Scherle, Tina; Botzenhardt, Florian; Pätzmann, Jens U.

Article
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The Connection between Change Management and Internal Branding

Analysis of the Compatibility of Internal Branding and John Kotter’s 8-Step Change Process for Change

Verfasser(innen) | Tina Scherle, Florian Botzenhardt & Jens U. Pätzmann

One of the main targets and biggest challenges of companies is staying competitive in a fast changing business world. Therefore managing organizational changes is a central topic in business practice as well as in science. According to a study of Capgemini Consulting over 50 percent of participating managers perceive change management as ‘important’ and 36 percent as ‘very important’ (Claßen & Kyaw 2008, p. 20). This result shows the high significance of change management for managers. Most companies approach changes by using established change management tools in order to achieve high acceptance and commitment of their employees. But it is also said that nowadays existing change management methods are not sufficient anymore (Kotter 2012, p. 1). Unfortunately, up to 70 percent of all change initiatives fail (Leonard & Coltea 2013, p. 1).

An important success factor for change projects are employees and their understanding and support. Yet, this factor is often underestimated. To deal with the problem, it is helpful to consider change processes from the perspective of internal branding. In recent years internal brand management drew attention as...
being an effective tool for the creation and maintenance of strong brands (Burmann et al. 2008, p. 265). Successful internal branding can positively influence the awareness, behaviour and commitment of the employees towards a brand and is critical for the success of a business (Khan 2009, p. 22). This may have an impact on change initiatives as well. Therefore it has to be analysed if the internal branding idea is already embedded into established change management models and in Kotter’s 8-Step Change Model in particular, or if they need to be adapted.

To achieve this aim, the following sub-goals are met: The identification of critical success factors of internal branding initiatives as well as the development of a universal evaluation scheme to verify if internal branding is considered in change processes and if so, to what extent. Recommendations on how to use internal branding within an organisational change are stated.

**The concept of internal branding**

Having a successful business requires the delivery of an experience for customers and the creation of the right brand impression (ibid., p. 33). According to Jacobs (2003, p. 23) ‘aligning the brand on the inside is more important in many ways than marketing the brand to the outside’.

The employees determine the personality of a company (Jacobs 2003, p. 23). They are dealing with the brand on a daily basis at work and are representing it to the customers as well as to the public (Mahnert & Torres 2007, p. 55). Therefore the emotional and intellectual employee buy-in (Thomson et al. 1999, p. 824), not only into corporate culture but especially into brand personality, creates the true competitive advantage gained through people (Jacobs 2003, p. 23).

Internal branding is a tool of internal marketing (Mahnert & Torres 2007, p. 55) and defines a process that ‘aligns an organization around a brand’ (Tosti & Stotz 2001, p. 30). Assuring that employees convert the brand messages into brand reality for the customers as well as for other stakeholders, is the main task of internal branding (Khan 2009, p. 26). The tool internal branding is capable of enforcing the commitment of the employees, their loyalty and identification with the brand (Papasolomou & Vrontis 2006, p. 197). It is important to address all organizational levels to achieve consistency with the management and employee behaviour and values. Therefore, in some cases, internal branding is also alluding to ‘Behavioural Branding’ (Schmidt 2007, p. 55).

Ian Carruthers, director of the renowned brand consultancy Interbrand, describes internal brand management as the art to create belief in the brand promise for every single person within the organization and to ensure that the company is able to achieve its objectives (Mortimer 2002, p. 21). Accordingly, internal branding reflects the brand values and realizes the brand promise internally and externally (Mahnert & Torres 2007, p. 55).

**Implementing internal branding**

In order to identify the view of the companies and implementation of internal branding practices, the Canadian Marketing Association undertook a combined qualitative and quantitative research across various companies of different industries in 2007. A basic insight of the study was that there is a consensus among various participants about the overall challenge for internal branding to transfer the brand values of the company into behaviour of the employees (MacLaverty et al. 2007, p. 5). To attain the goal that employees internalize the brand values, certain implementation models can be applied.

There is a range of frameworks regarding internal branding execution. For this article, the focus lies on the following three models:

- Thomson et al. (1999, p. 819) developed the intellectual and emotional buy-in matrix that can be used to strengthen business performance.
- Bergstrom et al. (2002, p. 135) use a five category
framework which is also named the 5 C’s, standing for ‘clarity, commitment, communications, culture and compensation’.

- Mitchell (2002, p. 103) defined a three principle framework in order to execute internal branding campaigns aiming to enable employees to understand, accept and ‘live’ the brand values. It consists of the modules choose your moment, link internal and external marketing and bringing the brand alive for employees.

**Key success factors for internal branding**

Several authors emphasise that there are potential traps which can lead to failure of internal branding efforts (Mahnert & Torres 2007, p. 56). In one of his six pitfalls Machtiger (2004, p. 21) points out that organizations often fail in supporting internal branding by not allocating enough resources and planning likewise for internal marketing efforts. It often happens that internal communications ‘remain a blunt instrument’ (ibid., p. 22) because employees are not seen as a different audience than external customers. Mahnert and Torres (2007, p. 56) identified ‘dimensions and factors of failure and success in internal branding’ by doing an extensive literature review. Based on a deep content analysis the researchers allocated the number of citations found in literature in accordance with 25 factors. In addition they have categorized the determined factors into the following seven dimensions:

- **Organization**: It is difficult to influence or change factors that are allocated to the organisational dimension in the first place (ibid.). However, structure and culture within a company have to match with the objective of the internal branding campaign (Bergstrom et al. 2002, p. 137). Especially cultural changes, for example during mergers and acquisitions, affect internal branding because ‘speaking with one voice’ in such a situation is even more difficult (Einwiller & Will 2002, cited
by Mahnert & Torres 2007, p. 55). Insular thinking and competition between colleagues have been identified as factors that can influence the success of internal branding negatively. In order to minimize the appearance of these threats and to facilitate departmentalized thinking, cross-functional coordination and cooperation are recommended (Sartain 2005, p. 90).

- **Information**: Effective and successful internal branding initiatives depend on knowledge of and information about the business environment of the organization. Therefore market research is an essential tool to gather information. Also, providing feedback to all organizational levels and being able to measure the target performance is necessary in order to align internal branding goals with organizational ones. This enables to tailor an appropriate internal branding campaign (Mitchell 2002, p. 103).

- **Management**: The management is responsible for the success of an internal branding program. With its leading role, it needs to set good examples and to ‘live’ visibly the brand values. As a result, this will ‘drive a consistent brand behaviour’ (Jacobs 2003, p. 25). Besides, defined brand teams are required to lead the program successfully (Mahnert & Torres 2007, p. 57).

- **Communication**: Accessibility of information should be guaranteed for everyone within the company. At the same time information overload has to be avoided (ibid.). Internal and external communications have to be aligned and brand messages must be consistent. For a positive outcome, it is essential that the internal branding objectives are in accordance with the overall business objectives the organization is pursuing. According to Bergstrom et al. (2002, p. 137) besides logos and typefaces it is even more important that leaders function as brand communicators. Moreover, they state that the brand message has to be communicated frequently and on a long term across various channels and media. In addition, companies have to be aware of adapting communication in case of internal and external changes (Mahnert & Torres 2007, p. 57).

- **Strategy**: For avoiding confusion and conflicts, the corporate strategy should be in line with the internal and external brand strategy. This incorporates choosing suitable timing and budget for executing an internal branding program.

- **Staff**: Employees are the target audience of internal branding. Gaining their commitment to, understanding for and support of the brand at all levels is the antecedent for internal branding success (Thomson et al. 1999, p. 823). Internal branding programs are perceived most effective when employees had the chance to participate in the design of the program (Thomson et al. 1999; Papasolomou & Vrontis 2006; Jacobs 2003 cited by Mahnert & Torres 2007, p. 57). Segmenting the target audience can be necessary especially where significant differences, for example regional or cultural distinctions, exist (Machtiger 2004, p. 23).

- **Education**: Mahnert and Torres (2007, p. 58) comment that the training of staff and management during an internal branding program is indispensable to prevent failures that occur due to ignorance of and prejudices against the branding initiative.

**The concept of change management:**

**Kotter’s eight-step change model**

John Kotter, Professor of Leadership Emeritus and renowned change management specialist, accompanied numerous companies undergoing change processes in recent years (2012, p. 1). He always observed the same pattern: in many cases companies recognize the necessity of a significant strategic change in order to achieve the business objectives, but they fail in realizing the transformation (Kotter 2012, p. 1). To avoid such failures, companies strive to apply established methodologies for change processes.

The term change management describes specific techniques to manage and steer processes that are essential in terms of an organizational change. Its task is to shape the path the company takes in order to achieve its targets. Main objective of change management is to coordinate processes precisely, information technologies and people in order to steer and
shape the change actively. Change management is an initiative which is conducted inward-looking, it focuses on people that are directly affected by the change process (Lauer 2010, p. 3).

John Kotter introduced his change model in 1995. The model aims to renew strategies, to reorganize processes and to optimize quality. Within an eight-step process he defines useful methods to remove obstacles for a successful change (Kotter 1995, p. 64). The phases Kotter describes are based on each other and have to be executed step by step.

In step two, *Forming a Powerful Guiding Coalition* (Kotter 1995, p. 62), a group with power, expertise and reputation has to be gathered in order to lead the change effort. The group should emphasize teamwork and its members should not maintain in the existing hierarchy.

During the first step *Establishing a Sense of Urgency* (Kotter 1995, p. 60), it is necessary to gain the cooperation of many individuals and to make sure they are motivated to participate. Kotter comments that over 50 percent of the companies he observed were failing this phase. When the urgency rate is too low, people prefer to remain in their comfort zone and to maintain the status quo. A suggested solution is to communicate the competitive situation of a company, performance and market trends rather dramatically. At least the management needs to be convinced by the necessity and inevitability of change. Motivation, involvement and support have to be created (ibid.).

After the group is formed, a *vision and strategy* (Kotter & Seidenschwarz 2012, p. 18) need to be created. The direction where the organization is moving has to be stated clearly. Additionally, project plans have to be developed to achieve the vision. Without a vision in mind, people tend to act confused and to misunderstand in which direction to move (Kotter 1995, p. 63).
The next step is to communicate the vision with existing and new communication channels and methods. The management should be walking the talk (Kotter 1995, p. 63), which means that the vision is exemplified to the staff through the own behaviour of the management.

Phase five is Empowering Others to Act on the Vision (Kotter 1995, p. 64). In order to act according to the vision and new strategies, all obstacles to the change need to be removed. Employees need to be empowered to maintain the credibility of the change effort and encouraged to try new and risk taking approaches. In this case, typical obstacles are structures or powerful individuals who resist the change efforts.

The sixth step is called Planning for and Creating Short-Term Wins (Kotter 1995, p. 65), which refers to the development of precise performance improvement goals and measurement systems. It is recommended that the involved employees should get rewarded when achieving the goals. ‘Quick wins’ help to maintain the commitment to the change and the high level of urgency.

Step seven consolidates improvements and broadens the way for more change. The increased credibility from early wins is used to change the old way we do things around here (Kotter 1995, p. 66). Systems, structures, and policies that do not support the vision have to be changed. It is essential to understand that such renewal efforts can often take years. One of Kotter’s identified errors during change is to declare victory before the changes and improvements have sunk deeply into the culture of a company.

The last and eighth step is Institutionalizing New Approaches (Kotter 1995, p. 67). Changes have to be anchored in the corporate culture. Frequent and well-planned communication on how the new approaches, behaviours and attitudes have improved business performance is important. In addition, measures to create leadership development and succession plans consistent with the new approach should be established. According to Kotter (ibid.), in the final analysis, change sticks when it becomes ‘the way we do things around here’; when it seeps into the bloodstream of the corporate body.

Change management from internal branding perspective: An analysis

For the purpose of the analysis, an evaluation scheme based on secondary data has been created. Therefore Mahnert’s and Torres’s (2007, p. 56) results were taken as the point of origin. As being said before, the authors identified success factors for internal branding based on a content analysis and the number of citations in literature. For the evaluation scheme, the factors were first sorted descending as per how often they were cited in literature according to Mahnert and Torres. The number of citations per factor was then used to weight the factors and their impact on the success of internal branding. This has been calculated by dividing the number of citations of one factor by the total number of citations of all factors in literature. After establishing the weighting, each success factor was verified in terms of its conformity with Kotter’s change model. Each factor has been evaluated with either ‘1’ for ‘fulfilled’, ‘0,5’ for ‘partly fulfilled’ or ‘0’ for ‘not fulfilled’. In the last step, the conformity of internal branding success factors with the change model can be weighted in percentage. As a result, the change model has been evaluated and it can be said to which percentage success factors of internal branding are considered in Kotter’s 8-step model.

Results

The fulfillment rate of internal branding success factors considered in Kotter’s change model represents 78,8 percent. Therefore it can be stated that a majority of internal branding success factors, weighted according to their importance, is embedded in Kotter’s model. Solely based on this result, it can be assumed that the change model of Kotter promises success from the perspective of internal branding. To identify strengths and weaknesses the results can be clustered by dimension (Figure 1).
<table>
<thead>
<tr>
<th>Dimension</th>
<th>Success factors of internal branding</th>
<th>Number of citations in the literature</th>
<th>Weighting of success factors in % (based on total number of citations)</th>
<th>Evaluation: Conformity with change model yes=1; partly=0,5; no=0</th>
<th>Allocation of phase in change model</th>
<th>Weighting of conformity with change model in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>Multi-directional communication</td>
<td>19</td>
<td>10,2%</td>
<td>1</td>
<td>4</td>
<td>10,2%</td>
</tr>
<tr>
<td>Information</td>
<td>Internal Market research</td>
<td>16</td>
<td>8,6%</td>
<td>1</td>
<td>1</td>
<td>8,6%</td>
</tr>
<tr>
<td>Information</td>
<td>Measurement &amp; feedback of status quo</td>
<td>13</td>
<td>7,0%</td>
<td>1</td>
<td>1 &amp; 6</td>
<td>7,0%</td>
</tr>
<tr>
<td>Management</td>
<td>Jurisdiction (responsibility of top management)</td>
<td>13</td>
<td>7,0%</td>
<td>1</td>
<td>2</td>
<td>7,0%</td>
</tr>
<tr>
<td>Staff</td>
<td>Employee participation, support &amp; motivation</td>
<td>13</td>
<td>7,0%</td>
<td>1</td>
<td>5</td>
<td>7,0%</td>
</tr>
<tr>
<td>Management</td>
<td>Leadership support</td>
<td>12</td>
<td>6,5%</td>
<td>1</td>
<td>2</td>
<td>6,5%</td>
</tr>
<tr>
<td>Staff</td>
<td>Recruitment</td>
<td>11</td>
<td>5,9%</td>
<td>1</td>
<td>7</td>
<td>5,9%</td>
</tr>
<tr>
<td>Staff</td>
<td>Remuneration</td>
<td>11</td>
<td>5,9%</td>
<td>1</td>
<td>6</td>
<td>5,9%</td>
</tr>
<tr>
<td>Organization</td>
<td>Corporate Culture</td>
<td>9</td>
<td>4,8%</td>
<td>0,5</td>
<td>8</td>
<td>2,4%</td>
</tr>
<tr>
<td>Communication</td>
<td>Alignment of internal &amp; external messages</td>
<td>9</td>
<td>4,8%</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Organization</td>
<td>Interdivisional cooperation</td>
<td>8</td>
<td>4,3%</td>
<td>1</td>
<td>2 &amp; 5</td>
<td>4,3%</td>
</tr>
<tr>
<td>Management</td>
<td>Deeds communication</td>
<td>7</td>
<td>3,8%</td>
<td>1</td>
<td>4</td>
<td>3,8%</td>
</tr>
<tr>
<td>Education</td>
<td>Acceptance</td>
<td>7</td>
<td>3,8%</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Strategy</td>
<td>Alignment of business &amp; brand objectives</td>
<td>6</td>
<td>3,2%</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Education</td>
<td>Guidance</td>
<td>6</td>
<td>3,2%</td>
<td>0,5</td>
<td>2 &amp; 3</td>
<td>1,6%</td>
</tr>
<tr>
<td>Communication</td>
<td>Constant reinforcement &amp; adaptation to change</td>
<td>5</td>
<td>2,7%</td>
<td>1</td>
<td>1 &amp; 7</td>
<td>2,7%</td>
</tr>
<tr>
<td>Staff</td>
<td>Segmentation of employees as target audience</td>
<td>5</td>
<td>2,7%</td>
<td>1</td>
<td>6 &amp; 7</td>
<td>2,7%</td>
</tr>
<tr>
<td>Strategy</td>
<td>Budget</td>
<td>4</td>
<td>2,2%</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Management</td>
<td>Brand teams</td>
<td>3</td>
<td>1,6%</td>
<td>0,5</td>
<td>2 &amp; 7</td>
<td>0,8%</td>
</tr>
<tr>
<td>Organization</td>
<td>Structure</td>
<td>2</td>
<td>1,1%</td>
<td>1</td>
<td>5 &amp; 7</td>
<td>1,1%</td>
</tr>
<tr>
<td>Communication</td>
<td>Formality of message</td>
<td>2</td>
<td>1,1%</td>
<td>0,5</td>
<td>4</td>
<td>0,5%</td>
</tr>
<tr>
<td>Strategy</td>
<td>Timing</td>
<td>2</td>
<td>1,1%</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Information</td>
<td>Specific knowledge of brand direction</td>
<td>1</td>
<td>0,5%</td>
<td>0,5</td>
<td>3</td>
<td>0,3%</td>
</tr>
<tr>
<td>Communication</td>
<td>Avoid internal clutter</td>
<td>1</td>
<td>0,5%</td>
<td>1</td>
<td>4</td>
<td>0,5%</td>
</tr>
<tr>
<td>Education</td>
<td>Mental models</td>
<td>1</td>
<td>0,5%</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>186</strong></td>
<td><strong>100%</strong></td>
<td><strong>78,8%</strong></td>
<td></td>
<td><strong>78,8%</strong></td>
</tr>
</tbody>
</table>

Table 1: Evaluation and analysis of Kotter’s eight-step change model based on the success factors of internal branding
Source: Source: own representation based on content analysis of Mahnert & Torres 2007, p. 56
Figure 1 illustrates the following deviations from internal branding standard in percentage points: Staff (0); Communication (-5.4); Management (-0.8); Information (-0.2); Organization (-2.4); Education (-5.9); Strategy (-6.5). Considering the dimensions with strong conformity, it can be said that Kotter’s change model has its strengths in the areas of staff, information and management, which are also of high importance in internal branding. Within the dimension organization, the model performs moderately from the internal branding perspective. However, the conformity of Kotter’s model with internal branding success factors is only 78.8 percent which leads to a deficit of 20.2 percent. It represents the weaknesses of Kotter’s change model in terms of internal branding. This is due to the dimensions strategy, education and communication where Kotter’s change model seems to have potential for improvements.

The results as they are shown in this chapter were interpreted under the following assumption: the change model’s conformity with internal branding success factors is synonymous with its success regarding the same. This means that situational conditions that might result in success or failure of the change processes were left out. In order to analyse the model itself, this procedure is effective in terms of identifying the potential of the model from an internal branding perspective. For the purpose of a methodologically sound analysis this assumption is necessary.

Nevertheless, the authors are aware of the discrepancy between the mere existence of success factors in the model and the ultimate successful outcome of a change project regarding internal branding. Therefore it has to be stressed that the fulfillment rate of 78.8 percent does not automatically promise success but depends on individual situations and quality of performance by management and employees.

**Recommendations**

Based on the analysis, recommendations for optimizing Kotter’s 8-step change model in terms of internal branding can be derived. In terms of strategy, it might be helpful to consider the right timing and budget for a change management project. Indeed, it is a fact which Kotter is not considering at all but complicates strategic internal branding measures.

Even worse, Kotter’s phases do not consider the general business objectives and their alignment with change. For a change process it cannot be sufficient to simply create a change vision that is detached from the corporate strategy. This would most likely lead to complicated and fragmented communication delivering heterogeneous messages.

From the internal branding perspective the dimension education is also lacking in Kotter’s model. This is unfortunate as it could be a significant benefit for success in times of organisational change and in establishing strong internal branding.

**Conclusion**

This article considers change management processes from the perspective of internal branding. Companies are challenged by times of change and it has been observed that a lot of change processes fail. Internal branding can influence positively the awareness, be-
haviour and commitment of the employees towards a brand. That circumstance can be critical to the performance of a business. As the employees are one of the most important factors in change projects, internal branding seems to be a logical add-on and should be embedded within a change management model and its execution.

The evaluation scheme which has been developed for the purpose of this study shows the implementation of internal branding in Kotter’s eight-step change model. With a calculated fulfilment rate of 78.8 percent, Kotter’s approach promises success from the perspective of internal branding.

Nevertheless, there is always potential for optimization. On the one hand for Kotter’s process and on the other hand for research regarding the influence of internal branding on change management. It would be beneficial to further investigate how the eight-steps-model could be improved in the areas of strategy, education and communication.

The next step has to be the refinement of our evaluation scheme. To achieve this, it would be desirable to apply it to other change management models. This might allow to learn more about the tool while enabling a general overlook of the role of internal branding in today’s change management methods.
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Tina Scherle

Tina Scherle studies International Brand and Sales Management in the Master of Advanced Management programme at the Neu-Ulm University of Applied Sciences. Currently she is working on her master’s thesis.

tina.scherle@student.hs-neu-ulm.de

Florian Botzenhardt

Florian Botzenhardt holds a position as a scientific assistant at the centre for marketing & branding at the Neu-Ulm University of Applied Sciences. His main research interests are advertising and digital brand management.

florian.botzenhardt@hs-neu-ulm.de

Prof. Dr. Jens U. Pätzmann

Jens U. Pätzmann holds a position as professor for marketing and is the director of the centre for marketing & branding at the Neu-Ulm University of Applied Sciences. His research focuses on corporate, employer and internal branding.

jens.paetzmann@hs-neu-ulm.de

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