

## **How to calculate and interpret the impact of Brand Management Workflow Solutions**

The purpose of this paper is to explore the factors that go into assessing the need and potential impact of implementing a brand management system. The technique used can be applied to any process within an organization. It involves 4 main steps: 1. Review the current environment and trends influencing the process, 2. Evaluate the importance of the business function to the organization as a whole, 3. Assess the current and proposed process attributes, 4. Estimate the impact of a process change. This approach will provide the reader a consistent framework that can be applied to a specific company or an industry as a whole.

**Influences** - Review the current environment and trends influencing the process

Across all industries, several trends have greatly increased the need and viability of online digital workflow systems for efficient review and approval of brand assets. These macro level trends are briefly discussed below:

### *Geographically diverse supply chains*

The continuing globalization of supply chains has yielded reduced material and labor costs for items in many markets. This has however added to the complexity of product development and branding efforts. Often product development lead times are increased due to sourcing decisions. Conversely, these more complex cycles often actually condense the brand and packaging development phase of the supply chain. The compression of packaging lead times increases the risk of content error and may also result in reduced brand consistency.

### *Globalization of markets*

The need to compete in international markets also adds complexity to managing a company's brand. Diverse markets require a balance of global brand equity management with appropriate localization. This balance requires collaborative efforts between a company's brand stewards and in-market experts. The logistical challenge of collaboration across multiple cultures and time zones increases the need for effective communication and accuracy.

### *Innovation and speed to market*

In many markets the frequency of product and marketing innovation is increasing. This is driven both by advances in product design and manufacturing processes as well as rapid shifts in consumer demand drivers and motivators. Timeline pressure for companies increase as each tries to introduce these innovations ahead of the competition.

### *Workforce trends*

As previously discussed, an increasing portion of brand stakeholders are geographically distributed. In addition, a growing number of professionals must balance increased workloads with family and wellness activities. Both of these factors contribute to a growing need for frequent non-traditional work hours

and a steady increase in telecommuting. This yields a need for efficient, globally accessible brand management tools.

#### *Regulatory requirements and risks*

Many industries have seen an increase in regulatory considerations for their packaging. This is a global trend that is not likely to abate in the near term. Concurrently, these regulatory obligations carry increasing risk and include financial penalties, loss of licensing, and Brand integrity. As the requirements and the exposure increase, the need for collaborative review and approval systems for these companies becomes critical to success.

#### **Evaluate** - Assess the importance of the brand management function

As with any change, the introduction of brand management tools will have an impact on an organization. The magnitude and direction (positive or negative) will vary greatly and is a function of many variables. An incomplete list of these variables is discussed below. These variables influence the magnitude of implementing brand management tools. When viewed as continuum variables, they provide an insight into the relative importance of the brand management process to a given organization.

#### *Number of items being managed, introduced or changed*

Intuitively, the more items being managed by any brand process, the more impactful that process will be. However the magnitude or importance of this process is also highly correlated to the degree of change and the speed and frequency of brand innovation. For Example: Company A manages thousands of brand assets per year. These items reflect very small changes and require little collaboration. While the efficiency of a brand management system will still provide benefit to the organization, the magnitude of impact is dampened by the relative simplicity of the process. Conversely, for a company facing a highly innovative competitive landscape, the impact of brand management tools is accentuated.

#### *Complexity of supply chain*

The importance of brand management and therefore the impact of brand management tools is directly correlated with supply chain complexity. The complexity of a supply chain is a function of operations/manufacturing, procurement, engineering, marketing and sales, and legal and regulatory interaction. While all companies perform the operations, logistical challenges, and product development life cycles vary greatly between companies and across industries and influence the relative impact of a brand process.

#### *Complexity of approvals*

In many industries, specific elements of content for a brand asset are the domain of subject matter experts within the organization. This separation of duties is necessary to ensure each type of content is correct, consistent and verified by the content owner. This increases the complexity of the quality assurance process and increases the impact of a brand management system.

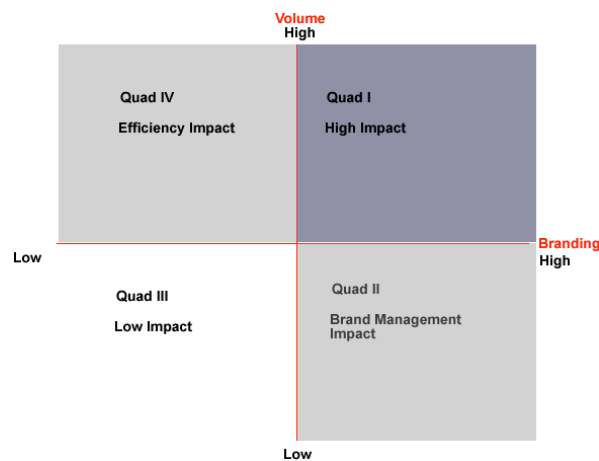
### *Risk Exposure of content error*

The cost of an on shelf error also varies across industries. The potential costs include printing and repacking, fines, litigation, etc. The impact of a brand management solution is directly related to this risk.

### *Brand consistency*

Brand management tools will have a greater impact on companies that rely on consistent branding and messaging as a key to success. The relative impact is also influenced by many of the variables above because they add complexity to the brand stewardship role.

The variables discussed above all interact with and upon each other and influence the importance or impact of brand management process in an organization. To see the relationship between two variables see Chart 1. This quadrant chart indicates how the interaction between item volume and brand consistency influence the importance of the brand management process within an organization.



Graph 1

- Quad I - High item volume and High need for brand consistency
- Quad II - Low item volume and High need for brand consistency
- Quad III - Low item volume and Low need for brand consistency
- Quad IV - High item volume and Low need for brand consistency

A similar approach can be taken to show the relationship between any two of the variables described. While this is a valid perspective, it is important to note that calculating the true impact of the brand management process requires a formula that incorporates all of the variables, and accounts for the interaction between these variables. A full quantitative analysis is beyond the scope of this paper. However, a theoretic approach is provided as an appendix for those curious.

### **Compare** - Assess the current and proposed process attributes

The above describes several factors that help measure or predict the importance of the brand management process in an organization or industry. To predict the impact of a change in this process requires an assessment of the existing and proposed systems. For brand management systems, the attributes that require assessment are accessibility, ease of use, adaptability, and scalability.

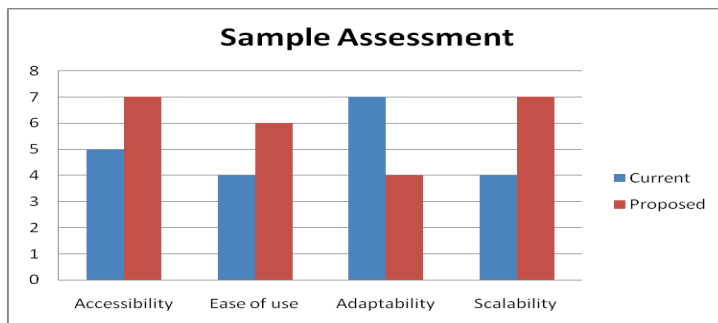
**Accessibility** measures the ability of stakeholders to interact with team members, the system, assets, and supply chain partners. The importance of this attribute depends primarily on the complexity of the supply chain, risk and the brand consistency needs.

**Ease of use** measures the effort required to perform core tasks as well as the training or orientation required for new participants. The importance of this attribute is a function of supply chain complexity, volume and workforce mobility.

**Adaptability** measures the ease with which a system can evolve to meet changing business requirements for a given function. It is important to distinguish between a process that is adaptable versus one that is unstructured. A business need being met in an unstructured environment is by definition, not using a system or process. This ad hoc approach is, by its very nature, adaptable but cannot be used as an evaluation attribute.

**Scalability** measures the ability of a process to adapt to shifts in volume as well as functional scope. Obviously, the importance of this attribute is a function of total volume. However, in many environments it also important to view this attribute in terms of volume cycles where large swings in volume can occur over time. Adapting to changes in functional scope describes a system or process ability to absorb or shed business functions as required. The distinction between functional scalability and adaptability warrants clarification here. Adaptability addresses the same core business function with changing approaches or workflows. Functional scalability adds or removes business functions to the process sphere of influence.

Using these key attributes, an assessment can be made between an existing process and a proposed change. Often this assessment will yield improvements in one attribute and reductions in another. The sample below demonstrates a simple evaluation of two processes and uses a rating scale of 1 to 10, with ten being the highest. Note that both processes are assumed to meet the core business need.



To understand the impact on the organization if a change were implemented, these attributes must be viewed in the context of the impact variables discussed above. The relative importance of a system's attribute is matched with its key variables. This allows one to obtain a value function for each attribute and compare that value across multiple process options. For example, while a system's ease of use may be important to any organization, the value of this attribute is maximized in an environment that has high volume, a dynamic work force, and a complex supply chain. These maximizing variables are used to obtain a relative value proposition.

To demonstrate, let us assume we have a company that has estimated their current environment and magnitude variables. The matrix below shows these sample variables.

Variables	Volume 6		Supply Chain 6		Approval 5		Risk 4		Branding 7		Contribution
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	
Accessibility			5	7			5	7	5	7	34
Ease of use	4	6	4	6							24
Adaptability			7	4	7	4					-33
Scalability	4	7							4	7	39
Sum	48	78	96	102	35	20	20	28	63	98	
Contribution		30		6		-15		8		35	64

Based on the magnitude variables one can see that the company is has moderately high volume and supply chain complexity (6). Their risk exposure (4) and approval complexity (5) are moderate to low, and their need for brand consistency is high (7). The row labeled Sum indicates the “score” for each process by magnitude variable. The “Contribution” row at the bottom shows the numeric impact of the change for each variable. The impact in this example is a positive 64 and reflects the sum of the contribution. In this example, the proposed system would have a positive impact on the organization of approximately 25% (Total Contribution/Current process sum). However, much of the improvement is offset by the reduced adaptability of the proposed system.

This model integrates the relative importance of key variables tuned to an organization with system or process performance data. Using these variables and attributes, one can predict the relative impact of a brand management system. This approach can also be used to compare multiple options, and, when costing is applied, calculate value propositions in monetary terms. These values are arbitrary, and presented only to demonstrate a simple method for calculating the impact of a brand management process change. This approach can be used for any business function and its matching process or system. It is designed to allow a decision maker to estimate and understand the impact of a process change based on personalized variables.