

white paper^o

Business Interiors

Brand and Culture

June 2010

Brand, culture and the workplace

Which comes first — the culture or the brand?



white paper^o

Which comes first – the culture or the brand?

In today’s hyper-connected, ever-flattening world, it’s almost become a question not worth asking.

Coexisting in a chicken/egg, yin-and-yang relationship, an organization’s brand and culture shape and reflect each other in an interconnected system. One doesn’t change without the other; they can only evolve together. And the workplace is where it all happens.

In the symbiotic relationship between brand and culture, brand is the outward manifestation of a company’s DNA and culture is the inward demonstration. The corporate world has been talking about organizational culture for years, but the emergence of brand as a discussion point in the executive suite is relatively new for many organizations. Of course, brand mavens like P&G and Coca-Cola live their brands every day, but at less well-known companies, brand has traditionally been left to the purview of the marketing department. In a competitive marketplace with a multitude of choices, however, organizations are realizing that differentiation is critical to survival and a strong brand can help cut through the clutter.

While brand is more talked about than ever, there’s also more confusion about what it really is. In no small part, that’s because concepts about brand have grown up since their Madison-Avenue, “Mad Men,” strictly advertising days.

Today, experts agree that a brand is no longer something you can apply to the

surface of an organization as if it were nothing more than a mark on cowhide or a catchy tagline on an ad. Strong brands grow from within. The line between culture and brand thins and smudges to the point that it almost can’t be seen. And if an organization wants to change its brand, it needs to consider whether the culture can support that change.

The workplace is a frequently overlooked but critical lever in supporting a brand and culture change. This was validated by a recent survey of 123 corporate real estate leaders conducted by CoreNet Global. The results show that 77% believe that brand is a critical driver for their business; yet only 54% said the workplace plays a critical role in supporting it and only 15% said their facilities reflect their brand “very well.”¹

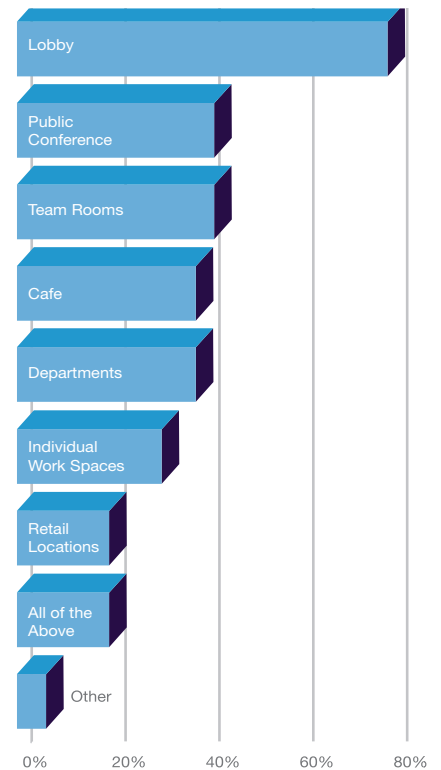
If a culture change is a drama being played out (sometimes literally, as well as figuratively), then the workplace is the theater. Steelcase has studied these issues through primary and secondary research plus field studies with clients, and even uses its own spaces as living laboratories. Through collaboration with architects, designers, and corporations worldwide, Steelcase’s Workplace Futures team and Applied Research Consultants are discovering new insights into the tightly connected and changing relationship between culture,

brand, and workplace. This paper explores what we’ve learned about the role of the workplace in building an organization’s brand and culture and provides evidence for our conclusion that it’s virtually impossible to change an organization’s culture or its brand in significant ways without also changing the workplace.

FILLING IN THE BRAND GAP

In even the recent past, the connection between the workplace and brand building was often overlooked beyond a few logos sprinkled around and an impressive guest lobby.

WHERE IS BRAND REFLECTED IN YOUR WORKPLACE?



Source: Steelcase & CoreNet Branding Study

The CoreNet survey validated that most real estate leaders still see the public faces of their facilities as most important for communicating brand.²

WHERE IS BRAND REFLECTED IN YOUR WORKPLACE?

In addition, logos and advertising are still the primary way to express brand in the workplace. At the same time, 50% understand that the design of the total workplace is a powerful way to encourage behaviors that sync with brand.³

HOW IS BRAND EXPRESSED IN YOUR WORKPLACE?

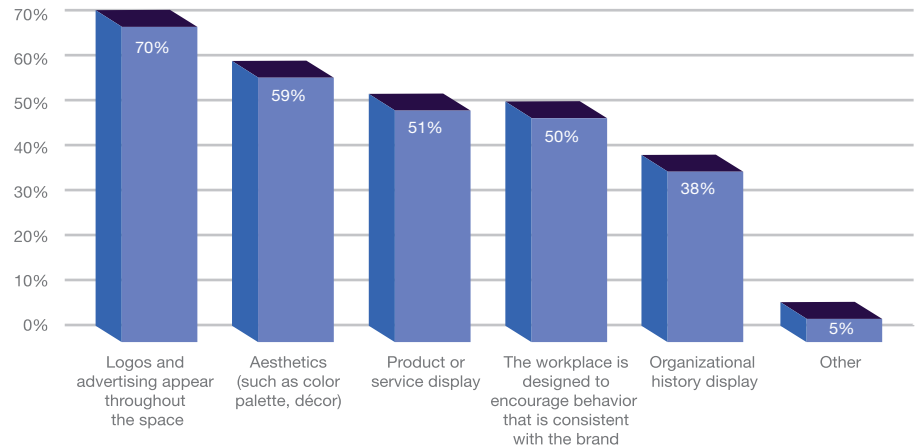
Because space has such power to influence behavior — how we feel, how we interact with others, our productivity — its role in shaping culture and, as a result, a brand is imperative. By recognizing that the total workplace is an opportunity to successfully refine or redefine their culture, organizations can be poised to respond to the fast-changing dynamics of globalization, technology, Gen Y presence and influence, real estate compression, economic recession, and other operational and market challenges

The perception that marketers own branding is based on 50+-year-old practices that are as out-of-date as three-martini lunches. Today, branding requires the engagement of everyone, from the CEO to the hourly production employees to outside consultants.

Why have brand discussions moved to the organizational forefront? Analysis indicates there are three key reasons. First, consumers have too many choices and too little time to make decisions. When faced with a plethora of options, buyers will often default to a trusted brand, one with which they've had a positive experience. Second, as much as companies hate to admit it, many product offerings have similar quality and features. No matter how fast they innovate to stay ahead of the market, companies find that product features are often easy to emulate or copy. Finally, people tend to base buying choices on trust and emotion. We use rational reasons to justify our decisions, but ultimately we think about how products or organizations make us feel — do we feel good about our purchase?

One of today's leading brand thinkers is Marty Neumeier, author of *The Brand Gap*, *Zag*, and *The Designful Company*. Neumeier debunks the myth that a brand is essentially a logo or ad campaign — these are merely symbols or identifiers of the brand. Moreover, a brand isn't a corporate identity

HOW IS BRAND EXPRESSED IN YOUR WORKPLACE?



Source: Steelcase & Corenet Branding Study

program or a name put on a product division or service offering.⁴

A brand is who an organization is and what they stand for — and how it meets the needs and expectations of the person considering it. Simply put, your brand is your reputation. It's the total experience any individual has with a company. The vast ranges of places and ways companies interact with their customers or clients are "touchpoints" that include everything from product design to the person who answers the phone. All of these touchpoints influence how people feel about a brand. Can you imagine walking through a dirty Magic Kingdom and interacting with a grumpy Mickey Mouse?

As such, great brands don't just happen. They require focus on all areas, not just marketing or advertising. In fact, in today's experience economy, traditional brand investments may be less important. For example, online retailer Amazon, one of the world's strongest brands, isn't splaying their logo everywhere. They spend very little on conventional marketing tactics such as trades shows, TV, and magazine ads. Instead, they focus resources on technology, distribution capabilities, and other investments that pay off in ease of use and a smooth shopping experience.⁵ They recognize that their brand is primarily about the experience.

Starbucks is another recognized example of a company that "gets" holistic branding. They do plenty of conventional advertising, but they also focus significant resources on the product, service, and real estate experience, right down to the music you hear when you walk in the door. By focusing on the total experience, they've successfully convinced billions of people every day that it's worth

it to spend more for coffee. Starbucks, like Amazon, has figured out what people want and value, and they've made it integral to their brand.

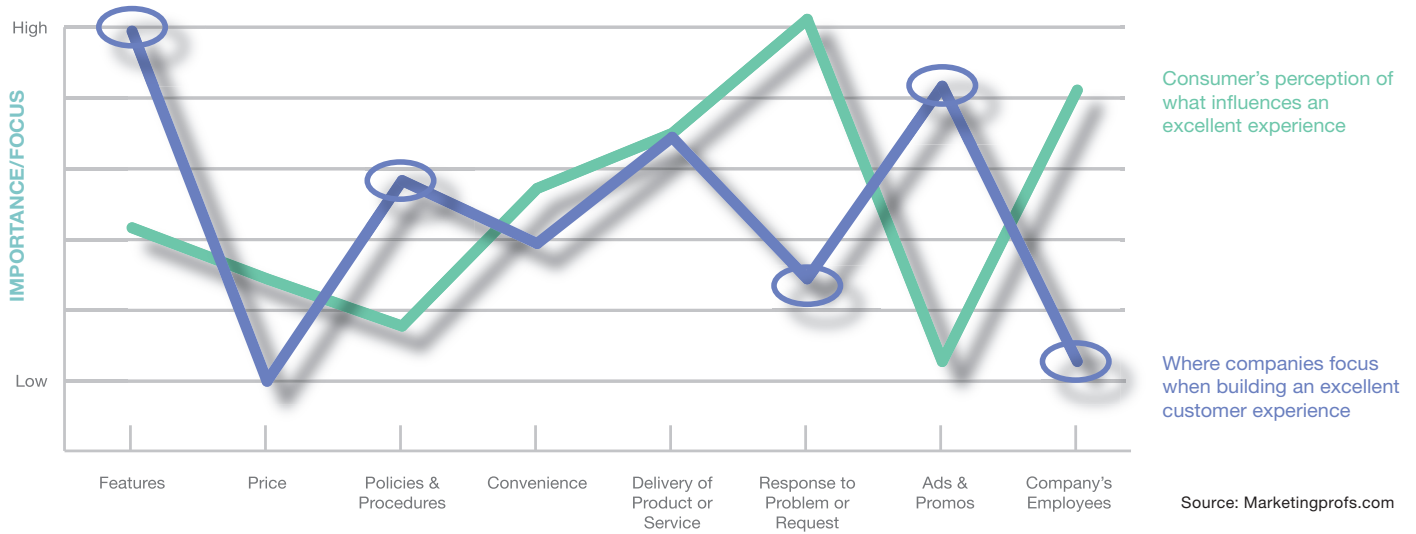
But many companies are still struggling to understand just how to empower their brands. Some interesting work done by the Forum Corporation showed that consumers' perception of what's important in their experience is often very different from where many corporations put their focus. In particular, there's a wide gap between consumers' and companies' perceptions of the value of ads and promotions. According to the study, another huge gap is perceptions of the influence of a company's employees in the total customer experience, with customers ranking it highly influential and companies focusing on it very little.⁶

Similarly, Steelcase researchers embarked on a project five years ago, code-named EXP, to better understand the entire ecosystem of how customers experienced the company's brand. By identifying all the major touchpoints, they discovered that customers' experiences were impacted by a variety of things — including customer service, planning tools, showrooms, the website, and product demonstrations. See diagram *Differing Perceptions of What Influences the Customer Experience* on page 4.

GREAT BRANDS START AT HOME

In a globally connected, socially networked, and increasingly transparent world, brand is no longer what a company asserts about itself. The market (i.e., the people in it) ultimately defines a brand based on their experience of it. Thanks to the Internet, social media, YouTube, and a significant increase in word-of-mouth, nearly everything about

DIFFERING PERCEPTIONS OF WHAT INFLUENCES THE CUSTOMER EXPERIENCE

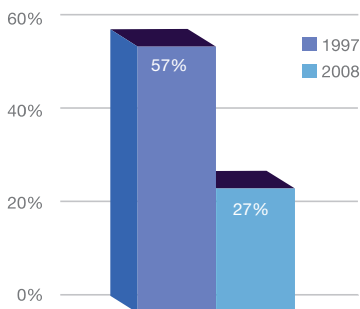


SERVICE ATTRIBUTES

companies and their brands has to stand up in the discriminating court of public opinion.

Little wonder that, under such intense scrutiny, trust in brands has been collapsing overall. "Society's faith in institutions, corporations, and leaders has been severely rocked by scandals and betrayals, from misconduct at our investment banks to salmonella in our peanut butter to human growth hormone in our baseball players. One by one, such revelations have battered corporate credibility, leaving few brands immune." That's the conclusion of a recent study that included 900 global brands and produced data that show a severe decline in brand trust during the past decade.

PERCENTAGE OF TRUSTWORTHY BRANDS



Source: Strategy + Business

Similarly, Interbrand's annual survey of the value of brand names published in Business

Week shows that the combined value of the top 100 brands declined in 2009, and even the value of the top 10 brands declined, for the first time in the 10 years that study has been done. Interbrand CEO Jez Frampton attributes the decline to a loss in trust that started with financial companies, and then quickly expanded beyond. The Interbrand annual ranking is based on a calculation of the amount of revenue that is attributable to brand, using a formula that takes into account the brand's future strength and its role in creating demand.

Clearly, gaining trust is higher on the agenda than ever. This reality also means culture is more important than ever for creating authentic, strong brands.

Successful organizations are now using their brands not only to create demand in the marketplace. They're also recognizing the tremendous value that can be delivered when brand is embedded in employees' minds, behaviors, and decision-making.

In 2008 returning Starbucks CEO Howard Schultz realized the importance of staying authentic to culture and brand while effecting a financial turnaround of the company. For example, he shut stores for three and a half hours of retraining and continued the Starbucks tradition of providing employee benefits, despite intense pressures to reduce operating costs. The challenge, he told Harvard Business Review in the July/August 2010 issue, was "how to preserve and enhance the integrity of the only assets we

TOP 10 BRANDS, 2009

1. Coca-Cola
2. IBM
3. Microsoft
4. GE
5. Nokia
6. McDonald's
7. Google
8. Toyota
9. Intel
10. Disney

Source: Interbrand

have as a company: our values, our culture and guiding principles, and the reservoir of trust with our people."

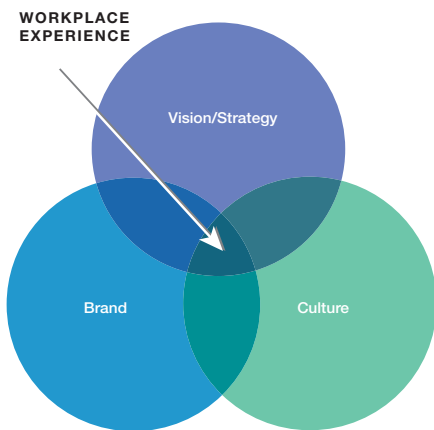
In contrast, not long after BP and Amoco merged in the late 1990s, the company launched a new brand identity. Amoco's formidable "torch and oval" logo was replaced with the BP Helios logo. Named after the Greek god of the sun, the logo was designed to suggest a close affiliation with nature — sunflowers as well as the sun itself, according to the BP website. Since the 2010 Gulf of Mexico oil spill, BP has learned the hard way that actions speak louder than logos, and culture is brand. The tarnish that the BP brand has suffered is so great that some of the 10,000 independent BP gas station owners are considering returning to

the Amoco brand, despite its red/white/blue, decidedly “ungreen” logo.

Because employees create the ideas and execute the processes and interactions that define the customers’ experiences, the space where work gets done is integral. The right kind of space can help to deliver on everything a brand aspires to be. In a continuous loop of influence, brand equals behaviors, which equal culture, which is shaped and reinforced by the workspace. To create great brands, brand attributes must be lived throughout the organization. It’s hard to live a brand if the workplace isn’t in sync. Just as culture and brand are enablers for bringing strategy to life, the spaces where work is done are essential for defining and steering brand and culture.

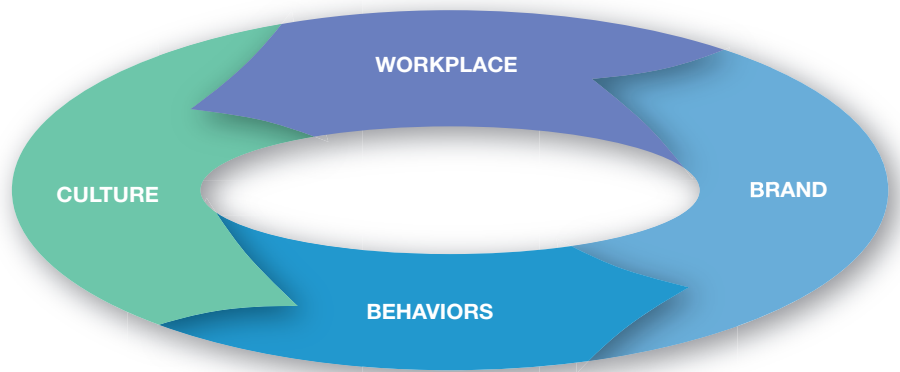
As a living manifestation and influencer of brand, using the workplace to its full potential has been largely untapped. But that’s beginning to change as designers and consultants work with organizations to define their brand attributes and find ways to reflect and reinforce them in the workplace. It’s becoming obvious: if the strategy is to be agile, hip, and leading-edge, the workplace can’t be conventional. Or, if the strategy is to be transparent and accessible, the workplace can’t be siloed. Or, if the strategy is to project security and conservative stability, the workplace can’t be dotcom casual. Or, if the strategy is to be committed to sustainability, then the workplace needs to demonstrate “green” authentically.

In other words, the workplace provides a unique opportunity to gain clarity, alignment, and authenticity at the important intersection of brand, strategy, and culture.



The best workplaces integrate all three important components of the organization.

THE CODEPENDENCIES OF BRAND



Space can be a powerful tool to both create and reflect culture and brand, a kind of social glue that holds a workplace community together and increases engagement.

BRAND NEW THINKING: THE CONTEXT OF CULTURE

Steelcase researchers began actively studying the influence of space on brand and culture in 1989 when the company built its pyramid-shaped Corporate Design and Development Center (CDC). The facility was a behavioral prototype for applying and testing new principles as part of Steelcase’s ongoing research into how to support people at work, and it was deliberately designed to promote more collaboration and creativity in the company’s culture. The shape of the building provided “look down” views between levels for increased visibility between work groups, and escalators were installed to support spontaneous conversations that would be less likely to happen in closed elevators. The then-new Context® freestanding systems furniture pioneered use of curvilinear surfaces as an aid to communication. In addition, the CDC made a visual statement about the company’s commitment to sustainability, with the building sited on 125 acres of recreated native prairie.

Continuing to explore the dynamics of an increasingly collaborative culture, Steelcase created an open-plan executive leadership suite in 1996, a revolutionary concept that was carefully studied and refined with continued experimentation. The opening of Steelcase University Learning Center in 2000 allowed for further discoveries about the tight interconnectivity among space, culture, and brand. A reclaimed factory, it quickly became a favored hub with an abundance of natural light, plug-and-play capabilities, and an always-open café.

Since the EXP project was undertaken and the organization began focusing on a wide range of brand touchpoints, Steelcase and its design partners began an explicit exploration

of spaces that would help shape behaviors consistent with the desired brand attributes. It wasn’t enough to have a high-performance work environment – spaces had to promote the behaviors that would allow employees to live their brand promise. For example, researchers and designers were asked to study the dynamics of an increasingly distributed workforce. A behavioral prototype was created for the company’s Global Supply Chain team. The employees are distributed workers, interacting with vendors around the world and frequently traveling to suppliers’ sites. Collaboration takes place across multiple time zones and locations.

Designers took 7,000 sq. ft. of traditional paneled workstations and reimaged it as a community of shared work settings. There are no assigned spaces now, and workers choose their space for the day: a semi-private office, team space, huddle room, stool-height workspace, etc. — all on a first-come first-served basis. A café in the center of the space offers booths, small tables with mobile chairs, a refreshment bar, and stand-up-height workspaces. Fifty people became mobile workers in return for a space that supports multiple work styles and tasks, including a telepresence room (two-way videoconferencing), partially enclosed team spaces, and lounge areas. Using video ethnography, surveys, and interviews, researchers study the worker behaviors and closely measure the performance of the space. Then they adjust the prototype space based on what works and what doesn’t.

Like many organizations, Steelcase researchers have found that space needs change as brand and culture change. This insight fueled the decision to move from the Corporate Development Center to a new studio space at the company’s global headquarters,

COME TOGETHER

There's a noticeable trend to make brand iconography less stiff, more reassuring, and even playful.*

Wal-Mart is just one example. Its military-look, navy-blue stars are being replaced with a yellow twinkle.

Similarly, many organizations are realizing the need to "uncube" their spaces and increase collaboration in the workplace to better reflect and support their culture and brand today.

* *The New York Times*, May 31, 2009

continuing the exploration of how space can galvanize culture and create positive work and brand experiences.

Such explorations are a topic of interest to many organizations. Working with more than 50 organizations in a variety of industries, Steelcase researchers have employed a survey-based methodology that helps leaders and their workers assess and alter their organizational culture. This methodology, the Organizational Cultural Assessment Instrument (OCAI), developed by the University of Michigan's Kim S. Cameron and Robert E. Quinn, is based on the premise that there are four basic types of organizational culture: clan, hierarchy, adhocracy, and market. All are present to some degree in all organizations, and they compete with each other for dominance.⁹

Because space impacts culture and ultimately the brand, applying this methodology can be an important step for an organization that seeks to create a new workplace or transform an existing one.

By collecting and compiling OCIA data, Steelcase researchers have discovered a clear shift: in the majority of organizations, clan values are gaining dominance. Yet, most workplaces in use today reflect hierarchy and silos of internal isolation.

Whether it's in response to disruptions of economy and right-sizing, or social trends toward increased networking, or the expanded opportunities that technology provides, the end result is the same: workers now want to be connected and able to work together often in close proximity. It can also be viewed as a social pattern with recognizable similarities to the current residential migration going on in the U.S., away from

THE FOUR PROFILES OF ORGANIZATIONAL CULTURE**THE CLAN CULTURE**

A very friendly place to work where people share a lot of themselves, like an extended family. The leaders are considered mentors, perhaps even parent figures. The organization is held together by loyalty or tradition. Commitment is high. The organization emphasizes the long-term benefit of human resources development and attaches great importance to cohesion and morale.

THE HIERARCHY CULTURE

A very formalized and structured place to work. Procedures govern what people do. The leaders pride themselves on being good coordinators and organizers who are efficiency-minded. Maintaining a smooth-running organization is most critical. Formal rules and policies hold the organization together. The long-term concern is on stability and performance with efficient, smooth operations. Success is defined in terms of dependable delivery, smooth scheduling, and low cost. The management of employees is concerned with secure employment and predictability.

THE ADHOCRACY CULTURE

A dynamic, entrepreneurial, and creative place to work. People stick their necks out and take risks. The leaders are considered innovators and risk-takers. The glue that holds the organization together is commitment to experimentation and innovation. The emphasis is on being on the leading edge. The organization's long-term emphasis is on growth and acquiring new resources. Success means gaining unique new products or services. Being a product or service leader is important. The organization encourages individual initiative and freedom.

THE MARKET CULTURE

A results-oriented organization whose major concern is getting the job done. People are competitive and goal-oriented. The leaders are hard-drivers, producers, and competitors. They are tough and demanding. The glue that holds the organization together is an emphasis on winning. Reputation and success are common concerns. The long-term focus is on competitive actions and achievement of measurable goals and targets. Success is defined in terms of market share and penetration. Competitive pricing and market leadership are important. The organizational style is hard-driving competitiveness.

suburbia with its big lawns and fences back to the closer intimacy of urban living.

TOUCHY, TOUCHY, TOUCHY

With fundamental shifts underway in culture and the ways people want to work, it's no surprise that new dimensions of workspace design are emerging to support trends and new behaviors. These include:

A reduced ratio of individual workspaces to collaborative settings

Workers today want "the family room" where they can share ideas and have informal dialogue, whether it's face-to-face or technology-enabled. With more open, easily configurable spaces, workers can spontaneously gather to communicate and learn from

each other. Eliminating or lowering walls and panels creates spaces that encourage serendipitous interactions and maximize creativity and teamwork through ad hoc meetings and brain-storming sessions.

Increased use of technology as an enabler of connections

Organizations need to be able to easily and quickly connect people who work in multiple locations. Real-time and asynchronous collaboration and work-management tools, along with a variety of telecommunications technologies, can go a long way toward connecting distant workers with increasing effectiveness.

Key questions to keep in mind throughout this process are:

• **Is your design approach multi-layered?**

Brand is about more than just visuals. While it's important to communicate brand through the use of logos and other graphics, that's just the beginning. The type of spaces, the color palette, the materials used, the traffic flows — every detail makes a statement about what the brand stands for.

• **Is the design authentic for the culture?**

A workplace is where an organization lives what it believes. The space has to match what's valued — and not just in the public places that customers see. The attributes of brand need to be carried throughout the entire space to shape the behaviors of employees and create the desired culture.

• **Are you looking inside out by focusing on employees first?** It's important to identify the behaviors needed to ensure employees are living the brand. In addition to the OCAI framework, there are other valuable assessment tools to help envision the culture an organization is and wants to be. This is the first step to making sure the workspace fully supports goals.

• **Are there ways to celebrate and reinforce the culture with symbols and rituals?** Every brand has icons, and every culture has artifacts, traditions, and inspirations that can and should be displayed. Much of the storytelling of a brand can be imbedded in visual elements. Used as a kind of shorthand of culture, display areas can quickly create a sense of cohesiveness and belonging. One way to do this is with “branding walls” or other arresting graphics that visually reinforce key messages and what the brand stands for.

THE BOTTOM LINE

Exploring the questions of brand and culture and their relationship to the workplace is no longer a “nice to do.” It's imperative for organizations that want to compete in an increasingly crowded marketplace. Gone are the days that companies could put forth one image to the public and keep its internal behaviors behind the curtain. Employees are the ambassadors of the brand, and that doesn't mean just executives or the sales force. Every person who touches the customer in some way — from the people in the shipping department to those who answer the phone — have an opportunity to shape the company's reputation and, therefore, its brand. When an employee feels an emotional connection to brand and “at home” in the workplace, an organization is on its way to both a stronger, richer culture and a more authentic, successful brand.

ENDNOTES

¹ “Brand and Culture,” CoreNet Global research survey, conducted November, 2009

² Ibid.

³ Ibid.

⁴ *The Brand Gap*, by Marty Neumeier, Peachpit, a division of Pearson Education, 2006

⁵ “At Amazon, Marketing is for Dummies,” by Spenser E. Ante, *Business Week*, Sept. 28, 2009

⁶ “Marketing's Role as Chief Customer Officer,” webcast on marketingpros.com, accessed Sept. 28, 2009

⁷ “The Trouble with Brands” by John Gerzema and Ed Lebar, *Strategy+Business*, issue 55, Summer 2009

⁸ “Great Recession Takes Great Toll on Value of Brand Names,” by Stuart Elliott, *The New York Times*, Sept. 18, 2009

⁹ *Diagnosing and Changing Organizational Culture* by Kim S. Cameron and Robert E. Quinn, John Wiley & Sons, Inc., 2006

¹⁰ *Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations Across Nations*, by Geert Hofstede, Sage Publications, Inc., 2003

¹¹ *Steelcase Workplace Future Office Code: Building Connections Between Cultures and Workplace Design*, 2009