

Brand inspires innovation

Reading this you may ask yourself whether the omnipresence of brands and branding in our daily lives is going too far? Why does branding lay claim to being connected to as well as inspiring a company's innovation success? How? Is branding not just an image building exercise?

This article sets forth:

- what innovation means and where the limits of innovation are,
- how to 'innovate' successfully and
- how branding gives play purpose.

CLAUDIUS KÖNIG, FREDERIK PAUL HALSTED

Introduction

We know that the mechanisms of branding can help lift and sustain innovation levels in any given company. We discuss here that branding may be the missing ingredient in innovation. That innovation is best inspired and directed by a company's focus on its brand.

We are speaking from 20 years experience in putting the 'spirit of innovation' at the top of a company's agenda and harvesting results. Boehringer Ingelheim is a client and case study that gives reality to our intellectual argument.

Innovate or die!

Companies are continuously challenged to change and innovation is core to a company's survival and success. This is especially true amidst our current credit, economic, energy and environmental crisis with

pressures pointing companies towards real change offering real choice. The change we need will not be delivered by just the flat, efficiency and effectiveness driven change management of the 1990's.

With the economy of change prevailing, innovation must be explored beyond improving existing products and services whilst reducing labour costs. Innovation increasingly must be applied at a higher level, creating new markets, meeting economic, environmental and energy related needs and wishes at a deeper level.

The challenge for brands and branding in this context is to help companies be inspired to innovate decisively and deliberately – across the depth and breadth of an organisation.

What is 'innovation'?

Innovation is a glorified parameter of competition in today's global market. An indicator of businesses knowledge, ideas and development. From an economic market perspective, it is connected to improving and adjusting offerings one way or the other.

In any commercial context, innovation implies huge effort and process being linked to future forecasting, projections, planning and so forth.

Companies most regularly position innovation against parameters like incremental or radical, open or closed, internal and external. On top of these axis companies can level out and decide if an innovation is revolutionising, niche or modular and also if it is technology-, value-, service- or socially driven through open sources, brokers, producers, etc. etc.

Much academic work has been dedicated to innovation so much so that we now can split and splice innovation from invention and extension. In order to illustrate this, let's use the classic illustration of a new idea: a light bulb.

Invention is when something is created, processed and built from scratch and most probably the first of its kind – such as the regular light bulb most prominently launched by Thomas Edison.

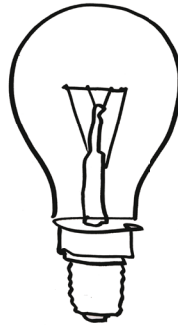


Fig. 1: *Classic illustration of a new idea: a light bulb*

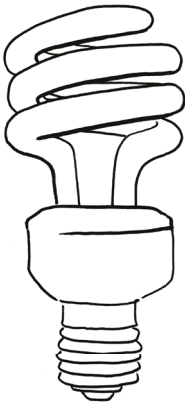


Fig. 2: *The energy saving light bulb*

Innovation then is usually applied for improvement, adjustment and modification of an already existing offering ... such as the halogen light bulb or the compact fluorescent lamp (the energy saving light bulb).

Extension is stretching an offering horizontally into different product or service categories, segments or perhaps even industries.



Fig. 3: *Desk lamp*

From a branding perspective this and other writings about innovation seem ‘academic’. Innovation as a vision implies the order to stay ahead, up-to-date and forward focused.

The spirit of the New

As discussed: extensions, innovations or inventions, are all achieved fundamentally in the same spirit and culture. Let’s call it the spirit of the *New*.

Does *New* come from connecting the past with the future or simply out of the blue? *New* is not necessarily a reflection of a market tendency or spotting a direct demand. It is not always found by market related research or other analytical tools and management processes, splitting perspectives into atoms for further detail.

The unused potential in people to do *New* is massive! Most companies are set-up such that employees use a fraction of their creative capacity at work. Meaning for example that when people are off-duty, they burn off creative fuel less witnessed at work on cooking, playing football, DIY and planning the next vacation.

Un-tapping employee capacity ought to be placed at the top of the agenda when companies are looking for what is *New*. When planning for, pinning down or projecting *New*, it is important to understand how companies can steer and stimulate this.

The limits of ‘innovation’

Innovation is most often very difficult to forecast and project and includes a lot of organisational knowledge cul-de-sacs. Many employees may have good and really compelling ideas, most often though they seem to get caught up in organisational bottlenecks or simply just lost in the day-to-day operation of business activities and roles.

Sensibility issues occur in the process of innovating – for instance when a business is trying to conform to new industry and market regulation, reduce their energy foot-print, improve quality, extend their range and create new markets – and numerous factors and as-

pects have to be considered involving everybody and everything in a company.

Another concern for businesses is the lack of understanding of the powers and processes of innovation. Innovation is often misunderstood and degraded as a post-modern marketing tool being curtailed as a need based reflection and delivered on-demand only.

Despite grand announcements religiously reiterating the importance of innovation at corporate gatherings – that it must focus outright on the future, on developing businesses, markets, products, services and people – it often remains isolated and propriety to the R&D (Research & Development) department.

Businesses tend to have difficulties in figuring out how to instil innovation across all of their operations – lessening the impact upon their business model, set-up and structures as a key strategic driver.

And how can it be different in companies that live by deductive market research driven marketing schemes. Where everything is measured and monitored in detail to establish or grow a market share in the name of customer focus. Innovation will be patchy and ultimately unsuccessful when and where innovation is a push-oriented discipline, purposefully seeking ever new niches. The importance of innovation to a company's success is heard, understood and agreed but not always acted upon.

How to 'innovate' successfully?

Probably one of the most important factors in instigating and stimulating innovation per se is the aspiration of the organisational management and the existence of a real innovation culture and spirit within the business.

Effective innovation comes from and is for people; what they see, hear or feel and how they interact with others. Inarguably, people want to work with things they sincerely believe in and therefore enjoy. For any business wanting to partake in the innovation game and apply innovation strategically it is paramount to put people first.

A genuine interest in and about innovation must be established. All people in a given company must have general knowledge about the various types of innovation. They must be provided with a framework about what and when to innovate.

To liberate creative and free thinking most companies are encouraging playful behaviour. Google probably is the most prominent 'player', practising worldwide the most advanced campus style based culture born in Palo Alto.

"If you want creative workers, give them enough time to play" says John Cleese [1]. The message is not new and the question remains how to channel and process creativity and new ideas into innovation. They begin as a seed and need fertile ground, cultivation and careful harvesting to break through the corporate crust.

Not everybody is a natural born innovator and without harnessing and directing employees' potential creative companies can run severe risks of ending up with meaningless, bland, boring, and totally undirected initiatives.

Playful ideas need to have purpose to lead to positive decision making and action. To turn creative employees into constructive employees – give them a purpose to play.

Branding gives play purpose

How to get the constructive capital and creative capacity juices flowing generally throughout an organisation? This is where the brand rules. Branding is second-to-none when it comes to sequential guidance of any kind of commercial take-off or venture. Brands are challenged to build and express confidence about the future. They can offer relevance and purpose beyond the daily grind fulfilling corporate directives.

Leveraging the brand through-out the everyday happens via the corporate and organisational culture. Corporate culture is deeply rooted in branding and branding sets the route for not just the culture but the entire company itself.

Branding in this context is about strategy, vision, mission and values – in short it is the driver of a company's future not just the prevalent post rational claim of ownership. The brand impetus is alter ego for any given company in order to create and cultivate a strong platform with direction for continuous innovation routine and actual output hereof. It's the mechanism to inspire innovation.

Just like people, a brand's clarity is formed by the basics of behaviour: power, skill or seduction. Business needs all three qualities to compete but there is always one aspect that is dominant and therefore drives the branding. Is it a power, skill or seduction driven brand?

- ⇒ *Power driven brands* are companies with market leadership as the ultimate goal. Businesses exploiting market de-regulation and fragmentation. Growth through acquisition and price strategies where customers are offered size as benefit. Power attributes are usually: determination, fame, ambition, authority and strength.
- ⇒ *Skill driven brands* are companies that consider size to be secondary. These businesses exist because of a unique ability. They are not driven to be big but to be best. Products and services offer a unique function subject to continuous improvements. Skill attributes are usually: intelligence, sustainability, experience, functionality and uniqueness.
- ⇒ *Seduction driven brands* are in business because they want to be loved for being different. Beating big bad business by being smart and alternative to the market prevailing logic. It's not about what you do but how you do it. Seduction attributes are usually: love, entertainment, beauty, inspiration and innovation.

The dominant aspect is based on the company's Driving Idea. The Driving Idea is the heart of the brand – it inspires fundamentally a company's ability, culture and image.

- ⇒ *Ability*: What is a company able to do? What is its potential for the future in terms of market position, products, services, price and performance?

- ⇒ *Behaviour*: How does the company behave and do things at all levels, internal and external interaction and operation, team culture, power, politics and people?
- ⇒ *Image*: What does your brand promise?
- ⇒ *Strategy*: What truly drives the brand? Is the look, feel and design language in line with your brand?

Stakeholders need to see companies execute against what they claim across all touch-points.

Innovation at work

The brand is the ultimate idea catalyst and ideas are needed in order to create *New*. It is the epicentre of business strategy as the use of the brand enables companies identify what types of innovation are needed to fulfil its goals. Your brand is also a great parameter of measuring and monitoring innovation – corporately and individually.

Turning brand aspiration and culture into final creation requires optimal coordination in all levels of the value creation of innovation. In order to inspire, focus and make innovation doable, the brand needs to be clearly defined and have principles to govern and conduct the brand and what is conceived hereof. What will your future brand need to promise in order to help you innovate?

Our earlier light bulb analogy touches on the German company Osram as an example. Osram is a unit of Siemens and is positioned



Fig. 4: *Light bulb – the Osram brand*

as a high-tech company in the lighting industry. Osram's brand driving idea is 'passion for intelligent lighting', which is clearly visible in their product portfolio and evolution. Exceptionally, the Osram brand is a stand alone one in Siemens's monolithic

brand architecture as it is an innovation leader in the engineering and technology field. The Osram brand is a reasonable covert communicator, however, a very overt and explicit inspirator of culture, driven by employees with a passion to master and re-invent Thomas Edison's revolutionising invention – light as we know it today and in the future [2].

Case study: Boehringer Ingelheim – Value through innovation

Our long standing client Boehringer Ingelheim (BI) epitomises the spirit of innovation and this aspect defines the company's performance itself. It is not by chance that in 1994 'Value Through Innovation' became BI's corporate mantra and remains its inspiration to this day. *Original objective: Help inspire a coherent, future focused culture that can deliver a matrix structure and strategy.*

Within the context of an industry increasingly resourceful the market of drugs was never closed to ideas, open-mindedness and experimentation but the signs at the beginning of the 1990's were contrary. The awareness of being part of an organisation was absent at BI. Under the guise of entrepreneurialism country management and operations were effectively independent delivering local results that did not add up globally.

Despite almost 20 percent of its revenue being spent on R&D the company lacked the pipeline to feed its marketing and sales ambitions. Product licensing did not plug increasing insecurities about its future as an independent privately held company. Following the introduction of a then typical global matrix structure the organisation lacked the creativity, cohesion and culture to make it work.

What we did: Created process and content for two global culture waves (1994 and 2004). Ensured that companies understood how vision drives strategy and impacts on their area of responsibility. Secure long-term commitment.

BI's first wave to modernise its set-up was aimed at creating synergic relationships within the organisation and it consisted of a restruc-

turing programme called 'Vision and Leadership'. The change of the company's culture was a measured process that incorporated a different mindset where leaders and employees had to integrate the matrix efficiently by being equally empowered to pursue the same goals and aspirations.

The expression of the company's new idiosyncrasy was articulated on many fronts. Once the vision and leadership principles were developed, they had to be communicated. By formulating the classic 'Ask not what Boehringer can do for you, but what you can do for Boehringer' the company placed itself on an equivalent level of participation with its employee where reciprocity, exchange and especially collaboration were welcome. This clear declaration of intentions and others along these lines, were uttered in global events where employees had the (often first) opportunity to meet the leaders of their organisation.

Similarly, workshops where employees had the chance to 'play' at work and use their own sense of novelty and experimentation in groups were carried out on a regular basis. The launch of this new vision through involvement activities and other events were working towards the creation of a long-term commitment and a climate of professionalism within the company.

BI was connecting the members of the organisation through a number of mechanisms. Some of these events included the Topic of the Year (ToY), Value Through Innovation days (VTID), review results, preview plans, induction literature/vision magazine, Vision & Leadership workshops.

Apart from having an intrinsic teasing element to it, ToY was a mechanism of self-evaluation where ideas coming from top to bottom were subject to internal debate and implementation. Thus, the commandments of 'Change', 'Value', 'Innovation', 'Waste', 'Distinctive Character' and 'Commitment' were every individual employee's directive of ten consecutive years.

Vision and Leadership bred an organisation that had group co-ordination as its focal point. Likewise, it generated a great number

of strategic and identity forming initiatives – including a wave of significant CSR programmes. In terms of sales, it grew exponentially starting in 1994 with a Net sales* figure of 3.2 up the figure of 10.4 billion in 2007. Employees increased from 24 thousand in 1994 to today being approximately 40 thousand. With V&L came also a set of the latest communication and delivery technology.

However, the very nature of programmes promoting innovation and progress calls for a system of evaluation, review and ultimately update. Certainly, while V&L supported group cohesiveness and tore down communication boundaries within the organisational hierarchy, it left little room for personal initiative or ‘day to day’ decision making.

V&L was led by imperatives and as the French pointed out, ‘pedigisme’ (from President Directeur General), or old school top down management, was no longer delivering decentralised excellence. Moreover, there was an increasing confusion around the number of principles brought by the programme that did not speak to the minds of the nearly 20.000 new staff who were unable to deliver the purpose of the programme. On its 10th anniversary, VTI was reinvigorated by ‘Lead & Learn’.

Lead and Learn

Re-enacting VTI in order to catch up with the new state of affairs entailed putting the emphasis on individuals by creating self-starters.

Moving forward meant that VTI was not to be found at regular times of the year in distant locations but within the individuals that made up BI. Thus, reloading VTI implies addressing individuals as opposed to an undifferentiated group of people.

The new approach called ‘Lead and Learn’ places the individual in relation to the group. The look of ‘Lead and Learn’ features the ME/WE characters as parallel signs in motion that feedback one another in the same space. The ‘Lead and Learn’ iconography explains very

well the self-activation element present in the company's mind-set that came to replace a slightly more commandment like approach.

Web portal

In order to keep everyone informed and up to date BI established a culture zone. This includes a web portal with all the information concerning events, communication and VTI days amongst other features.

Measurement

'It is twelve years since we launched our vision 'Value through Innovation'. It remains part of our lives, not a separate programme. We have achieved more, improved the performance of the organisation and we keep challenging our people'.

Dr. Alessandro Banchi, CEO Boehringer Ingelheim, Baden Baden in 2006

References

- [1] JOHN CLEESE (*yes, the Monty Python Comic*) has a MA in Law from Cambridge University and a Hon. LL.D. from St. Andrews University, Professor-at-large at Cornell University. He is also running studies and is teaching how to be more creative as a company.
- [2] MONOCLE, 'Light bulb Moment', Issue 18, Vol 2, November 08

Summary

In sum, 'innovation' has become an all-pervading word in every company's mission statement. Innovation follows invention. Nevertheless, in order to innovate organisations have to consider a number of aspects that may transform not only their output but also their internal systems themselves. Indeed, one has to practise innovation and not only theorise about it. Academic work on the subject is often too abstract when it comes to the practical facets of it. Certainly, a declaration of intentions is not always followed by the appropriate implementation of it. This arises from the difficulty to translate the principle of innovating into a coherent and consistent set of actions.

The mechanisms of branding can act as a road map for this purpose. Brand-led innovative processes must lie at the heart of the organisation to steer its daily application. It is partly about providing employees with the space and opportunity to articulate their particular way forward. Innovation builds on people's unexplored potential to play. When done with such intent branding can stimulate the spirit of the new and give direction and focus.

Within this context the case of Boehringer Ingelheim represents the paradigm of innovation. This is a company that articulates lovingly its ultimate objective to deliver 'value through innovation' across all spheres of its operation – impacting fundamentally on its culture internally and consequently its image externally.