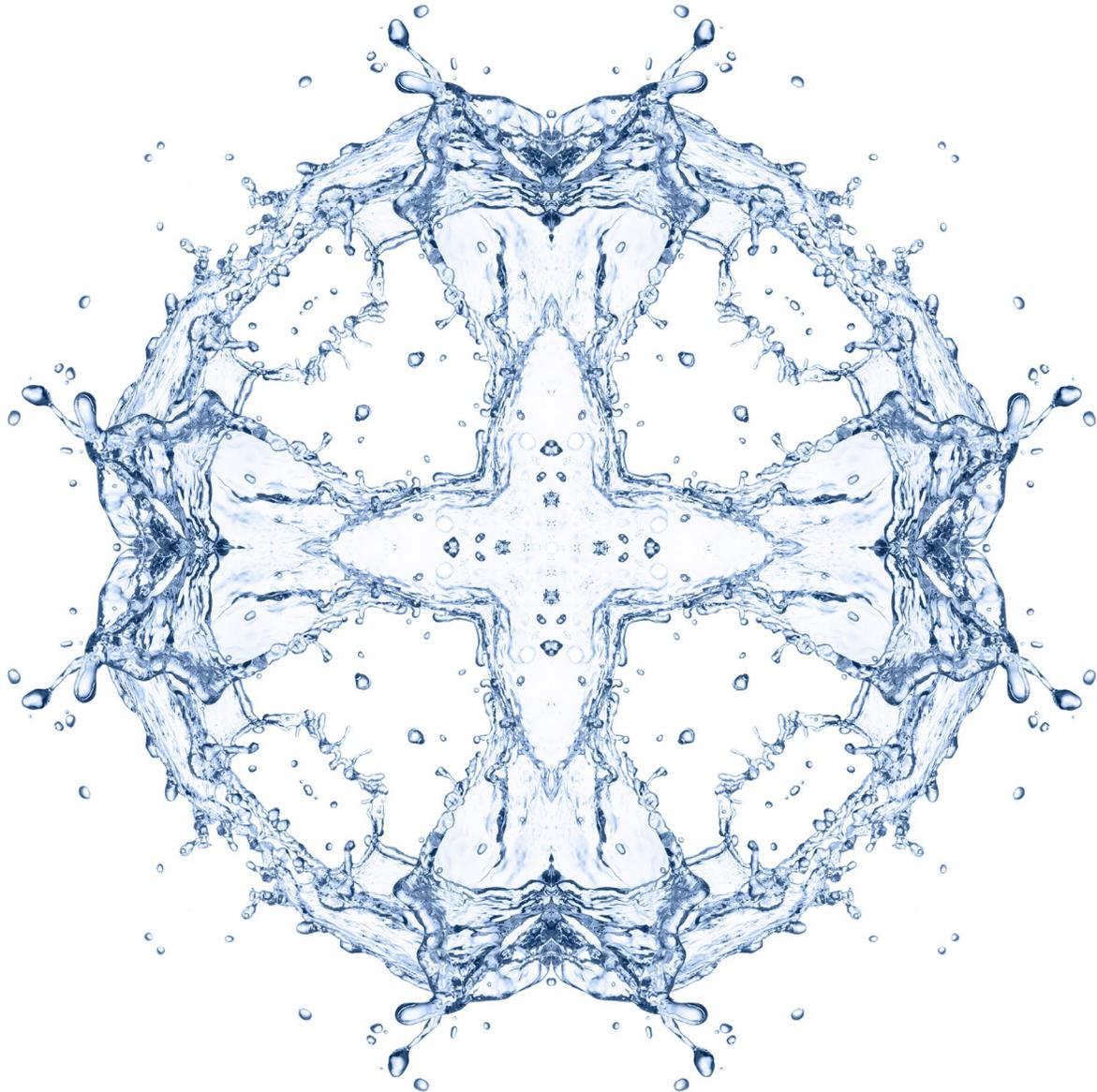


Deloitte.



The Next Wave

Real stories on leading through risk, crisis, and disruption featured in the Resilient podcast series

The Next Wave

Protecting and growing brand value

Brand and reputation – it’s what your company is built on. It’s what your customers base their loyalty on. And it takes a lifetime to build but only an instant to be torn apart. Smart executives know that a strong brand and reputation go to the heart of the business – whether fulfilling the expectations of customers and shareholders or acting as a lifesaving asset during a crisis. Here are a few guidelines from top leaders on prioritizing brand and reputation to stay strong in both good times and bad:

Own your reputation

Unlike a marketing campaign that you can ramp up and wind down as needed, maintaining your reputation requires a constant commitment. That’s especially the case when going through crisis; a controversy may strike overnight, but repairing your reputation could take years. Consider **Tyco International** in 2002, when the CEO and CFO were both arrested for grand larceny. “The Tyco brand itself was damaged pretty badly,” former Tyco SVP for Corporate Governance Eric Pillmore told us. Eric joined Tyco in the aftermath for a painstaking effort to restore the company’s reputation through process improvements and renewed emphasis

on ethics and compliance. Eric stressed the importance of individual character among senior leadership, highlighting the significance of reputation for the whole company from the top down. “Companies that have been around for a long time understand this, and they don’t compromise on it,” Eric said. “And I think that leads to the sustainability of those companies long term.”

Thankfully, ongoing stewardship of brand and reputation can make you better prepared for crisis in the first place. **Krispy Kreme Doughnuts** saw this when many customers remained loyal through a 2005 financial controversy – thanks, in part, to a long-running fundraising program that raises millions of dollars for various community causes. “People were cheering Krispy Kreme to survive,” former CEO Daryl Brewster told us, explaining that strong community ties help build a “reputational bank account that you could call on if (crisis) happens.”

Long-term efforts can help strengthen reputation and sharpen your brand. But top leaders caution against sharpening your brand to the point of narrowing opportunities for growth.

Build your customer base

While it’s important to clearly define your brand, you shouldn’t let it define you to the point where you’re blind to new opportunities for engaging customers as markets evolve. For instance, doughnuts may seem like a hard sell as consumers become more health-conscious, but Krispy Kreme succeeded with a two-pronged strategy of introducing low calorie doughnuts on the one hand – and also positioning doughnuts generally as special treats for special occasions. “We said ‘we are what we are.’ The average consumer comes to Krispy Kreme only four or five times a year,” Daryl Brewster told us, explaining how football-shaped doughnuts in the fall or green doughnuts for St. Patrick’s Day might prompt a few extra visits.

When Krispy Kreme opened its first store in 1937, **Harley-Davidson** had already been selling motorcycles for more than three decades – well on its way to building a fiercely loyal consumer base. Unfortunately, former CEO Keith Wandell says some dealerships were so attentive to repeat customers that first-time buyers felt alienated. “There were a lot of people that ended up not feeling welcome to come



Eric Pillmore & Tyco International

- The company, which specializes in security and fire suppression systems, suffered damage when the CEO and CFO were found guilty of wiring hundreds of millions in company stock and cash to personal accounts.
- Eric began root cause analyses, quarterly compliance reports, and employee trainings on ethics in a successful long-term effort to restore Tyco's reputation.

Key insight: "Within the company, the character of people is so critical...if you're not carefully examining the true character (of employees), you really put yourself at risk."



Keith Wandell & Harley-Davidson

- Founded in 1903, Harley-Davidson is a venerated brand that inspires a loyal and enthusiastic base of repeat customers.
- Keith found ways to honor Harley's rich history while pursuing options for future growth – including targeting more first-time buyers and introducing an electric motorcycle.

Key insight: "It's been a very successful company. Why? Because of the loyalty of the customer."



Daryl Brewster & Krispy Kreme Doughnuts

- Daryl helped the company preserve its reputation in a financial controversy by leveraging customer loyalty earned through long-term community engagement programs.
- Daryl kept the brand relatable amid healthy eating trends by offering low calorie donuts and emphasizing doughnuts as a treat for special occasions.

Key insight: "An area that can be critical, and in my view it's what saved Krispy Kreme, is how you really do build a reputation...with your customer and your community base."



Mike Indursky & Burt's Bees

- The personal care products maker shifted focus to being a "natural" company, without losing its reputation as a "cute, quirky" brand.
- In four years, Mike helped raise the company's value from \$177 million to \$950 million.

Key insight: "You have to have the strength of conviction ...to make it happen. And that means going through a lot of naysayers."

to a Harley Dealership," he told us. Keith says the company responded by spreading a more inclusive "personal freedom" interpretation of the brand across the company's network of 1,600 independent dealers.

Another part of Harley-Davidson's story illustrates a third leadership guideline on brand and reputation: the need for authenticity, even amid change and disruption.

Stay authentic

Organizations must adapt their image to changing markets and circumstance but not to a point beyond recognition. Authenticity is important. That was Harley-Davidson's dilemma with a decision to build an electric motorcycle to address market shifts toward renewable energy. "If you want to talk about a risky move, that was it when it comes to Harley-Davidson," Keith told us. Fortunately, he says the new electric bike is designed to meet time-honored values through a powerful – and loud – transverse electric motor. "Sounds sort of like a jet engine," he said. "Because, you know, the Harley thing is really the look, sound and feel."

Burt's Bees former CMO Mike Indursky says the personal care products company

managed to preserve its legacy as a "cute, quirky" brand – while elevating its brand for naturally produced products to seize a broader market shift in that direction. "Respect the past, but look to the future," he told us, summarizing the argument he made to the leadership team. "Your brand needs to have its roots in history but – like a tree – grow to its potential."

Moving forward

A strong company's brand and reputation program starts with its senior leaders – the chief strategy officer, the chief risk officer, and the chief marketing officer – who work together to enhance, protect, and preserve the reputation of a company. From there, that program should engage employees as corporate ambassadors, constantly looking for gaps in what is promised vs. what is delivered and investing in systems to monitor and track external feedback across stakeholders. Don't simply wait for a crisis to test your brand and reputation's resilience. Proactively prepare for the worst, while also laying the groundwork for the best. As evidenced by the prior examples, these are proven ways to enhance long-term value in brand

equity, market differentiation, customer loyalty, and strategic positioning.

Contact us

Chris Ruggeri

Strategic and Reputation Risk Leader
Principal, Deloitte Risk and Financial Advisory,
Deloitte Transactions & Business Analytics LLP
cruggeri@deloitte.com

Mike Kearney

Resilient podcast series host
Partner, Deloitte Risk and Financial Advisory,
Deloitte & Touche LLP
mkearney@deloitte.com

Let's connect

If you would like to learn more about how leading companies are navigating risk, crisis, and disruption, we would welcome the opportunity to talk with you. If you have your own resilient story to tell, please let us know.

Learn more

www.deloitte.com/us/nextwave



This article contains general information only and Deloitte is not, by means of this article, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This article is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this article.

Company and/or product names mentioned in this document are the trademarks or registered trademarks of their respective owners and are mentioned for identification purposes only. Inclusion does not constitute an endorsement of the product and/or service.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.