

Creating Preference in a Competitive Market

Leveraging emotional bonds with stakeholders

Your brand is what connects you with your people and your people are what make your business. As simple as it sounds many companies struggle to understand how this principle applies to their own organization. Opportunity presents itself to those companies that are willing to dig deeply and engage their brand with the emotional needs of their audience.

Taking a close look at ethical guidelines that top-level organizations have put in place we see that the emotional ties of a brand are playing an important role in keeping proactive companies on top.

Looking at the results from *Business Ethics Magazine's* 100 Best Corporate Citizens for 2006 we find that successful companies are embracing emotional issues as a way to connect with their audience. Their findings are based on performance in eight stakeholder categories: product, share-holders, community, governance, diversity, employees, environment, and human rights. The following companies have been on the list for more than seven years in a row and you'll probably recognize most if not all of them:

Cisco Systems, Inc	Pitney Bowes, Inc
Cummins, Inc.	Procter & Gamble Company
Ecolab Inc.	St. Paul Travelers Companies
Graco Inc.	Southwest Airlines Company
Herman Miller, Inc.	Starbucks Corporation
Hewlett-Packard Company	Timberland Company
Intel Corporation	Whirlpool Corporation

Business Ethics magazine discusses how companies in different industries bond with the emotions of customers and employees to be leaders in their industries. Here is a sampling:

Hi-Tech Companies

Hi-Tech companies are embracing environmental issues, with Motorola ranking second overall in this category. They also tend to be active in their communities and score high in employee relations. Surprisingly, the Hi-Tech industry is the highest ranking sector.

Example: Hewlett-Packard has focused their efforts on community and diversity.

- 1.) In 2000, HP launched its Digital Village program, to establish computer centers in villages in Africa, Asia, and Latin America. "In many cases they end up becoming community centers where kids and seniors both come in and learn about the technology and tutor the children," Reel says.
- 2.) On the environmental front, HP is reducing greenhouse gas emissions by cutting employee travel and using renewable energy. A bigger focus is what David Lear, vice president of corporate, social and environmental responsibility, calls "materiality assessments" of product designs, backed up by HP's Planet Partners recycling service for computer equipment and HP printing supplies.

Financial Institutions

We're seeing a trend with financial institutions and human rights initiatives. Business Ethics magazine sites two leaders in this category. Here's an Example:

- 1.) Wells Fargo—strong human rights and diversity policies. This is reported to be a reaction to strong resentment from housing advocacies and lending practices to low-income customers. Wells Fargo has made huge efforts to implement plans that improve their lending practices. They've also created a foundation to address low-income housing needs.
- 2.) Wainwright Bank & Trust Co. (No. 18), which over the years has provided more than \$400 million in loans to development projects such as affordable housing and homeless shelters.

Notable Up-and-Comers

Nike made the list last year at No. 31 and this year climbed to No. 13—based largely on the strength of its community and environmental programs. The Beaverton, Ore.-based shoe and apparel company had 2005 revenue of \$13.7 billion, with earnings of \$1.2 billion. Its increasing emphasis on environmental programs earned it the No. 1 ranking in that category this year. With its “Nike Considered” sustainable design approach, the company is seeking to eliminate waste and toxic substances from production processes. It has developed a sustainability index to assess progress.

I've identified a small sampling of possible opportunities that can be applied to almost any business that will allow you to connect with employees, customers, communities and stakeholders and drive loyalty and favor.

- 1.) Look at opportunities within your organization to reach out to your employees and audience with community issues that are important to them.
- 2.) Review environmental practices and look for new opportunities to improve the impact your organization has on the planet...for future generations if not for your own.
- 3.) Further your reach to diversity and human rights practices.
- 4.) Produce product and service offerings that make better use of materials and resources.

What does this mean for organizations?

We know that there are many benefits to aligning a company with the emotional needs of its audience, and depending on your approach you may find that you benefit in more than one area of your business. We know that companies can gain brand differentiation, enhance employee recruitment and retention, build stronger and more meaningful community networks, foster employee talent, improve relations with regional and federal governments and enhance credibility. Additionally we see companies creating strong visions that inspire their employees and audiences, increase market share and provide opportunities for new found growth.

Matt Barnhart is the principal of Pivot Lab, a leading agency for companies that desire to enhance healthy lifestyles. Let us know if we can be of further assistance. You can contact Matt at matt@pivotlab.com or e-mail info@pivotlab.com