

Barilla and Diversity – Friend or Foe?

TEACHING NOTES

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

Teaching Notes

The teaching notes were designed to serve as a briefing for the presenter of this case, enabling a more satisfying experience for both the presenter and the audience. The notes commence with a brief Synopsis of the case before giving a detailed overview of the Learning Objectives. The Teaching Guidelines share the authors' thoughts on how to best teach the case, ensuring that the students reach the desired learnings. The Teaching Suggestions are complemented by a Board and Time Plan which help the presenter to increase the degree of engagement among the audience. A Detailed Teaching Plan was also added to these Notes, giving suggestions on micro-timings and precise instructions on the use of tools and methods. The Teaching Notes are concluded with the authors' reflections on the design process of the case, creating a more holistic understanding of the entire case process.

Case Synopsis

In September 2013, Guido Barilla, caused an outcry during a live radio interview stating that homosexuals can eat another pasta brand if they dislike Barilla's traditional, family-oriented advertising. The outrage erupted when LGBT groups and public figures picked up on his statement, sparking a public discourse on diversity and the traditional family model. After two press releases and a video apology failed to defuse the situation, Barilla Group remained in the headlines and the heated public debate continued. A boycott of the Italian pasta manufacturer was initiated and spread to publicly visible institutions such as Harvard University. As the controversy around the brand's position on diversity endured, Barilla Group's executive board commenced talks with representatives from several LGBT groupings. During the process of these discussions, it became imperative that for the controversy to be resolved the corporation's attitude on diversity would have to be redefined. Additionally, it became evident that the corporation was under tight watch and every measure was going to be scrutinized by both press and public. Due to the exposed position of Barilla Group and the imminent redefinition of their values, it was questioned how diversity could authentically be integrated as an element of the corporate purpose.

Learning Objectives

The presentation of the case should stimulate the case audience to take key learnings after evaluating Barilla Group's crisis situation and management decisions. The following section gives an overview of the key learning objectives.

The present case illustrates the specific importance of avoiding pinkwashing and hypocrisy in times of crisis and serves as a prime example of a successful corporate turnaround. Despite Barilla Group's innovative and creative crisis management, the student will be able to consolidate her theoretical knowledge on various subjects, in particular with respect to corporate reputation, corporate brand identity, and

organizational change. The utilization and linking of existing knowledge with an unusual best practice case example will broaden the student's perspective of potential practical approaches in corporate crisis and reputation management.

Corporate (Brand) Reputation

Academia offers a rich variety of defining corporate reputation. Corporate reputation cannot be regarded as a stand-alone principle, it varies in definition depending on the applied perspective (Roger & Fill, 2012). However, a solid corporate reputation will transmit the corporation's role and purpose within its operating environment and communicate its leadership and employees (Dowling, 1994). Barilla Group's crisis management corresponded perfectly with the introduction of the corporation's new purpose and community commitment, which served as a baseline for its desired reputational turnaround. From a marketing perspective, it is the corporate associations that stakeholders associate with the corporation's name (Roger & Fill, 2012). The source of Barilla Group's reputational trouble was a prime example of "executive misbehaviour" (Greyser, 2009 p. 592). In such case, Guido Barilla as a chairman of the family-owned Barilla Group, as his own name indicates, represented and personified the entire corporate brand. Guido Barilla is closely identified with the corporate brand, products, culture and personality, for the simple reason that his name is "on the corporate door" (Greyser, 2009 p. 594).

Corporate reputation is driven by three influential cornerstones: internal, external and relational forces. The likely impact of external forces, such as social or ecological forces, can be considered through a PESTLE framework (Roger & Fill, 2012). The lack of knowledge and underestimation of this dynamical social forces were critical factors in the case of Barilla Group.

Societal attitudes toward alternative family concepts and homosexuality have significantly changed over the years. This powerful social transformation also affects numerous corporations, which cannot afford not to be gay-friendly and missing outstanding opportunities (Business Insider, 2013).

A successful reputational turnaround is strongly linked to the degree of authenticity of all the key events relating to the corporation. In order to build, sustain and defend reputation in a corporate crisis, Greyser (2009) presents four contexts of authenticity: "talking, being, staying authentic" and "defending authenticity" (Greyser, 2009 p. 597). In light of Barilla Group's crisis, the rapid reaction time and commitment with which the group apologized, met and consulted with offended stakeholders was one of the major factors in terms of being authentic. In the second press release issued by Barilla Group, the corporation refers to a previous strategy document, the Barilla lighthouse, where cultural diversity was promoted, long before the actual crisis happened. In this regard, Barilla Group has drawn from the organization's "reputational reservoir" (Greyser, 2009 p. 597) that it has generated over time.

Corporate Branding, Corporate Brand Identity and Reputation

A corporate brand can differentiate itself clearly from a product brand by presenting itself as “we”, while stakeholders refer to it as “they” (Urde, 2013). In this way, it is possible to communicate and personify the organisation’s core values behind the brand. In the identity development of a corporate brand the following questions arise: “What does it mean to be involved in this company?”, “What do we stand for?”, “What is our core purpose?” (Riel & Fombrun, 2007, p. 61). It is essential for an authentic corporate branding approach to avoid a misalignment between internal storytelling and external perception (Hatch & Schultz, 2001). The authors also emphasize three elements that form the essential cornerstones of corporate branding: (1) strategic vision, (2) organizational change and (3) corporate images. To ensure a successful corporate turnaround and organizational change, Barilla Group had to integrate *diversity* into its core (corporate purpose) and align it with its internal and external dimensions.

The Corporate Brand Identity Matrix (CBIM), a bespoke managerial tool, can be used to define, describe and align corporate brand identities (Urde, 2013). The framework is set up in a 3x3 Matrix which combines 3 dimensions: internal, internal/external and external. The core forms the centre of the Matrix. One of the special characteristics of the framework is the interdependence of the core with all other elements, for example Mission & Vision (internal) or Position (external). All of the tagged horizontal, vertical and diagonal lines (cf. Exhibit 1) are only effective and credible if they are linked to the core. That reflects the fact that Barilla Group’s culture brings only lasting changes if it is driven by the corporation’s core. Otherwise, the risk of pinkwashing is not preventable.

Since this is a corporate brand reputation crisis, the question arises which reputational layers were affected by the incident. With the extension of the CBIM, the Corporate Brand Identity & Reputation Matrix (CBIRM), it is possible to closely examine eight different reputational elements (cf. Exhibit 2), such as trustworthiness, credibility, responsibility or recognisability and link them to the core of the corporation (Urde, 2013). After identifying the most affected reputational elements, the CBIRM can guide managers to indicate horizontal or diagonal axes, which serve as a baseline for a successful corporate crisis management. In the case of Barilla Group, the horizontal and vertical axes illustrate very clearly the operational necessities to cope with the crisis. Once it has been established which reputational elements were affected, the second step for Barilla Group was to change sustainably the corporation’s culture, relationships, personality and expression by extending its corporate purpose. This is especially important for corporate branding, since employees transfer the brand’s purpose and value to external stakeholders (Davies & Miles, 1998; De Chernatony, 2001; Stuart, 2002).

Organizational Change

Organizational change is a challenging task and can be facilitated by implementing new values or corporate purposes into the corporation (Roger & Fil, 2012). In order to manage organizational change, Kotter (1996) presented an eight-step

process to successfully transform an organization. Essential steps anchored in this process are *establishing a sense of urgency, forming a powerful guiding coalition, creating a vision and empowering others to act on the vision* (Kotter, 1996). The latter is of particular importance as it is encouraging non-traditional actions and activities inside the corporation. Barilla Group took advantage of this step, while launching a non-traditional Diversity & Inclusion board and integrating it into its organization's structure.

Overview Of Key Learnings

In this case, the focus lies on the effects that executive misbehaviour can have on the different dimensions of corporate reputation. It underlines a successful corporate turnaround as a result of a crisis within a minimum period of time. Understanding the potential of the CBIRM for analysing and designing measures is a central learning. Furthermore, the importance of avoiding pinkwashing through sustainable and authentic actions as well as a balance between internal and external measures is emphasised. In the following table you will find a brief overview of the Key Learnings that this case should generate among its participants.

Key Learning Objectives		
	General Learning	In this Case
Remembering	...the difficulty of authentically integrating a new corporate purpose after a reputational crisis	Here: Integrating <i>diversity</i> into the corporate purpose
Understanding	...that a crisis can offer enormous opportunity	Here: "from worst to first"
Applying	...innovative decisions to regain trust, credibility and authenticity	Here: corporate brand management, corporate reputation management and organizational change
Evaluating	...the affected dimensions of the corporate reputation	Here: Evaluating Barilla Group's most affected reputational dimensions (by using CBIRM)
Creating	...innovative solutions that are driven by the altered corporate purpose to avoid pinkwashing	Here: Innovative <i>organizational</i> and <i>corporate brand</i> actions

Board Plan

The Board Plan was crafted through an iterative process with different test rounds and represents an overview of possible outcomes of the case discussion. This Board Plan raises no claims to completeness. However, the proposed structure as well as the subcategories will likely improve the presenter's ability to guide and focus the discussion.

Board Plan		
Issues/ Challenges	Alternatives	Actions
<ul style="list-style-type: none"> ▪ Are they really serious? (Authenticity) ▪ Getting whole organization on board ▪ Stay true to themselves ▪ All eyes on Barilla ▪ Internal Support/Resistance ▪ Pinkwashing? ▪ Reputational Reservoir (Big Enough?) ▪ Measure Results ▪ Is boycott affecting core (Brand/Business) ▪ Sense of Urgency ▪ Create short-term wins ▪ How to react to boycott? ▪ Set clear goals 	<p>Internal actions</p> <ul style="list-style-type: none"> ▪ Actions speak louder than words ▪ Not just focus on gay people ▪ Being more transparency ▪ Internal/External communication ▪ Apologize internally ▪ Be more publicly visible in gay community ▪ Guido disappear from sight? ▪ Adapt corporate culture ▪ Benchmarking ▪ Integrate internal opinion-leaders ▪ Change logo for a while ▪ Build on Lighthouse strategy ▪ Deflection (Invest in Gender Balance) ▪ Employee Branding <p>External support required</p> <ul style="list-style-type: none"> ▪ External measurement of results/progress ▪ More lobby-work ▪ Building long-term partnership ▪ Co-creation (online community) 	<p>Organizational</p> <ul style="list-style-type: none"> ▪ Employ Gay People/Positive-Discrimination ▪ Employ a Famous Gay Person ▪ Training and Workshop ▪ External Support ▪ Award System (Diversity) ▪ Create Internal Unit (Diversity) ▪ Add Diversity Ambassador <p>Corporate Brand</p> <ul style="list-style-type: none"> ▪ Launch a Campaign (+ Internal Effect) ▪ Sponsoring ▪ Brand extension/ New product line ▪ Launch gay-friendly spot ▪ Donate money/ Resources ▪ Foundation/Scholarship

Time Plan

The Time Plan suggests realistic macro-timings for the length of the different stages that have to be incorporated when aiming to achieve the outlined learnings. For detailed micro-timings please refer to the Detailed Teaching Plan.

Time Plan



Detailed Teaching Plan

The Detailed Teaching Plan was designed to incorporate detailed micro-timings and precise instructions on the use of methods and tools. Directions on how to utilize the supplementary media such as printouts and the PowerPoint was also included. The Detailed Teaching Plan can be found in the appendix of this case (cf. Exhibit 3).

Discussion Questions

The following questions are the main case questions that have been carefully crafted and tested to achieve the learning objectives. It is very advisable to use these questions as they have also been structured in a way that continuously guides and focuses the conversation and discussion in class.

Main Question

How can we authentically integrate diversity into our corporate purpose?

Sub Questions

How can we ensure that the actions are not perceived as pinkwashing?

How can we implement the new purpose across all levels of the organization?

What can we manage alone, where do we need external help?

Teaching Guidelines

Apart from its high reputation due to being a part of the Harvard Business School faculty, case methods are considered as an in-depth educational innovation (Harvard Business School, 2017). The students take the role of decision makers and are confronted with real managerial business challenges. However, given limited information especially on the subsequent managerial decisions, the case method introduces a strong dynamism of exchanging perspectives and combining different ideas. Students are encouraged to analyse issues, develop alternatives and make decisions while coping with ambiguities.

In order to ensure the best possible teaching process, this chapter will guide the instructor with various teaching suggestions about teaching methods and, media usage, presentation and moderation techniques. The detailed teaching plan (cf. Exhibit 3) provides an overview of time frames, key focuses and particular media usage recommended for each period of the case.

In order to ensure engagement right from the beginning, it is highly recommended to create *interest* by confronting class with an association to the case organization, such as a demonstration or placement of a physical product (cf. Exhibit 3). Also, to sustain continued interest into the case, different forms of media should be integrated.

The visual presentation, which is composed as a Microsoft PowerPoint slideshow, contains almost no multiple paragraphs of text. This increases the attention of the audience, and the effectiveness of the narrative teaching style. The instructor can prepare several sheets or printouts, for instance tweets or newspaper headlines, in order to emphasise the significant characteristics of the incident and attract more attention from the audience. This method lends itself very well for underlining the boycotting tweets against Barilla Group. The group dynamics can be strengthened by integrating a whiteboard in order to increase engagement and allow a certain level of flexibility within the case discussion. By doing this, issues, alternative and actions can be structured, re-ordered and interaction can be facilitated. In addition, the CBIRM (Urde, 2013) should also be visualised on the whiteboard to serve as a foundation for evaluating and analysing Barilla Group's most affecting reputational layers.

From the point of view of dissemination of knowledge and learning lessons, it is recommended to incorporate video material. Not just because of its pedagogical benefits in terms of increasing memory, but above all to resolve the tension of the case and show the optimal resolution for the given question(s). A shortened version of Barilla Group's official Diversity & Inclusion video addresses the key points of their managerial decisions and is therefore ideally suited to increase learning effectiveness.

In order to enrich and advance the case discussion, a set of asking techniques has been compiled (cf. Exhibit 4) that allows to easily shift between time frames, levels of abstraction or points of view. By using these techniques, the instructor can take on the role of facilitator and put the focus directly on the audience, or in this case, the executive board. When summarizing the case, it is very important to not only focus on the content of the case but also on its process. Asking for the students' reflection

encourages *Divergers* (Kolb, 2009), who learn by observing and making sense of experiences to share their opinions.

Epilogue

When looked at the proper light, an organization that finds itself in a reputational crisis is mostly associated with serious hazards and risks. In assuming this, it is often neglected that a reputational crisis can offer promising opportunities to develop an organization sustainably and responsibly in the long-term. The major obstacle in crisis management is the organization's difficult baseline to regain trust, credibility and authenticity after a critical incident. In only one single year, Barilla Group managed it to integrate diversity into their corporate purpose and overcame the major risk of pinkwashing by doing *integrated corporate crisis management*. This new approach spans a wide variety of diversity and inclusion and led to a successful corporate turnaround due to two major reasons: firstly, an external unit was integrated into the internal part of an organization, and secondly, Barilla Group was measured and monitored by external organizations. This balance of sustainably integrating external units inside the organization can cause a multiplying factor in terms of regaining trust, credibility and authenticity. Furthermore, this case shows that sustainable corporate changes can only succeed if they are driven by the core. This is illustrated by the organization's decision to train the entire workforce, alter the relationship to stakeholders and change the internal culture. In sum, this case points out the risks of pinkwashing during a reputational crisis but should serve as an example of best practice in terms of a successful corporate turnaround triggered by reputational crisis. The originality of this case, validated by its innovative and creative characteristics, is that it can be used as an *evergreen* case in different management fields, such as change management or human resource management.

Reflection

Surprised by both its unusual and innovative crisis management and its success, we decided to pitch the Barilla Case during our first supervision to professor Mats Urde. Shortly afterwards we were notified that a group of students presented a case about the same organization in the previous semester. However, the main focus of that case lied in the area of corporate communication. By working closely together with our supervisor, we were able to open a new horizon using a different angle to reflect upon the case of Barilla Group. The rapid success of Barilla Group's crisis management as a result of, amongst others, the Diversity & Inclusion board brought us to explore the crucial reasons why these actions were not considered as *pinkwashed*.

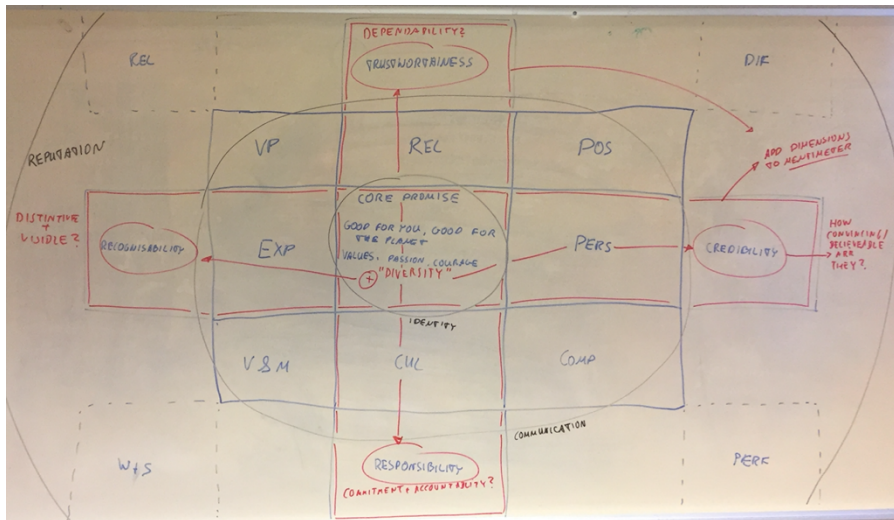
Driven by this highly topical phenomenon, we sketched various case possibilities and displayed them with post-it notes on a timeline stream. The post-it notes reflected the organization's incidents, stakeholder reactions and managerial decisions. During

this process, we faced big challenges and one of the biggest was to determine the correct moment of „stopping“ the information flow of the case and locate an appropriate position for the case question.

We had to discover, however, that some potential questions were not consistent with the dramatic composition of the incident. For that reason, the case acquired its own dynamic, proceeding in an iterative design process. After our intense discussions about the guiding lead question, we agreed on three questions, which we tested with distinct groups, to determine the momentum of each question. The first test run focused on the comprehensibility of the questions, whereas the later test runs evaluated the quality and depth of the subsequent discussion.

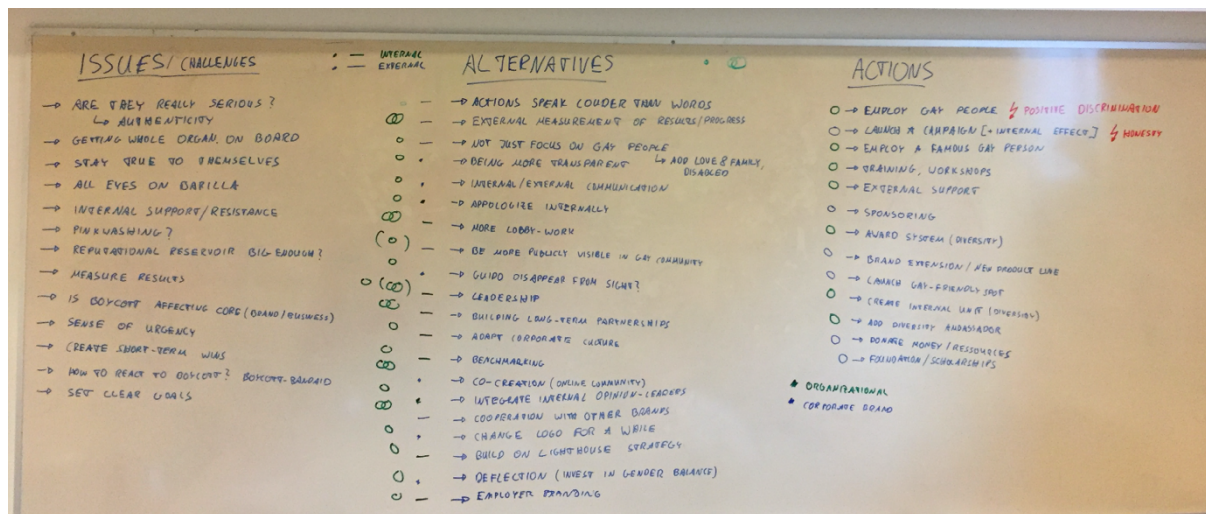
The first evaluation of the test runs provided us a rough overview on potential initial stages for a solution and motivated us to establish the reasoning behind the test persons' train of thoughts. For this purpose, we put ourselves into the position of the student and tried to comprehend the managerial decisions of Barilla Group by applying the CBIRM (Urde, 2013). On the whole, the CBIRM enabled us to understand the step-by-step logic behind Barilla Group's action plan and motivated us to integrate it into our design of the Live-Case.

Figure A: CBIRM in Action



The integration of the CBIRM into our following test runs enjoyed high popularity in terms of practical assistance. And the quality kept improving: the solution approaches in the board plan gained more depth and were connected to the core of the organization, which resulted in more creative and holistic ideas.

Figure B: Board Plan



In sum, designing, writing and testing a case is far away from any assignment we were ever confronted with in our academic backgrounds. The exclusive and challenging feature of this assignment is that it makes the student to the professor. It requires an intensive confrontation with educational effects, which are the foundation of any successful case discussion. It is about creating a forum to encourage independent thought and managerial judgement, which should lead to develop skilful leadership.

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Appendix

Exhibit 1

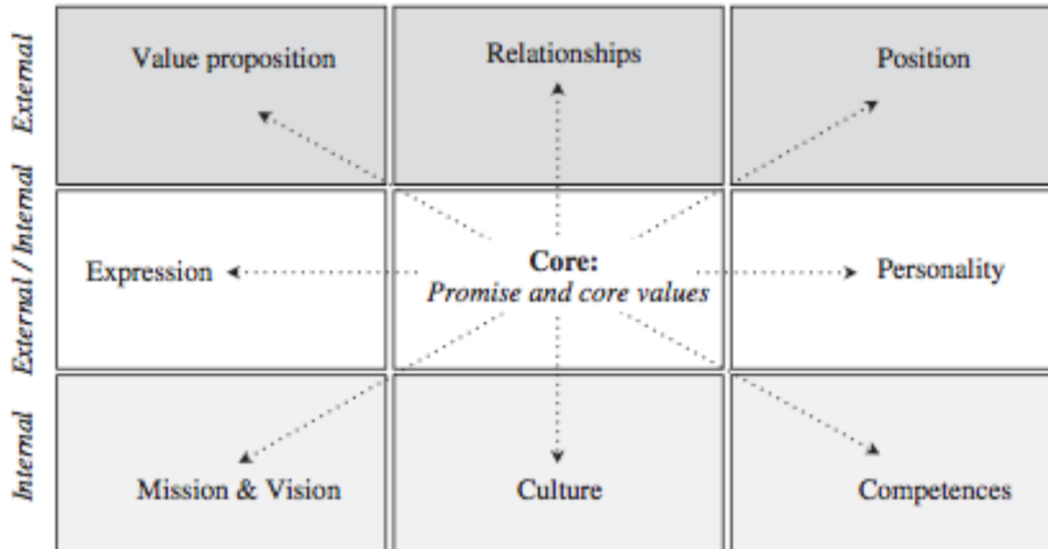


Exhibit 2

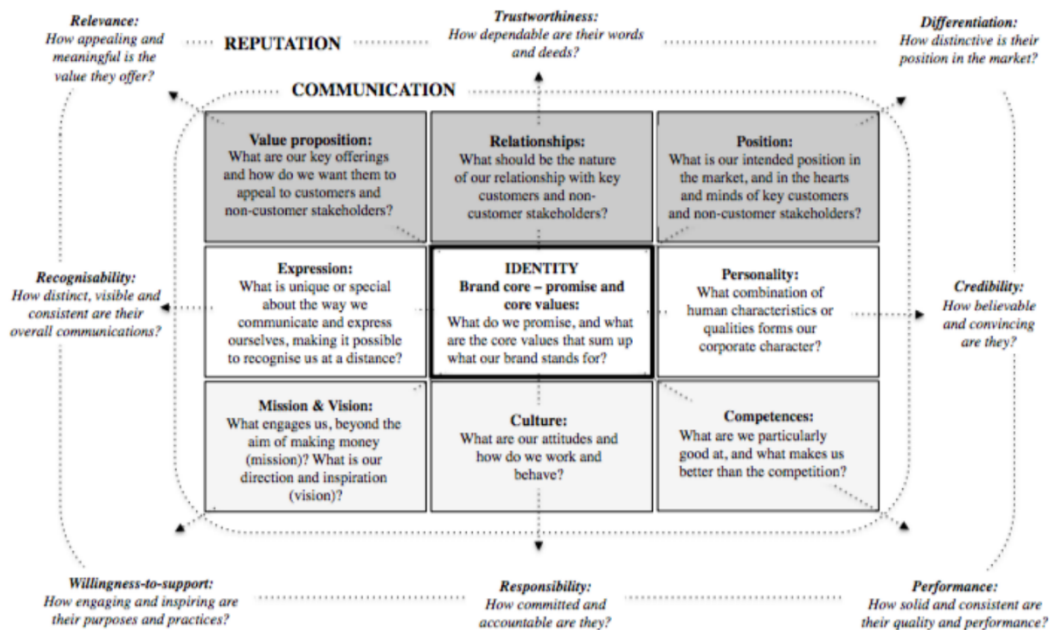


Exhibit 3

Barilla Case Detailed Teaching Plan

Date March 14, 2017
Participants 20-30 students (master level)
Material PowerPoint slideshow [incl. Video], Printouts of: Tweets; Headlines, Case Questions, Asking Techniques

Timing	Content	Material
9:00 Introduction [10min]		
9:00 0:03	<u>Introduce the Lecture</u> <ul style="list-style-type: none"> • Create interest among the class with physical product 	tbd. Barilla Pasta package
9:03 0:07	<u>Introduce the Case</u> <ul style="list-style-type: none"> • Introduce the background and the incident • Show printed Tweets, Headlines and the video of the Official Apology • Illustrate the situation before the board meeting and end with the Case question: How can we authentically integrate diversity into our corporate purpose? 	tbd. ppt. slideshow [incl. Official Apology] Tweets [A3] Newspaper Headlines [A3] Case Question [A3]
9:10 DISCUSSION #1 _ Solution [20min]		
9:10 0:05	<u>Analyse the Crisis</u> <ul style="list-style-type: none"> • Introduce CBIRM to structure the answer of the case question • Analyse the effects of the crisis by discussing the affected dimensions of corporate reputation with class 	tbd. CBIRM on Whiteboard
9:20 0:15	<u>Discuss potential measures</u> <ul style="list-style-type: none"> • Guide the discussion, towards potential measures that could be implemented to counter the affected dimensions of corporate reputation • <i>Optional:</i> Use the Asking Techniques to enrich and advance the case discussion • <i>Optional:</i> Use the sub-questions to guide or enhance the discussion: How can we ensure that the actions are not perceived as pinkwashing?; How can we implement the new purpose across all levels of the organization?; What can we manage alone, where do we need external help? 	tbd. Whiteboard Sub-questions [A3] Asking Techniques [A4]
9:30 Management Decisions [10min]		
9:30 0:10	<u>Present management decisions</u> <ul style="list-style-type: none"> • Introduce what Barilla has done to solve the crisis • <i>Optional:</i> Connect the actions and measures proposed by the students to the measures of Barilla 	tbd. ppt. slideshow [incl. short Version of Case Video]
9:40 DISCUSSION #2 _ Evaluation [5min]		
9:40 0:03	<u>Discuss and evaluate actions</u> <ul style="list-style-type: none"> • Ask the students for responses and evaluations of the actions and measures taken by Barilla • Ask for the students reflection on their own case solving process 	tbd. Whiteboard
9:43 0:02	<u>Feedback</u> <ul style="list-style-type: none"> • Ask the class for feedback on the relevance and teaching style of the case 	tbd. /
9:45		

Exhibit 4

Asking techniques

1. *Delay the problem-solving part* until the rest of the discussion has had time to develop. Start with expository questions to clarify the facts, then move to analysis, and finally to evaluation, judgment, and recommendations.
2. *Shift points of view*: “Now that we’ve seen it from W’s standpoint, what’s happening here from Y’s standpoint? What evidence would support Y’s position? What are the dynamics between the two positions?”
3. *Shift levels of abstraction*: if the answer to the question above is “It’s just a bad situation for her,” quotations help: When Y says “_____,” what are her assumptions? Or seek more concrete explanations: Why does she hold this point of view?”
4. *Ask for benefits/disadvantages of a position*; for all sides.
5. *Shift time frame*—not just to “What’s next?” but also to “How could this situation have been different?” What could have been done earlier to head off this conflict and turn it into a productive conversation? Is it too late to fix this? What are possible leverage points for a more productive discussion? What good can come of the existing situation?
6. *Shift to another context*: We see how a person who thinks X would see the situation. How would a person who thinks Y see it? We see what happened in the Johannesburg news, how could this be handled in [your town/province]? How might [insert person, organization] address this problem?
7. *Follow-up questions*: “What do you mean by ___?” Or, “Could you clarify what you said about ___?” (even if it was a pretty clear statement—this gives students time for thinking, developing different views, and exploration in more depth). Or “How would you square that observation with what [name of person] pointed out?”
8. *Point out and acknowledge differences in discussion*—“that’s an interesting difference from what Sam just said, Sarah. Let’s look at where the differences lie.” (let sides clarify their points before moving on).