

# Bill Matassoni

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## Changing Identity

I joined McKinsey in 1980. They were very well known. I noticed how they described themselves as the “world’s preeminent management consultant.” There was a problem with that, I thought. Surveys that ranked professions in terms of respect clearly showed that management consultants were not well regarded. In fact, they were ranked below lawyers. Even dentists were ranked higher than consultants!

Around the same time, *Fortune* came out with an article that corroborated my suspicions. The piece featured a large picture of management consultants in a boxing ring. McKinsey was the biggest boxer right in the middle of the ring. Everybody in the company was pleased at being the biggest boxer, but the article was not flattering.

I concluded that we had to get outside the boxing ring. It was not good enough to be the biggest thug in a ring of thugs; we had to become a unique institution. It goes back to getting outside the parameters of the market space and viewing yourself as an outsider. We started talking quietly about how to make McKinsey a unique institution.

Writing for the *Harvard Business Review* was no longer enough. We wrote for the *Wall Street Journal*. We took on larger issues than consulting firms usually take on. We dealt with issues of policy where we had an economic or strategic angle. We didn’t take on issues we had no right to take on.

For example, we had people writing about energy and taking risky stands by saying the big oil companies should break themselves up. One of our top banking con-

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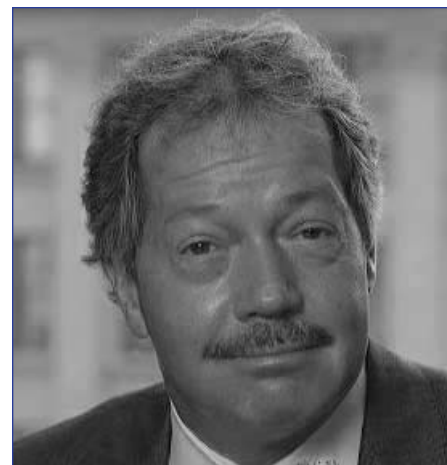
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sultants started writing about the need for banks to “unbundle” themselves. One of our Japanese partners, Kenich Ohmae, took on trade issues and showed that Japan on a per capita basis was consuming more American-produced goods than vice versa. Our willingness to address these issues took McKinsey out of the boxing ring. As Mike Porter often says, claiming to be the best is not smart marketing strategy; it’s about being unique.

## Discovering Corporate Identity

Marketing is about looking outside and getting your head around the current competitive arena. But identity is about looking inside. You need to discover yourself. It is not about words. It is about who you are and what real capabilities and values you possess.

The trick then is to marry these two perspectives: the outside and the inside. Done successfully, this can transform your market position. Done badly, you end up with a new slogan no one believes — not your clients and certainly not your people. It can lead to a form



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*“Job number one for the CMO is to make sure the firm’s leaders stay honest and tell the truth to both recruits and clients.”*

- Responsible for marketing and brand management
  - Has 20 years of prior experience at McKinsey & Company in communications and knowledge management
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of corporate schizophrenia that is very harmful.

## Communicating Image

The bigger challenge is not communicating an image; it’s living up to it. Specifically, there are three core processes in a professional service firm: client service, people development, and knowledge creation. Your image and brand literally have to be embodied in those three processes. Again, change the words all you want, but if you don’t change these processes you don’t change how you are perceived. Change the way you

develop people, change the way you reward good ideas, and change the way you measure the quality of client service. At McKinsey, for example, we stopped looking at how many dollars a consultant was billing a client and started looking at the quality of the relationship.

## The CMO's Role

Any leader of a global function in a professional service firm has two tasks: to serve and to lead. Blending governance and service is hard. Sometimes, you have to let people do stupid things so they learn from their mistakes. But sometimes, you have to take a stand if serious damage to the brand might occur. We have a phrase: "Insight, impact, trust." We bring insights to our clients

*We started the McKinsey Global Institute, which married macroeconomic data to microeconomic analyses of industries and sectors to draw unconventional conclusions about productivity and its sources. That made a lot of news and signaled that McKinsey was an international player and more than a consultant.*

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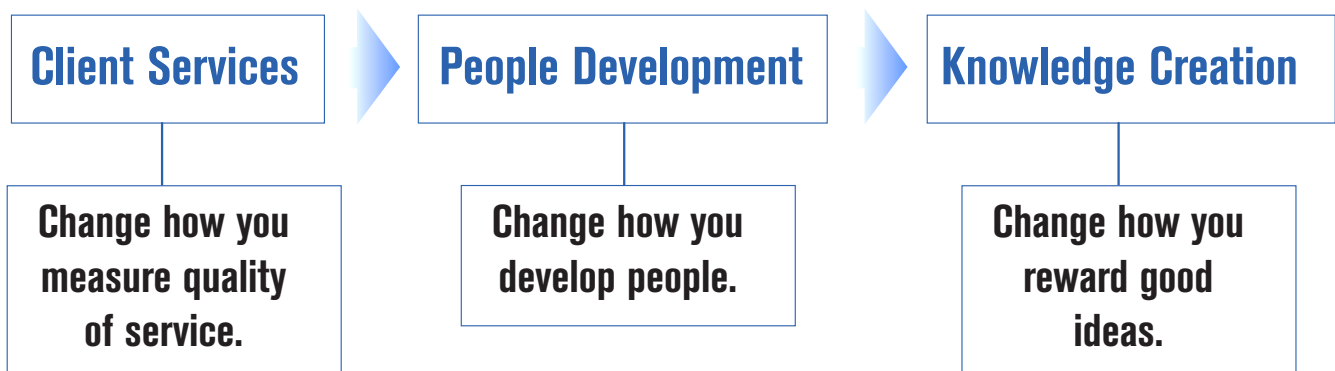
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that cause good things to happen, and as a result they trust us and ask us to do more. It is no different for the CMO. He or she must bring real insight, not just professional advice, that makes a difference and earns a position on the team.

In the end, marketing a professional service firm is really about making sure your core processes translate the values and skills that make up your identity into value propositions that are relevant to a redefined marketplace. ■

## Three Core Processes in a Professional Service Firm and Approaches to Changing Them



# Ideas to Build Upon & Action Points

## *I. What Are Some Essential Components of a Solid Corporate Identity?*

Even though many corporations were initially associated with a single product or service brand, distinct corporate identities generally evolve from their brand associations as well as the influence of many additional factors including company history, leadership, community relationships, and reputation in the marketplace. Corporations who have built and sustained positive identities over time usually share the following characteristics:

- Well-known corporate brands that have stood the test of time and meet customer expectations
- Sustained capability to meet the needs of their customers
- Understanding of the value they create for customers, shareholders, and employees
- Differentiation from similar companies
- Positive internal self-image
- Strong core values that are consistently demonstrated by leadership
- Commitment to excellence
- Respect from the community

## *II. The Bottom Line*

Attaining a customer generally costs six times more than retaining one and, further, studies have shown that a strong brand has a clear impact on financial performance. Purchasers gladly give their money to companies who have positive reputations, offer value, and are easy to do business with. You (or an outside consulting firm) can measure the impact of brand- and identity-building efforts on your bottom line by determining:

- Do people know who you are?
- What effect has advertising had on your Web traffic?
- How are you perceived? (Leader? Laggard?)
- What do customer loyalty surveys reveal?
- What is your ROI, figuring in average selling price, win ratio, and average days to sale?
- Are you reducing costs?

## *III. Must-Have Strategies for Building Customer Loyalty*

Your branding is the promise you make, but your brand is the promise you keep. The best way to build loyalty toward your brands — and, hence, your company — is to make sure the customers' experience meets or exceeds the brands' promise. Important factors to keep in mind when seeking to retain customers include:

- To achieve long-lasting brand loyalty, your customers must feel an emotional attachment to your brand because they believe it bolsters their security, beauty, acceptance, success, knowledge, happiness, and so on.
- Lots of competition does not necessarily spell doom for your brand if you are able to adequately differentiate it from the others.
- To increase repeat business, your product/service should be easily available.
- You can add value to your product or service by expanding your company's reach through exploration of additional knowledge areas or markets.

## *IV. The Golden Rules for Communicating Corporate Identity to Stakeholders*

Your employees — especially those who directly interact with customers — play an essential role in forming your company's identity and supporting your brands. Because their words and actions tell the customer what kind of company you are, company management should ensure that corporate identity is conveyed clearly and consistently across all levels of the organization through:

- The company intranet and other Web-based communications
- Training and e-learning channels
- Collaborations with HR, including employee benefits information
- Screen savers
- Posters in strategic common areas
- “Brand parties” and other informal discussions on brand topics
- Market plans and brand books
- Executive conference calls

- Annual reports and presentations to the investment community

## *V. Essential Take-Aways*

Building and maintaining a positive corporate identity are essential to ensure long-term success for every company. While this is an ongoing process requiring participation from all company leaders, the CEO must formulate the vision and the CMO must help articulate that vision by developing strategy. Best practices for building identity include:

- Ensuring that it's comprised of guiding principles that can last for generations
- Thoroughly understanding the company's markets and differentiating your offerings within them
- Learning your company's true capabilities and values
- Defining and articulating brand and reputation management strategies
- Hiring people who resonate with the company's core principles
- Regularly surveying employees on their level of satisfaction
- Clearly and consistently communicating the core principles throughout all levels of the organization
- For global companies, understanding the nuances of different cultures that might affect how messaging is perceived

Common challenges that can erode a positive identity include:

- Lack of a clear company vision and mission
- Poor understanding of key markets
- Leadership failures such as miscalculated acquisition strategies, misinformed expansion efforts, and political infighting
- Misalignment between strategies and execution
- Inability to adapt to emerging forms of communication such as blogs, wikis, and podcasts ■



## 10 KEY QUESTIONS AND DISCUSSION POINTS

- 1 How has the corporate image of your company changed since you arrived?
- 2 What three specific best practices have you instituted in your own company to build your identity?
- 3 What are the three main obstacles that prevent the formation of a corporate image?
- 4 If a company feels that it is without identity, what are the first steps to remedy this?
- 5 What are the main characteristics or qualities of a strong corporate image? How do you build each of these characteristics?
- 6 How does a strong company image translate into a more robust bottom line? Is it possible to directly, quantitatively measure the impact of identity-building on the bottom line? How?
- 7 What channels have you used to communicate your corporate image to investors and the market?
- 8 How does the vision of the CEO impact the long-term image of the company?
- 9 What role does the company's internal corporate culture play in building an identity?
- 10 How will the role of the corporate image change in the next 12 months? What is the most important thing you will be doing in the next year to manage your company's identity?