

Corporate Identity and Strategy Design

Introduction

As he was strolling through the streets of Vienna, on a mild afternoon in late summer, philosopher Arthur Schopenhauer began contemplating the concept of Identity on mankind.

Such was by the complexity of the issue, he lost consciousness of his surroundings; without notice, the famed philosopher rested his walk by the gate of a beautiful villa at the outskirts of the city.

Schopenhauer kept thinking, trying to find an answer to the Identity of man, knowing implicitly that the answer to that matter would open the door to the solution of Man's purpose and mission in life. So taken he was by his thoughts, that time went by, and went by, without him noticing. The owners of the villa had noticed the austere man by their gate, and were bewildered by his behaviour: deep in introspection, not moving. After several hours, they were still hesitating in approaching the curious figure. Worried by his weird behaviour, they decided to ask the help of the local police. Schopenhauer was oblivious to the commotion he was creating. In fact, he was still immersed in his philosophy as the Police officer approached him with caution, and a firm question: "Who are you?" the guard asked. And Schopenhauer, still contemplating the riddle of identity, answered with a deep sigh: "If I only knew!"

This anecdote illustrates the power of the concept of one's identity, which has often been central to the understanding of what people are and what they are about. It has been debated for century, leading to a better understanding of human nature and its potential.

It is the fundamental thesis of this paper that the concept of Identity is also important in defining the nature of a company. Identity is central to a company strategy, its brand, its core competencies and its future. This essay is not however philosophical in nature; rather, I will try to illustrate through concrete example and the support of business research how a well defined Identity can help an enterprise design a stronger strategy, support a resilient corporate culture and link the reality of a market to the role a company wishes to play in it.

Managing corporate identity can be a powerful strategic tool for executives.

The definition, understanding and sharing of a firm's identity can support a higher degree of cohesion between its external perception (brand) and its internal beliefs and motivation (culture). More importantly, thinking and redefining the concept of identity can help a company formulate a strategy in times when change is needed. Identity can be the pivotal concept upon which a new strategy is designed, and fill the transition between the assessment of the reality of the market (fact base) and the reality it wishes to define for its future (strategy).

Most companies already adopt visions and mission statements to define or test the appropriateness of their course of action. The concept of corporate identity, however, differs from both vision and mission. Vision is a statement about future intentions, mission statement describe what a company sets out to achieve. None of these notions describes what a company fundamentally is: that is the realm of Corporate Identity.

Several of these concepts might be already well known and understood by our clients. The approach designed by Crescendo Partners is designed to clarify why Identity can be such a powerful, practical concept to adopt and supplement other methods used to design a corporate strategy. In our projects we also offer suggestions on how to define an appropriate identity for an entity, using case examples where this methodology has been applied successfully.

Indeed, thanks to the privilege of having been involved in several fundamental corporate strategy projects, our teams have been able to observe many cases of transition between strategies, leading us to redefine the concept of identity first hand; over time, especially with the support of our clients, we have been able to codify part of our learnings, and not only observe the power of Corporate Identity, but to help our clients identify and shape it themselves.

2. Strategic fact base and Strategy design

The concept of Corporate Identity is intimately linked to that of strategy. A company's strategy transcends from what it is, from its identity.

A successful strategy stems from a chosen identity, is consistent to it, whilst respectful of the constraints and opportunities inherent to the market in which it operates.

Therefore, in order to appreciate the power of a correct understanding of corporate identity, it is helpful to establish a common ground on what strategy also is, and what type of process a firm can adopt in defining its strategy.

This essay does not claim to issue the defining word on what exactly strategy is. The field has been studied and enacted by numerous ensign academics and brilliant professionals. Rather, I aim to disclose a possible interpretation of what strategy is, to create a plausible context for the exploration of the concept of corporate identity.

Perhaps a useful starting point in reflecting about the essence of strategy might commence from the study of the etymology of the word strategy itself.

It comes from the Greek word Strategos (Στρατηγος), the General [normally of an Army].

It is very interesting how the word general, in everyday English – and by the way in many other western languages – has a double meaning:

1. General – as in generic...
2. General, as per the original Greek meaning, as the

In these dichotomy of meaning lies – in my view – also the essence of what strategy is about in a business context.

A company strategy relates to “generic” issues, issues about the “general” direction in which a company is moving. Therefore a strategic initiative or plan is about something which involves the company at large, that has an impact on the entire business.

But also it is a “General” issue, an issue of high importance.

A generic issue is not enough to be deemed as strategic, it also needs to be a “General” issue, and vice versa. Two examples might clarify what we mean.

The decision of what colour to paint the outside wall of a company headquarters might be an issue impacting the entire firm, however in most instances it will not determine the success or failure of the enterprise in the market. It is a “generic” issue, but not a “General” one. Conversely, the total amount of bonus granted to senior executives might be a General issue, with high economic impact, but it would not necessarily determine the overall direction the company is heading towards.

Only generic issues with high importance for the future of the company (ie, “General issues”) are about strategy.

So the first attribute of Strategy is about the relevance of the matter at hand, its General generic nature.

Ipsa facto, there is a second attribute which allows us to recognise if an issue is truly strategic in nature. It needs to be an issue of concern for the Board and/or the Senior Executive team in a company. The classic CEO issue. It is in fact the fundamental responsibility of a CEO to be in charge of a company strategy, to comprehend it, design it and lead it to completion.

Thirdly, oftentimes true strategic issues are those where the answer is unknown prior to an accurate reflection about their resolution. True strategy is about the uncertain and the unknown. I reject terms such as “cost reduction strategy” or “Strategic sourcing” as – in most instances – pure oxymoron and fundamentally anything but strategic.

Surely the purpose of a cost reduction strategy is to decrease cost: the answer to the issue is known. It might be complex to plan, hard to execute, difficult to implement and sustain, but it is not truly strategic. It is a matter of how, not of what. True strategy is about the what, the complex and the unknown. Often

times a typical strategic issue presents itself in such a way that not only the answer is not known, the actual question is also obscure.

There are hardly purer strategic issue than those situations in which certain symptoms might be visible (such as declining profitability), but the causes are unclear or not visible.

Strategy, in this context, is about navigation in uncharted territories. In night navigation, one must find a pointer, or a beacon to follow, or in their absence at least an instrument to guide its navigation.

Within this metaphor, Corporate identity can be the fixed pointer supporting “strategic navigation” very much like the Northern Star helped the Phoenicians conquer a decisive advantage in commerce through their unique ability to shorten night-time navigation across the Mediterranean Sea.

2,500 years ago, the Mediterranean Sea was at the centre of intense international commerce. Various nations of traders were in contact with each to exchange goods. Despite the apparent proximity however, merchant did not have the ability to cross the Sea at night, and were confined to progress in their marine trade by adhering to the tortuous coast line. Marine commerce was therefore a slow, often treacherous affair. That is, until the Phoenicians discovered the unique property of a star who maintained its fixed position (North) through the night. With such a reference point, the Phoenician would use what become known as the Phoenician Star (nowadays the Northern Star) to cross the Mediterranean Sea more rapidly. The Phoenician Star became their fixed pivotal point, and an essential advantage in defining their commercial success.

Recapping, the concept of Identity is a similar tool to a fixed star, or a guiding beacon. It can help a company find its way in the uncharted territories of strategy design.