FIVE REASONS TO BRING BRAND INTO THE BOARDROOM

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Corporate board members have a long list of responsibilities and concerns: succession planning, executive compensation, regulatory compliance and business growth strategies -- not to mention shareholder interests and value.

One topic that gets less attention is brand, often because many senior marketers have not mastered the art of turning marketing terminology into the financial language that resonates with directors. If brand value and the potential benefits of brand-building investments are not translated into the language of numbers, marketing will likely be at a disadvantage in winning over the board.

Here are five reasons to consider bringing brand into the boardroom:

1. Brand is the most important intangible asset of a company -- estimated at a value of 15% of the market cap of top-tier organizations. It can also be more: Apple is at 26% and McDonalds' is 42%.[i] If a company has a serious brand-damaging event, then brand value plummets—as does the stock, putting brand squarely in the board's wheelhouse.

2. Brand is typically the most important driver of customer purchase in both B2C and B2B, playing a central role in business growth and discussions of how it will be achieved. The Reputation Institute's 2015 report on corporate reputation - a critical aspect of brand - notes that 60% of consumers' decision to buy, recommend or invest in a company is based on company perception.[ii]

3. Brand value is not grown or sustained without investment. Companies spend a lot in advertising and marketing to manage the perceptions that drive brand. In 2015 alone, the top five worldwide brands spent an average of $2.26 billion to advertise and maintain their brand.[iii] It's important for directors to stay on top of these investments and feel comfortable that the spend is effective. Not only will it help ensure that the brand's value grows, but it will support bottom-line performance as well.

4. Companies typically perform better when corporate strategy, brand strategy and culture are aligned and are the basis of decision-making. It's often a mistake to consider market expansions,

acquisitions or new product lines without examining how brand enables or inhibits achieving the expected results. Given today's era of transparency, and consumers' desire to know the company behind the product, the character of the company cannot help but influence customer perceptions and purchase decisions. Aligning business strategy, brand strategy, and human asset strategy can make that happen and leverage the value of the business.

5. Brand is more than a "marketing thing." A strong brand plays an integral role in talent acquisition, retention and engagement. It also influences a business' standing with constituents from analysts to shareholders. Employees who embrace the brand's purpose are engaged, motivated ambassadors for their organizations. In fact, data shows that a more engaged workforce leads to an average 147% higher earnings per share compared to competitors with unengaged workers.[iv] Companies with bad reputations and weak brands are also less likely to entice employees away from competitors. A 2014 study found that only 70% of workers would be willing to leave their current job for a company with a bad reputation, versus 93% willing to go to companies with good reputations.[v] The effect of brand on employee acquisition and retention has been put into practice by Zappos, with its' policy of paying employees to quit if they do not fit with the brand and corporate culture. This model has even begun to be replicated in the warehouses of other companies such as Amazon. Investors also have more confidence in companies with strong brands.

Board members who have been won over in terms of the brand's influence and role in the enterprise's success should find three questions helpful to staying on top of its progress: What is our brand worth? What drives its value? What are we doing to protect and increase our brand equity?

The reach and responsibilities of the corporate board have expanded dramatically as scrutiny has intensified over the way members uphold their fiduciary responsibilities. By growing a better command of brand matters, directors can add another important dimension to their service.

Board members should consider Abraham Lincoln's words: "Character is like a tree, reputation is like its shadow" and keep in mind that building a brand is not about manipulating the shadow. It is about nurturing the health of the tree. That's the role of the board of directors.

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[i] Rankings - 2015 - Best Global Brands. Interbrand. Web. October 2015. (Note: Brand Value as a percentage of Market Cap was calculated using the 2015 Interbrand Brand Rankings “Brand Value” and “Market Cap” as available from Yahoo Finance on 28 October 2015)

[ii] Borison, R. “Amazon Named 'Most Reputable' While Apple Doesn't Make the Cut.” The Street. 13 May 2015. Web

[iii] The World's Most Valuable Brands. Forbes. May 2015.

[iv] Sorenson, S. “How Employee Engagement Drives Growth.” Gallup. 20 June 2013. Web.

[v] The Cost of a Bad Reputation: The Impacts of Reputation on Talent Acquisition. Alexander Mann Solutions and CR Magazine. Study. October 2014.