

**THE FOUR C's – A REMEDY FOR PROTECTING BRAND REPUTATION IN A
WEB 2.0 WORLD**

By:

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Introduction

On January 27, 2010, many news outlets reported from Silicon Valley that one of the world's leading technology companies, and certainly one of the most brand-conscious, Apple, Inc., launched its newest and most anticipated innovation - the *iPad*³. Before the fanfare had even subsided, the iconic company found itself saturated in satirical commentary and discounted criticism relating to the branding of its latest golden gadget. This was best exemplified when the American sketch comedy television show *MADtv* performed a skit that quickly became a viral Internet sensation (as of the date of this writing, the number of hits on YouTube was almost 2,000,000 views)⁴.

In coming up with the brand name "iPad," *MADtv* writer's poked fun at Apple's perceived lack of input from its female consumers. In the skit, the viewer sees a woman diligently working away on her *MacBook* when suddenly, another woman cheerfully enters the office and states "Lindsay, great job in the sales meeting, hey, do you have a 'pad' I can borrow?" Immediately, Lindsay attempts to provide her colleague with a standard yellow legal-sized notepad. Correcting Lindsay's presumption, the woman restates her request, "No, you know the 'other' kind of pad?" The pair of comedienne's then proceed into an Abbot and Costello "who's on first" rendition about feminine hygiene products and the realization that the woman is asking to borrow Lindsay's "new *iPad* from Apple." Is it possible that after years of exhaustive research and development, Apple may have just given itself an unanticipated objection to its latest brand? In becoming a viral Internet sensation, has the time, energy, and expense that Apple put into the marketing and branding the *iPad* fallen short in a key market

³ Apple, Inc., News Release, *Apple Launches iPad*, January 27, 2010 (<http://www.apple.com/pr/library/2010/01/27ipad.html>)

⁴ <http://www.youtube.com/watch?v=lsjU0K8QPhs>

segment? The dispositive answer to these questions, and many others like it, is impacted by an organization, like Apple, Inc., having a values-based (the Greeks call this ethics) Control Conscious Corporate Culture – or more aptly named, “The Four C’s.” Apple is not the first corporation, nor will it be the last, where we find situations similar to the one outlined in this paper. In fact, corporations the world over have experienced several incidences where they may have not anticipated all the possible objections to the development of a brand prior to its launch (i.e. Corona Beer in Spain is called Coronita⁵).

As the Web 2.0 world continues to evolve and define how individuals and organizations conduct business in the 21st Century, the protection of critical information and marketing of brand reputation will become extremely important to a company’s products and services, as well as its long-term viability. To emphasize this point, *The Wall Street Journal* reported that, the digital revolution has “not only transformed the way people listen to music, it changed the way bands establish identities. In the past, identically named [band] acts often carved out livings in separate regions, oblivious or indifferent to one another. Now, it takes only moments for a musician to create an online profile and upload songs, which can potentially reach listeners around the world.”⁶ Thus, in a commercial world, where individual’s and organization’s utilize social media tools to blog, tweet, or network about their products or services, conscious internal attention towards protecting and building awareness, reputation, and creditability of a brand are essential towards gaining and maintaining a competitive advantage in the marketplace. The real challenge here is that the same tools within which an individual or organization uses to build a brand reputation, are often the exact same tools used by others to damage the brand’s reputation.

⁵ Sergio Beristain, Does Your Brand Register Abroad?, December 20, 2004 (http://www.brandchannel.com/features_effect.asp?pf_id=243).

⁶ John Jurgensen, *The Wall Street Journal*, From ABBA to ZZ Top, All the Good Band Names are Taken, February 17, 2010 (<http://online.wsj.com/article/SB20001424052748703357104575045584007339958.html>).

Implementing an organizational foundation premised around a values-based Control Conscious Corporate Culture and supporting solid internal controls, is one of the best devices to mitigating the negative threats to brand reputation in a Web 2.0 world. A values-based Control Conscious Corporate Culture starts with “tone at the top.” The Board of Directors, CEO and other Corporate Officers, as well as all Senior Executives, must believe in, and work to develop, a sustainable and effective organization built on a solid foundation of values. If the individual person, or executive team, with whom a brand is associated with, develops a value driven tone at the top approach, then the brand will build a solid reputation that can easily be defended and increase its overall value to the organization and its shareholders. Tone at the top is premised on a values-based system whereby the individual or organization decides how they want their brand to be recognized both internally and externally. Once the tone at the top is established, then it is essential to consistently focus on people, process and technology to develop, and sustain, the desired environment. It must be considered a never ending process.

A quality brand has to be earned over time, and requires daily focus and commitment throughout an organization and its partners. It is a reflection of the consistent actions within the organization, or by the individual, and not mere words. There is a perception throughout the technology sector that the industry does not cater to the buying choices of consumers from underrepresented groups, especially women and minorities. We have no information which would lead us to presume that Apple did not consider this when it came up with the brand name *iPad*, nevertheless, it is a perception, and it is something that they have to seriously address, both internally and externally.

The first step in defending against brand objection is to determine whether the objection is sincere or insincere. If brand objection is sincere, then the individual, or organization, must

address the objection, and respond to it in with a systematic defense. This may include litigating the matter in a court of law, and availing the use case law and statutes to defend the brand image. However, in following this course of action, the litigant(s) may do more harm than good to the brand as additional attention and broadening exposure may be more damaging than the end result of the litigation. It is critical that before pursuing this course of action an organization carefully weigh the risk versus reward.

If the objection is insincere, but the brand is premised on a value driven Control Conscious Corporate Culture, then the initial response may entitle the brand owner to simply ignore the objection, or certainly provides a wider array of different potential responses. Yet, should the insincere objection persist, the brand owner may be justified in directly confronting the matter. Like sincere objections, litigation may be a viable option, but the risk of doing more harm than good still applies. Another more rational approach would be to first determine *who* is the targeted audience? Are they customers, employees, shareholders, business partners, friends etc.? What is the general perception of the insincere objection? If a values-based Control Conscious Corporate Culture is encompassed in the brand, then the ability to mitigate negative adverse affects to brand reputation can be mitigated through consumer loyalty and positive brand awareness. The ability to overcome insincere, or sincere, objections is heavily dependent upon how much the individual or organization stresses the quality of its people, internal control processes, and technology for which the brand is based and supported.

The Four C's is about building an organization, or more indirectly a brand, the right way from the very beginning. This is accomplished through hiring and promoting people with the desired values, the adoption of a formal set of internal controls, and the deployment of quality technology premised on core values that uniquely identifies the person, or organization, from its

competition. Key stakeholders are more likely to ignore, or at least give the benefit of the doubt to insincere, and sometimes sincere, objections if their brand is associated with persons or organizations of a high integrity environment. Through the establishment of a Control Conscious Corporate Culture, the individual or organization may move towards a level of care that may not only enable it to defend its brand, but also address other attacks that directly affect its overall bottom line.

How then does the individual or organization define its set of core values? To answer this fundamental question, look no further than the type of people being hired to represent and promote the brand. Quite often in the business community, we hear that reputation to brand is about the people behind it. Corporations, like Apple and Coca-Cola, have invested significantly in educating its employees on product messaging alone⁷. However, the quality of employee hiring and promotion is not the only critical component, the next level of defining core values is the effectiveness of the internal control processes surrounding the brand. The level of internal control processes needs to be balanced against the size of the enterprise, type of business engagement, cost, and benefit to the organization. Accordingly, it is easier to spend time, energy, and capital in the development of internal controls that affect brand reputation, than trying to positively influence what “others” may say about the brand. The final component in defining a set of core values is the application of quality technology that supports the people and the processes while managing and protecting critical information as the brand image matures. Technology can become the glue which binds the brand’s core values.

⁷ Emily Fredrix, *USA Today*, *Coca-Cola Still Viewed as Most Valuable Brand*, September 18, 2009 (http://www.usatoday.com/money/advertising/2009-09-17-coke-brand_N.htm?csp=34) – Coca-Cola brand up 3% to \$68.73 billion.

Regardless of the organization's size, the key to successful brand management is being proactive, rather than reactive, in preparing and responding to attacks to brand reputation. By being proactive to brand objections, whether sincere or otherwise, the individual or organization has allowed itself the ability to devise a strategic, well-formulated course of conduct in addressing the matter. Of course, this all depends upon what the message is about. If an individual or organization has an environment where great internal controls exist, and it has built a brand premised on integrity, then the culture associated with that brand becomes a part of the brand itself.

What and *who* the brand stands for will determine the rules of engagement when confronted with attacks on brand reputation. This is accomplished by assessing and balancing the impact on how attacks to the brand affect the financial and market position, business areas, innovation, insider and outsider perception, workforce characteristics, corporate citizenship and culture, and incentive philosophy of the brand. Ultimately, this is what impacts the short- and long-term valuation of the organization. Through the adoption of a values systems, and having a Control Conscious Corporate Culture woven throughout the fabric of the brand, attacks on brand reputation and credibility can be severely mitigated.

A values-based Control Conscious Corporate Culture is as much about being a “good corporate citizen” as it is about brand protection and enforcement. Individuals and organizations that stand for the right set of ethical obligations which continuously focus on people, process and technology, enable anonymous commentary or hazardous dialogue, in the Web 2.0 world, to be critically challenged by key stakeholders. Perception can be, and some time is, reality, and the ability to see another person's point of view without changing it allows the brand to stand the test

of time. This is the roadmap for the future stability of a brand, and as stated earlier, is a never ending process.

Taking into account the thesis of this paper and applying it to the dilemma Apple faces with the launch of its *iPad*, a conclusion on how Apple should respond to the brand objection emerges. Apple, Inc., has built a brand over its corporate existence that is more about the culture which surrounds its innovations, rather than the innovations themselves. This is evidenced by the kind of experience an Apple customer expects before it even walks out the store with a product. Its chief rivals often attack the high price tag afforded Apple products, and how the consumer operates in its closed proprietary system. However, due to the values-based Control Conscious Corporate Culture that is continuously stressed internally at Apple, loyal consumers are unshaken by any attempts to convert them to other products. In fact, it only seems to reinforce the bond between a brand and its customer. Nevertheless, Apple still must determine a strategy that addresses a constant concern within the technology industry – namely that, women and other minority groups tend to be underrepresented when it comes to product/brand development. From a corporate valuation perspective, this is a segment of the marketplace that will increase investment-backed expectations, which is the main fiduciary responsibility of any corporate executive officer. With a values-based Control Conscious Corporate Culture in place, the strategy for addressing an objection may be easily formulated.