

PITNEY BOWES INWARD STRATEGIC CONSULTING SUMMER BREAKFAST FORUM

Arun Sinha, Corporate Vice President and Chief Marketing Officer, Pitney Bowes, guest speaker at Inward Strategic Consulting Summer Breakfast Forum

At our recent Inward Breakfast Forum, Arun Sinha, Corporate VP and Chief Marketing Officer of Pitney Bowes, addressed an audience of senior Marketing and HR executives from some of the most respected New England-area companies.

Mr. Sinha's talk focused on Pitney Bowes' "Extreme Brand Makeover." He shared his branding experiences and insights from his past 4 years at Pitney Bowes and the importance of internal branding to achieve operational success.

He presented a case history reflecting the journey Pitney Bowes successfully implemented with an internal and external program to build momentum for their brand. He described how Pitney Bowes has changed the way employees and customers think of Pitney Bowes as a result of their new branding program. His internal/external brand journey started over four years ago to transform perceptions of his company, long seen strictly as a producer of mail meters, to a new identity as a total enabler of commerce and provider of business solutions.

Why Internal Branding is important:

- Half of all S&P 500 companies will not be around in 50 years – therefore companies need to evolve and adopt aggressive growth strategies, otherwise they will no longer be around or viable.
- According to a McKinsey Report the pace of change is accelerating and companies must be more adoptive and nimble to change fast.
- Companies lose focus of their value proposition because they cannot keep up with changes in business practices such as...
 - Inability to gain productivity.
 - Destructive programs of bad conduct—WorldCom and ENRON.

- Lack of cohesive growth.

Pitney Bowes was not about to be included with those companies headed toward extinction. They realigned, consolidated and acquired companies, people and know how to establish a comprehensive growth strategy that would keep them relevant in the marketplace. A key factor and lynch pin of the strategy was the creation of a single, comprehensive, global brand image that was consistent with the growth strategy.

- It started with comprehensive worldwide research with customers, journalists and of employees.
- Partnered with external agencies such as Inward Strategic Consulting, and architected a 360 degree integrated marketing plan
- The research yielded several key negative perceptions on which Pitney Bowes would make its internal/external rebranding case.

Past Pitney Bowes Perceptions in 2001/02: The company had grown quite a bit, but it's image was frozen in time."

Customers:

- Known for postage meters by in large with little understanding of Pitney Bowes' full value proposition or product and service offerings
- That mail meters and mail in general were not really thought of as business critical
- "Integrated mail and document management" means very little to C-suite
- Wide variances globally, no specific perception in the international market
- Overall, Pitney Bowes image was frozen in time

Journalists:

- Very few understood Pitney Bowes' actual business
- They thought they manufactured and sold mail

meters

- They felt the industry was not dynamic—very plain and boring.
- Those familiar with Pitney Bowes considered it “dry”, not sexy, not much “news”

Perceptions of 10 Best Customers – 2002:

- Ingenious at uncovering “hidden ways” to improve communications flow
- Expert at marrying advanced hardware and software
- Tradition of integrity and promises kept
- Surprise: the most common customer reaction to learning that Pitney Bowes had a much broader portfolio of enterprise wide solutions ...customer irritation! “We’re loyal customers. Why haven’t you even told us all the things you do?”

Perceptions of Pitney Bowes’ Employees – 2002:

- Unclear value proposition
- “We solve problems through equipment”
- Heritage as a mechanical device manufacturer drives how people think of the brand
- Lack of marketing integration and siloed structure
- Visually and organizationally, there was a lack of a one-company “look and feel”
- In 2001, there were 61 different brands and countless trade/service marks.”
- The lack of a shared marketing vision led to sometimes redundant or conflicting business strategies, transfer pricing and marketing efforts.
- Pitney Bowes had to rebuild the brand in a way that resonated with customers’ top management groups.
- Internally, Pitney Bowes had to convince employees and shareholders that they weren’t going to spend a lot of incremental money, but was going to spend more wisely.

Solution to the Pitney Bowes Marketing and Brand Dilemma - Remove multiple brands; create a one-company look and feel! And create a desire for one shared vision:

The New Pitney Bowes Brand campaign

Pitney Bowes framed ideas around these insights. Soon the insights became the germination of a new Pitney Bowes brand. One based on the strengths of their strong client relationships and the opportunity to be more than just a mail meter company. To be a company that is vibrant, dynamic and passionate about clients’ business and providing leading edge technological products, services and solutions that make businesses run and be more successful. These excellent qualities became the foundation for building

a new brand value proposition.

External Branding Challenges

Unified, clear and focused - Pitney Bowes value proposition was... “Engineering the flow of Communications” with the goal of communicating that Pitney Bowes is more than a equipment manufacturing company to a full service products and services company that offers business critical added value.

- From 61 different brands to one brand
- Created flanker brands for strategic reasons
- Created a nomenclature system for business
- Product / business unit naming
- “One Company” look and feel

Internal Branding Challenges:

Pitney Bowes management made the strategic decision to launch an integrated external campaign with a highly creative and breakthrough integrated marketing program. However, there was an even bigger challenge at winning over the internal constituency to get employees to understand why it was important to have one global brand and to teach them the value of using the brand in their daily interaction with clients. There were many obstacles that needed to be overcome.

- Siloed culture & lack of knowledge of strategic direction
- Lack of knowledge of full breadth of Pitney Bowes products / services
- Limited knowledge on how to cross-sell products and services
- Inability to articulate the Pitney Bowes story
- Low employee engagement

Once the brand strategy was articulated and an external program launched, the company aggressively communicated through experiential events and training to educate the people about the power of the brand and how they could benefit in terms of interacting with their clients. It started with comprehensive branding education to employees to improve internal buy-in, and change communications programs using facilitated participatory processes to build enrollment. Some of the tactics deployed were:

- Brought top marketing leaders together around a shared vision for marketing through Inward’s Visioneering® process.
- Executive Leadership Groups to discuss and understand the consequences of a strong brand
- One-on-one meetings with 200 business leaders and

key executives

- Brand meetings, branding role playing and exercises
- 1-day brand education training programs for all managers and their staffs
- Customer-facing employees training
- All sales, service, call center meetings and training
- Aligned with HR and Employee Communications to explain the brand story

The communications and messaging to employees was easy and simple to accept because of the logic and clear statement of business benefits that would be achieved by having a single global brand.

- New tag line – “Engineering the flow of communication®” To reduce costs, improve effectiveness, and enhance customer relationships
- Narrowed down to one brand statement for employees to focus on (versus multiple statements):
- Created appropriate collateral to carry the message
- Not conventional give-away’s (key chains, caps, t-shirts) e.g., innovative (flash drives, Starbucks-type steel coffee tumblers, ergonomic mouse pads)
- Collateral that reflected brand attributes.

LEARNING

- Internal Branding Has No Silver Bullets
- Companies have “Limited Appetite” for Change
- Business Units Control Pace of Change
- Field Visits Drive Change
- Company Messages Too Varied, Confusing – Need simplicity of messages

ACTION

- Be Creative and Try Lots Of Approaches
- Use Patient, Incremental Approach
- Bring Them in Early
- Continue moving forward, never retreat and expand
- Find Ways To Make New Tools Relevant,
- Help Drive Messaging Discipline

Why do corporate brands matter?

Brands are intangible assets. Mr. Sinha gave the example of Microsoft and IBM. Although revenue size wise, IBM is twice the size of Microsoft, market cap wise, Microsoft has more than twice the size of market capitalization and that is because of the intangible assets Microsoft holds.

Results of Branding Program

Toward the end of his presentation, Mr. Sinha

cited overwhelming results after embarking and sustaining the campaign for the last three years. The integrated branding strategy is working! As a direct result, “Engineering the Flow of Communication” resonates extremely well with customers. The new one-company look and feel advertising captures attention as evidenced by a 35% increase in company consideration after launching online advertising initiative.

He also cited that brand differentiation drives market capitalization by contributing to the intangible asset equation. In the case of Pitney Bowes; there was a clear relationship between brand equity, which translated into improvement for Pitney Bowes’s market cap - 30% improvement in brand equity compared to Fortune 500 average of 12% and brand equity as a percentage of market capitalization of 14% as compared to 0% for other companies. In addition the campaign achieved the following:

- Identified key relationship between customer loyalty and brand reputation; the largest driver of willingness to recommend PB is reputation.
- Raised the opportunity to cross-sell; Linkage between perceptions of Pitney Bowes brand and cross selling functions.
- 56% increase in C-suite understanding.
- 21% improvement in C-suite awareness of document management capabilities.
- 84% increase in media coverage by press.
- 47% of Sales people use the brand to open doors, cross-sell.
- 60% of all customer-facing employees leverage the brand with customers.
- “Excellence in Corporate Advertising” award by Business Week.
- More than 60,000 web hits averaging 2.5 minutes browsing content resulting in PB.com being rated one of the top B2B websites.
- Awarded “Top Marketer of the Year” by B2B Magazine and Diversity Magazine lists PB as #1 in diversity.

Summary and conclusions

Pitney Bowes wanted to become relevant to clients by demonstrating that it provided business solutions and services and more than just mail meters. In addition, it established a growth strategy that culturally made it more ambitious and competitive with the desire to garner more market share rather than be satisfied

with the current mailstream revenue business. It established a global, one brand program through a single look, feel and message and created an internal and external comprehensive marketing program. After three years, the campaign has had considerable impact on their market capitalization, increases in awareness and consideration and media recognition and coverage like never before. The company now has momentum, is considered a market leader and clear identity.

Questions from Forum Attendees:

How did you measure brand equity?

“There are 2 ways to measure that—we measured it internally and hired a third party using a battery of questions used from other companies. Copernicus and Deloitte do this type of measurement. We were measuring the brand perception.” Allan Steinmetz of Inward Strategic Consulting added, “Interbrand does an annual rigorous review process as well.”

Arun, how do you keep this going?

“Great question. It validates my job! Branding is not an initiative it’s a continuous thing that needs to be Tweaked and nurtured as the market and the world changes. We do things like town halls with Senior Executives.”

About Arun Sinha

Arun is the Chief Marketing Officer of Pitney Bowes Inc. He is responsible for integrated marketing communications, brand management, public/media relations, web strategy & development and marketing research worldwide. Arun built an integrated marketing function at Pitney Bowes and launched the company’s well-received integrated marketing campaign garnering top industry honors.

During 2004, he also served as President of Services and Solutions for Pitney Bowes Management Services. In that capacity, Arun established product, services and solutions group and instituted a vertical market focus. He also established a six-sigma practice for Pitney Bowes customers.

Arun has been a leader in marketing of consumer and high technology products in both Business to Consumer and Business-to-Business areas. He has successfully launched 20 new brands and solutions at companies such as Philip Morris, Colgate Palmolive, the Ford Motor Company as well as Pitney Bowes. He

also has successful track record of developing and running profitable businesses.

Prior to joining Pitney Bowes, Arun held key senior positions in marketing, business development and brand management at Philip Morris and Young & Rubicam. He grew the brand equity of some of Philip Morris’s most profitable brands and led market strategies for many world-renown brands at Young & Rubicam.

His achievements have been well recognized. Among other awards, in 2003 and 2004, BtoB Magazine named Arun a “Top Marketer of the Year.” In 2004, his team received Business Week’s “Excellence in Corporate Advertising” award. He serves on the Board of Directors for the Direct Marketing Association and the CMO Council. He also is a member of the Pitney Bowes Chairman’s Council.

Arun holds degrees from Michigan State University, the Indian Institute of Mass Communications in New Delhi and from St. Xavier’s College at the University of Calcutta. He lives in Stamford, Connecticut with his wife and two children.

About Inward Strategic Consulting

Inward Strategic Consulting specializes in change management and branding initiatives from the inside out. The firm’s expertise and approach bridges the gap between strategic consulting firms and traditional advertising/communications companies. Inward has four offerings that incorporate facilitated methods for leadership alignment, change management communications, internal & external branding and market research. Inward is headquartered in Boston MA, with service offices in San Francisco, Chicago, and Minneapolis/St. Paul.



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