
Managing the Multiple Identities of the Corporation

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Recently, companies have been experiencing a period where the corporate identity landscape has become more active and more crowded. For example:

- Mergers, spin-offs, acquisitions, and alliances have led to many new or meaningfully changed companies, in turn calling for new identities by name and/or business focus.
- The proliferation of dot.com and new technology companies created many new (and differentiated) company identities, albeit often short-lived.
- Some existing companies undertook "re-imaging" as they sought, substantively and/or via communications, to make their identities more technology-oriented.

Consequently, corporate managing of identity and image has become more salient, especially in and for the financial marketplace and for the media. In short, corporate identity has emerged as a "hot topic" for senior company

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management and those who advise them as well as for academics studying the territory.

In the wake of this activity has come the rapid growth of consultants in identity, branding, graphic design, communications, and image research—all asserting their competence in serving as advisors to senior management on identity issues. Each offers a useful perspective, but one formed dominantly from only a single discipline. However, our experience points to diagnostic and prescriptive power from marshalling a *variety* of disciplines. While there is a growing consensus as to the salience and strategic importance of corporate identity, identity studies to date have not been characterized by models informed by multidisciplinary perspectives harnessed within a single pragmatic framework. This article describes a model that seeks to fill this void and that meets the needs of senior managers and scholars alike.

The new framework is called the AC²ID Test™.¹ This is an acronym that encapsulates a mosaic of five identity types—namely, actual identity, communicated identity, conceived identity, ideal identity, and desired identity. The framework is grounded in our field research undertaken in the U.S. and the U.K., much of it conducted within the corporate identity industry; it also incorporates recent trends in identity scholarship. As such, the framework encompasses a variety of disciplinary sources and time frames and also accommodates internal corporate as well as external perspectives.

Prevailing corporate thinking considers identity to be a monolithic phenomenon. At most there is a view that a current corporate identity (or non-identity) needs to be recast into a new, typically vision-inspired, identity. Our research shows that the premise of a monolithic identity is narrow and inadequate. Management needs to have understanding across the five identities within the AC²ID Test. Furthermore, corporate leadership should recognize that multiple identities can co-exist comfortably within a company even if they are slightly different. However, meaningful incongruence between any two (or more) of the five identities can cause problems for a company with its relevant stakeholders.

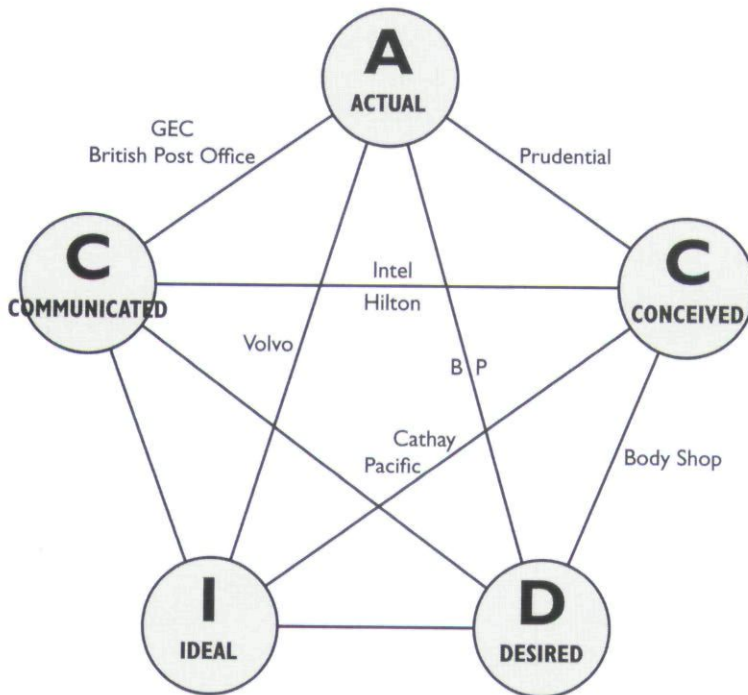
The Framework of the AC²ID Test

“Acid test: a conclusive test of success and value”—*Concise Oxford Dictionary* (1999)

Figure 1 depicts five identities that are present in any corporate (or organizational) entity. They are:

- **Actual Identity**—The actual identity constitutes the current attributes of the corporation. It is shaped by a number of elements, including corporate ownership, the leadership style of management, organizational structure, business activities and markets covered, the range and quality of products and services offered, and overall business performance. Also encompassed is the set of values held by management and employees.

FIGURE I. The Five Identities of the AC²ID Test and Examples of Misalignment



- **Communicated Identity**—The communicated identity is most clearly revealed through “controllable” corporate communication. This typically encompasses advertising, sponsorship, and public relations. In addition, it derives from “non-controllable” communication, e.g., word-of-mouth, media commentary, and the like.
- **Conceived Identity**—The conceived identity refers to perceptual concepts—corporate image, corporate reputation, and corporate branding. These are the perceptions of the company—its multi-attribute and overall corporate image and corporate reputation—held by relevant stakeholders. Management must make a judgment as to which groups’ perceptions are most important.
- **Ideal Identity**—The ideal identity is the optimum positioning of the organization in its market (or markets) in a given time frame. This is normally based on current knowledge from the strategic planners and others about the organization’s capabilities and prospects in the context of the general business and competitive environment. The specifics of a given entity’s ideal identity are subject to fluctuation based on external factors—e.g., the nuclear power industry after Chernobyl; and industries (such as

travel, transport equipment, and security systems) affected negatively and positively by the September 11 World Trade Center catastrophe.

- **Desired Identity**—The desired identity lives in the hearts and minds of corporate leaders; it is their vision for the organization. Although this identity type is often misguidedly assumed to be virtually identical to the ideal identity, they typically come from different sources. Whereas the ideal identity normally emerges after a period of research and analysis, the desired identity may have more to do with a vision informed by a CEO's personality and ego than with a rational assessment of the organization's actual identity in a particular time frame.

Even within one identity type for a particular company may reside several variations of that identity. For example, different stakeholder groups and different market segments may have somewhat different perceptions of a company (Conceived Identity). Managers should be sensitive to these variations, but should be cognizant of the single identity type of which they all are a part. An extensive literature addresses corporate and brand image research, as noted in Table 1, with illustrative references.

The AC²ID Test is grounded in the premise that companies indeed have multiple identities. A corollary premise is that the lack of alignment (or "fit") between any two of the identities causes dissonance that can potentially weaken a company. This dissonance manifests itself as "a moment of truth," such as when corporate rhetoric (Communicated Identity) is meaningfully ahead of or behind reality (Actual Identity); where vision (Desired Identity) is at odds with strategy (Ideal Identity); or when corporate performance and behavior (Actual Identity) falls short of the expectations held by key stakeholder groups (Conceived Identity).

It is a task of the corporate leadership group to manage identities so that they are broadly consonant with each other. At the same time, naturally, management should be tracking trends in the business environment to inform its strategy (Ideal Identity) and eventually affect corporate action and behavior (Actual Identity). The framework of the five identities also takes into account the involvement and influence of various internal and external stakeholder groups. Table 2 shows which stakeholders most affect each type of identity.

Identities emanate from different sources within and outside the company. Different management traditions and disciplines inform our understanding of identity. There are some identities that are formed by a company's communications. Others grow from a corporation's values and cultures, reflecting a company's heritage or its current leadership. Some are influenced by a dominant business unit or the national mores and precepts of a corporation's home country. In considering identities, company top management may want to be assured that the perspectives and disciplines employed are wide-ranging.

TABLE I. Disciplinary Sources of the AC²ID Test

Concept	Management Roots/ Disciplinary Origins	Our Brief Explanation	Links to One or More of the Five Identity Types
Corporate Identity	<ul style="list-style-type: none"> • Marketing • Communications • Graphic Design 	The mix of attributes which makes any entity distinct. ^a	<ul style="list-style-type: none"> • Actual • Communicated • Conceived • Ideal • Desired
Corporate Branding	<ul style="list-style-type: none"> • Marketing • Economics • Strategy 	Derived from an organization's identity and encapsulated in a branding position statement which delineates the tangible and intangible attributes of the brand. Brand reputation serves as a company's covenant with key stakeholders. ^b	<ul style="list-style-type: none"> • Actual • Communicated • Conceived • Ideal • Desired
Corporate Image and Corporate Reputation	<ul style="list-style-type: none"> • Marketing • Economics • Social Psychology • Strategy 	The perception of the organization by an individual, group, or groups at one point in time (image), over time (reputation), and the added value accrued from a positive reputation (esteem). ^c	<ul style="list-style-type: none"> • Conceived
Total Corporate Communications	<ul style="list-style-type: none"> • Marketing & Communications 	<p>The multi-faceted way by which organizations communicate.</p> <p><i>Primary</i> (Product Performance, Organizational and leadership behavior);</p> <p><i>Secondary</i> (Advertising, PR, Graphic Design, Sponsorship and other controlled forms);</p> <p><i>Tertiary</i> (word of mouth, third party communications, and "spin").^d</p>	<ul style="list-style-type: none"> • Communicated

a. J.M.T. Balmer, "Corporate Identity and the Advent of Corporate Marketing," *Journal of Marketing Management*, 14 (1998): 963-996; N. Marwick and C. Fill, "Towards a Framework for Managing Corporate Identity," *European Journal of Marketing*, 31/5-6 (1997): 396-409; C.B.M. Van Riel and J.M.T. Balmer, "Corporate Identity: The Concept, Its Management and Measurement," *European Journal of Marketing*, 31/5-6 (1997): 340-356.

b. K.L. Keller and D. Aaker, "Corporate Level Marketing: The Impact of Credibility on Corporate Brand Extensions," *Corporate Reputation Review*, 1/4 (1998): 356-378; S. King, "Brand Building in the 1990s," *Journal of Marketing Management*, 7 (1991): 3-13.

c. K. Boulding, *The Image* (Ann Arbor, MI: University of Michigan Press, 1956); E.R. Gray and J.M.T. Balmer, "Managing Corporate Image and Corporate Reputation," *Long Range Planning*, 31/5 (October 1998): 695-702; S.A. Greyser, "Advancing and Enhancing Corporate Reputation," *Corporate Communications: An International Journal*, 4/4 (1999): 177-181; R. Worcester and J. Downham, eds., *Consumer Market Research Handbook* (London: McGraw-Hill, 1986).

d. J.M.T. Balmer and E.R. Gray, "Corporate Identity and Corporate Communications: Creating a Strategic Advantage," *Corporate Communications: An International Journal*, 4/4 (1999): 171-176; D. Bernstein, *Company Image and Reality* (Eastbourne, UK: Holt, Rinehart and Winston, 1984); C.B.M. Van Riel, *Principles of Corporate Communication* (London: Prentice Hall, 1995).

TABLE I. Disciplinary Sources of the AC²ID Test

Concept	Management Roots/ Disciplinary Origins	Our Brief Explanation	Links to One or More of the Five Identity Types
Corporate Personality	<ul style="list-style-type: none"> • Marketing • Psychology • Organizational Behavior 	Very similar to the organizational identification concept but also includes the role of the founder's personality in identity formation. ^e	<ul style="list-style-type: none"> • Actual • Desired
Organizational Identity/Identification	<ul style="list-style-type: none"> • Organizational Behavior 	Traditionally focuses on an organization's culture(s), with the emphasis on personnel's commitment to the organization. ^f	<ul style="list-style-type: none"> • Actual
Corporate Culture	<ul style="list-style-type: none"> • Organizational Behavior 	The mix of values and sub-cultural groups which is a major element of an organization's actual identity. ^g	<ul style="list-style-type: none"> • Actual
Organizational Leadership	<ul style="list-style-type: none"> • Organizational Behavior 	The role of an organization's founders and leaders in shaping an identity. ^h	<ul style="list-style-type: none"> • Actual • Desired
Organizational History	<ul style="list-style-type: none"> • Business History • Reputation Studies 	The salience and ongoing influence of an organization's historical roots. ⁱ	<ul style="list-style-type: none"> • Actual • Conceived • Communicated
Corporate Strategy	<ul style="list-style-type: none"> • Strategy 	The organization's game plan. ^j	<ul style="list-style-type: none"> • Ideal
Organizational Structure and Architecture	<ul style="list-style-type: none"> • Strategy 	The relationship/s between the corporate entity/holding company and its subsidiaries in business units. ^k	<ul style="list-style-type: none"> • Actual • Ideal

e. W. Olins, *The Corporate Personality: An Inquiry into the Nature of Corporate Identity* (London: Design Council, 1978).

f. S. Albert and D.A. Whetten, "Organizational Identity" in L.L. Cummings and B.M. Staw, eds., *Research in Organizational Behavior, Vol. 7* (Greenwich CT: JAI Press, 1985); J.E. Dutton and C.V. Harquail, "Organizational Images and Member Identification," *Administrative Science Quarterly*, 39/2 (June 1994): 239-263; D.A. Whetten and P.C. Godfrey, eds., *Identity in Organizations: Building Theory through Conversations* (Thousand Oaks, CA: Sage, 1998).

g. M.J. Hatch, "The Dynamics of Organizational Culture," *Academy of Management Review*, 18/4 (October 1993): 657-693; M.J. Hatch and M. Schultz, "Relations between Organizational Culture, Identity and Image," *European Journal of Marketing*, 31/5-6 (1997): 356-365.

h. G.R. Dowling, "Developing Your Company Image into a Corporate Asset," *Long Range Planning*, 26/2 (1993): 101-109; W. Olins, *The Corporate Personality: An Inquiry into the Nature of Corporate Identity* (London: Design Council, 1978).

i. J.M.T. Balmer, "Corporate Branding and Connoisseurship," *Journal of General Management*, 21/1 (1995): 24-46; W. Olins, *The Corporate Personality: An Inquiry into the Nature of Corporate Identity* (London: Design Council, 1978); B. Ramanantsoa, *Strategor, strategie, structure, decision, identite: Politique general d'entreprise* (Paris: InterEditions, 1989).

j. K.R. Andrews, *The Concept of Corporate Strategy* (Homewood, IL: Irwin, 1980); B.E. Ashforth and F. Mael, "Organizational Identity and Strategy as a Context for the Individual," in J.A.C. Baur and J.E. Dutton, eds., *Advances in Strategic Management, Vol. 13* (Greenwich, CT: JAI Press, 1996), pp. 19-64.

k. H. Stuart, "The Effect of Organizational Structure on Corporate Identity Management," *Corporate Reputation Review*, 2/2 (1999): 51-164.

TABLE I. Disciplinary Sources of the AC²ID Test (continued)

Concept	Management Roots/ Disciplinary Origins	Our Brief Explanation	Links to One or More of the Five Identity Types
Visual Identification	<ul style="list-style-type: none"> • Graphic Design 	The system of visual identification used by the organization incorporated on products, staff uniforms, buildings, vehicles, and so on. ^l	<ul style="list-style-type: none"> • Actual • Communicated • Ideal • Desired
Other Related Concepts and Constructs			
Corporate Identity Interface	<ul style="list-style-type: none"> • Marketing/ Multidisciplinary 	Usually refers to the identity/ image interface (the degree of congruence between organizational reality and external perception). Other "key" interfaces have been identified. ^m	<ul style="list-style-type: none"> • Actual • Conceived
Corporate Identity Mix(es)	<ul style="list-style-type: none"> • Marketing/ Multidisciplinary 	The elements which make up an organization's identity. ⁿ	<ul style="list-style-type: none"> • Actual
Schools of Thought Relating to Corporate Identity	<ul style="list-style-type: none"> • Marketing/ Multidisciplinary 	Articulates the various approaches to corporate identity: strategic, behavioral, communications schools, and the four graphic design schools. ^o	<ul style="list-style-type: none"> • Actual • Communicated • Ideal • Desired

l. M.J. Baker and J.M.T. Balmer, "Visual Identity: Trappings or Substance?" *European Journal of Marketing*, 31/5-6 (1997): 63-76; C. Chajet and T. Schachtman, *Image by Design: From Corporate Vision to Business Reality* (Reading, MA: Addison-Wesley, 1991); W. Margulies, "Make the Most of Your Corporate Identity," *Harvard Business Review*, 55/4 (July/August 1977): 66-74.

m. R. Abratt, "A New Approach to the Corporate Image Management Process," *Journal of Marketing Management*, 5/1 (1989): 63-76; J.M.T. Balmer, "Corporate Identity and the Advent of Corporate Marketing," *Journal of Marketing Management*, 14 (1998): 963-996.

n. J.M.T. Balmer, "Corporate Identity, Corporate Branding and Corporate Marketing: Seeing through the Fog," *European Journal of Marketing*, 35/3-4 (2001): 248-291; K. Birkigt and M.M. Stadler, "Corporate Identity, Grundlagen, Funktionen und Fallspielen," *Verlage, Moderne Industrie, Landsberg am Lech*, (1986).

o. J.M.T. Balmer, "Corporate Branding and Connoisseurship," *Journal of General Management*, 21/1 (1995): 24-46.

Perils of Misaligned Identities

Organizations must manage their multiple identities to avoid potentially harmful misalignments. Following are descriptions of nine situations where company identities were *not* in alignment and how those firms either successfully acted to make appropriate adjustments (and confront a "moment of truth") or how they continued to struggle with the challenges of reconciling the misalignment.

TABLE 2. Stakeholder Groups' Impacts on the Five Types of Identity

Type of Identity	Key Stakeholder Groups Involved
Actual	Internal (those who "make" the company)
Communicated	Internal (marketing, communications) Marketing partners (e.g., advertising agency, communications firms) Media (interpreting the company)
Conceived	All external publics (e.g., financial community; government/regulatory sector; headquarters/local facility communities; customers/consumers)
Ideal	Internal (e.g., strategic planning) External (e.g., financial analysts, regulatory/legislative entities)
Desired	Internal (CEO/Board)

In illustrating the AC²ID Test's utility, we have adopted an approach that is pragmatic rather than exhaustive. We examine many but not all of the identity misalignments that may occur. Because an organization's current position (Actual Identity) is typically and logically a point of departure for any analysis of potential misalignment, our treatment encompasses all four identity interfaces involving Actual Identity. We have included two Actual-Communicated Identity misalignments because communication is the most frequent—and perhaps most tempting—avenue to try to change an Actual Identity quickly. The allure of deploying a new Communicated Identity in an attempt to rectify deep-seated organizational problems is a common phenomenon. An effective communications platform can assist in modifying an Actual Identity when supported by substantive change in corporate behavior. Otherwise there will be a misalignment—a distorted mirror—between the Communicated and Conceived identities, as shown in the Intel and Hilton examples. The nine companies that illustrate the identity pairs are shown in Figure 1.

Identities Misaligned: Actual and Communicated

GEC was a name that symbolized Britain's manufacturing of electrical systems and electronics for much of the 20th century. Recently, the company divested its defense division. As such, the Actual Identity of the company metamorphosed overnight from one dominantly oriented to electronics to one with its newer focus on information technology hardware. However, the GEC corporate brand name, despite enjoying wide esteem, reflected its past identity and did not communicate the radical change that had occurred. Consequently, the company adopted another historic brand name that was part of its portfolio of brands—Marconi (the company founded by Guglielmo Marconi, the inventor of wireless transmission, whose firm had been acquired by GEC). Thus, having

changed its Actual Identity, the company was faced with a pressing need to bring the Communicated Identity into alignment. The Marconi name not only reflected the new positioning more strikingly, but also drew on the distinct identity strands of the organization's heritage. Alas for Marconi, the strategy has not been successful and a new misalignment has emerged between the new positioning (Actual Identity) and some yet-to-be disseminated altered strategic direction ("new" Ideal Identity).

Identities Misaligned: Actual and Communicated

The British Post Office encompasses mail delivery (the Royal Mail); retail offices that sell stamps, provide basic banking services, and distribute government benefit payments; and the sending and delivery of packages. In recent years, the British Post Office has been broadening its operations to the Continent. It is also anticipating partial privatization of some services. In these latter contexts, management believed the Post Office name would not adequately differentiate itself from other postal service entities using "post office" in their name. Further, confusion could be caused within the U.K. because "post office" is used for both the retail offices and the corporate umbrella organization. Thus the name Consignia was adopted for the umbrella entity, but three distinct divisions retained the traditional names Royal Mail, Post Office, and Parcel Force. This enables the company to enter prospective new markets under its corporate name. In essence, the new corporate name intends to reflect a potentially wider range of services in a larger geographic footprint and permits potential global delivery systems under an international identity. Also, should Consignia be partially privatized, it can be differentiated in the minds of the global financial community as an international firm. At the same time, the Post Office identifies only the retail outlets within the U.K. and provides clarity for consumers.

Identities Misaligned: Actual and Conceived

Prudential, the large British financial services group (not related to Prudential in the U.S.), confronted a substantial incongruence in the mid-1980s between the reality of its scope (Actual Identity) vs. the widely-held perception (Conceived Identity) that it was narrowly focused in life assurance (insurance). Olins describes the situation as one of stark contrast.² Prudential was Britain's largest estate agent (real estate firm), beyond its strong insurance base. However, the latter dominated its image among stakeholders; further, its longtime "Man from the Pru" visual imagery reinforced its narrow roots. Olins' firm developed and implemented "a radical solution," in his words, via a design transformation built around the face of Prudence, long a symbol in the company's iconography. The new Prudential visual identity, supported by an extensive marketing communications program (Communicated Identity), succeeded in bridging the identity gap over a period of years.

Identities Misaligned: Actual and Ideal

Volvo, the Swedish automotive and engineering group, faced an identity problem related to the firm's strategic goals. The Volvo group, in addition to its commercial vehicle division, had a car division that enjoyed an enviable quality reputation for its brand name. However, Volvo cars were ranked twenty-third in unit sales volume worldwide. Industry projections pointed towards further consolidation within the automotive sector with predictions of only five to ten global car manufacturers remaining in a few years. However, Volvo's automobile brand values—principally based on safety—were becoming increasingly relevant to consumers. For its part, Volvo did not have the financial clout to support the car brand, especially in the U.S. market. Very simply, in the automobile industry Volvo was a comparatively small company with a large brand. For the company's leadership, the ideal strategic solution was for the Volvo brand to be sold off and the proceeds from the sale to be reinvested in its other competencies of engineering and commercial vehicles. The Volvo group was sold to Ford, and joined their stable of other distinctive high-reputation marques such as Jaguar and Aston Martin. In essence, the present and future of the Volvo car business were misaligned. Having addressed this issue, Volvo now faces another misalignment, that between its Actual and Conceived identities, because the destiny of its same-named cars resides in the hands of another corporation. This illustrates the point that realigning identities can be an ongoing management concern.

Identities Misaligned: Actual and Desired

When BP (formerly British Petroleum) acquired Amoco, it created a corporate entity that embraced both organizations' multiple identities. However, BP's recent (post-merger) corporate positioning strategy emphasized its environmental activities and aspirations (Desired Identity). However, to many this seems to be at variance with organizational reality and the Actual Identity of the organization. BP is quintessentially concerned with oil exploration, refining, and distribution. The environmental activist group Greenpeace, for instance, pointed out that only 1% of BP's activities comes from sustainable sources. What is clear from the above is that the post-merger BP—while it may be less British and more American, and certainly more global in outlook³—has not changed its core business. Although BP has a stated corporate aim of being green-oriented, this environmental positioning (Desired Identity) is an aspiration which (to us) bears arguably questionable resemblance to near-term reality; BP's substantive ability to achieve its Desired Identity is constrained, but it may be able to achieve meaningful *relative* "green" advantage over other energy firms.

Identities Misaligned: Communicated and Conceived

Intel launched its advanced Pentium chip in 1994 on the wings of a marketing and communications program built on the widely recognized success of the company's R&D-driven stream of components. The company had invested heavily in its well-known ongoing "Intel Inside" advertising campaign featuring

a core message of the superiority of Intel-brand components. This communicated identity was supported by the company's track record of successful innovations. The Pentium chip was the latest entry in this line. However, during the fall of 1994, murmurs grew louder within the advanced user community that the Pentium chip was flawed for some complex computations, especially in scientific research. These user doubts and concerns were spread largely by e-mail. Although aware of the concerns among part of the user community, Intel did not undertake any public actions to rectify the underlying product problem. In late November, the situation burst into the public arena when news of the problem "migrated" into mainstream media, and very quickly escalated into a major mass-media print and broadcast news story. The company characterized the concerns as exaggerated and the problems as likely to occur very infrequently; Intel would replace the chip only if its own analysis and judgment led it to a conclusion that the problem was serious. Very soon, as awareness and concern mounted about Intel's Pentium chips, doubts were being cast by key stakeholders—e.g., manufacturers using Intel chips, distributors, end-users—on the reliability of Intel's positioning (Conceived Identity). Confronted with a deepening misalignment of its Communicated and Conceived identities, Intel within weeks changed its position (albeit grudgingly in the eyes of many) to one of greater responsiveness to customer concerns. Through these actions, the company gradually moved to restore its traditional reputation for developing and manufacturing high-quality components.

Identities Misaligned: Conceived and Communicated

Hilton is a world-renowned hotel chain brand. In the mid-1960s, the U.S.-based company suffered acute financial difficulties which led to much of its non-American operations being sold off, including the rights to the Hilton brand name internationally. The non-American operations were eventually acquired by the British entertainment group Ladbrookes. Both the U.S.-based Hilton and Ladbrookes used the Hilton brand name. Although consumers generally perceived "Hilton" to be one entity, in reality the brand was owned by two organizations. Over time, the two firms increasingly employed different communications programs to support the Hilton brand in their markets. This caused brand identity confusion for those consumers and/or business-to-business customers who used Hilton in both sets of markets. In identity terms, there was a gap between the widely held perception of Hilton as a single entity (Conceived Identity) and the two Communicated identities. By the mid-1990s, the two management groups realized that this misalignment was weakening the common meaning and values in the brand. In 1998, the two organizations entered into a formal marketing and branding alliance, including reservation systems, technology, marketing programs, and, most noticeably, visual identity.

Identities Misaligned: Desired and Conceived

Body Shop, a cosmetic retailer (and manufacturer), had long positioned itself as a firm with pro-social values, principally through the voice of its founder/CEO Anita Roddick. The company's Desired Identity drove both its philosophy and its strategy. The positioning was reflected especially through the company's environmentally friendly product formulas. The growth and success of the company, and Roddick's style and rhetoric, attracted considerable media attention. (At this time, the Desired and Communicated identities were in alignment.)

The company's vigorous espousal of its values led to some external explorations of the company's actual practices. Some of these suggested that the Body Shop was not living up to its own standards, leading to widely reported accusations and debate about the validity of the company's environmental and ethical credentials. The company undertook an ethical audit; the latter reported a number of inconsistencies between Body Shop's statements of its policies (Communicated Identity) vis-à-vis the underlying reality (Actual Identity). Media coverage of the inconsistencies further fueled the debate, leading to a growing skepticism on the part of the public and a change in perceptions of the company (Conceived Identity). In essence, the misalignments had their roots in the growing distance between the founder's vision (Desired Identity), supported by the company's communications (Communicated Identity) on the one hand, and on the other hand, eventual public perception (Conceived Identity) that the company's Actual Identity was not as distinctive as claimed. (This is an illustration of the classic "promise/performance gap" Greyser has identified as a major corporate communications problem.)⁴

The Body Shop experience indicates the multiple interfaces among the five identity types, interfaces that can point to perils for company reputation. Note also that its Actual Identity seemed to migrate over time, further challenging efforts at identity alignment.

Identities Misaligned: Ideal and Conceived

Cathay Pacific, Hong Kong's longtime international airline, confronted a significant strategic identity issue in preparation for the 1997 changeover from British to Chinese control of Hong Kong. The company was generally seen as a quality airline, but one strongly associated with Hong Kong's colonial past. A major challenge for the future was for Cathay Pacific to be perceived as more Asian (rather than British/Asian) in order to strengthen its market abilities in Asia (including attracting a wider Asian customer base), as well as to reflect the changed political realities in Hong Kong. In short, the company needed to align its Conceived Identity with its (new) Ideal Identity. Cathay Pacific chose to undertake this identity realignment through a massive coordinated set of initiatives intended to transform the reality of the company (Actual Identity) to achieve the new perceptions (Conceived Identity) that would reflect the new strategy (Ideal Identity) and permit communications (Communicated Identity)

based on the substantive changes. Among the initiatives were: adding aircraft capable of operating in medium-sized airports in Asian markets previously underserved by Cathay Pacific, appointing an increased proportion of Asian nationals (including managers), and changing the on-board food and service to reflect more closely the wider Asian customer base. In addition, Cathay Pacific's visual identity was markedly changed to draw extensively from traditional Chinese imagery including calligraphy and symbolism.

Additional Observations

From the above examples and many others we have studied, several additional observations should be noted:

- Multiple identities are pervasive—in public organizations as well as in the private sector, in product firms and service firms, and in global entities and more local ones.
- In merger and acquisition situations, senior managers need to be extra-sensitive to the even larger number of identities present, which in turn may call for harmonization. In our view, the Actual and Desired identities of each firm warrant special attention in terms of the culture and the leadership of the combined companies.
- Different identity types tend to inhabit different timeframes. Most noticeably, the Conceived Identity may lag behind the Actual Identity because it often takes time for stakeholder groups to recognize incremental changes in reality. A major task for identity consultants (and a company's communications partners) is to signal meaningful change via name changes, visual identification changes, and/or major corporate communications campaigns (usually explaining such things as a company's changed activities or direction).
- Multiple identities can co-exist comfortably within a company even if they are somewhat inconsistent. For example, a CEO may articulate an identity toward which the company is still reaching (Ideal Identity) through a strategy of broadening the company's product line portfolio, but the company's current identity (Actual Identity) is still clearly understood.

Conclusion

The AC²ID Test can assist senior company management in researching, analyzing, and managing corporate identities. It can also help in navigating the company through the complexities of identity change and realignment. In-depth examination of corporate identity occurs relatively infrequently, typically at a strategic "fork in the road" such as a major merger, acquisition, or divestment. However, because of changes in the business and competitive environment, regular identity reviews warrant a place on the senior management's agenda.

The ultimate guardians and managers of corporate identity reside in the boardroom.

APPENDIX

Methodology of the Research

The research reported here brings together several major strands of inquiry. The collaborative TransAtlantic Identity Study focused on the conceptions and analytic approaches on identity projects undertaken by leading industry consultants. Balmer's extensive literature surveys explored the nature of identity, how organizations manage their identities, and "disciplinary schools of thought" (multiple roots) in conceptualizing identity. Greyser drew from his continuing development of Harvard Business School case studies in Corporate Communications, especially on identity and image issues, and also from his field research on corporate reputation.

- *TransAtlantic Identity Study*—With the cooperation and support of a leading global identity and branding consulting firm, we interviewed senior consultants in London and New York regarding their past and current approaches to conducting identity projects. Some 34 interviews were completed, also encompassing previous project experiences with other firms. In addition, the firm's archival material on recent identity and branding projects was made available for study. Further, we examined published material from approximately twenty U.K. identity consultants regarding their principal methodologies.
- *Literature Review*—The survey of the identity literature examined publications extending over a 50-year period, from both business and academic researchers in the U.S., U.K., and the Continent. Early examples include the seminal theoretical work of Kenneth Boulding and the pioneering applied studies of Pierre Martineau.⁵ Three major comprehensive reviews provided a strong foundation for analysis—by Kennedy, by Abratt, and by Balmer.⁶ Other relevant sources include: Barich and Kotler; Gray and Smeltzer; Schultz, Hatch, and Larsen; Van Riel; and Whetten and Godfrey. Analysis of the literature led to: a taxonomy of various identity audit techniques advocated by academics, which in turn permitted a comparison with the techniques employed by consultants; an assessment of the articulated components of corporate identity by different authors, permitting a comparison of the scope of identity audits; and a review of emerging theory regarding corporate identity interface(s), thus illuminating issues of congruence (i.e., alignment) across different types of identity.
- *HBS Case Studies*—Over several decades, culminating in the development of his Harvard Business School MBA elective on Corporate Communications, Greyser wrote a series of case studies on identity and image issues confronted by corporations and other organizations (e.g., NASA). These clinical studies focused on how these entities were perceived by relevant

publics and how they sought to change those perceptions through communications as well as policy initiatives. Additional field research addressed corporate reputation, derived principally from multi-attribute perceptions of companies in large-scale surveys.

A significant insight that emerged from analysis of all the strands was that corporate identity was in truth *multiple* identities. These identities were based on multiple disciplinary roots, via multiple routes, leading to the five types of identity incorporated in the AC²ID Test framework. Table 1 delineates a range of concepts that constitute building blocks of corporate identity, shows the management roots/disciplinary origins for each, provides a brief explanation of the concept, and indicates the links of each to one or more of the five identity types. For each of these concepts there is considerable literature. Representative references have been included in Table 1 for each of them. Of particular pertinence to interested readers is Schultz, Hatch, and Larsen.⁸ Its contents reflect the multidisciplinary nature of the fields related to identity.

Notes

1. Trademarked by J.M.T. Balmer, 1999. The framework is also known as DR. BALMER'S AC²ID TEST™, 1999. An earlier version of the framework was reported in J.M.T. Balmer and G.B. Soenen, "The ACID Test of Corporate Identity Management™," *Journal of Marketing Management*, 15/1-3 (1999): 69-92.
2. W. Olins, *Corporate Identity* (Boston, MA: Harvard Business School Press, 1990).
3. CEO Lord Browne recently characterized the company as "global with British roots and headquarters," at the Eighth International Corporate Identity Symposium in London, November 2001.
4. S.A. Greyser and S.L. Diamond, "Business Is Adapting to Consumerism," *Harvard Business Review*, 52/5 (September/October 1974): 38-58; S.A. Greyser, "Advancing and Enhancing Corporate Reputation," *Corporate Communications: An International Journal*, 4/4 (1999): 177-181.
5. Kenneth Boulding, *The Image* (Ann Arbor, MI: University of Michigan Press, 1956). See, also, Pierre Martineau, "The Corporate Personality," in L. Bristol, *Business and Its Public* (Boston, MA: Harvard Business School Press, 1960), pp. 159-170.
6. S.H. Kennedy, "Nurturing Corporate Images: Total Communications or Ego Trip?" *European Journal of Marketing*, 11 (1977): 120-164; R. Abratt, "A New Approach to the Corporate Image Management Process," *Journal of Marketing Management*, 5/1 (1989): 63-76; J.M.T. Balmer, "Corporate Identity and the Advent of Corporate Marketing," *Journal of Marketing Management*, 14 (1998): 963-996.
7. H. Barich and P. Kotler, "A Framework for Marketing Image Management," *Sloan Management Review*, 32/2 (1991): 94-104; E.R. Gray and L.R. Smeltzer, "Corporate Image—An Integral Part of Strategy," *Sloan Management Review*, 26/4 (1985): 73-78; M. Schultz, M.J. Hatch, and M.H. Larsen, eds., *The Expressive Organization* (Oxford: Oxford University Press, 2000); C.B.M. Van Riel, *Principles of Corporate Communication* (London: Prentice Hall, 1995); D.A. Whetten and P.C. Godfrey, eds., *Identity in Organizations: Building Theory through Conversations* (Thousand Oaks, CA: Sage, 1998).
8. Schultz, Hatch, and Larsen, *op. cit.*

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