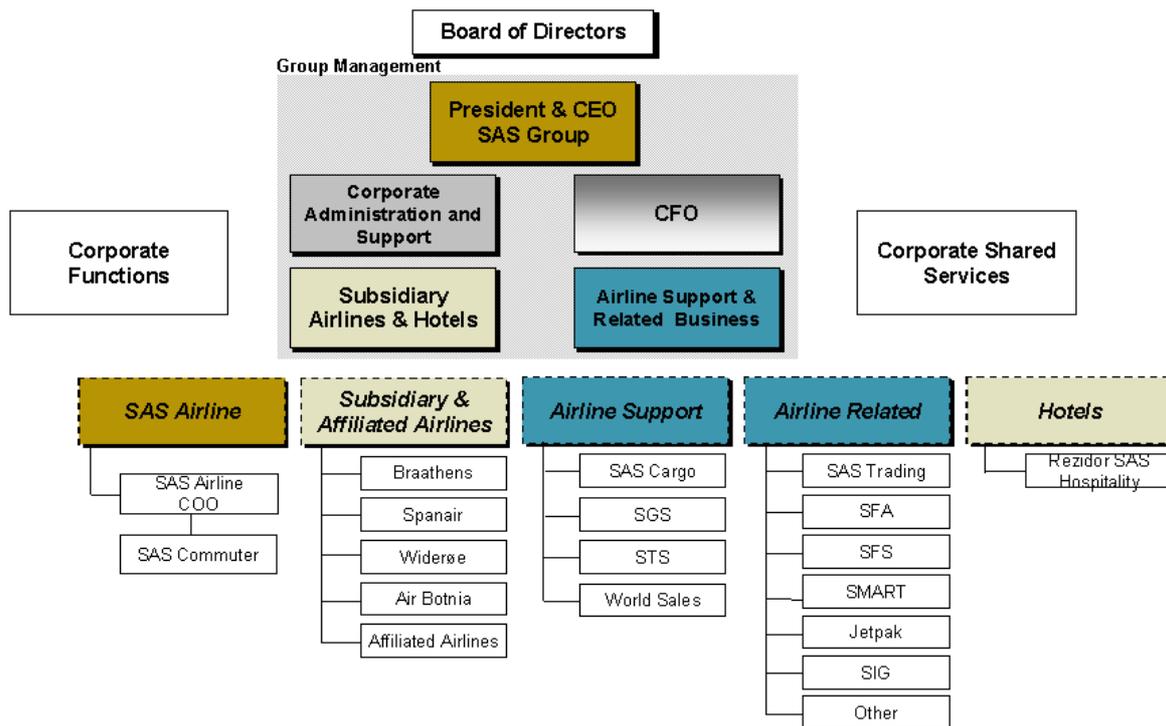


Figure 8.1: Organisational structure of the SAS Group.

In 2001 SAS experienced a year that put all ingrained roles to the test. A new organisation and partly new working methods were introduced. The world was shaken by the terrorist attacks in the U.S. and by terrorist threats in most parts of the world. Taking care of customers was therefore really put to the test in 2001. Another set back for SAS was the accident in Milan at the beginning of October 2001.

In 2001 the Group had a total operating revenue of SEK 51.4 billion and employed a number of 31 035 people. SAS Airline is the largest business area and accounted for 74 % of the group's operating revenue in 2001.

8.1.2 SAS Airline

SAS Airline's human resources policy: *"Employees meet customers' expectations and are the airline's foremost competitive advantage."*

SAS Airline comprises SAS's passenger transport operations with its own aircraft and under its own brand. The business area includes, as shown in the figure above, the production company SAS Commuter and SAS Airline COO (chief operations office). The independent business units Scandinavian Ground Services (SGS), Scandinavian Technical Services (STS) and Scandinavian World Sales (SWS) formerly belonged to SAS Airline but since the reorganisation they operate under the business area of Airline Support. Scandinavian Ground Services is responsible for SAS's passenger and ramp services at all airports. Scandinavian Technical Services is responsible for technical maintenance of the fleets of SAS Airline and

other customers. SAS Airline is one of the founders of the global cooperation Star Alliance in 1997. Moreover SAS Airline has several European cooperation partners.

8.1.3 Corporate Strategy

The three top priorities within SAS Airline are *Safety*, *Punctuality* and *Service*. Flight safety is SAS Airline's foremost quality parameter and is to be maintained and further strengthened within the next couple of years. Customer strategy is based on three different customer groups, which are cultivated per segment: the customer who flies with SAS and pays for the trip personally, the customer who flies with SAS, and the purchaser, i.e. the company or organisation paying for the trip. SAS Airline's products and services are developed and adapted to meet customers' needs for simplicity, choice and consideration. The products must be available in the markets and through the channels where the prioritised customer segments wish to obtain their information. The partner strategy is designed to create more and more effective connections as well as other travel benefits to further improve the customer service.

SAS Airline aims to be the leading airline in Scandinavia. The traffic system is concentrated to the following traffic flows:

- To/from/within Denmark, Norway and Sweden.
- Between local markets and the rest of the world via Scandinavia.
- Between Europe and North America/Asia via Copenhagen.

The Customer Satisfaction Index, CSI, reflects how well SAS Airline is meeting customer expectations and how the company is assessed in relation to the "ideal" airline. The airline had set its CSI target to 75 for 2001 but only scored 70. This decline is due to the fact that it is becoming increasingly hard to meet customer expectations, which is a general trend in the airline industry. The areas where customer satisfaction has generally improved are those relating to EuroBonus and service on board (Inflight Services). Key factors for increasing customer satisfaction are image, customer treatment, timetable/route network and punctuality. In terms of quality, SAS Airline's target is to be the most punctual airline in Europe. The punctuality target sets a 12 % limit to the number of flights that may be delayed by a maximum of 15 minutes. SAS Airline scored 14.9 % in 2001. The corresponding figure for airlines in AEA was 21 %. The aim of the human resources function is to further improve the working environment at SAS Airline and increase the company's attraction as long-term employer.

8.2 Internal Branding at SAS Airline

At the time of the conducting of the empirical study, SAS Airline was in the process of planning the implementation of an internal branding strategy. As a consequence we have not been able to collect data concerning the effects or achievements of the internal branding process but only the intentions thereof.

8.2.1 Why an Internal Branding Strategy?

After the structural reorganisation within the SAS Group in 2001, management believed that it was necessary for SAS Airline to become more clearly positioned. Stefan Bjurholm, Manager Brand & Concept Development, explains that the situation in the market and the raised standards in airline companies in general also contributed to the need for change.

“Initially we needed to analyse the market and the customers, secondly we had to proceed with all the internal work to ensure that we delivered true values to our customers”, he says.

According to Kerstin Edenby-Stross, Director Brand & Concept Development, the understanding of a need for an internal focus has long been present in the company but the former organisational structure made it extremely difficult to implement such a process. However, Edenby-Stross believes that SAS Airline today meets all the requirements necessary for succeeding with an internal brand process, owing to the new organisational structure where product, market and brand managers work in the same department (Market and Product Management). Another motive that has drawn attention to internal branding is the new division of functions into business units. Management has been very interested in how to raise standards of the business area of Airline Support that incorporates the units of SGS, SWS and STS and how these standards should be specified. This has resulted in signed agreements between SAS Airline and each related business unit that clearly state what tasks are to be delivered and in what way they should be delivered. The agreements also include a brand clause declaring that all personnel within a business unit must consent on acting upon SAS Airlines’ brand values. Edenby-Stross emphasises the importance of these agreements and explains that they demand that each unit keep their promise.

Bjurholm explains that in SAS Airline the brand strategy is put on the strategically highest level in the company. In other words this means that the brand strategy constitutes the company’s business strategy, something Bjurholm believes is vital for succeeding with an internal branding process. The brand has a central role in the company and is seen as one of the strategically most important tools. Therefore Bjurholm emphasises that the creation of a new brand system needs to be aligned with the overall brand strategy.

Carsten Vraa-Jensen, Vice President, Marketing Business Concepts and Jens Willumesen, Senior Vice President, Market and Product Management have from an early state been concerned with the need for internal branding within SAS Airline. In the initial phase Edenby-Stross was given the responsibility for investigating how SAS Airline could work with internal branding issues. She looked at companies with strong corporate identities that had undergone successful internal branding processes like for instance Disney and Compaq. Today Brand & Concept Development within MPM is in charge of the internal branding process. Their main mission is to lay down the general guidelines for an internal branding process, present implementation strategies and follow-up projects, and provide support for managers responsible for internal branding questions in each division.

The organisation of the Market and Product Management Department is illustrated in figure 8.2 on the following page.

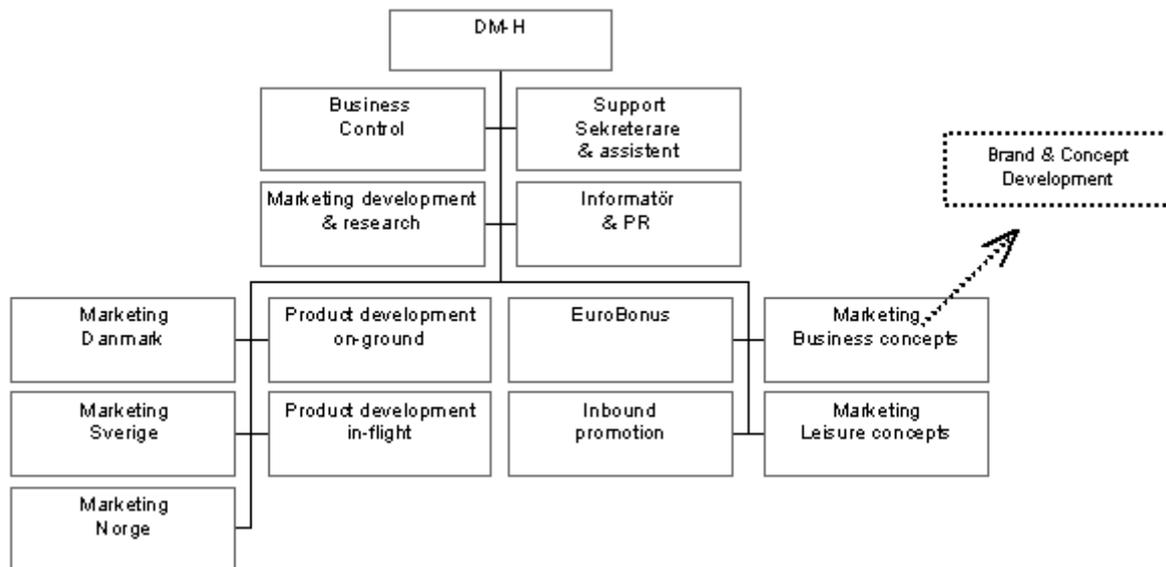


Figure 8.2: Organisation of the Market and Product Management Department.

8.2.2 The Internal Branding Process

Initial Work

"In order to know where the process is heading the company must know where it is starting from", Edenby-Stross argues. The cultural research investigation at SAS Airline served to define the starting point, and thereby provide the internal branding project group with knowledge on how and why brand awareness could be improved. Edenby-Stross believes that employees have to take part in the brand developing process. She explains that the culture must be defined through the eyes of the employees: "The culture can't be defined by management and then taught to employees, one must start in the other end". This is why a first step in the internal branding process at SAS Airline was to carry out a cultural survey. Edenby-Stross emphasises that culture is one of the most important assets for a company and that you must work as hard on your culture as on anything else.

The cultural survey aimed at analysing the values of individuals (employees), the individual's opinion of the corporate values and the individual's ideal organisational values. The correlation between these three different aspects was then analysed. The investigation provided a definition of the values that exist today within the organisation but also a description of the values that the employees felt were missing. Among other things, the survey showed that employees feel a strong love for their company and that they take great pride in what they do. Management also learned that employees have different perceptions of the corporate culture. People who have been in the organisation for a long time, and especially those who worked for the company also during Jan Carlzon's era, have a different view on what SAS Airline represents compared to people who have joined the company in a later stage.

Creation of Vision and Core Values

The internal branding project group, together with the company management, has developed a new vision and new brand values that they feel correspond to the findings of the cultural

survey. Edenby-Stross claims that this is an important initial step in an internal branding process.

- ❖ Vision: “*Travel should fit smoothly into our customers' lives.*”¹
- ❖ Brand values: “*Respect, simplicity, openness, precision.*”²

Edenby-Stross states that an internal branding strategy must be a long-term strategy and that everyone in the organisation needs to understand this. According to Edenby-Stross, the vision and core values are also long-term strategies, while a mission for example is something that can change over a shorter time period. Moreover she argues that it is important that employees must understand this strategic reasoning within the organisation.

Communication of Vision and Core Values

Edenby-Stross explains that the company needs to consider the external communication since it has a great impact on the employees. In terms of internal communication, the way in which management and the managing director address employees also need to correspond to the core values:

“The brand must be seen as an overall umbrella that is visible in all concepts and products like for instance Scandinavian Direct, Intercont and Service Recovery. The brand holds together every part of the organisation and the core values characterise every action.”

According to Bjurholm, and with reference to the model presented in figure 8.3, internal branding must be a process integrated in the daily work. In agreement with Edenby-Stross, Bjurholm argues that the internal branding process is not a project for a particular department within the organisation like for instance Market and Product Management, but a project for the whole organisation. He explains that every action taken by the company has to reflect the brand.

¹ A newer version of the corporate vision (not yet official) has been developed.

² New corporate brand values (not yet official) have been developed.

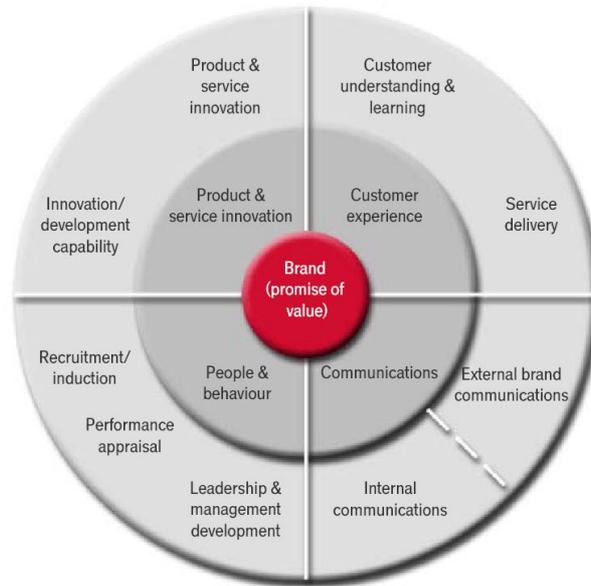


Figure 8.3: Overview of brand related activities.

Adaptation

Earlier attempts like TQM, Smile classes and the 2000 + project (“*It’s Scandinavian*”) have been focused more on short time values and goals. However this time, management is aware of the fact that they need to go deeper within the organisation and deeper into the minds of the employees in order to achieve a more long-term effect.

Defining Moments

An important aspect of the implementation process within SAS Airline is the declaration of the *Defining Moments*. Whenever an important interaction between SAS Airline and a customer takes place it is a defining moment. Edenby-Stross believes that it is important for the company to state how the defining moments should come to pass in accordance with the core values. A question that needs to be asked is: “What does it mean to have reliability as one of the core values, and how should people within the sales division reflect this while performing their assignments?” She believes that management needs to create well-defined guidelines to help employees act in accordance with the brand values. “Internal branding is not about telling employees to smile and try to make things better.”, Edenby-Stross argues. The fact that many employees experience love and pride for their company is positive but not all employees know how to use these values in order to do a better job. An effective implementation process could produce guidelines that help employees channelise these values.

Implementation Planning

Brand & Concept Development has put together a model that outlines the implementation process of the internal branding strategy at SAS Airline. The model is depicted in figure 8.4 on the following page.

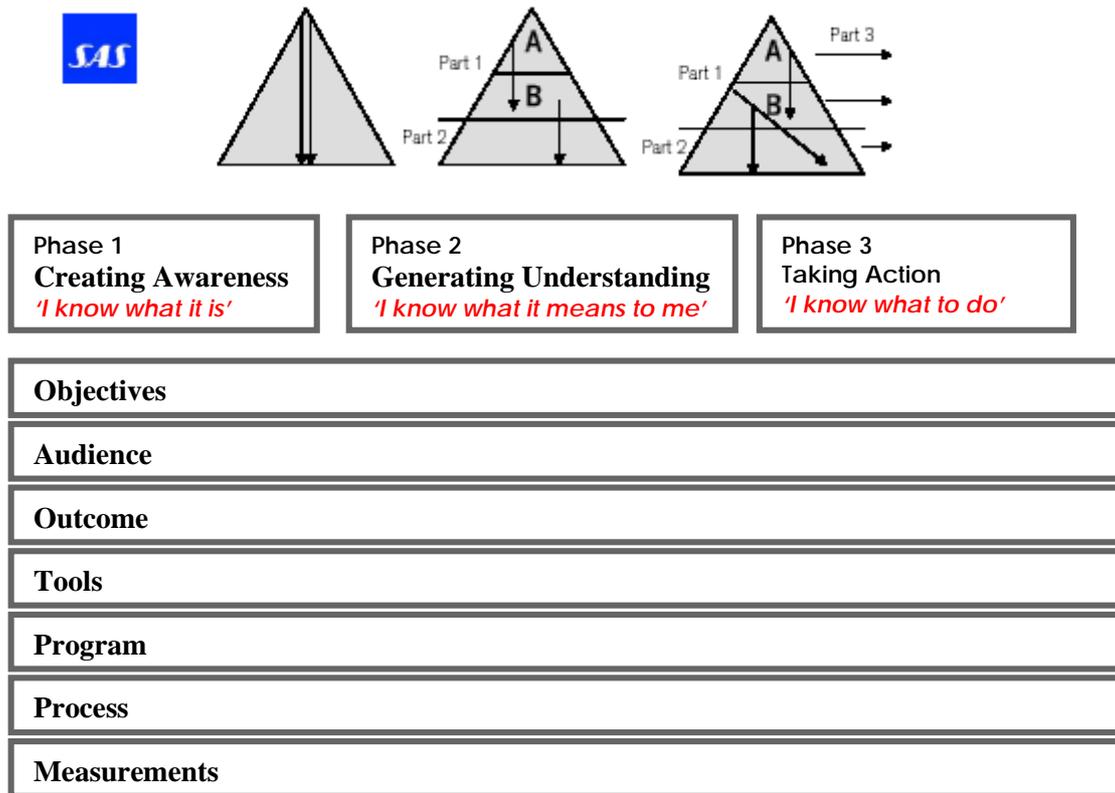


Figure 8.4: Internal branding implementation planning.

The three phases refers to the different steps in the implementation process that the employees will go through. At first employees should become aware of the new vision and brand values (“*I know what it is*”), and then learn how to relate to those (“*I know what it means to me*”). Finally employees will learn how to act in accordance with the new brand values (“*I know what to do*”). Within each phase, activities will take place on 7 different levels as depicted in the model above. The activities will not only aim to inspire employees in their every-day work but will also try to create actual changes in the way they work.

The implementation process is naturally particularly complicated for a company in the airline business. Edenby-Stross explains that there are a lot of practical details that need to be solved to be able to gather and educate employees. When people are working they are always at different locations. Therefore the planning of activities need to be very creative and well thought out. Moreover, she believes that seminars supported by interactive e-learning modules will be arranged, though to a less extent. According to Edenby-Stross, a great aspect of e-learning modules is that the follow-up process, which requires investigating if employees have taken in the message, can be arranged in the same way.

Bjurholm points out that the activities in an implementation process must reach everyone in the organisation. Edenby-Stross stresses that group leaders are an important link in the implementation process and therefore need to be given full support from Brand & Concept Development as well as from top management.

Follow-up and Evaluation

Edenby-Stross explains that the follow-up phase is a very important part of a strategy implementation that is often neglected. At SAS Airline, management has discussed the introduction of a balanced scorecard where internal branding issues should play an important role. “A kind of living-the-brand index”, Edenby-Stross explains.

A follow-up process will be carried out both on an internal and external level (Customer Satisfaction Index). PULS is an employee survey that takes place once a year within SAS Airline and serves to investigate working conditions within the organisation. Research International, one of the consulting companies that SAS Airline works with, carries out the survey. According to Research International it is not ideal to add on questions concerning brand aspects in an employee survey, as it tends to blur the focus of the respondents. Edenby-Stross claims that HR should account for employee matters and Marketing and Product Management for issues concerning brand and core values. “On the other hand it is probably a good idea to look at links between the different surveys.”, she adds.

8.3 Impact of the Internal Branding Process

8.3.1 Achievements

Satisfied customers are crucial to SAS Airline. However, by implementing the new vision and the new core values in the organisation, Edenby-Stross believes that SAS Airline will improve not only customer satisfaction but also employee contentment. This since employees will, according to Edenby-Stross, take more pride in their work. An ideal future state would be for all employees to serve as brand missionaries and to truly live the brand.

Bjurholm explains that the outcome would be positive if the employees acted according to the desired goals, i.e. performing their tasks with great motivation and commitment. The overall goal of the internal branding process is to improve the attractiveness of SAS Airline by improving customer relationships.

Due to the fact that SAS Airline is in the initial state of an internal branding process it has not been possible to look at the impacts of the process on the organisation. However, considering their experience and knowledge on the subject of internal branding, we still believe that SAS Airline contributes useful information to our empirical investigation.

8.4 Learnings

8.4.1 Difficulties

Gathering cabin crew and pilots for one day of training is extremely costly. This is, according to Edenby-Stross, the greatest obstacle for SAS Airline regarding the undertaking of an internal branding process. It is a true challenge for the internal branding project group to try to solve this problem since this aspect not only concerns flying personnel but also ground service personnel. Due to the reduction of posts there is no spare people in the organisation. Extensive efforts to improve SAS Airline’s financial position have been in process since last autumn. In total 3 500 positions in the operations will be removed. Furthermore, productivity among employees will be raised through production-adjusted working hours, the introduction

of improved technology and more efficient working methods. These activities have also included a salary freeze and waiving of negotiated salaries. Work on SAS's earnings improvement activities is extensive and everyone at SAS Airline is involved.

Bjurholm explains that there might be a problem in reaching all employees in the organisation. He argues that the implementation process needs to be designed in order to fit the different groups within a company, depending on their hierarchical position and the type of tasks they perform.

Another difficulty, according to Edenby-Stross and Bjurholm, is to keep the project alive. They both imply that working on an internal branding project for a year or two is not enough.

8.4.2 Key Factors

The requirements for a successful internal branding process are according to Edenby-Stross a well-defined vision and core values, and documentation on a desired future state describing the goal of the internal branding process. She feels that clarity and preliminary work was missing in the earlier brand projects within SAS Airline. Edenby-Stross believes that it is essential to realise that an internal branding project affects everyone, external as well as internal customers, and that encounters between employees therefore shall be characterised by the core values: "Everyone must live the brand. This goes for management as much as for the flight attendants."

Bjurholm emphasises the need for a department such as Brand & Concept Development, which has great knowledge of brand management at a strategically high level. He believes the requirements listed below are key-factors in an internal branding process.

- Full support from top management
- Time, money and resources
- Internal branding need to be a process integrated in the daily work
- Well-defined goals before initiating the process

The most important to remember, according to Edenby-Stross, is that an internal branding process is not like any other project. She describes it as a project that never ends: "Internal branding must constantly be implemented in the organisation."

External Assistance

Interbrand and Research International have been working with SAS Airline in the initial state of the internal branding process. Edenby-Stross argues that the need for external assistance depends on the size and the complexity of the organisation. SAS Airline is a large organisation with branches all over the world. Due to the split in ownership by three nations, all material needs to be formulated in four different languages: Swedish, Norwegian, Danish and English. To find corresponding words is a difficult task that requires the help from experts.

Because of the difficulties concerning the implementation in an airline company, Edenby-Stross believes that SAS Airline is dependent on assistance from consultants when planning the implementation process. Bjurholm agrees on the need for assistance in the early stages but argues that the company, to a large extent, must run the implementation process by itself.

Once the implementation is started, the Brand & Concept Development department will work more independently, Bjurholm argues.

Other consultants who have been involved in the internal branding process are SAS's advertising firm Love Brindfors, Stockholm Design Lab, Interbrand and Starsky Design and Brand Agency. Edenby-Stross stresses that all partners concerned must be informed about the different steps in the process, in order to make all produced material consistent.

Economical Aspects

The goal for SAS Airline is to carry out the internal branding process at a fair cost. However, up to the present Brand & Concept Development have been promised full back up from management, which Bjurholm claims is necessary. Edenby-Stross explains that the company does not have the means to hire consultants to work on the project on a daily basis, instead the experience and knowledge within the organisation must first be applied.



9. Case Study Öresundskraft

The information used in the following chapter was gathered through interviews with Anders Mathiasson, Managing Director, Market Department and Karin Hallgren, Executive Secretary and member of the Employee Committee at Öresundskraft. Information was also collected from Öresundskraft's staff magazine ENERGI BLADET and from the web site of Öresundskraft AB. Moreover we had the opportunity to take part of documents regarding employee activities organised at Öresundskraft.

9.1 Company Presentation

9.1.1 Company History

Öresundskraft AB is a company that sells electricity in Sweden and Denmark but still maintains a focus on the region of Öresund. Moreover, district heating, district cooling, natural gas and communication services are sold in the area of Helsingborg. The company was established as early as 1891 under the name Elverket. In 1992 the name was changed to Helsingborgs Energi AB, and then in the year 2000 the company assumed the name of Öresundskraft AB. After the deregulation of the electricity market in 1996, the company was reorganised and today the Öresundskraft Group AB consists of the parent company Öresundskraft and six affiliated companies.

The Öresundskraft Group AB has 180 000 clients. In the year 2001, the turnover amounted to 1.8 billion SEK while the total operating revenue was 78 million SEK. The group, which is owned by the city of Helsingborg, has a 100 % ownership in the following companies: Öresundskraft Energy Trading AB, Öresundskraft Marknad AB, Öresundskraft Elförsäljning AB, Öresundskraft Produktion AB, Öresundskraft Underhåll AB and Helia AS. Moreover the group has a 50 % ownership in Helia AB, Västringen Energi AB and NVSH Energi AB, as well as a 49 % ownership in Gasturbinkraft i Helsingborg HB.

9.1.2 Corporate Strategy

Since the deregulation in 1996, the company has been a very aggressive player in the electricity market. The sales volumes has increased significantly during the last years, as the company has bought up the former clients of Statoil, Kreab-Björnekulla Energi AB (KBE) and the electricity market in Höör and Skurup. The ambition is to be the fourth biggest energy company in Sweden. The strategy of Öresundskraft is to continue building alliances so as to develop greater experience as well as an increased market share.

Öresundskraft wants to participate in the development of a new Scandinavian business cooperation. The company has initiated a cooperative venture in Helsingborg City with the real estate company HFAB. The ambition is to create a system of comprehensive maintenance for industry properties through the use of regional property managers.

9.1.3 Structure of Organisation

The Öresundskraft Group employs 330 people. The organisation is divided into six business units: *Communication*, *Market*, *Energy Trading*, *Support*, *Net*, and *Production*. The organisational structure of the group is illustrated in figure 9.1 below.

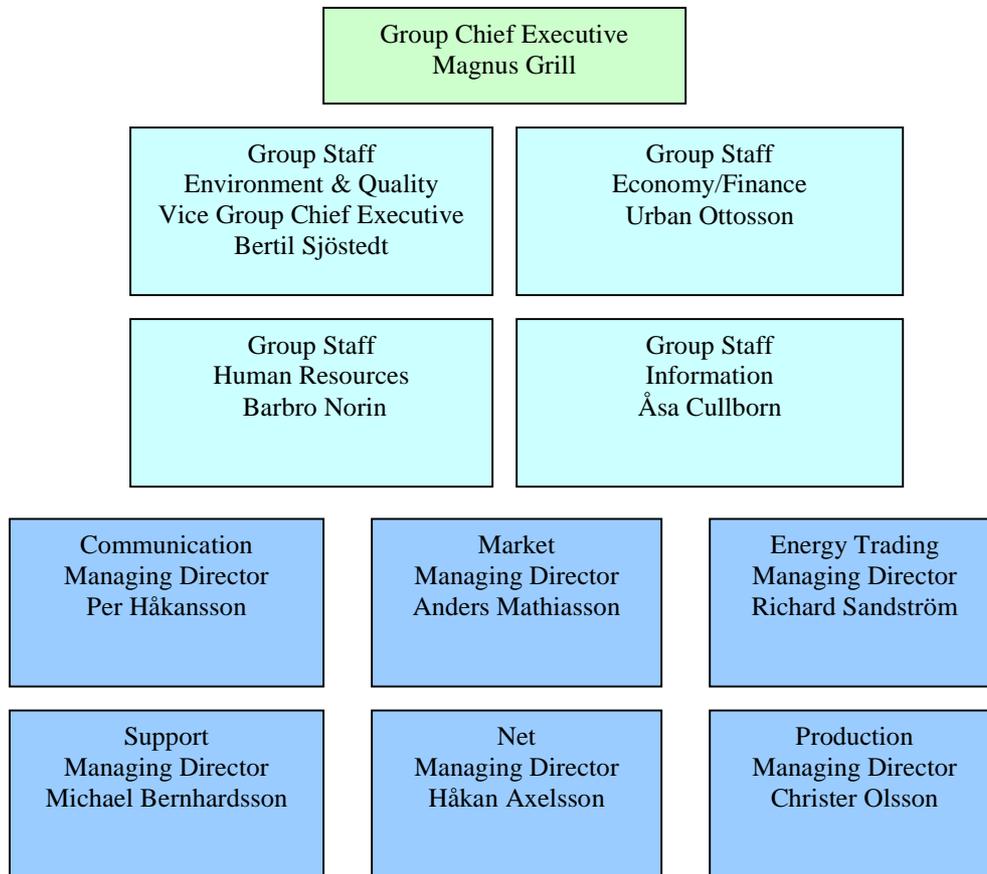


Figure 9.1: Organisational structure of the Öresundskraft Group.

9.2 Internal Branding at Öresundskraft

9.2.1 Why an Internal Branding Strategy?

The deregulation of the electricity market in 1996 was an action taken by the Swedish government with the purpose of lowering the price on electricity as well as making the electricity companies more effective. For the individual client, the deregulation means that he can choose which electricity supplier to buy from. However, since it is only the electricity market that has been deregulated, the net owner still has monopoly regarding the distribution of electricity. The fees of transfer of electricity are paid to the net owner while the electricity fee is paid to the electricity supplier.

After the deregulation of the electricity market Helsingborgs Energi AB was reorganised and a market department, Öresundskraft, was established as affiliated company to the Helsingborgs Energi group AB. Anders Mathiasson was employed to be Managing Director of the Market Department and became straight away involved in external branding issues. He states that before the deregulation, Öresundskraft considered sales people to be redundant: “Their products were considered too sophisticated and technical to be sold through salespersons, instead Helsingborgs Energi had a serious and technical image”.

The Market Department grew with time and developed a different culture than the culture of the main company. Mathiasson felt that all employees were not working in the same direction, and because he considered this essential he felt things needed to change. In his opinion there were too many disparities between different departments, areas and employees. Moreover, for the market department it was extremely complicated to do the selling and marketing, as they had to work under the name Öresundskraft when they sold electricity, but under the name Helsingborgs Energi when they were selling district heating. This was confusing not only to them but also to clients. Mathiasson suggested to the board that the whole company should have the same name, Öresundskraft, with the newly developed logo and graphic layout. At the turn of the year 2000/2001, the board decided to change the name of the entire group to Öresundskraft. The first step was to implement the new name and graphic layout throughout the company. During the first two days of seminars for the employees it turned out that nearly nine out of ten of the employees liked the new name and logo. The company board and management felt that their employees were united with them and that the company was taking a step forward in the right direction.

After the implementation of the new name and logo, it was time to implement the brand internally and create a strong organisational culture around it. The goal with the internal branding process was, according to Kerstin Hallgren, Executive Secretary, to have the most attractive working environment, as she believes that happy employees do a better job. Mathiasson agrees while stating that satisfied employees will bring about higher profits. Moreover Mathiasson believes that an employee enjoying his work and finding his employer satisfying, will work harder and better and hence more easily accept difficulties and hard times.

9.2.2 The Internal Branding Process

Initial Work

The Öresundskraft Group is, as shown in figure 9.1 above, divided into six different departments all with separate directors and boards. Mathiasson points out that one risk with a group managed in this way is that each director runs his department in his own direction, resulting in many different directions instead of a common one. To prevent this potential scenario, Öresundskraft has created a group board enjoying the highest responsibility. Mathiasson heavily emphasises the importance of the board in the internal branding process. The board is a central group for the process as it supports and pushes the process forward. Mathiasson claims that:

“Support from the company board is crucial. If you do not have full support from top management, it will not work. It may be possible to succeed with an internal branding process within one department without the support from top management, but not throughout the organisation, which is a pre-requisite for the process to be successful.”

The group board created committees including selected members from the board and other employees. A *Strategic Committee*, an *Environmental and Quality Committee*, and finally an *Employee Committee* were formed.

The Employee Committee, established at turn of the year 2001/2002, assumed the function of working with the organisational culture and improving employee motivation and satisfaction. It is the committee that has monitored the internal branding process, though they prefer to call the process a strengthening of the organisational culture. This committee is made up of Anders Mathiasson (Managing Director of the Market Department), Kerstin Hallgren (Executive Secretary), Barbro Norin (Human Resource Manager) and Urban Ottosson (Economy/Finance Manager). The committee obtains ideas and suggestions from employees concerning how they can become more motivated as well as developing proposals themselves. Then they discuss these ideas and present them to the group board, which rejects or accepts them. Subsequently, the committee plans and implements the ideas approved by the group board. Mathiasson claims that the committee simplifies the decision-making process in the company.

Hallgren explains that the committee has a checklist with ideas and suggestions that they apply in order to control what they have accomplished as well as what remains to be done: “It is easy to remember and to talk about everything we have not done, but we also want to show what we actually have done”.

Creation of Vision and Core Values

The vision of Öresundskraft is to be “*A leading service company within the energy market with a regional distribution and communication net*”. Mathiasson says that Öresundskraft mainly focuses on communicating the vision. He believes that the employees cannot deal with too many notions such as vision, ambition, core idea and guiding words at the same time. Instead, his experience concerning both internal and external branding is to keep it simple and focus on the most important aspect so as to make everyone involved: “People have their own specialities and assignments to do and do not have time to learn mine or other marketers jobs”.

Öresundskraft communicates their vision through organised *Employee Days*. These days include workshops involving activities created while bearing the company vision in mind. In 2002 Öresundskraft organised a day with activities regarding one word in the vision, namely *service*. Discussions on this topic and what being a service company is really about were held. Öresundskraft also use the Intranet to communicate the company vision, especially when activities are about to be organised. In addition, the staff magazine and the articles published on the web site of Öresundskraft incorporate the vision. Mathiasson explains that the company tries to teach their employees the vision of Öresundskraft, however he does not believe that all employees know it by heart.

Öresundskraft’s core value is “*Den sunda kraften*” (“*The sound power*”). Moreover, Öresundskraft has four guiding words that are supposed to guide employees in their daily work:

- ◆ Customer-oriented
- ◆ Quality focused
- ◆ Professional
- ◆ Motivated

Matthiasson claims that the core value in combination with the guiding words is a pervading theme in the organisation. For example, the company sponsors athletics, has a health policy regarding its employees and tries to imply the healthy theme in all activities. Moreover, the customer magazine is called “The sound power”.

Adaptation

Training of Supervisors

Öresundskraft hired a consultant for the education of supervisors who were then supposed to educate the other employees. The board thought that the organising of seminars was one way of making all employees work in the same direction. Mathiasson says:

”It may sound manipulative but I believe it is important that the board members have made up their minds about what they want. You need an open dialogue and a lot of opinions from your employees, but at the same time you need to stick to your own ideas. And I do not think that employees expect anything else. As an employee you are happy that you are allowed to participate, that you feel involved and committed and that managers try to use ideas and suggestions from you and other employees.”

Eight persons, six men and two women went through the training in February 2000. Four of them were members of the group board, since the board wanted to show the employees how important top management considered the process to be. For the same reason, the Group Chief Executive, Magnus Grill, emphasises the importance and relevance of the process and incorporates the core value when talking to the employees. The consultant who was responsible for the training of supervisors had worked for Öresundskraft before and therefore he knew the organisation well. Because of this he was also given the task of creating education material for the future workshops. For six months the consultant worked on this material, at the same time he was responsible for educating the supervisors regarding leadership. Mathiasson believes that this time period was necessary in order to find the right values to work with. After the training the supervisors were well prepared to lead the forthcoming seminars organised for all employees at Öresundskraft.

Öresundskraft had actually tried to initiate an internal branding process a couple of years before, when still going under the name of Helsingborg Energi. However, the process faded out shortly after it had started. This entailed the unfortunate implication that employees, who had been working in the organisation at that time, thought the new process was just going to be another failure. Hallgren explains that these persons leaned back with their arms crossed and said: “We have been through this before and nothing happened. Nothing will happen this time either.”. Hallgren had not worked in the organisation at that time but was aware of the failure. However she was also aware of the new situation the company found itself in considering the deregulation of the electricity market, and she knew Öresundskraft had to adapt to the changing environment. Hallgren believed it was necessary for the company to involve their employees and make them aware of the brand and the corporate vision in order to succeed in a more competitive climate.

Employee Days

In April 2000, the première of the *Employee Days* took place in the form of two days and one night of seminars and activities. The Employee Committee had three criteria when they planned these days: they should be held outside the Öresundskraft office in another geographical location, employees should stay over night due to nightly activities, and finally there should be common activities. Hallgren says that the committee has, among other things, found out that the environmental setting chosen for an employee day is very important and something employees really remember afterwards. For Öresundskraft, which is a technical

company, the days were different from the normal work. The activities organised focused on "softer" issues such as psychology and a more qualitative discussion.

The supervisors put together groups with employees from different departments holding different hierarchical positions. The employees had to introduce themselves to the group they belonged to by creating their own hats and presenting themselves by telling what the form and the colour stood for. The theme of these employee days, which were held in Röstånga, was the core value "*Den sunda kraften*" ("*The sound power*"). The groups were given the task of discussing the present organisational culture and what kind of corporate culture they would like to have. Moreover Maslow's hierarchy of needs was discussed in conjunction with Öresundskraft's corporate culture.

An external consultant had arranged the nightly activity, which was to walk on burning charcoals. The purpose of this activity was for employees to make their own decisions without caring about what the others did, as it was up to each individual to decide if they wanted to have a go or not. Most people, around 80 %, did walk. The reason the Employee Committee chose this activity was that it was an activity everyone could participate in. Mathiasson explains that "To walk on burning charcoals is to have courage in other respects than physical strength, it can make the strongest and toughest man scared, and the smallest and most quiet women courageous". Later that night, all employees sat down, had some wine and cheese and talked in a relaxed manner with each other. This way they got to know people from other departments, and Hallgren believes that during this evening, a new sense of community was created. Staff who had been working for Öresundskraft for 20 years and never met, got to know each other, something that Hallgren believes is very valuable.

After these two days in April, the Employee Committee decided that a second workshop had to be organised. This, since continuity is essential for demonstrating to employees, and particularly the doubters, the seriousness of the process. So in September 2000 a half-day was organised in Helsingborg. During this day the committee gave an account of how far they had come in the internal branding process. The supervisors also presented the guiding words of Öresundskraft's corporate culture (*Customer-oriented, Quality focused, Professional, Motivated*). Moreover, they declared to all employees that the workshops were not occasional but regular activities in a continuous process. Finally the supervisors presented the internal climate analysis that had been carried out.

None of the members of the Employee Committee had a formal education in internal branding or had read any books or articles on the issue. Instead Hallgren felt that the first employee day worked as a catalyst for other ideas and activities. Mathiasson agrees with her and says that with a creative mind and common sense you can come a long way in an internal branding process. Hallgren further points out that many of the ideas for steps and activities have come from employees. In addition, the climate analysis has provided the committee with valuable information.

In 2001, the Employee Committee organised another employee day at Öresundskraft's premises in Helsingborg. The day was an enormous project where the employees moved around the building and visited all departments with the aim of learning about each other's professions and work tasks. The day ended with a big nightly party.

In the spring of 2002 an employee day was organised at Sofiero. Old groups were disbanded and new groups formed. The reason for this was that the newly employed had complained about the fact that they were all in the same group and felt behind the old employees. The day

began with lunch and then followed a repetition of the organisational culture. Moreover, the employees had to present themselves by choosing between four professional groups that represented different personality types (analytical, caring, creative and social).

The last employee day was held in September 2002, in Ljungbyhed. The theme of this day was team building, a subject many employees wished to learn more about. The groups had to work with the word *service*, which is included in the vision of Öresundskraft. The day continued with discussions and workshops regarding morals and ethics, where the employees got a chance to get to know themselves better as well as learn to appreciate interpersonal differences, in order to better be able to cooperate with others. The group chief executive and the different business units all gave their reports of Öresundskraft's situation. Human Resource Manager Barbro Norin argues that the day in Ljungbyhed was one step closer to the corporate goal of becoming a service organisation within the electricity market.

Figure 9.2 summarises what was concluded in Ljungbyhed:

believes that the organisational culture is also spread to new employees through "older" employees. Around forty persons are being employed each year and the average employment period is fourteen years. In some areas such as production, there are persons who have been working for the company for much longer than fourteen years, while the marketing department on the other hand has many new employees. This is one reason for the mixed groups at the employee days, the Employee Committee wants the "old" and the "new" employees to get to know each other and for them to share the same values and culture.

Follow-up and Evaluation

The members of the Employee Committee have meetings on a regular basis where they review what objectives have been achieved and what remains to be accomplished. Mathiasson admits that sometimes the committee believes they have succeeded in fulfilling a certain goal, whereas the climate analysis reveals the opposite. Mathiasson believes this could be due to the fact that not all middle managers have adapted themselves to the values and the organisational culture. Therefore the committee organises meetings with middle managers in order to get a more open dialogue with them and also to get an opportunity to listen to their opinions in a more qualitative way. Moreover, the committee arranges leader seminars twice a year. However, during their last meeting, the committee agreed on the fact that the middle managers need to be given some extra time and education. Middle managers are supposed to be role models but do not always act like such, there are even middle managers that doubt the internal branding process, Mathiasson explains.

A climate analysis, which is carried out with the help of a survey measuring among other things the organisational culture and how employees like their job situation, is performed once a year. The questionnaire includes fifty questions involving eleven parameters to be graded on a scale from zero to three.

9.3 Impact of the Internal Branding Process

9.3.1 Achievements

Mathiasson and Hallgren have noticed many positive effects following the initiation of the internal branding process in the company. Today they feel that all employees are "Öresundskraftare" and that nine out of ten work in the same direction. The sense of community has grown with the mix of people in the workshop groups. "You cannot fool yourself and believe that everyone is fully trained, but the truth is that the company has taken a huge step forward", Mathiasson argues. Hallgren believes that the employee days involving workshops are useful as they let everyone in the organisation to be heard: "People who normally do not say or argue very much gets a chance to say what they think".

Moreover, Mathiasson thinks that Öresundskraft is more customer-oriented today than was previously the case. Seven years ago the company did not have clients but "subscribers", and there were no prices but "tariffs". Today the company has realised that it is the customers who pay the salaries and hence they are becoming more customer-oriented. Öresundskraft want to be perceived as a service company and therefore this aspect has been emphasised during the employee days. Compared to companies that have been customer-oriented for a long time Öresundskraft may not have come very far, but the company is on the way, Mathiasson argues.

Hallgren explains that nowadays all employees at Öresundskraft are brand ambassadors, always! Moreover, Hallgren explains that the employees working in the production at first found it difficult to believe that they were also brand ambassadors, as they never met any customers. But the supervisors explained to them that they actually meet customers all the time as they meet neighbours, friends and relatives. “Öresundskraft’s vision, core idea and values must permeate the entire organisation and everyone must be proud of their work place.”, Hallgren concludes.

Moreover, Hallgren explains that the Employee Committee has not heard a single negative comment since the first employee day. Instead everybody found the employee days fun and instructive. A smaller number of employees are now doubtful regarding the internal branding process, and these are beginning to realise that it is a race they cannot win. Mathiasson explains that before the process started, some employees had the freedom to do whatever they wanted and now they have discovered that this is not the case anymore. Everyone must now follow the common guidelines and share the culture and the values of the organisation.

Mathiasson argues that the company has taken a step forward in the process. He believes that the Öresundskraft brand, just as the core value, is now anchored to the organisation. However, he emphasises that the process has not come to an end. Instead the company has to work continuously and regularly on it, so as to make employees embrace the brand and live by it in their daily activities. Öresundskraft has started the internal branding process, but has still a long way to go.

9.4 Learnings

9.4.1 Difficulties

The difficult part with proceeding from words to action is in Karin Hallgren’s opinion the time factor. The Employee Committee is sometimes too optimistic when it comes to estimating how much time it will take to carry out the different phases in the process. The reason for this is, according to Hallgren, that they wish the process would proceed faster than it actually does. However, the more the committee talks about the internal process and about employee involvement, and the more education, seminars and workshops they organise, the more the employees believe in the process and take it seriously. In the initial stage of the process, some employees were highly sceptical but now they realise that it is not just a fad but something that will last.

Mathiasson argues that there are two important parts in an internal branding process. Firstly he argues that it is of great importance that there are continuous gatherings where the employees can discuss important issues and new ideas. In his opinion Öresundskraft has succeeded in realising this. However, the other vital part, which is more difficult to achieve according to Mathiasson, is the task of keeping the brand alive among employees in the daily work: “You work 250 days a year, hence one or two workshops or employee days are not enough”. Moreover, Mathiasson claims that there is a big difference between diverse business units as to how far they have come in the process.

9.4.2 Key Factors

Suitable Leaders

The most important success factor is, according to Mathiasson, that the person responsible for the process really believes in it and that he is highly committed and enthusiastic. Furthermore, the person needs to be holding an appropriate position in the company, so he or she can actually carry out the process. Mathiasson argues that the hierarchical position is crucial, this since the person in question must have the entire board behind him as well as be respected and trusted by the top management. Moreover, Mathiasson believes that it is important that the internal branding manager has experience from work regarding employee matters as well as the ability to motivate people and make them feel committed. He therefore thinks it is suitable to appoint someone from the HR function to be responsible for the internal branding process, as they have a good knowledge of the organisation's employees as well as of the organisational culture and climate. Additionally, Mathiasson claims that the responsible person needs to be professionally trained: "If you want a lot but do not know how to achieve it, then a lot of things can be planned but never accomplished."

Communication

Another important factor is the communication in the organisation. The meetings and the dialogues with employees are extremely important, Mathiasson argues. He emphasises the importance of having an open atmosphere as well as open discussions and meetings where everyone feels they have a chance to say something. As a step in this direction, Öresundskraft has divided the employees into smaller groups with the intention of giving everyone the possibility to express their opinion. The meeting of people from the production function with people from the market department is important, since people are then able to speak for themselves, instead of being quoted by others.

Karin Hallgren states that an internal branding process requires a lot of innovative and creative thinking. She believes Öresundskraft is before their time when it comes to this kind of process. Both Hallgren and Mathiasson believe that more companies will implement internal branding in the future, since this provides positive results and makes people happier.

External Assistance

An advertising agency helped Öresundskraft with the graphic layout, the slogans, the logos and the core value "*The sound power*". Mathiasson believes that external help can be useful sometimes, as consultants have great knowledge and experience. Further he claims that there are few things that people have so many opinions about as logos, slogans and advertisements. The external image is, according to Mathiasson, extremely important, as it provides an integrated image of the company as well as it welds employees together.

Öresundskraft used external help only for the firstly organised employee workshop. According to Hallgren this has some advantages. Ordinary employees, who knew the organisation, its values and its culture, were trained to become supervisors. Therefore there could be no complaining from the employees about external consultant not knowing the organisation. Instead the employees met their supervisors daily and were reminded about the process and the workshops.

Economical Aspects

Mathiasson does not think that an internal branding process demands huge economic investments, but rather investments in the form of time. However, Öresundskraft has had two whole days each year when nobody has been at work and that is costly, Mathiasson admits.

Investment in knowledge, time, commitment and enthusiasm is in Mathiasson's opinion necessary. He argues that a company has to be prepared to give a lot in order to receive a lot.

9.4.3 Learnings and Advice

Mathiasson thinks that the most important wisdom is that an internal branding process really works. Many employees were in the beginning doubtful regarding the process, however it has been proven that the process produces results, though requiring more time than expected. Another important point is that the board must fully support the internal branding process, otherwise it is not possible to succeed. Finally Mathiasson states that an internal branding process is a never-ending process. There will always be new employees in the organisation, and those need to adapt to the vision and values of the brand.

Mathiasson and Hallgren have some advice to give companies that are planning to implement an internal branding strategy within their organisation. First of all, Mathiasson suggests that the company should look into its brand, because when it comes to internal branding issues it is of utmost importance that the external brand is an appropriate one. It must have the right graphic layout, the right slogans, the right core values and it must be up to date.

Another recommendation is to let the process take time. An internal branding process needs to grow slowly but continuously. Moreover, Mathiasson suggests not being afraid of using external help as inspiration and as a catalyst in the early stages of the process.

Finally, Mathiasson believes that it must be realised from the beginning that this is not a limited one-time process, but a process that will continue forever and require resources, especially in the form of time, commitment and enthusiasm.

PART IV. ANALYSIS

10. Analysis

In this chapter we perform by means of our theoretical framework an overall analysis of the case studies performed. Our model "The Internal Branding Process Model", which also facilitated the structuring of the empirical data, serves as a structural tool for this analysis.

Our theoretical study allowed us to create a theoretical framework that summarises the, in our opinion, most important theories within the field of internal branding. Through our empirical study we have then discovered important aspects of a practical nature, concerning the implementation of an internal branding strategy. Additionally, we have developed a deeper insight regarding difficulties that might occur during an internal branding process. In the following analysis we summarise and interpret our empirical data and compare it to our theoretical conclusions in order to develop a comprehensive process model.

The internal branding process model, depicted in our theoretical framework as well as in figure 10.1, will, as stated in the chapter introduction above, serve as a structural tool for this analysis. Following the structure of the model we will, using our theoretical framework, perform an overall analysis of the collected empirical data.

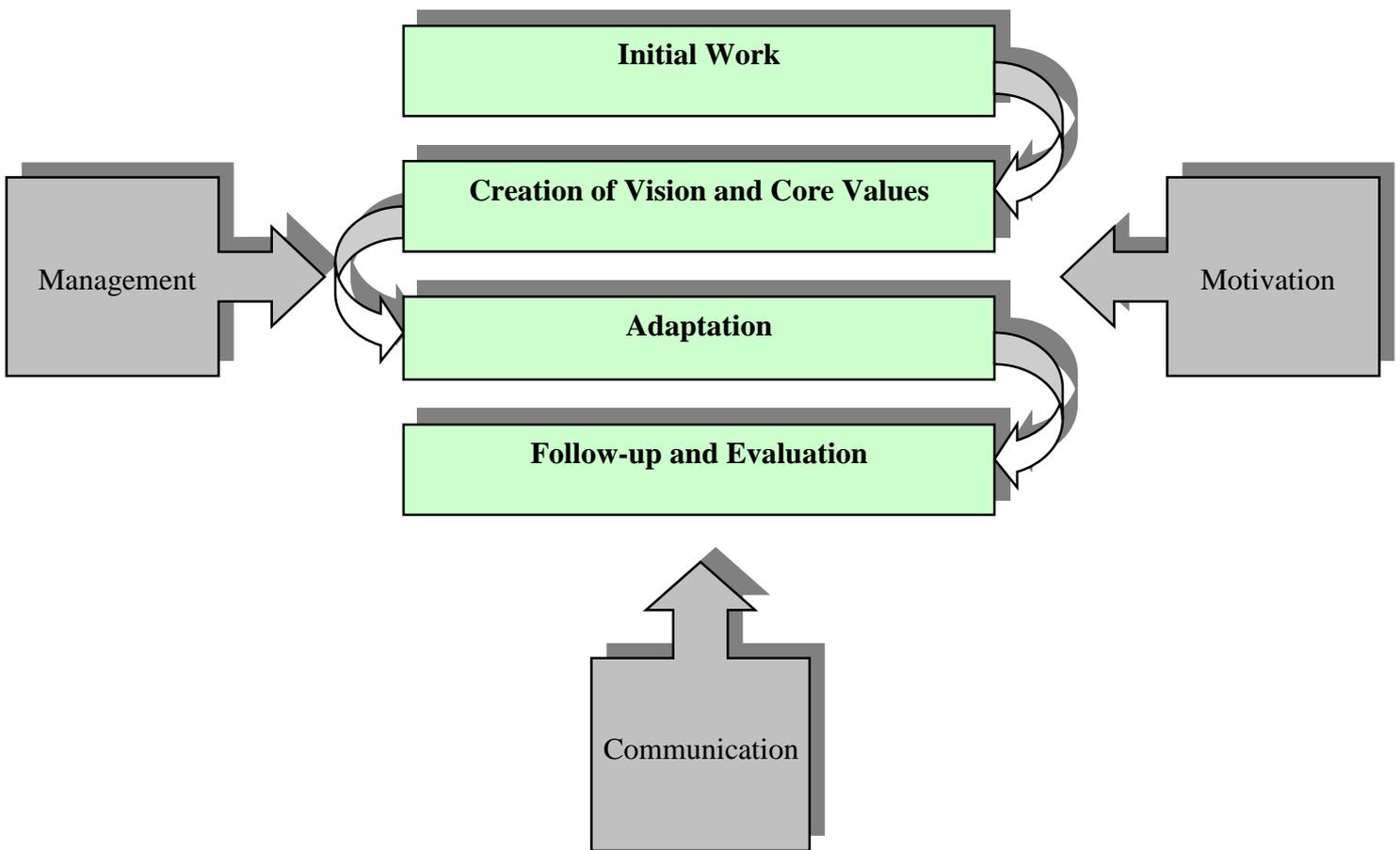


Figure 10.1: “The Internal Branding Process Model”.

10.1 Initial Work

10.1.1 Pre-requisites

In view of our empirical findings, it seems like theorists have perhaps overlooked a few aspects about internal branding. Among these is the matter of pre-requisites. For according to our case studies, it seems there are a number of requirements that need to be fulfilled before the initiation of an internal branding process.

Well-defined Goals

According to the data collected from our case studies, it seems like before initiating an internal branding process, the company in question should clearly define the goals and expectations of the process.

Bjurholm argues that the goals should be realistic and well defined in order to provide the process with credibility. Edenby-Stross emphasises the need for documentation on a desired future state, describing the goal of the internal branding process.

Moreover, our empirical findings indicate that companies that have undergone a reorganisation of some sort experience a need to initiate an internal branding process.

The merger between Pågen and Pååls was the origin of the internal branding process at Pågen. The new Pågen wanted to create a stronger company with a strong common belief and culture, and thought that internal branding was a way of succeeding in this task. Regarding Öresundskraft, the deregulation of the electricity market and the following reorganisation of Helsingborgs Energi created different departments with different cultures. Mathiasson felt that employees did not work in the same direction and suggested a change of the organisational culture. According to Hallgren, the goal of the internal branding process at Öresundskraft, was to create the most attractive working environment. Concerning the SAS Airline case, a reorganisation led management to believe that it was necessary for the company to become more clearly positioned, as they wanted to raise the standards of the business units.

In conclusion, by clearly stating the goals of the internal branding process, it appears to become more real to the company and its employees.

Full Management Support

Another important requirement appears to be that the internal branding process receives full support from top management. Our empirical findings show that top management must be totally committed to the process as well as willing to invest a great amount of resources in it.

Bjurholm states that full support from management is a key factor when it comes to internal brand building. Kittel argues that for a successful implementation of an internal branding strategy, the company management, the board of directors and the group chief executive must fully support the process. The key decisions related to branding have to be made at the highest level and the company management must be totally committed. Mathiasson also heavily emphasises the importance of the process being fully supported by the company board and management:

“Support from the company board is crucial. If you do not have full support from top management, it will not work. It may be possible to succeed with an internal branding process within one department without the support from top management, but not throughout the organisation, which is a pre-requisite for the process to be successful.”

Both Hutchinson (2001) and Interbrand (2001), though not explicitly regarding this as a pre-requisite, declare that management, through their actions, initiatives and words, must demonstrate that they prioritise internal branding. Our case studies also show that managers, in order to inspire the employees to live the brand, must live by the brand themselves. Kittel argues that also the perception of “living the brand” must be of crucial importance for top management, not only in the initial phase but also on a long-term and continuous basis. According to Kittel, top managers should be role models in radiating the brand values. Edenby-Stross agrees with Kittel when stating that in order for the employees to live the brand, management must first set the example.

Prominent Role for Human Resources

In addition to well-defined goals and full support from management, it seems, according to our empirical findings, to be of great importance that the HR function is given a prominent role in the process.

Malmberg argues that the HR function needs to be given a powerful role in the internal branding process and be represented in the company management. Moreover, Mathiasson believes it is important that the internal branding manager has experience from work regarding employee matters as well as the ability to motivate people and make them feel committed. He believes it is suitable to appoint someone from the HR department to be responsible for the internal branding process, as they have a good knowledge of the organisation's employees as well as of the organisational culture and climate.

The need for the HR function to be highly involved in the internal branding process is also emphasised by several theorists. Farrell (2002), points out that the marketing and human resources departments need to work together to engage employees in delivering the brand promise to customers. Hutchinson (2001) and Buss (2002) discuss the advantages of aligning recruitment efforts with an internal branding strategy. Such an alignment will, according to them, permit the company to attract the right people and make sure that existing employees understand the company's goals and commitment to them. Further, Ind (2001) argues that companies will benefit from developing a more brand focused human resources strategy, where the brand idea permeates the recruitment process, the training development and the reward systems for employees.

10.1.2 Planning of the Internal Branding Process

When the pre-requisites outlined above are fulfilled, the planning of the internal branding process can take place. Before deciding upon a chosen strategy, it seems, according to our empirical findings, like it could be useful for the company in question to look for inspiration by studying companies that have undergone similar processes.

In the initial phase of the internal branding process at SAS Airline, Edenby-Stross was given the responsibility for investigating how SAS Airline could work with internal branding issues. She started by studying companies with strong corporate identities that had gone through successful internal branding processes, like for instance Disney and Compaq.

Johnson & Scholes (1999) argue that the outlining of any strategy should, among other things, involve the procedure of deciding who is to be responsible for the process, as well as the description of key tasks required to be carried out. From our case studies, it seems possible to discern that the following items constitute important tasks in the outlining of an internal branding process.

- Appointment of responsible person(s)/department(s)
- Deciding upon an implementation strategy
- Deciding whether or not to engage consultants
- Setting up a budget and time schedule

Moreover, our empirical findings indicate that a very important aspect regarding the planning of an internal branding process, is the understanding of the fact that it is a continuous process.

Kittel and Malmberg state that internal branding is a process with no end, a process that requires constant attention and maintenance. Edenby-Stross claims that an internal branding process is not like any other project, but a project that never ends. As she puts it: "Internal branding must constantly be implemented in the organisation.". Moreover, Edenby-Stross emphasises the importance of making everyone in the organisation aware of this fact.

Mathiasson believes that you have to realise from the beginning that this is not a limited process, but one that will go on forever and require resources, especially in the form of time, commitment and enthusiasm.

Appointment of Responsible Person(s)/Department(s)

The election of responsible person(s) or department(s) appears, according to our cases, to be an important issue, which might affect the whole process. The following characteristics seem to be important for the person responsible to have:

- a senior role in the company
- a high hierarchical position
- a good knowledge of the organisation and its employees
- be committed and enthusiastic, someone for the other employees to model themselves on

Kittel implies that the person who is to lead the internal branding process must be someone with a senior role in the company. If not the managing director himself, then someone who receives his full support. Neither an external consultant nor a person at a more junior level is suitable as leader, no matter his qualifications. Moreover, Kittel argues that the person in charge of the process must be someone for the other employees to model themselves on.

Dahlqvist claims that someone from the human resources department should be responsible for the internal internal efforts of the process, since they, in comparison with for example a marketing manager, have a better knowledge of the organisation's employees. In Malmberg's opinion, a stronger coordination between external and internal efforts, is crucial for succeeding with an internal branding process. The ideal scenario would, according to her, be if the same person were to be responsible for both the external and the internal efforts.

According to Mathiasson, most important is that the person responsible for the process really believes in it and that he is highly committed and enthusiastic. Furthermore, the person needs to be holding an appropriate position in the company, so he or she can actually carry out the process. Mathiasson argues that the hierarchical position is crucial, this since the person in question must have the entire board behind him as well as be respected and trusted by the top management. Moreover, Mathiasson believes that it is important that the internal branding manager has experience from work regarding employee matters as well as the ability to motivate people and make them feel committed. He therefore thinks it is suitable to appoint someone from the HR function to be responsible for the internal branding process, as they have a good knowledge of the organisation's employees as well as of the organisational culture and climate.

External Assistance

Deciding whether or not to use external assistance seems, according to our empirical findings, to be another important task in the planning of an internal branding process.

Kittel believes that that companies wanting to undertake an internal branding process benefit from the use of external assistance. One of the reasons for this is, according to him, that such a company needs someone who is able to look at the organisation with objective eyes. However, Kittel also points out that it is of vital importance that the company's employees have confidence in the person in question.

Edenby-Stross argues that the need for external assistance depends on the size and the complexity of the organisation. She believes that assistance from consultants is useful when planning the implementation process. Bjurholm also believes there is a need for assistance in the early stages, but argues that the company, to a large extent, must run the implementation process by itself.

Öresundskraft used external help for the firstly organised employee workshop as well as for the development of the graphic layout, the slogans, the logos and the core value *the sound power*. Mathiasson believes that external help can sometimes be useful, as consultants have great knowledge and experience.

10.2 Creation of Vision and Core Values

10.2.1 Cultural Survey

“In order to know where the process is heading the company must know where it is starting from.”
(Edenby-Stross)

Both Versant (2001) and Ind (2001) discuss the advantages of an investigation regarding the organisational culture. Versant believes that a cultural elements survey, which measures elements related to attraction, motivation and retention, should be carried out. The feedback of the survey can, according to Versant, then be used in the strategy development process. Ind (2001) suggests the internal branding process should start with a research programme in order to understand employees' opinions and perspectives regarding the organisation.

At Pågen and SAS Airline the internal branding process, of which the goal was to create a stronger company with a strong common belief and culture, started with a cultural survey. With the help of a brand consultancy, the organisation was analysed with the aim of finding the true identity. In this survey, only a smaller number of people in different management positions and randomly selected customers were interviewed. The data collected from the survey was used to produce a map of the various emotional benefits of bread, a positioning map of bread. Pågen could then with the help of this map compare themselves to other companies in the bakery industry in order to identify the right positioning and identity of the company.

In order to find out where the company was starting from, a comprehensive cultural survey was carried out at SAS Airline. The survey aimed to provide Brand & Concept Development department with knowledge of how and why brand awareness could be improved. The cultural survey performed at SAS Airline, unlike the one carried out at Pågen, involved employees at all levels of the organisation and aimed at establishing employees' own values as well as their opinions of the corporate ones. Edenby-Stross states that the culture must be defined through the eyes of the employees: “The culture can't be defined by management and then taught to employees, one must start in the other end”.

10.2.2 Vision and Core Values

Ind (2001) states that the identity of the organisation is transmitted through the brand idea (vision and core values), which functions as an articulation of the unique attributes that are

significant for the organisation. Moreover, Ind argues that, in order to build enthusiasm, dynamism and empowerment among employees, the values should be imaginative, authentic, courageous and empowering.

In the case of Pågen, the articulated vision, or ambition as Pågen rather calls it, came to be *to become the qualitatively leading food company in the Nordic region*. The analysis of the positioning map resulted in the core value of *joy for life*. The subsequent step was to create a brand or value pyramid that included *brand attributes, consumer benefits, brand personality, brand values, and brand essence*. Kittel argues that it is very important to use words and notions that are familiar to everyone. He always tries to avoid sophisticated expressions that are perceived as purely academic or typical marketing jargon. All words should be simple, straightforward and have a strong emotional dimension.

At SAS, the cultural survey showed that employees had different perceptions of the corporate culture, but more importantly, it provided a definition of the existing values within the organisation and the values that the employees felt were missing. By interpreting the results from the cultural survey, the Brand & Concept Development department came up with a new brand vision (*travel should fit smoothly into our customers' lives*) and new core values (*respect, simplicity, openness, precision*) that they feel more accurately describe the corporate culture at SAS Airline. Moreover, Edenby-Stross states that the vision and core values, unlike a mission that can change over a shorter time period, are long-term strategies.

Mathiasson explains that management at Öresundskraft mainly focuses on the communication of the vision (*a leading service company within the energy market with a regional distribution and communication net*). He argues that employees cannot deal with too many notions, like for instance vision, ambition, core idea and guiding words, at the same time. The core value (*the sound power*) and the four guiding words (*customer-oriented, quality focused, professional, motivated*) serve as a pervading theme in the organisation and aim to guide employees in their daily work.

Versant (2001) argues that the brand vision should be viewed as a constant and immutable ideal. However, as the economic and corporate climate changes he suggests that an internal branding process should be used to make small adjustments to the brand. Still, according to our empirical findings, it seems like the vision and core values may need more than a small adjustment. Moreover, the results of our empirical study seem to indicate that the brand vision and core values should be aligned with the underlying beliefs that rule the organisation.

10.2.3 Brand Manual

Melin (1999) discusses the call for trademark management when it comes to protecting the company's copyright to the brand. He claims that a brand manual, stating rules for correct handling of the brand, can help companies prevent misuse of the brand. However, the success of trademark management is, according to Melin, dependent on the involvement of all personnel within an organisation. To uphold the legal status of the brand, all personnel must take responsibility for the protection of the brand.

The Pågen case shows that the creation of a brand manual is something that is practised in reality. When the creation process of the new Pågen brand was terminated and it was clear what the brand should stand for and mediate, Pågen designed a digital *brand handbook*. An abbreviated version, a digital *brand manual*, for external parties, was also developed. The

brand handbook also included the presentation of the new logo and a careful description of graphic rules regarding typeface, colours, size, placement and other design elements.

10.3 Adaptation

As stated in the theoretical framework we have chosen to name the third step *adaptation*. This is since it is the phase when the organisation and its employees should aim to adapt themselves to the vision and core values, which have been formulated in the former two steps of the internal branding process. This step is in our view the most vital part of the internal branding process since it determines the success or failure of the entire process. According to our empirical findings, it seems like certain activities are important to carry out in this phase.

10.3.1 Leadership Seminar

Hutchinson (2001) argues that senior management must, through their actions, initiatives and words, demonstrate that they prioritise internal branding. Versant (2001) proposes companies to educate managers through organised leadership learning summits, a combined orientation and workshop. These summits help leaders to understand the importance of their roles and, more importantly, their behaviour during the employer branding process.

Our case studies, and the Pågen case in particular, shows that companies believe it is wise to educate managers and leaders prior to the other employees. At Pågen, the implementation process was initiated by the organising of a leadership day, where 120 leaders were informed about the organisation's new values and the plans for the future. By informing the leaders prior to the employees, management believed those would be well prepared and motivated to spread the key message to all the other employees.

10.3.2 Kick-Off Day

According to our empirical findings, it seems that a suitable step to follow the education of managers in the adaptation process, should be the organising of an internal branding kick-off day for the employees.

At Pågen, a *brand revelation day* was organised shortly after the leadership day. All employees were invited to a cake party where the new logo was presented for the first time; all cakes were decorated with the new corporate logo. All employees also received a greeting card displaying the organisation's values, namely *joy for life, care, enthusiasm* and *pride*. The cards were all signed by the group chief executive, the chairman of the board and the managing director. After the brand revelation day, *brand happening days*, including the presentation and explanation of the whole "brand journey", were arranged. The theme of these days was the new company values.

10.3.3 Workshop Preparation

Educating Brand Champions

As a follow-up to the kick-off day, our empirical findings indicate that managers should look for employees who have shown a particular interest in the concept of internal branding. These people should then be further educated and appointed *brand champions* as described by Ind (2001). Their function is to communicate the brand idea to colleagues, to encourage involvement and to make recommendations about brand issues.

When Pågen were to organise a training day, Malmberg wanted people with a positive attitude and a genuine interest in the internal branding process to become supervisors. Some of those were picked out by Malmberg herself while others, at their own initiative, contacted her and asked if they could become supervisors. These brand champions were to help organising training days and workshops and were to act as mentors for their colleagues. Dahlquist, one of the supervisors in Pågen's internal branding process, explains that she truly enjoys being a supervisor and that she her fellow supervisors have taken the new company identity and values to their hearts and that they now live by those in their daily work.

Öresundskraft also appointed some of their employees supervisors. A consultant educated eight people for a period of six months, and these then educated the other employees. Four of these were members of the group board, which signifies that this was an important issue for the company management.

Building Groups

In order for the workshops to run smoothly it seems, considering our research findings, to be a good idea to divide employees into groups. Moreover, it appears that the groups should preferably be a blend of people from different departments and with different positions in the organisation.

At Öresundskraft, the supervisors put together groups of employees from different departments, holding different hierarchical positions. Apart from participating in activities, the groups were asked to discuss the actual as well as the ideal corporate culture. For their brand training days, Pågen gathered co-workers from different geographical locations as well as from different departments and positions in the company.

Selecting Suitable Activities

According to our cases, it appears to be of great importance that workshop activities are designed in order to fit the organisational culture and all employees.

While working with the internal branding process at Pågen, Malmberg realised that it is necessary to take into consideration what kind of people are working in the organisation. "It is of utmost importance to adapt the internal branding strategy to cultures that have existed or still exist within the company. However, regardless of strategy, the preservation of values requires a methodical approach.", Malmberg argues.

At Öresundskraft, one of the workshops involved walking on burning charcoals. This activity was supposed to symbolise that people can achieve whatever they set their mind to, it was an activity aiming at strengthening the self-confidence of the employees.

10.3.4 Workshop Activities

Workshops are a means for the company to proceed with the internal branding process, by gradually making employees aware of the brand idea. Versant (2001) suggests that the company should organise workshops on topics such as growing human capital and embracing diversity. Our empirical study suggests that workshop activities increase work motivation and also make employees adapt themselves and their way of working to the vision and values of the brand.

Experience Rooms

According to Ind (2001), a key-inhibiting factor for achieving self-actualisation is failure of imagination. Therefore, he argues that companies should encourage employees to use their imagination as well as stimulate creativity and curiosity. Moreover, Ind claims that organisations need to give employees a sense of fulfilment and self-esteem in order to make them feel a sense of purpose with their work. According to our findings, it seems like the organising of suitable workshops, can make employees use their imagination and creativity.

At Pågen the goal of the training days was to show all employees what the new Pågen stands for and the key words were participation and involvement. Employees were instructed to visit the different experience rooms together with their group. In the *leadership* room and the *co-worker* room, employees were to reflect upon group dynamics and the meaning of being a colleague respectively. The *quality* room was arranged as a quality quiz in the format of “Who wants to be a millionaire?”. Finally, in the room devoted to *joy for life*, the employees were asked to think about and write down what joy for life means to them.

Malmberg believes that Pågen succeeded in conveying the brand message to employees through the experience rooms. She has felt a strong sense of loyalty among employees and received an enormous amount of positive feedback. Dahlqvist agrees with Malmberg and explains that employees talk about joy for life, care and enthusiasm during coffee breaks, which shows that they have taken in the message. Moreover she states that the co-workers are now happier and the workplace is more pleasant. This example shows that it is possible to involve and motivate employees through workshops, and thereby improve the organisational culture.

Walk Around Day

According to our empirical findings, it appears that the organising of a walk around day, during which employees get to visit other departments than the one they are currently working in, could be a good idea. This way, employees would probably get to know each other better as well as learn how to adapt to the brand values in unfamiliar situations and when performing other tasks than they normally do.

The Corporate Game

Malmberg told us about her idea of organising a workshop with the aim of giving employees an overall picture of the company and how it is run. This would help in making employees understand the company as a whole and how it is managed externally and internally. Malmberg argues that with that kind of understanding, the employees can be more effective in their own roles. Further she states that it is important for the employees to understand the company culture and values, however it is also essential that they understand how a company is run.

E-learning

For SAS Airline, the implementation process is particularly complex since flying personnel are never “at work”. It is difficult to gather employees for activities such as training days since this requires people to not carry out their regular assignments. Edenby-Stross explains that seminars on internal branding will still be held, but to a less extent. Instead, interactive e-learning modules that support the seminars will be used. One of the advantages of e-learning modules is, according to Edenby-Stross, that the follow-up process can be arranged in the same way.

10.3.5 Communicating the Brand Idea

Communication Tools

Webster (2002) argues that internal branding must be a dialogue between the managers and their employees in order to make employees understand and communicate the brand. Our case studies indicate that an efficient and integrated information system is one way of facilitating this dialogue.

For more than a year, Pågen's managing director, Håkan Sigvant, wrote a weekly bulletin to all employees where he repeatedly came back to the core words of care, enthusiasm and pride and their profound meaning within the new Pågen company.

Ind (2001) indicates that the hardest aspect regarding internal communication is that it cannot be controlled. Therefore it is the duty of managers to try to make the communication as positive as possible. Ind suggests companies to create a *brand report* with the purpose of keeping the brand alive for everyone in the organisation. The brand report should stress the benefits of a powerful brand and identify areas where the brand can be improved. Moreover the brand report can present examples of how the brand idea has changed attitudes and behaviour of individuals and teams. However, most important, in Ind's opinion, is that the report presents the impact of the brand on organisational performance. A *brand book* is another tool that can be used for communicating the brand idea. According to Ind, this book should be seen as a guide to attitudes and values.

Semans (2001) promotes the creation of a *brand map* and argues that when such a map accurately portrays a service system, employees will understand their role in the service delivery process and all the steps and flows involved. As the map clarifies interfaces between internal departments it can also, according to Semans, lead to improved inter-relationships and a common goal.

Consistency in Communication

As shown in our model "The Internal Branding Process Model", communication seems to have a major influence on the progress of an internal branding process. Furthermore, our empirical findings indicate that the internal and external communication needs to be aligned in order not to confuse employees. The alignment of internal and external communication should also be necessary for giving customers a coherent impression of the brand as well as the company. This is also stated by Fill (2002) who further argues that this can only be achieved with an integrated marketing communication strategy supported by all employees interacting with customers, or better still with all employees embracing a customer focus and living the brand.

According to Aaker (1996) corporate advertising in Japan is largely justified on the basis of its internal impact and is therefore primarily aimed towards current and prospective employees. In contrast, western companies rarely consider employees to be an important audience for corporate advertising. Our findings show that companies need to inform their employees about proceedings relative to the external communication.

Pågen uses publicity as a means to communicate a feeling, rather than conveying messages focused on its products. For that reason it is very important that everyone in the organisation understands and believes in the core values. Malmberg explains that some employees at Pågen, though agreeing that the message conveyed is right, do not like the design of the new

Pågen commercials. In order to avoid a similar situation, it seems like the marketing department and the human resources department must work closely together. This should also be a pre-requisite for achieving an alignment of internal and external messages.

Aldisert (2002) accentuates the need for companies to reflect the actual internal culture of the organisation. Edenby-Stross explains that SAS Airline aim to align the internal and external communication with the core values, since they both have a great impact on employees: "The brand must be seen as an overall umbrella that is visual in all concepts and products like for instance Scandinavian Direct, Intercont and Service Recovery. The brand holds together every part of the organisation and the core values characterise every action."

10.4 Follow-up and Evaluation

Versant (2001) states that an evaluation needs to be done in the end of an internal branding process. Ind (2001) also stresses the importance of evaluating the brand commitment in order to find strengths and weaknesses. Our case studies also show that the last step of the internal branding process should consist of a follow-up and evaluation, which appears to be a very important part of the process. By performing different types of measurements, the company, and the company management in particular, can establish what has actually been achieved. These measurements can hopefully also help identify key success and failure factors of the process. Our case studies show that in order for the company to get an overall picture of the impact of the process, both external and internal measurements should be executed. This since performing the two kinds of surveys, will permit the company to map out the effects of the process on employees as well as on customers. However, the focus of this thesis being the internal effects of internal branding, external measurements or their design will not be further discussed.

Ind (2001) argues that an internal measurement is most effectively performed through questionnaires to be completed by the company staff. The questionnaires, which could be distributed and completed either in print or in electronic format, could for instance contain a number of questions to be answered by the grading of a scale. Moreover, Ind suggests that a note from a brand champion stressing the value of the brand and the benefit of the employee feedback should be enclosed with the forms.

Among the factors that should, according to our empirical findings, be important to measure in an *internal climate measurement* are employee motivation, employees' perceptions of their working environment and ethic and moral aspects.

Our empirical study shows that an internal branding process is never completed. The results gathered from the measurements described above can thus not only be useful for the establishment of the success or failure of the process, but also provide valuable information on issues such as how the process should be continued and changes required. If the company in question is inexperienced in carrying out these kinds of surveys, our empirical findings show that it is probably a good idea for the company to engage an external consultant to help them in this important task.

Moreover, our research indicates that an internal climate measurement of this kind should be carried out before the internal branding process is even started. If this is not done, the results of the internal survey intended to measure the effects of the internal branding effort cannot be compared to a control survey, and hence a difference cannot be assessed. Malmberg admitted

that it was a mistake to not have performed a measurement of the internal climate of the company before the internal branding process was set in action.

At SAS Airline, the follow-up is a crucial part, yet often ignored. The company management has discussed the introduction of a balanced scorecard where internal branding issues should play an important role. At Öresundskraft the members of the Employee Committee have meetings on a regular basis where they review what objectives have been achieved and what remains to be accomplished. Mathiasson admits that sometimes the committee believes they have succeeded in fulfilling a certain goal, whereas the climate analysis reveals the opposite. Mathiasson believes this could be due to the fact that not all middle managers have adapted themselves to the values and the organisational culture. This example shows the importance of performing internal measurements. If Öresundskraft had not carried out a climate analysis, they would not have found out that the internal branding process was not proceeding as well as expected. The internal survey made the company management aware of possible distortions in the internal branding process. Thus, internal measurements regarding employee satisfaction and organisational climate is probably a good way of exposing concealed problems in the organisation.

As stated earlier, internal surveys should be carried out in order to measure the internal effects of the internal branding process. Research International and Edenby-Stross do not consider it a good idea to blend questions regarding employee satisfaction and related areas with questions concerning brand aspects. This could, according to Research International, confuse respondents by blurring the focus. Moreover, Edenby-Stross and Research International argue that the human resources department should account for employee matters, while marketing and product management should handle issues concerning brand and core values. However, taking into consideration the results of our empirical study, the isolation of one area from the other does not seem desirable when it comes to internal brand building. After all, the main goal of an internal branding process is to make employees live the brand, and in order to achieve this it seems like the human resources department and the marketing department must work closely together. This is emphasised by Malmberg who states there should be a stronger coordination between the external activities, handled by the marketing department, and the internal activities, managed by the human resources department. The ideal scenario would, according to her, be if the same person were to be responsible for both the external and the internal efforts.

10.5 Difficulties

On the basis of our empirical study, it is possible to identify two main and very closely related difficulties relative to the implementation of an internal branding strategy. Firstly, an internal branding process does not have an end. Secondly, the process requires constant attention and maintenance.

Hallgren believes that the most difficult with going from word to action is the time factor. The Employee Committee at Öresundskraft is too optimistic when it comes to estimating how much time it will take to carry out the different phases in the process. The reason for this is that they wish the process would proceed faster than it actually does. Mathiasson believes that it must be realised from the beginning that this is not a limited one-time process, but a process that will continue forever. He also recommends that companies who are about to initiate an internal branding process should take their time. The opinion that the process is one that never ends is shared by Edenby-Stross. Moreover, both Kittel and Malmberg recognise the fact that

an internal branding process is a never-ending process. However, they did not explicitly say that this was a problem or difficulty.

Edenby-Stross argues that an internal branding project requires full time attention and that someone in the organisation must have full responsibility for the process. Malmberg agrees as she states that an internal branding process is like a roller coaster. It is necessary to continue to work on it or otherwise it will fail. This is something she has learned by working with the internal branding process at Pågen. After the training days organised for the employees at Pågen had all been carried out, the company did not initiate any new activities. According to Malmberg and Dahlqvist, this was a mistake. Moreover, Malmberg claims that internal branding is a dynamic process that therefore requires a dynamic organisation and management. Mathiasson argues it is crucial that there are continuous gatherings where the employees can discuss important issues and new ideas. In his opinion Öresundskraft has succeeded in realising this. However, another important aspect that is more difficult to achieve according to Mathiasson, is the task of keeping the brand alive among employees in the daily workplace.

According to our cases, if the company does not work continuously on an internal branding process, it seems like there is a great risk of employees losing interest and motivation. What also appears to be important is that the company management realises that an internal branding process is not static but dynamic, and that it therefore requires a flexible organisation and management.

In addition to the difficulties discussed above, our empirical findings show that the administrative problems associated with the carrying out of the process may be difficult and sometimes even impossible to solve. Regarding our three case companies, SAS Airline, due to its sector of activity, is naturally the one that faces the biggest challenges regarding this matter. According to Edenby-Stross, since gathering employees (cabin crew, pilots and ground service personnel) for a day is extremely costly, this is the greatest obstacle for SAS Airline. Malmberg also state that seen from an administrative and logistical point of view, some activities in the internal branding process were difficult to carry out.

PART V. CONCLUSIONS

11. Conclusions

In this chapter we summarise the most important findings from the analysis presented in the previous chapter. This includes the presentation of a new and expanded version of "The Internal Branding Process Model", created by means of the analysis of our empirical data. Moreover, we discuss the theoretical and practical contributions of this thesis as well as give our suggestions for future research.

11.1 Summary and Conclusions

11.1.1 Expanded Version of the Internal Branding Process Model

The purpose of this thesis was, from a theoretical point of view, to investigate the phenomenon of internal branding through identifying variables important to the internal branding process. From a practical perspective, our ambition was to create a process model to be used as guidance by management when implementing an internal branding strategy in the organisation.

By creating *the internal branding process model*, we presented an implementation tool involving four different steps: *initial work, creation of vision and (core) values, adaptation, and follow-up and evaluation*. However, through our empirical findings we discovered that this model needed to be revised or rather developed, as an expansion of the model would permit the inclusion of activities involved in each of the four steps in the process.

Through the creation of *the expanded internal branding process model*, of which the four different steps are depicted in the figures 11.1, 11.2, 11.3 and 11.4 respectively, we believe we present a comprehensive model of the internal branding process.

Regarding the **initial work** phase (see figure 11.1), we believe that certain pre-requisites need to be fulfilled before the initiation of an internal branding process in the organisation. The initial work also involves the outlining of the internal branding process. We think that external assistance might be useful, especially in the early stages of an internal branding process. Moreover, we argue that it is of great importance that the person responsible for the process receives full support from the company management. It is also crucial that the person in charge of the process has a good knowledge of the organisation and the ability to motivate others.

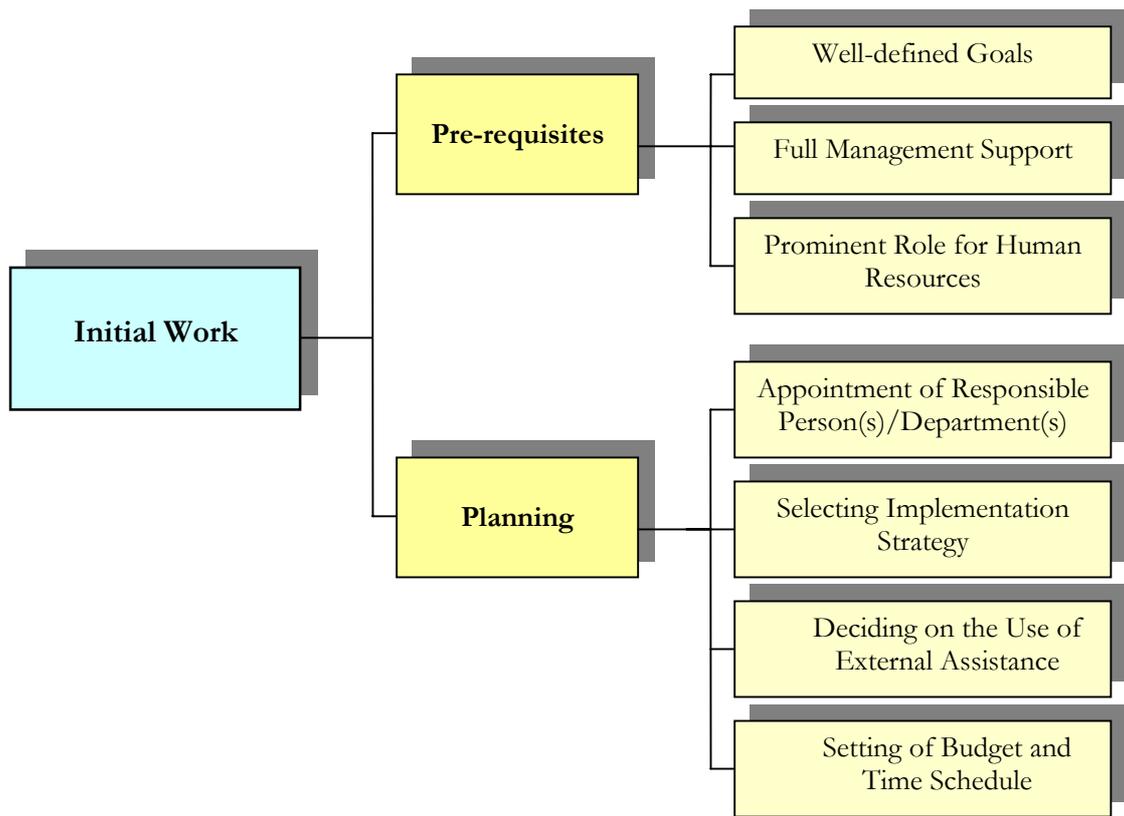


Figure 11.1: "The Initial Work Phase".

We argue that the **creation of vision and core values** (see figure 11.2) should constitute the second step of the process. Our belief is that in order to detect a true brand idea the execution of a cultural survey involving personnel at all levels in the organisation is required. The findings from the cultural survey should then serve as a basis for the formulation of the vision and core values. Moreover, as this approach will permit employees to take part in the creation process, we believe they will feel that their opinions and beliefs are valuable to the company. Further, by the introduction of a brand manual stating the rules for correct handling of the brand, we believe that misuse of the brand among employees can be avoided.

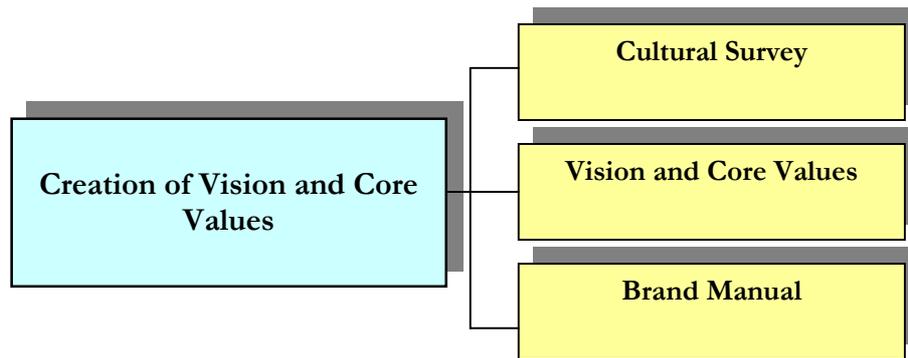


Figure 11.2: "The Creation of Vision and Core Values Phase".

The focus of this thesis has been on the **adaptation** phase, the third step in the internal branding process. Due to the lack of theory in this specific area, we aimed to investigate the particular procedures that will help companies develop a living corporate brand. Our model *the circle of adaptation*, which illustrates the adaptation phase, shows the four procedures we recommend to be carried out in order to make employees adapt themselves, their work and their beliefs to the vision and core values of the brand. The model is presented in figure 11.3.



Figure 11.3: "The Circle of Adaptation".

The first step involves the education of managers and informal leaders. We advise companies to organise a **LEADERSHIP SEMINAR** where the company leaders are informed about the new vision and values as well as being educated regarding the aspects of internal branding. The reason for this being the first step is that we believe this will prepare the leaders so that they, at a later stage, can provide support for other employees as well as increase their motivation.

The **KICK-OFF DAY** should be arranged with the purpose of marking the beginning of something new and also encourage all employees to participate in the adaptation of the new brand idea. In our opinion this day should involve a presentation of the results of the cultural study as well as employee training.

During the **WORKSHOP PREPARATION** the company is recommended to educate brand champions assuming the function of communicating the brand idea to colleagues, to encourage involvement and to make recommendations about brand issues. We argue that the company should aim to provide the brand champions with the capability to run effective

workshops and also try to increase their confidence so that they will promote the cause of the brand to others. The groups should in our opinion consist of people from different departments holding different hierarchical positions. This will provide employees with the opportunity to get to each other better as well as help them get a more comprehensive picture of the company and its different functions. When deciding upon workshop activities, we believe management should make sure these are designed to fit all employees as well as the organisational values.

We have presented different proposals for **WORKSHOP ACTIVITIES** such as experience rooms, walk around days and e-learning modules, which we believe will help employees to gradually adapt to the brand idea.

Communication is a vital element in the internal branding process, and particularly important during the adaptation phase. We have therefore presented various **COMMUNICATION TOOLS** that can be used to facilitate the transmission of the brand idea throughout the organisation and increase communication efficiency.

The reason why we chose to present the adaptation process as a cyclic model, is that this type of model, in our opinion, is the most suitable for describing a process of infinite nature like the internal branding process. Moreover the model should be understood as a tool to be used as guidance by management when implementing an internal branding strategy in the organisation. When undergoing an internal branding process for the first time, we believe all measures depicted in the model should be carried out. Regarding the sequel to a completed internal branding process (i.e. completion of all the four steps of *initial work, creation of vision and core values, adaptation, and follow-up and evaluation*), the need to undertake certain adaptation activities should depend on the requirements of the organisation. If the organisation in question have experienced a reorganisation such as a merger and feel a need to create a new vision and new (core) values (i.e. undertake the entire internal branding process from the start), then all the four activities presented in the adaptation circle should be carried out. On the other hand, if the company is content with the present vision and values and just want to keep these and the brand living, we imply that only the two measures of workshop preparation and workshop activities should be carried out.

After the completion of the adaptation step we argue that the final step of the entire internal branding process should be a **follow-up and evaluation** (see figure 11.4). By performing different types of measurements, internal as well as external ones, we believe the company will be able to establish what has actually been achieved and hopefully also identify key success and failure factors relative to the process.

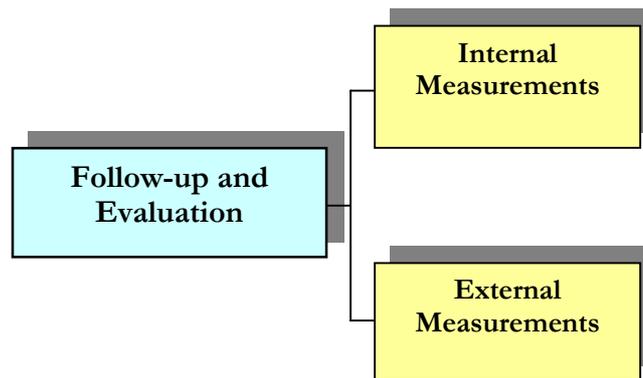


Figure 11.4: "The Follow-up and Evaluation Phase".

11.1.2 A Living Brand?

By undertaking all the four steps of *the expanded internal branding process model*, we believe that companies have a great chance to make their staff adapt to the vision and values of the corporate brand. When employees have adapted themselves and their beliefs to the brand idea, and act upon it in their day-to-day roles, we believe that the brand will become a living one.

de Chernatony's (2001) model "Defining and enacting the corporate brand" builds on the idea that a successful corporate brand is developed through the refining and communicating of the brand idea. de Chernatony believes that if management do not involve the staff in the visioning process, employees may find it hard to behave in the desired manner, as they may feel uncomfortable accepting certain aspects of the brand vision. We believe that by performing a cultural survey, as described above, employees will be aware of their contribution and involvement in the visioning process and hence more likely to accept and adapt to the new vision and core values. Moreover, de Chernatony emphasises that it is not sufficient for management to just communicate their vision to staff, but the only way for the vision to be shared and internalised is for it to have meaning for all employees. By having employees participate in workshop activities, we assume that the vision and values will gradually give meaning to them and thereby provide a means to perform their daily tasks.

In "The Brand Model", Riondino (according to Ind 2001) demonstrates how the brand idea is communicated through marketing communication, employees' view of the identity and the nature of products and services. Ind (2001) suggests that a more uniform identity will be delivered to the public if all employees perform their tasks according to the significance of the brand idea. However, de Chernatony's and Riondino's models are limited in their capacity to describe how, i.e. through what activities, a corporate brand can be successfully activated and brought to life. Here we think *the expanded internal branding process model*, and *the circle of adaptation* in particular, provides a comprehensive description of how companies can succeed in activating their corporate brands.

In accordance with de Chernatony, Webster (2002) suggests that it is not enough to communicate vision and values and undertake an internal branding process, but employees must enjoy working in the company and feel proud of their assignment in order to evoke

positive customer perceptions of the company. We are convinced that dissatisfied employees are not good brand communicators, however we believe that this can be avoided through workshop activities and discussions in small groups. Moreover, we argue that managers and brand champions have the important task of making sure that employees are happy with the proceedings of the internal branding process as well as with their assigned tasks.

Morel et al. (2002) believe that a brand can be activated in all terms of customer relations, like for instance at the help desk, in the telephone and in the product or design. To be able to accomplish that, the brand needs to be made common knowledge among all employees. This way, the brand can be a source of innovation and new ideas among all staff within the organisation. Through an efficient adaptation process, including the introduction of a brand map and creative workshop activities, we argue that management can provide employees with a detailed account of how the brand can be activated in all service deliveries.

Interbrand (2001) states that the difference between an average corporate brand and a great one is that a great brand lives its values. We believe that *the expanded internal branding process model* provides a useful guidance tool for management when implementing an internal branding strategy. Moreover *the circle of adaptation* presents concrete suggestions for activities that will help companies make their corporate brand come alive.

11.2 Theoretical and Practical Contribution

In the discussion regarding the theoretical and practical relevance of this thesis, presented in chapter one, we drew attention to some specific areas within the field of internal branding that we believed needed to be elucidated. We will now come back to each of these areas in order to illustrate our theoretical and practical contributions.

The theoretical purpose of this thesis was to clarify the concept of internal branding. Due to the fact that most literature on building and sustaining brands has not, in our view, paid sufficient consideration to the importance of staff as brand builders, we particularly wanted to look into this aspect. With this thesis we have shown that the employees are the company's most important asset when pursuing an internal branding process. Furthermore, we have concluded that the success of internal branding depends on management's ability to lead and motivate employees.

Regarding the lack of common language within the field of internal branding, we believe that we have clarified the signification of the variety of concepts (*employee branding, recruitment branding, brand activation* etc.) and in addition resolved how they are interrelated, i.e. showed that they all refer to the same concept. Through the recognition and interpretation of the various recurring themes (*communication, recruitment, motivation and management*), we believe that we have contributed to a thickening of the concept of internal branding.

Through the identification of the different steps involved in an internal branding process, we believe that we have contributed to an increased understanding of the implementation phase of an internal branding strategy, in a theoretical as well as practical perspective. In conjunction with the presentation of the expanded version of our internal branding process model, we have described the importance and *raison d'être* of each step in the process. Additionally we have recognised a number of pre-requisites that need to be taken into consideration and fulfilled before the undertaking of an internal branding process.

In our theoretical study we enlightened the lack of concrete proposals regarding how to make employees live the brand. Our focus being to investigate what concrete actions companies can take in order to develop a living corporate brand, we have created *the circle of adaptation*, which displays the procedures that we suggest should be carried out to achieve this goal. *The expanded internal branding process model* including *the circle of adaptation*, constructed on the basis of the findings of our theoretical and empirical studies, constitutes the practical contribution of this thesis. We believe that we, through the creation this comprehensive process model, have provided companies with a tool that can be used as guidance by management when implementing an internal branding strategy in the organisation.

Considering the, in our opinion, increasing need for theorists, students and managers to embrace the aspects of internal branding, we think that our research constitutes a valuable contribution to existing internal branding theory as well as marketing theory. Moreover, since we believe that this thesis has contributed to the clarifying as well as to the extending of the field of internal branding, it is our belief that it should also facilitate future research.

11.3 Proposals for Future Research

We have in this thesis investigated the phenomenon of internal branding by studying theories from different sub-areas of marketing and branding. However, several other perspectives remain to be discovered. Due to time limitations, we felt we had to exclude theories belonging to the field of human resources management and psychology. Since we believe these subject fields are relevant to the area of internal branding, we encourage other students to examine these. Research on internal branding from a human resources perspective is an interesting idea:

- *How to integrate internal branding in a human resources strategy?*

Psychology is another area of interest to the concept of internal branding. Internal branding is based on the underlying assumption that employees need vision and values. Ind (2001) refers to Maslow's hierarchy of needs and the concepts of socialisation, esteem and self-actualisation. We suggest students to further investigate these factors of importance for employees regarding their working situation. How employees think and behave is of vital importance to the academic subject of internal branding and we suggest both qualitative and quantitative surveys should be performed from an employee perspective.

- *Internal branding – an employee perspective*

In this thesis, we chose to perform an empirical study including three case companies. We think it would be interesting to follow-up on these three companies. We propose an investigation of how the internal branding process is proceeding and further developed. Relevant questions are for instance: Has the process contributed to employees being more satisfied with their work? Is the brand idea anchored to all employees? Has the number of satisfied clients increased? Is the company increasing its revenue? We believe the investigation could be based on both qualitative and quantitative research:

- *Internal branding at Pågen, SAS Airline and Öresundskraft - how did it go?*

When it comes to measuring the impact of an internal branding process, we believe new instruments need to be developed. We refer to Ind (2001 p.165) who argues that "If a brand is

to achieve real status, there needs to be an ongoing commitment to sustaining and evaluating it over time.”.

- *Internal branding - how to measure the impact?*

Another area of interest with this thesis was the role of management. We believe that looking deeper into the role of management in an internal branding process can further develop existing internal branding theory. A potential problem could be:

- *Management’s influence on organisational values and identity*

Cees van Riel (according to Ind 2001 p.176) states that “How an organisation communicates is more important than what is communicated.”. Since internal branding is dependent on communication efficiency, we argue that the role of communication regarding corporate identity, brand values, organisational culture and internal branding should be more deeply investigated:

- *What means of communication can be used to spread the right messages?*

Related to this question is the question of how companies with strong corporate values communicate. We encourage a measurement and comparison between companies with strong corporate brands and companies with less strong brands:

- *How important is communication for a successful corporate brand?*

To sum up we strongly believe that there are unexplored areas within the field of internal branding, and we therefore wish for other students to investigate this recent, fascinating and important subject.

12. Appendix

12.1 Interview Guide

- What is the corporate vision and how is it communicated to the organisation's co-workers?
- What is/are the core value/values of your brand?
- How did your internal branding strategy develop? Which employees were involved, which employees were key persons?
- What steps do you believe can be identified in your internal branding process?
- Where in the process are you today?
- What do you think is important for a company management to consider when implementing an internal branding strategy?
- Is it your opinion that a specific department in the company should be responsible for the internal branding process? If yes, which one and why?
- Do you think there is a need for external assistance when designing and/or implementing an internal branding strategy in the company?
- Do you believe that there are any difficulties associated with the proceeding from words to action, i.e. from planning an internal branding process to actually undertaking it? If yes, what are those?
- According to you, what is the goal of the implementation of an internal branding strategy in the company?
- Do you believe it is important that the company invests a considerable amount of resources in an internal branding process? What kind of investments do you consider most critical?
- What possible effects, positive or negative, do you believe have followed the implementation of an internal branding strategy in the organisation?
- In your opinion, what has the company learned from the internal branding process? Have any mistakes been made?
- Does the company perform any follow-up regarding the process? If yes, how is this done?
- Does the company carry out any measurements in order to assess the effects of the process? If yes, how is this done?
- Do you have any spontaneous comments regarding the contents of our question, or is there something of importance that has not been discussed during the interview that you would like to add?

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