The new principles of brand leadership:

The 2016 Impact Project

Foreword

In today's open, social and increasingly values-driven marketplace, disruption has shifted from technological to social to personal. People of every social strata and in almost every nation are gaining in the power that comes with knowledge. This is also true for brands.

A brand respected in Europe will likely grow market share in Africa, while a misstep in North America could instantly diminish credibility in Asia. Awash in a tidal wave of instantly accessible data, people now view brands and companies as if they were human. And, like any relationship in the twenty-first century, loyalties are shifted with the click of a mouse or the tap of an app.

Across the Deloitte Network, every day we challenge ourselves to find the human insights that move markets and society. We take the task of brand building seriously with our leadership brand, and we have developed a perspective on how brands—the engines of economic growth—now need to be built to thrive in the turbulent modern marketplace. Conventions of past brand building have shifted; cultural changes worldwide prescribe a new lens for brand builders intent on success.

The Impact Project, produced by Deloitte Global, questions business leaders all over the globe to understand how great brands are built today. Whether an upstart or a re-inventor, we'll unpack what strategies and principles they employ to create emotional differentiation and financial impact in a sea of sameness. We will explain what has changed and what remains timeless. And we'll identify how, in an era of mindful consumerism where people buy brands they admire, leading organizations should think and behave.

As we scoured the globe to reveal lessons in modern world-class marketing and brand strategies, we discovered an exceptional set of *leadership brands* onto which the buying public bestows great respect and relevance. These brands have arrived at just the right moment when leadership is in short supply.

Foreword

According to the World Economic Forum, 86% of people globally say,“ we have a leadership crisis in the world today.”[i] Yet no group demands more of leaders and brands than Millennials. Unafraid of the ongoing transformation—because they were born into it—87% feel business success should be measured by more than financial performance, while 64% still believe that companies focus on their own agenda rather than considering wider society.[ii]

In this comprehensive study of modern brand leadership, we examined more than 150 brands in 28 countries and interviewed top leaders and rising stars across various disciplines. Together, they offer a panorama of workable, inspiring concepts that show how to thrive in an age of ever-rising expectations, and constant disruption.

To be a brand leader, you must learn how to think like one. To create meaning in today’s marketplace requires leadership, innovation, and solving social problems. It demands resiliency and trust. To be a leadership brand mandates an internal culture that respects and serves a brand’s community. Marketing is no longer just selling; it’s about making connections and solving problems that improve people’s lives. The brands that will win tomorrow will build themselves into future-ready objects of desire—in their products, services, people, and soul.

Are you ready to make an impact?

Many ways to make an impact

Conventional wisdom suggests there is a playbook to brand greatness—just study Apple Inc., Nike, or Google. But in reality, great brands can be built in many different ways based on their unique strengths, the culture of their companies, and the context in which they operate. Although the brands we studied all exhibited a common desire to create both social and economic impact, four distinct segments emerged based on leadership, structure, core values, and culture. The first group you may call the “brandgelists” in that they are built on a passionate following of higher-order, almost cult-like ideals. We call them Y-Prophets.

01
02
03
04
05
06

1. Y-Prophets: Crafting a meaningful why

These brands constantly ask 'Why?', tying every decision back to their people, products, profit and, ultimately, their purpose. These brands are typically infused with millennial values to appeal to the largest cohort in the global marketplace and are moving into leadership ranks in the workplace.

Y-Prophets build everything around a higher-order purpose, which influences decision-making at every level. They cultivate communities of employees and consumers around their vision of a brighter future. Y-Prophets have audacious beliefs that their brand can change society for the better—this forms their value proposition and their differentiation.[iii]

Victory for all

Sharing profit because *you actually want to* is how Y-Prophets rally employees around a higher-order mission. Yemeksepeti (which means "food cart" in Turkish) is Turkey's largest online food delivery site, reporting over 3 million transactions a month. Similar to Grubhub, Yemeksepeti promises food delivery to its customers' doorsteps within 30 to 45 minutes of an order.

Founder Nevzat Aydin built Yemeksepeti over 15 years, introducing an innovative food delivery model to the Turkish market and cultivating a culture of shared success among employees that acknowledged the role of the team in the company's success. After his company began earning big profits and selling Yemeksepeti to Delivery Hero for US$589 million, Aydin gave

Return on purpose

- **Confidence to grow:** 82% of executives and employees who work full-time for an organization with a strong sense of purpose say they are confident that their organization will grow this year, compared to 48% of those without.
- **Optimistic future:** Respondents who say their organizations have a stronger sense of purpose are much more optimistic about their future prospects and their ability to stay ahead of industry disruptions (83% vs. 42%) and their long-term ability to outperform competition (79% vs. 47%).[iii]

US$27 million to employees, equating to a per employee bonus of US$237,000, or 150 times the normal monthly wage at the Turkish company.[iv]

This decision reflects his belief that long-term success depends on giving workers a personal stake in the success of the company. In a world where trust in companies and brands has declined by 50% over the past ten years, Aydin, like many Y-Prophets, understands that a well-built culture translates to employee loyalty and ultimately, customer experience.[xxiv]

The art of restraint

Heading to an interview in the Flatiron District in Manhattan, NY, we passed by a woman sporting a T-shirt that said *"Save Me From What I Want."* For Siggi Hilmarsson, the success of his yogurt brand, Siggi's, is rooted in an equally Buddhist-like mantra of tempering business ambition with brand authenticity. In 2004, Hilmarsson was homesick for the thick *skyr* yogurt of his country, Iceland. So he asked his mom for the recipe and began experimenting in the kitchen of his Tribeca loft. Within months, Hilmarsson left his job to make yogurt full-time. Soon, Siggi's gained cult loyalty and today, 12 years later, is sold in nearly 9,000 stores across the US. While the Siggi's story is one of explosive growth, it's also a tale of holding back to preserve quality. This is known as "slow selling."

In 2007, Hilmarsson turned down Whole Foods' offer to stock Siggi's nationwide, forgoing a branding opportunity marketers dream of. Instead, he opted to rollout slowly on the East Coast, building a community of followers around his core values for natural goodness, health, and mindfulness. At one point in the early years, Hilmarsson even halted production for three months, when production problems imperiled quality control. Siggi's would not allow short-term concerns about sales create the risk of letting down loyal consumers.

This unwavering commitment to the brand's original purpose—bringing to life a true taste of Iceland—has been a hallmark of the company. It's the reason why the company has been able to sustain a competitive marketplace. According to Nielsen, in 2015, Siggi's Dairy had 120% year over year growth in sales, making it the fastest-growing national yogurt brand.[v]

"We're doing things to grow aggressively, but we don't chase every opportunity that could add another 5% or 10% to our growth if it would come at the long-term expense of the company and its values."

- Bart Adlam, President, Siggi's Dairy

Building a brand narrative around meaningful purpose

- Founded in 2009, Warby Parker is one of the first online retailers to achieve a US$1.2 billion valuation before going public. Their "buy one give one" eyewear model was so successful that the company achieved its one year sales goal in the first three weeks of opening.[vi]
- Tom Kartsotis purchased the formerly iconic shoeshine, Shinola, for US$1 million with the goal of returning to its manufacturing roots with a "Built in Detroit" narrative and new luxury product line of watches and bicycles. Within four years, Shinola achieved annual sales of $100 million.[vii]
- The UK's second-largest supermarket chain, Sainsbury's, is demonstrating a true commitment to sustainability by leveraging new biogas technology to become the first business to power some of its stores entirely.

Thinking ahead seven-fold

Seventh Generation started as a mail order company in Burlington, Vermont. Its name was derived from the "Great Law of the Iroquois," a law which encourages Native American tribe members to think seven generations ahead (approximately 140 years) into the future. Its business is providing ecologically safe cleaning products.

The brand has long been at the forefront of mission-based operating values, breaking ground for tactics that today seem standard for any conscious capitalism ethos. In 2004, it published its first annual sustainability report. In 2007, it became a certified B-Corporation. In 2008, it was the first home care brand to disclose ingredients on the packaging.

Every step of the brand's mission to "inspire a consumer revolution that nurtures the health of the next seven generations" is tracked in its annual Corporate Sustainability Report, which clearly—and candidly—outlines the company's progress. In the 2012 report, CEO John Replogle honestly acknowledged the company's shortcomings: "We haven't always done a great job of articulating our shared vision of the future and linking that vision to concrete goals and business plans."[viii]

Backed by venture capital, Replogle added a portfolio of like-minded purpose-driven brands to Seventh Generation. “Now that we’re national, at scale with a full team, we think that the greatest thing we can do to drive our mission forward is to build a portfolio of like-minded purpose-driven brands and help them scale,” he said.[ix] In 2015, the company generated US$300 million in sales.[x]

Adjusting the sails, not the mission

Throughout our research, we found Y-Prophets in particular were able to expand with authority based on an unwavering dedication to their mission.

Take Water-Gen, a technology startup based in Tel Aviv that has a mission to “help solve the world’s water crisis by turning air into clean water.” They started to accomplish this mission by designing a battlefield device that could produce water for soldiers in the field instead of waiting for army convoy deliveries. The system, which can produce 5 to 20 gallons a day of clean drinking water, has been rapidly adopted by armed forces in countries across the globe, including the US, Mexico, India, and France.

Yet, given the brand’s bigger purpose to solve the world’s water crisis, the company was able to find new paths to activate its mission, expanding beyond the battlefield to citizens and villages. Water-Gen evolved its technology to include battery-operated units that provide water for villages without access to drinkable water or electricity in North Africa and Southeast Asia, as well as home appliances for civilians that require clean water.

“It’s a huge path from drinking water for soldiers to home appliances for India,” says Arye Kohavi, Water-Gen’s CEO. “Yet I believe in the path. I don’t believe that you think about something and then do exactly that. Most successful companies are not saying, ‘Okay, here’s what I’m doing, this is what I should do.’ If something doesn’t work, you go to other things. Things change during the path.”

01
02
03
04
05
06

2. Free Radicals: Seizing opportunity by dismantling the conventional

If there are prophets of vision and values, there are also outliers who look at the rules of a category or business and then set about to break as many as they can. Let's meet the Free Radicals.

In April 2016, Amazon Founder and CEO Jeff Bezos sent a letter to shareholders, calling Amazon—ranked the US's #1 most reputable company in 2015[xi]—"the best place in the world to fail."[xii]

Failure and invention are "inseparable twins," Bezos wrote. "Most large organizations embrace the idea of invention, but are not willing to suffer the string of failed experiments necessary to get there." His letter hits on the profound reality of today's marketplace: everything is an experiment, nothing is certain, and breaking down our fear of failure is mandatory.

Our research revealed that a positive regard for failure is inherent to those impact brands we coin "Free Radicals." These brands have a "no fences" mentality—a bold willingness to challenge conventions, fearlessly fail, and rethink everything from employment practices to company culture to competition. In a Do-Learn-Fix manner, they create fluid ways of working and delivering products and services that are in line with the new collaborative economy.

Breaking walls and living in a glass house

Everlane is a direct-to-consumer California clothing brand that delivers evolutionary advances in quality through transparency. Only five years old, Everlane is already competing with brands like J. Crew and Banana Republic, earning a valuation of over US$250 million.[xiii] Yet the driving force behind the online boutique's popularity is not so much its aesthetic as its ethos.

Netflix's vacation policy gets a twenty-first century update

Netflix opened the aperture on its vacation policy—by deleting it. The company uses an honor code where employees track their own time off, setting an example of trust and extended responsibility.

According to data gathered by Gallup, companies with high employee engagement were 22% more profitable, have 25% to 65% lower turnover, and 37% lower absenteeism.[xiv]

The brand is flamboyantly, unwaveringly transparent about how, where, and why it sources its apparel—including the details of how it's priced. And by developing personal relationships with suppliers in Asia and reinvestment into those companies, Everlane creates meaningful connections that not only allow them to offer high quality at low prices, but to also improve the lives of workers in markets all throughout Asia.

Everlane's Instagram feed includes shots of clothes interspersed with images of its manufacturing facilities in China. Fair labor practices and a sustainable manufacturing approach are cornerstones of the brand and social media is its portal to proof.

Visitors to Everlane.com can find a direct link to the garment factory and see an itemized breakdown of the raw material costs that go into producing each garment. For instance, a US$75 crew neck sweater derives its price tag from US$10.75 in materials, US$1.58 in hardware, US$12.50 in labor, US$3.97 in duties and US$0.80 in transport—adding up to what Everlane recognizes as the "true cost" of the garment, in this case, US$30. In 2015, Everlane let consumers name their own price to educate on the true cost of sustainable manufacturing and let individuals place their own worth on it.

This kind of radical transparency—the company's motto—is critical to Free Radicals as they successfully win consumers who are fed up with false promises and veiled marketing. These types of companies are rewriting the rules for just how frank and candid a company should be with consumers.

Open-sourcing the talent pool

Imagine trying to recruit top tech developers against the likes of Google, Apple Inc., and Facebook. Automattic, the lean-but-mighty web development company behind bloggers' favorite platform WordPress, found itself in that predicament.

Instead of competing on better foosball table benefits, Automattic rethought its whole hiring process around its mission to "democratize publishing." Matt Mullenweg, Automattic Founder and CEO, broke out of physical boundaries to open-source his talent to the world's entire developer pool.

As part of this radical approach, Automattic forgoes the traditional interviewing process. Instead, the CEO reviews resumes and invites promising applicants to chat via Skype. Next comes a paid trial period that allows applicants a chance to test their mettle working on a real company project. Automattic pays the trial applicant US$25/hour and sets no deadline, leaving applicants free to set their own hours for the project so they can work around their current jobs.

What's mine is yours: Airbnb leverages trust among peers to create the most valuable sector of the hotel industry

Valued at US$30 billion, sharing economy giant Airbnb is worth more than any other accommodations company in the world. Since 2014, the company's monthly active users have doubled, with bookings up 45% in Q1 of 2016 year over year.[xvi]

Prospects who succeed in the trial are referred back to the CEO for a final conversation. Typically, an offer is made without the applicant ever having a face-to-face conversation with his or her direct manager.

The Automattic ethos is built on trust in autonomy. For the company's leadership, it's trust that its talent will deliver the stellar work expected of them, no matter where they reside. And for employees, it's trust that they are indeed a critical part of the team, rather than disenfranchised remote workers. Automattic gives each employee a US$2,500 budget to build out their home office, plus any technology they need.[xv]

Communication is almost entirely conducted through chat rooms—Skype, Google Hangouts, or Automattic blogs. Face-to-face meetings do occur occasionally—often in exotic locations, thanks to a travel budget that is made possible by the company's minimal real estate expenses.

Turning conventions inside-out

Where you put your focus matters. "Let's order in" has typically referred to ordering food from a restaurant, assuming the restaurant has delivery options. Pizza chains notwithstanding, delivery operations at most restaurants are secondary business models—an add-on to accommodate those who don't want to dine in.

Not so at Maple, a Manhattan-based food service that has built its entire focus and process exclusively on nailing the delivery experience.

"Restaurants that are set up to do in-person dining tack on delivery because it's an additional revenue stream, but it ends up really distracting from what they do well," says Maple CEO Caleb Merkl. "We started from an entirely blank slate—what would a restaurant look like if it was only going to do delivery?"

Now, thanks to the one-year-old food and tech company, Manhattanites can just open the Maple app, choose from a handful of daily entrées, and have fresh food—ingredients you'd expect from a farm-to-table restaurant—delivered to their door within 30 minutes. Tax and tip are included, making the payment process as quick and smooth as an Uber ride.

But what's remarkable is Maple's operational set-up, a combination of kitchen locations, agile staff members, and "bundling algorithms" to execute on this food-first delivery experience. Maple's kitchens—each roughly 3,000 square feet—are placed strategically throughout the city to optimize delivery runs. While kitchen staff is lean, with around 20 people in each, Maple stocks up on bike couriers to ensure that meals are delivered promptly.

The company's entire process is seamless and app-driven, from customers placing the orders to cooks fulfilling them to couriers delivering them. Insights gleaned from the data are used to coordinate wait times and identify the optimal routes for delivery, taking into account factors like the number of couriers at each kitchen, chef speed, daily demand, average run time, and more. Today, the company is one of New York's hottest dining tickets—proving that consumers are hungry for Free Radical brands that deliver a taste of the unconventional.

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- Caleb Merkl, CEO, Maple

3. Tiny Titans: Finding micro-actions to cultivate macro growth

If Free Radicals push the boundaries to grow, there is a third group for whom growth has created concern. These once boutiques are now becoming behemoths and their quest is to “stay small” in their culture, structure, and even ego. We call them Tiny Titans.

Lee Clow, legendary ad genius of the Apple Inc. 1984 commercial, once asked his agency Chiat/Day, “How big can we get before we get bad?” Indeed, rapid growth is the dream of every new business—yet for many companies, it’s also the very thing that threatens to undo them. In the last year, we’ve seen high growth “unicorn brands” crumble under the leadership of growth-only focus.

Managing a brand through the transition from scrappy startup to burgeoning competitor is as complex as it is critical. Yet for some impact brands, success comes by purposefully staying intimate and finely attuned to protecting their values, culture, and mission.

Throughout our research, we came across a style of brand leadership where growth management balanced expanding capabilities while preserving the small business ethos, small team structures and values that propelled their success in the first place. Even as they enjoy rapid growth, Tiny Titans purposely fight to stay small.

Ilkka Paananen, CEO of Supercell—a five-year-old mobile gaming company from Finland valued at over US$10.2 billion—is not your typical CEO. In fact, he claims that his goal is “to become the least powerful CEO in the world.” [xvii, xviii]

Paananen has developed a form of distributed leadership by empowering autonomous teams, placing key power and decision-making in the hands of clusters of operating groups who are specialized in certain fields. This allows for bureaucracy-busting hierarchies to give way to nimble, agile, and ultimately innovative and accountable performance. In doing so, Supercell is betting their next “Clash of Clans” will come from a smaller start-up within their larger company.

Humanity: The brand growth hormone

The classrooms inside General Assembly (GA) are nothing special. Rows of chairs fill undecorated rooms. Visit any of the company’s 15 campuses across the globe, and you’ll find the same utilitarian aesthetic—which is the point.

Jake Schwartz, General Assembly Founder, isn’t shooting for sexiness at this for-profit coding academy. He’s going for substance. And at the heart of this Tiny Titan brand is humanity—even in a high-tech, fast-paced industry like web coding.

Staying small by embracing the “human” in human resources

For too long, human resources has lived up to its moniker, seen as the necessary-yet-impersonal function of staffing jobs with human bodies. Yet a strategic shift is happening in HR, where the department is flipped to represent people as assets rather than as pawns of management. This role is referred to by many names, including:

- Employee Experience (Airbnb)
- People Operations (Google)
- People (Uber)
- Human Engagement (Konga)
- Employee Success (Salesforce)

The future? HR will be reinvented to become a strategic weapon of growth inside the C-suite.

01
02
03
04
05
06

"Our vision is to build a global community and give people the power to pursue the work that they love," Schwartz says.

What began in 2011 as a micro-skill sharing clubhouse in the New York startup scene is now a burgeoning empire with a macro-reach of over 25,000 global alumni and 250 expert instructors, who distribute their knowledge with fellow members of the community.

Behind the hard-coding operation's success are disciplined soft skills. "Empathy is your secret weapon," Schwartz says. That mantra underpins both how General Assembly staffers design curriculum for students and how they work with each other.

Schwartz himself isn't exempt. He uses Slack, a fluid communications platform, to invite anyone within the company to ask him a question on any topic, at any time. He also holds open forums where the entire company gathers to discuss challenges and concerns, ambitions and opportunities, and recent successes.

And, while General Assembly offers generous benefits to its employees—including free access to GA classes and a paid sabbatical after three years of service—it's the people and the purpose that Schwartz say are most impactful when it comes to attracting and retaining talent.

"At the end of the day, benefits are great—but giving people the autonomy, purpose and direction to actually succeed at their jobs and enjoy their jobs, those kinds of things actually matter a lot more to people long term," says Schwartz.

General Assembly has embraced candor and humility ("keep getting better" is their motto), key traits that can connect impact brands with consumer values and expectations for brand leadership.

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- Jake Schwartz, Founder, General Assembly

Beta reinventions

"We really see Ten-X, the name, as a rallying cry," said Ten-X CEO Tim Morse. The company's name reflects its mission, which is to "make buying and selling real estate ten times better for everyone involved." This residential and commercial real estate brand recently transitioned from auction site to end-to-end platform, enabling buyers and sellers to negotiate, transact, and close on the property all online.

Unlike many other new companies, Ten-X must excel at many things if it is to thrive in a transactional field like real estate. The risk executives face lies in the complexity. In order to master this environment, Ten-X continuously tests and refines its platforms across smartphones, tablets, and desktops. The process costs lots of time and money—but they orient the growing company for long-term sustainable growth.

"Everything we're doing is not about revenue, it's about getting people to use our platform," says Morse. "You can't learn if no one's using your product. So if there's a barrier around a fee we're charging, we take it down and let people use the service for free. We figure out what's working and what isn't so we can create the right engaging business model down the road." This form of risk management arbitrage is focused on making a series of small bets, rather than waiting too long and have to bet the farm.

Brand your culture and wellness

Part of the allure of a startup business is the energy it spawns. It's cool and invigorating to be part of the "next big thing"—a truism that holds for Millennial workers and Boomers alike. Yet sustaining that energy can be a challenge. As business expands, jobs can feel rote and employees can feel underappreciated. According to Gallup, less than one-third (31.5%) of US workers were engaged in their jobs in 2014. This ratio has been largely stagnant for more than a decade.[xix]

But many startups we spoke with are trying to preemptively avoid the red flags of employee burnout, which is known to drag down morale and dampen productivity. From progressive time-off policies to internal well-being exercises, these companies' human resource practices are also a new force of public relations. Consumers who learn that a company treats its workers with dignity and empathy become attached to their brands.

At an Amsterdam design studio called Heldergroen, employees are physically forced to find a healthy work-life balance. Every evening at 6:00 p.m., the company's desks, tables, and

2G Tuesdays builds empathy at Facebook
Every Tuesday, all Facebook employees are invited to switch to 2G Internet speeds so they can understand the experience of its users that pervade emerging markets. Building empathy between employees and consumers across the company, from Silicon Valley to Indonesia to Budapest, this initiative builds understanding across borders.

other work areas—with computers and chairs—automatically retract into the ceiling. And just like that, "closing time" has never been so literally conveyed!

With the turn of a key, work is over—and life begins. Employees can progress with their evening as they see fit, and, if desired, can use the open space for activities of their choosing—whether that's a dance floor, a yoga studio, or some other inspired activity.

Many companies are nurturing employees as they would shareholders. At the web design upstart Squarespace, wellbeing is a top priority, facilitated by the People Team, which creates an environment that enables employees to do their best work. But the company isn't just concerned with great work in the moment—they want their employees to remember those great work experiences. Their Experience Team offers "positive and surprising experiences" for staffers because studies show that surprise unleashes dopamine, creating conditions for the memory to be stored more effectively—and helping to keep the spirit and energy of startup Squarespace alive and well, even as it booms.

4. Re-starts: Re-thinking ways to be both big and agile

The fourth and final group is the large, established Fortune 500 companies who are renovating their brands for the twenty-first century. We call them the Re-starts.

While the pace of technological change over the past two decades has been dizzying for most brands (even those who helped usher it in), it is the established brands of the twentieth century that faced the steepest adjustment curve. The average life expectancy of a Fortune 500 company has declined from around 75 years half a century ago to less than 15 years today.[xx]

In managing change, we encountered many large-scale impact brands who are proactively working to stay ahead of the curve by enabling the next generation of creativity and innovation. They are proving that big doesn't have to mean cumbersome—indeed, it's possible for brands to become more agile, leaner, and more inventive.

The nature to nurture

A common practice among Re-starts is to launch venture capital practices as a way to incubate future brand offerings, test and learn in real-time, and bypass large bureaucratic structures standing in their way.

General Mills, creator of traditional family favorite brands such as Cheerios and Pillsbury, is one such company. Now a household name in the packaged-food brand category, the cereal giant found itself struggling to keep up with innovation to meet new consumer demands in today's rapidly changing food industry.

Many ways to make an impact

Big brands, small communities
Nike is launching community stores that source 80% of employees from within a five-mile radius of the store. The first location opened in Brooklyn, featuring design elements that reflect the surrounding neighborhood such as exposed brick and original metalwork.

Audi launched Unite, which enables people to share a car with four of their friends. Users access the vehicle using a smart key and can always check the location and availability of the car via app. Depending on the agreement, drivers are charged either a usage-based or fixed monthly fee that includes insurance and maintenance. A “personalized fuel card” allows drivers to add fuel costs to that monthly bill as well.

Whole Foods’ culture is obsessed with teamwork. Every store is an autonomous profit center composed of self-directed, self-managed teams. Every team member at every level has access to the organization’s operating and financial data. Every new hire must be a strong cultural fit, requiring a two-thirds majority vote from the team to join. Their corporate mantra? All for one and one for all.

That’s why they transformed 301 INC into a venture arm to support small, innovative brands—including potential competitors. General Mills nurtures these companies with corporate expertise, marketing power and distribution, while allowing the startups to retain their own creativity and entrepreneurialism.

Since launching in October 2015, the 17-person 301 INC team has invested in five “partners,” including plant-based yogurt Kite Hill and kale chip manufacturer Rhythm Superfoods. Less than one year in, they’re already starting to see an impact. For example, after a US$3 million investment in Good Culture cottage cheese, the startup’s sales have increased tenfold and are now found across major retailers nationwide, including Whole Foods and Shoprite.[xxi]

Instead of making one or two big bets on acquisitions, General Mills now has the agility to place small bets on many brands, nurturing the pipeline for future growth and product development.

Winds of change
Wayra, which means "wind" in Quechua, was started by the Latin American subsidiary of telco giant Telefónica to staunch the flow of entrepreneurs who might leave their respective countries and businesses. The accelerator has become a true giant in the space, having backed more than 425 startups and built 14 different Wayra academies around the world. To really move the needle on jobs and innovation, more private-sector institutions are pivoting into building ecosystems to support scale-ups to grow existing firms to US$1 billion in revenue.

Wayra's global project acceleration model, which focuses on web and communication technologies, nurtures startups by providing technological tools, qualified mentors, cutting-edge work spaces, and the financing required to accelerate growth. So far, it has academies in Bogotá, Mexico City, Lima, Buenos Aires, Caracas, Santiago, and São Paulo. That equates to opening an academy every two months. Wayra has received more than 20,000 business proposals and helped develop over 300 startups, including BovControl (the Google Analytics for cattle ranches) and AgentPiggy, which educates kids about their finances.[xxii]

Telefónica is staying abreast of change by financing its own network of startup accelerators, while creating social value for the countries they operate in by protecting local talent and celebrating local innovation.

Mentor and learn simultaneously
The Re-starts are testing new models of agility, moving beyond empowering core consumers to actually accelerating them.

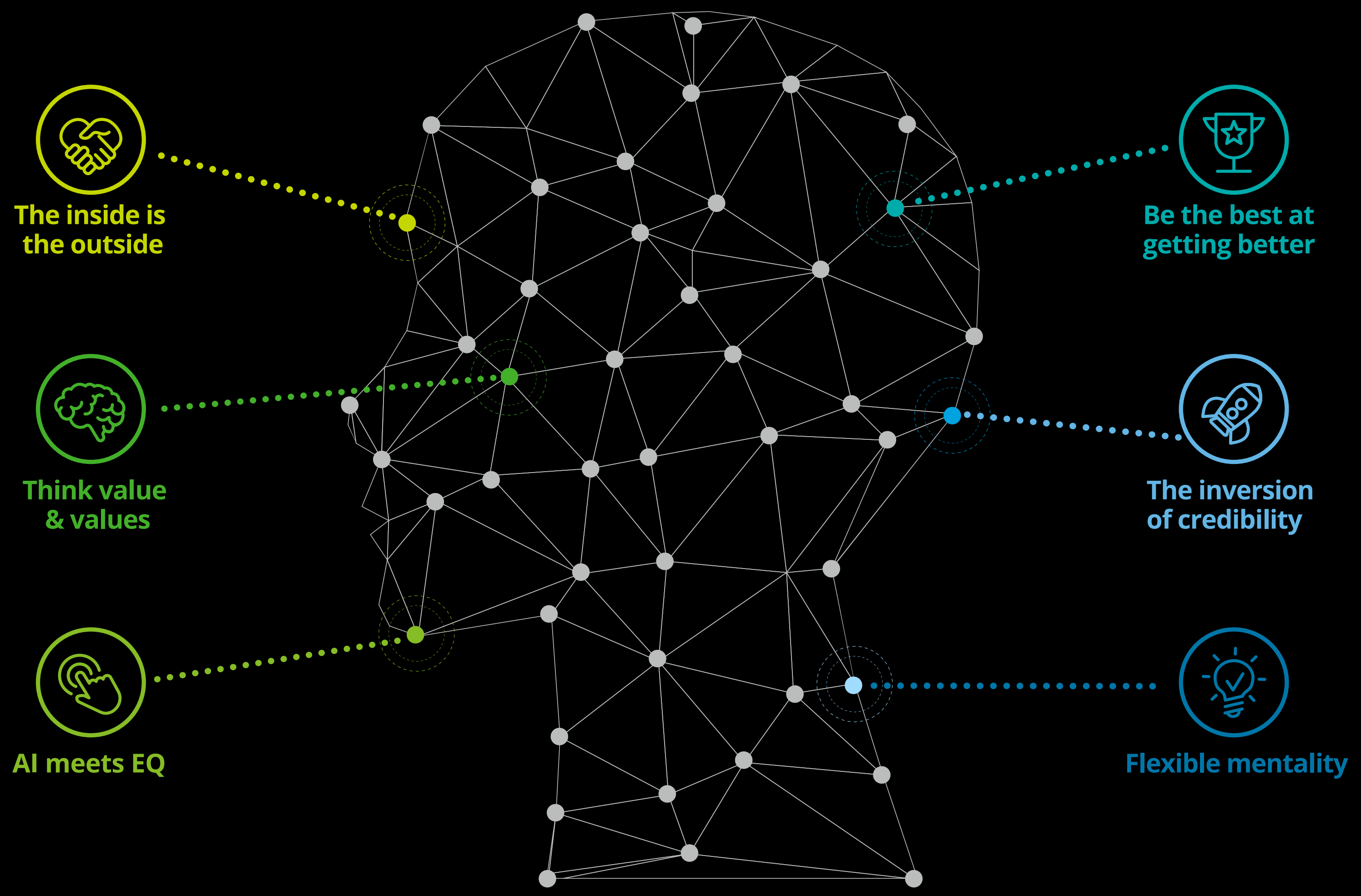
Sephora, the beauty retailer that was founded in France in the 1970s, now has a global brand reputation for retail and digital experiences, gaining loyalty from the highly desired beauty product audience. In order to maintain relevant with this fickle clientele, Sephora is actually buying into them, funding their beauty business ideas.

Sephora Accelerate was founded in January 2016 with the objective of funding ten female-led, early-stage beauty startups. The program recognizes the underfunding of female-led start-ups in Silicon Valley, and stands up for them, reinvesting in these women through incubator bootcamps, mentorships, and a public stage to present their ideas. Each start-up is given customized access to Sephora's network of beauty industry leaders and bespoke funding.

By investing in their customers, Sephora keeps them close and its eye on the future of beauty.

Six principles impact brands live by

When we step back and examine the learning from all four segments of impact brands, we see six common principles that guide their growth and strategies for brand leadership, which Deloitte can leverage.



01
02
03
04
05
06

Six principles impact brands live by

1. The inside is the outside: Transparency as a cultural imperative

Traditionally, brand leadership was fixated on a company's external reputation, trying to project an image that was often inconsistent with their inner (company) reality. As a result, trust in companies and brands has declined by 50% over the past ten years. Yet, just as nutrition leads to complexion, impact brands start with their culture and build outward, resulting in better products and services, and a more authentic reputation. They are ruthless cultivators and protectors of talent that win by creating a culture that runs deeper than foosball tables and free snacks. They understand that cultures must reward human dignity and security to do powerful, meaningful work. As a result, HR is an increasingly critical function—not just for hiring, but also for shaping how the company thrives throughout change.

2. Think value and values: Each brand is an agent of social change

Impact brands now understand that, in order to build meaning and loyalty, they must hardwire social change into their business models. Impact brands follow the belief that what they do is more important than what they say. Profits follow principles. Impact brands recognize that they have an active role to play in social change and consumers vote their conscience through their consumption.

Six principles impact brands live by

01
02
03
04
05
06

3. AI meets EQ: Humanizing the digital revolution

Impact brands embrace technology across a variety of digital platforms, but what makes them different is their focus on the human connection. Technology is merely a bridge enabling them to operate at the intersection of real emotional needs and seamless transactions, creating a brand experience that is simultaneously human, intimate, and useful. At a time when technology is ubiquitous, impact brands demonstrate that empathy is the most powerful technology of all.

4. Be the best at getting better: Keep the ethos of a student

Agile, humble, and always improving, an impact brand is, in the words of Eric Ryan, Founder of Method, "the best at getting better." Embracing humility is liberating because it allows impact brands to continuously improve, while abstaining from the need for surface level perfectionism. These brands are unwaveringly committed to pushing their own boundaries, challenging their own status quo, and adapting to the emerging needs of consumers and employees alike.

Six principles impact brands live by

5. The inversion of credibility: Brand credibility gets personal

There has been an inversion of brand credibility in today's open, social, yet distrustful world. Previously, being the biggest corporation was an automatic seal of trust and confidence; today, this is not necessarily the case. Impact brands recognize that consumers respect the humans behind the corporation—they want the personal connection. Thus, they encourage their leaders, employees, and stakeholders to build their own personal brands of authority, recognizing that it's a sum of their people's personal credibility that builds their own.

6. Flexible mentality: Tactics are strategies

Impact brands find new advantages in the market by defying convention, rewriting the rules that govern their business, and going beta. Their agility comes through a culture that rewards experimentation and thinking outside the box—often through strategic small bets to find new sources of growth. To accomplish this, impact brands dismantle ego and traditional business hierarchies to improve decision-making and become more agile through tiny, nimble teams. In addition to the business benefits of this structure, this approach is essential for the emerging workforce of tomorrow: Millennials are more likely to report high levels of satisfaction where there is a creative, inclusive working culture (76%) rather than a more authoritarian, rules-based approach (49%).[xxiii]

Appendix I: Index of methodology & companies interviewed

At Deloitte, we challenge ourselves to make an impact that matters. This report unpacks the leadership strategies and tactics of impact companies and their brands from around the globe.

We started our initial list by scouting top performing brands using BrandAsset® Valuator to identify those with brand energy. Brand energy is associated to those who significantly over-indexed on perceptions of brand differentiation, brand momentum and brand knowledge relative to their respective categories. These metrics comprise consumer perceptions of being "innovative," "gaining in popularity" or being "progressive" and "visionary" and are leading indicators, predictive of a brand's future growth potential.

We then filtered the initial list of top performing brands by cross-referencing them against three primary metrics that further demonstrate their ability to be considered an impact brand. We measured the brand's social influence using Klout scores; employee satisfaction was measured by Glassdoor, with the understanding that impact starts from the inside. Finally, we examined the brand's signals of market growth measured by publicly released metrics of revenue, store, sales, and employee growth as signals of impact that works.

This methodology yielded a diverse sample of leadership brands across industries and geography. A cross-sampling (by function) of executives were interviewed in person between March and September, 2016.

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Footnotes

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