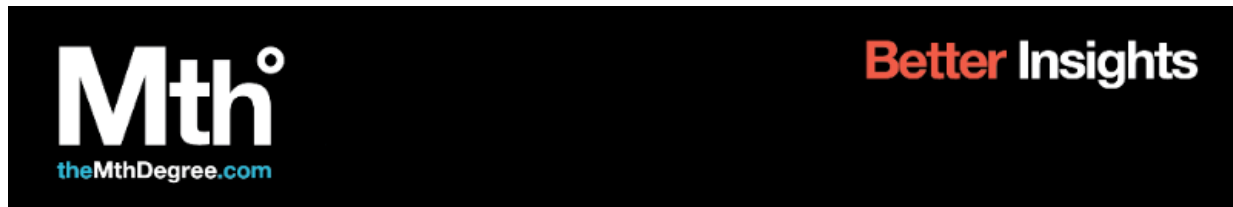


What's the ROI on Brand-Building?

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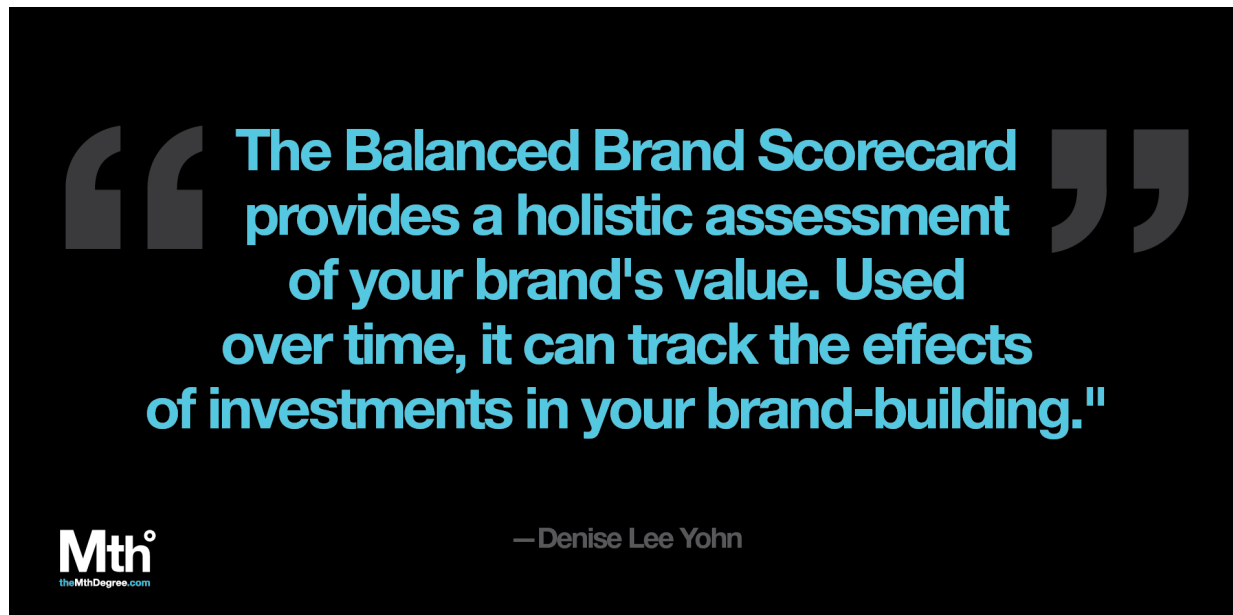
We're honored to have our friend, brand-building expert, sought-after speaker and best-selling author of "What Great Brands Do" Denise Lee Yohn be our guest contributor on Mth Degree Insights. Please visit her website [here](#).

By Denise Lee Yohn

Asking about the ROI on brand-building is like asking what is the ROI on increasing an organization's focus, alignment, and longevity (just a few of the many outcomes of a brand-building.) The benefits of investing in your brand—like an internal brand engagement program or an external brand campaign—may not be questioned, but they are hard to quantify. Brand-building efforts rarely produce discrete, direct, and specific results.

But that doesn't mean we can't put a value on brands themselves. I'd like to suggest a framework that provides a means for understanding and tracking the value-creating results of a brand. It's based on the **Balanced Scorecard**, a strategic management system introduced by [Robert S. Kaplan and David P. Norton](#) over 25 years ago and used extensively today by organizations worldwide to monitor their performance against strategic goals. The Balanced Scorecard adds strategic, non-financial performance measures to traditional financial metrics in order to give people a more 'balanced' view of organizational performance.

In the same way, the **Balanced Brand Scorecard** provides a holistic assessment of your brand's value. Used over time, it can track the effects of investments in your brand-building.



The Balanced Brand Scorecard provides four perspectives on brand value:

1. Financial value—*the contribution your brand makes to the company's financial results.*

Measurements in this perspective include brand valuation methods from firms like Interbrand and Brand Finance, which calculate the net present value of brand earnings. Also, pricing studies reveal the price premium your brand commands over close competitors. A cost approach, in which the market price of a product is compared to its costs, is a similarly straightforward, albeit blunt, measure of the financial value of your brand. Finally, royalty relief analysis—how much you can charge to license your brand for use by another organization—can reveal a quantitative brand valuation.

2. Customer value—*the impact of your brand on customers.* Customers' perceptions of and advocacy for your brand provide another perspective on your brand value. Through brand tracking research, you can measure customers' purchase intent, likelihood to recommend, and key perceptions such as energized differentiation, relevance, esteem, and knowledge, the four primary dimensions of brand health as determined by [Brand Asset Valuator](#). Thanks to the increased data and analytic capabilities that most organizations have today, customer research findings can be parsed out and produce precise links to brand-building efforts and even to actual customer records and behavior.

3. Business process value—*the improvements to organizational processes resulting from your brand.* Your brand should make your business run more efficiently and effectively. For example, employee recruiting is bolstered by a strong brand because prospects are attracted to the brand like customers are. Marketing costs are streamlined and marketing tactics are enhanced because your efforts are better targeted and word of mouth augments your campaigns. Negotiations with suppliers, distributors, agencies, and other business partners are improved because they benefit from their association with your brand. Some of these business process impacts can be quantified and others are more subjective, but all can be documented and tracked.

4. Culture value—*your brand's influence on organization culture and employee engagement.* This perspective measures how engaged, motivated, and satisfied your employees are. A brand is truly valuable when it connects people to their work, their colleagues, and the company mission in a meaningful and distinct way. Surveys conducted among employees and organizational assessments performed by company leaders will indicate how well your brand does this.

Since the Balanced Brand Scorecard incorporates both qualitative and quantitative measurements, it might not completely satisfy the desire for a brand-building ROI. But it does provide a reliable and

robust view of brand value. And, most importantly, a balanced one.

[Denise Lee Yohn](#) is the go-to expert on brand-building for national media outlets, an in-demand speaker and consultant, and an influential writer. She is the author of the bestselling book, *[What Great Brands Do](#)*.

More of Denise's writings can be found on her blog [Brand-as-Business Bites](#), [Harvard Business Review](#), and [Forbes](#), among others.

[Need help building your brand?](#)
