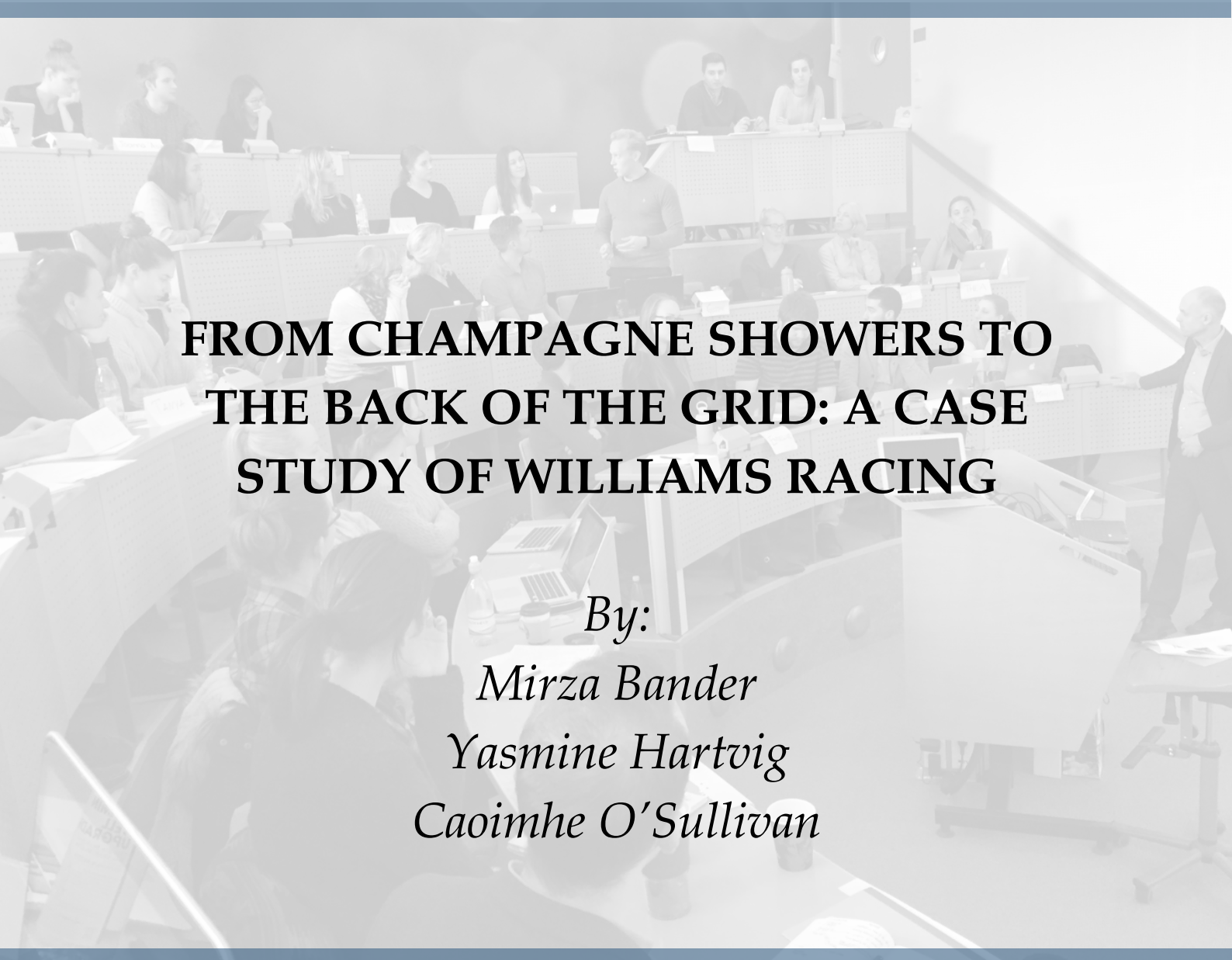


CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



FROM CHAMPAGNE SHOWERS TO THE BACK OF THE GRID: A CASE STUDY OF WILLIAMS RACING

By:

Mirza Bander

Yasmine Hartvig

Caoimhe O'Sullivan

Eights Edition
Master Student Case Papers

2021

Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

Editor

Mats Urde
Associate Professor
mats.urde@fek.lu.se

Head of master's course Corporate Brand Management (BUSN35), part of the master's program International Marketing and Brand Management.
Lund School of Economics and Management, Sweden.

From Champagne showers to the back of the grid: A case study of Williams Racing

WRITTEN CASE

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.

MIRZA BANDER
YASMINE HARTVIG
CAOIMHE O'SULLIVAN

From Champagne showers to the back of the grid

“I think there’s something incredibly spiritual almost about Silverstone. It really holds a very special place in my heart. I want to have my ashes spread at Silverstone [...] I think dad does as well” (Drive To Survive, 2020, 00:00:24) Claire Williams says as her car pulls up to the British F1 circuit where the first World Champion Grand Prix was held in 1950.

The 2019 season has not been great for Claire and her Williams team as halfway through the championship they are placed last out of the ten available racing teams. She is worried about retaining the two great drivers they have because no matter how good they are the poor production of Williams’ race car has prevented them scoring a single point this season. Claire leans back in the passenger seat and closes her eyes. She thinks to herself and worries if she is the right woman for this job. The coming year would prove to be even more challenging for Claire, casting doubt on not only her abilities but also on Williams’ heritage and existence in Formula 1.

Claire Williams’ journey

As the only daughter of Williams founder, Frank Williams, racing has been part of Claire’s entire life. Yet despite her family’s love of F1 both Claire and her older brother, Jonathan, were actively discouraged from pursuing a career at the Williams company by their father. But Frank’s concerns about allegations of nepotism fell on deaf ears, with both Claire and Jonathan finding themselves roles within the family business.

Silverstone holds a special place in Claire’s heart as she started her career as a press officer at the iconic race circuit. After being made redundant, it was the Williams marketing manager who convinced Frank to give Claire a shot in the Williams communication department. Eighteen years later and Claire is about to enter Silverstone as the Williams deputy principal.

It was in 2012 that Frank decided to step down from the Williams board and Claire was selected to represent the family. Not long after that, Claire was appointed as the deputy team Principal of Williams, running the day-to-day business with

Frank still at the helm of the company. Claire's appointment has been heavily criticised with recurring insinuations that she only got the job because of her father. In a bid to combat these comments, Claire pledged her allegiance to the brand "We are a family team and the people at Williams wanted the next generation of Williams to come and run the team and the family to always be involved" (Formula 1, 2020).

During her tenure she has dealt with Williams' underperformance at the same time she has been on the receiving end of sexist remarks. At present, Claire is the only female team principal in the male dominated sport. Although she is not the only team principal to have children, after giving birth in 2017 comments were made regarding Claire's ability to lead Williams. Claire has constantly been told that she only has her position at Williams because 'she's a woman' and Frank's daughter.

Regardless of her worries she is excited for yet another race weekend and she sees the arena of Silverstone filled with spectators: journalists, fans, celebrities, sponsors, and staff. As long as the test rounds go well they might have a chance of qualifying anywhere but last for race day. One should not wish misery for others Claire thinks, but it wouldn't hurt if one of the big teams had a car malfunction. That is how the sport is now, dominated by the big three (Mercedes, Ferrari, and Red Bull) who collectively share a quarter of the sport's prize money. Subsequently they also bring in the big money from sponsors and investors, and the teams at the back of the grid such as Williams fall further and further behind.

Apart from her two-year-old son, money is one of the things that keeps Claire up at night. She can never provide her team with enough money to develop a good car or leave room for errors and damages during the race weekend, and that's a big problem in this sport where winning and money is everything. Mercedes, the winning constructor team for the last five years, has a budget of \$420 million. Meanwhile, Williams is trying to fight their way up the grid on a \$125 million budget. There has been an immense pressure placed on Claire to lift Williams out of its most recent slump in the polls - whilst still maintaining the heritage of the team. Although Williams was able to produce positive results in their first two seasons with Claire at the helm, it soon became apparent that the Williams brand was struggling against the tide of funding other teams have.

The history of Williams

The heritage of British F1 team Williams Grand Prix Engineering Ltd dates back to 1977 when Frank founded the company together with Patrick Head. Frank was a F1 driver himself and a team leader in the 1960's. It was his experience and passion for F1 that drove him to design and build his own F1 vehicles. The Williams team had its first race a year after its founding and managed to compete with a team of just 17 members in the 1978 FIA Formula One World Championship. In only three years, Williams had become one of the leading forces in the sport with numerous podium finishes and one world championship title. They had become the team that drivers wanted to race for, alongside prestigious competitors such as Ferrari and McLaren.

However, it was not all champagne and glory. In March 1986 the team owner Frank Williams was in a car accident that caused a spinal cord injury that left him paralysed from the neck down. Being competitive by nature, he did not let the accident take control of his life and continued as the team principal, leading the team to world titles and championship wins. The achievements of Frank Williams, both personal and team-based, were acknowledged with a knighthood in 1999. Meanwhile on the track, Frank has earned the respect of F1 giants, becoming a legend of the sport in his own right.

The Williams family is at the core of the brand's heritage. Frank built the company with his blood, sweat and tears and the Williams family has maintained its status as the primary shareholder of the company. Frank's eldest son, Jonathan, leads the Williams Heritage brand - maintaining and celebrating the Williams history.

A core part of the Williams heritage is their winning recipe of being an independent team, meaning that they both engineer and manufacture their cars - both the listed and unlisted parts - on their own. Being the longest running independent F1 team has made them very unique, whereas their competitors outsource pieces and share technology. Their independent strategy was truly a recipe for success until Williams' success story turned sour.

Over its history Williams has won nine Constructor Championships and seven Drivers Championships. The Constructors Championship is awarded to the team with the most points at the end of the season and the Drivers Championship is awarded to the individual driver with the most points at the end of the season. The Constructors Championship is where Williams has had most of its success, however, in 2011 they suffered one of their worst performances placing ninth overall. This marked the beginning of Williams' struggle to glory. In 2012 after their first race victory since 2004, during their celebrations a fire broke out in the Williams' garage damaging their car and injuring staff. The 2013 season did not change Williams' fortune either but in 2014 and 2015 Williams saw glimmers of hope with two podium finishes. As luck would have it, a series of driver retirements and illness led to multiple replacements, producing another lacklustre season for Williams, finishing fifth in the Constructors Championship.

The struggle to keep up with the changing sport

In 2017 F1 saw some of the biggest regulatory changes in the last two decades. Pat Symonds (Williams' Chief Technical Officer) stated that due to the new changes, development would be relentless. Williams had already failed to keep up with developments in 2016 and going in to the 2017 season they faced two challenges that would require substantial funding:

1. The increasingly required updates of the car to the new regulations.

2. Their rookie driver Lance Stroll would most likely be prone to incidents and hence require more spare parts.

The new rules not only changed the look of the cars, but also opened up for greater technology sharing between teams. The latter meant that teams could outsource more parts of their cars which previously required significant amounts of time and money to produce in-house. However, Williams decided to stick with their independent manufacturing strategy and produce their car themselves.

2018 was also a year filled with financial struggles. Before the start of the season, Williams' title sponsor Martini decided that they would leave the team after the end of the 2018 season. Halfway into the year Williams' investor Lawrence Stroll departed from the team after purchasing competitor Sahara Force India F1. Stroll had provided Williams with millions of dollars in investment in exchange for a driver's seat for his son Lance Stroll. Halfway through the season they now found themselves without an investor and without their paid driver for the 2019 season.

Claire reiterated her desire to see Williams back up on the podium and brought in Paddy Lowe, their former Chief Technical Officer who had been at the helm during their winning era. However, after a series of setbacks, including missing car parts, tension between Claire and Paddy escalated in Barcelona during preseason testing. Key parts of the car arrived late with Claire personally delivering them to the racetrack. However, it was too late to make the start of testing and Williams missed two crucial days out on the track. The delays only raised more questions about Williams ability to perform with a media circus encircling the Williams camp. The media and fans did not waste a second to question Claire's abilities and at this point she was fed up. People seem to forget that she took over a team that was down in ninth place for three consecutive years, but just a year after Claire took over, Williams was back up to third place for two years in a row and continued to fight in the midfield. But all of that is gone now and they have missed two days of preseason testing – and you do not miss preseason testing. However, Claire had no intention of being the scapegoat again, this one was on Paddy. Whilst neither Paddy or Claire took responsibility for their unprecedented late arrival, on 6th March 2019 Williams announced that Paddy had taken a leave of absence and he would not return to the team.

Williams' celebrations at Silverstone 2019

Safe to say, it's been a rough few years. But today at Silverstone Claire puts all of that aside because it is time to celebrate Frank's 50th anniversary as a F1 team principal with a special developed bottle of beer and a drive with Lewis Hamilton. Frank has the biggest smile on his face that Claire has seen in a long time, and she truly feels that the team has turned a corner. After Lowe's departure the team has improved their lap times and there is a fighter spirit within the team that gives hope for their future. When asked about whether the recent claims that Williams will sell the team due to the trail of chaos that has followed them, Claire responds: "Speculation about Williams selling up because they are not doing well - well that's

rubbish! [...] Frank has faced greater adversity than we are facing now and he never sold up” (Hunt, 2019).

Williams at a crossroads – 2020

However, Claire’s gut feeling about a brighter future for Williams proved to be more optimistic than realistic. The team’s current head sponsor ROKiT had long-term plans for their partnership, announcing their decision to sponsor Williams until 2023. However, Williams was dealt another blow when in 2020 ROKiT announced they would be terminating their sponsorship of the team. This had a colossal negative financial impact, as Williams’ revenues had declined tremendously long before losing their title sponsor.

Compounding Williams’ financial woes, the coronavirus pandemic has infected all of F1 and Williams is on its deathbed. When a McLaren team member tested positive with Covid-19, the first race was cancelled before the test drive in March 2020. Instead, F1 now faces the longest off-season in its history with the majority of races that were planned either postponed or cancelled. The F1 industry is adapting to new regulations as a result from the pandemic, and races are slowly taking place in new Covid safe settings. However, the entire industry is suffering financially and the Williams team is not an exception, posting a \$45.5 million loss in revenue in 2020. One thing that brings hope for the future is the introduction of new regulations within F1 that includes a budget cap for all teams, which would minimise the big teams’ budgets and could level the playing field more. The new regulations will be imposed in the F1 Concorde Agreement which is the contract constructors sign to confirm their commitment for the next five years of racing. With both money and the road to success running out from beneath them, Williams now finds itself at a crossroads.

Claire is preparing for the Williams Grand Prix Holdings board meeting to discuss the future of Williams F1. Concerned about her father’s legacy, Claire could continue to lead Williams as an independent team and look for new investors. Or is it time for a completely new approach to take Williams into the future? Claire has decided to call upon your consultancy firm YMC for strategic advice. Assuming the role of lead consultants, **how would you advise Claire about the future direction of Williams and why would you take this approach?**

Things to consider:

What are the pros and cons of the options presented?

Is Williams’ focus on heritage justified?