Milla Halttu

CORPORATE BRAND BUILDING IN DIFFERENT SMALL BUSINESS GROWTH STAGES

Master’s Thesis
Department of Marketing
May 2009
Research in the field of corporate branding mostly concentrates on large-scale organizations. In addition, theoretical backgrounds from product branding research are blended to corporate branding studies. That creates a significant gap to call for further research. Therefore, it is important to create a more profound understanding of corporate branding in small and medium sized, business-to-business companies.

The objective of this research is to describe the activities in building a corporate brand in a small or medium sized company and important stakeholders that are involved or targeted with these activities. Also, a viewpoint of small business growth is incorporated to the phenomenon of corporate brand building. The structure and activities of a start-up company change along with the company growth and development. Therefore it is important to analyze how the corporate brand building activities change throughout the stages of small business growth.

This study was done in qualitative methods. The research was carried out as a case study, with theme interviews and observation in the collection of the empirical data. Abductive reasoning was used in the theory development.

Before the establishment of the company, the future entrepreneur needs to develop a business idea, create a business plan and decide on the name of the company. All of these activities can be done bearing the desired corporate brand in mind to facilitate the future corporate brand building efforts. After the establishment of the company, all of the corporate brand building activities identified in this study need to be conducted during the inception and survival stages, because the corporate brand is a holistic phenomenon. Thus, it needs all parts of it to be completed in order to prosper. The main activities in corporate brand building are: Defining and controlling core values, being brand-oriented in strategic planning, creating and maintaining a clear corporate identity, emphasizing the role of employees in corporate brand building, creating and maintaining a good corporate image, keeping all communications consistent, and collecting and analyzing feedback. Also, these activities need to be maintained and further developed when needed in later stages of the small business growth in order to keep the corporate brand strong.

SMEs that are interested in corporate brand building can utilize this study in an indicative manner in planning and executing their corporate brand building activities, bearing in mind the special features of each company, market and industry.

Keywords
Corporate Brand, SMEs, Stakeholders

Additional information
This thesis is part of the CoBra - Corporate Branding research project at the University of Oulu
TABLE OF CONTENTS

Abstract
Table of contents
Figures
Tables

1 INTRODUCTION ............................................................ 7
  1.1 Introduction to the topic ............................................. 7
  1.2 The objective of the research and the research questions .......... 9
  1.3 Research methodology ............................................... 10
  1.4 Key concepts ............................................................ 11
  1.5 Structure of the research ............................................. 12

2 SMES AND SMALL BUSINESS GROWTH ................................. 14
  2.1 Small companies – definitions and characteristics ............... 14
  2.2 Characteristics of marketing in SMEs .............................. 16
  2.3 Small business growth .................................................. 17
  2.4 Activities taking place before the establishment of the company .... 21
  2.5 Summary of SMEs and small business growth ...................... 22

3 CORPORATE BRANDING .................................................. 23
  3.1 Towards corporate branding ......................................... 23
    3.1.1 From product brands to corporate brands .................... 23
    3.1.2 Defining corporate brands and their benefits ................ 24
  3.2 Stakeholder groups relevant to corporate branding ............... 27
  3.3 Branding in different environments ................................ 30
    3.3.1 Branding in SMEs .................................................. 30
    3.3.2 Branding in business-to-business environment .............. 32
    3.2.3 Branding in a high-tech company ............................ 34
    3.3.4 Summary of context factors .................................... 36
  3.4 Corporate brand building ............................................. 36
    3.4.1 Overview to corporate brand building ....................... 36
    3.4.2 Using core values as a basis in corporate brand building .... 39
3.4.3 Using brand-orientation in strategic planning ................................................................. 40
3.4.4 Creating, clarifying and maintaining corporate identity as part of corporate brand .......................................................................................................................... 41
3.4.5 Emphasizing the role of employees in corporate brand building .............................. 42
3.4.6 Creating and maintaining corporate image as part of corporate brand .............. 44
3.4.7 Keeping communications consistent in corporate brand building .................. 45
3.4.8 Collecting and analyzing feedback in corporate brand building ......................... 47
3.5 Main activities in corporate brand building ........................................................................ 48

4 CORPORATE BRAND BUILDING IN DIFFERENT GROWTH STAGES OF A SMALL BUSINESS ................................................................................................................................. 51

5 RESEARCH METHODOLOGY ........................................................................................................ 55
  5.1 Underlying research philosophy ...................................................................................... 55
  5.2 Qualitative research ............................................................................................................. 56
  5.3 Abductive research ................................................................................................................ 57
  5.4 Case study research ............................................................................................................. 58
  5.5 Action-oriented research ...................................................................................................... 59
  5.6 Interview research ................................................................................................................ 60

6 EMPIRICAL RESEARCH ................................................................................................................. 63
  6.1 Case companies .................................................................................................................... 63
    6.1.1 Company A Ltd. ............................................................................................................. 63
    6.1.2 Company B Ltd. ............................................................................................................. 64
  6.2 Empirical analysis ................................................................................................................. 65
    6.2.1 Stages of growth in the case companies ...................................................................... 66
    6.2.2 Important stakeholder groups of SMEs ...................................................................... 67
    6.2.3 Defining and controlling core values in corporate brand building ....................... 73
    6.2.4 Using brand-orientation in strategic planning ......................................................... 74
    6.2.5 Creating, clarifying and maintaining corporate identity as part of corporate brand ......................................................................................................................... 75
    6.2.6 Emphasizing the role of employees in corporate brand building ....................... 79
    6.2.7 Creating and maintaining corporate image as part of corporate brand ............. 80
    6.2.8 Keeping communications consistent in corporate brand building .................. 81
    6.2.9 Collecting and analyzing feedback in corporate brand building ........................ 84
  6.3 Empirical findings ............................................................................................................... 86
7 CONCLUSIONS......................................................................................................................... 92
  7.1 Summary of the research results ...................................................................................... 92
  7.2 Theoretical contribution................................................................................................... 95
  7.3 Managerial implications.................................................................................................... 99
  7.4 Reliability and validity of the research ............................................................................ 100
      7.4.1 Reliability................................................................................................................ 101
      7.4.2 Validity.................................................................................................................... 102
  7.4 Limitations ...................................................................................................................... 103
  7.5 Future research suggestions ........................................................................................... 104

REFERENCES.......................................................................................................................... 105

APPENDICES
  Appendix 1 Interview themes ................................................................................................ 111
  Appendix 2 Discussion about the corporate design of company A Ltd. ...................... 113
FIGURES

Figure 1. The structure of this study. ................................................................. 13
Figure 2. Growth stages of an SME (adapted from Scott & Bruce 1987, Churchill &
       Lewis 1983) ................................................................................................. 18
Figure 3. Alternative presentation of a stage model ............................................. 19
Figure 4. Holistic understanding of corporate brand (adapted from Rode 2004 via
       Rode & Vallaster 2005) .............................................................................. 26
Figure 5. The brand web (adapted from Leitch & Richardson 2003) .................... 27
Figure 6. Brand relevance and brand functions in B2B environment (Kotler &
       Pfoertsch 2006, 45). .................................................................................. 34
Figure 7. Elements of corporate branding (Hatch & Schultz 2003) ...................... 38
Figure 8. Brand building process (adapted from Kotler & Pfoertsch 2006, 160). ..... 39
Figure 9. Model of the corporate identity - corporate communications process
       (adapted from Balmer & Gray 1999). .......................................................... 46
Figure 10. The underlying research philosophy and empirical research (adapted from
       Hirsjärvi et al. 1997, 125). ....................................................................... 56

TABLES

Table 1. EU definitions for SMEs (adapted from European Comission 2008, Greene &
       Mole 2006). ................................................................................................. 14
Table 2. Main activities in corporate brand building. ........................................... 48
Table 3. Corporate brand building in different small business growth stages .......... 51
Table 4. Meetings of Company A Ltd. and CoBra research project ...................... 61
Table 5. The interviews of this study ................................................................. 62
Table 6. Empirically grounded framework ....................................................... 86
1 INTRODUCTION

1.1 Introduction to the topic

In the world of fast changing markets, corporate brands are becoming more and more important for successful companies (Harris & de Chernatony 2001). The purpose of corporate branding is to create unique characteristics of an organization (Rode & Vallaster 2005), and that way to improve the possibilities of the company to succeed in the market. Corporate brand is a broader term than product brand. It includes the whole company instead of just the marketing department, and all external stakeholders instead of just customers (Hatch & Schultz 2003). The role of employees is important in creating and maintaining a good corporate reputation in all encounters with external stakeholders (Davies & Chun 2002). The corporate brand is the heart and soul of the company, and thus building it is a holistic process that is planned, strategically focused and fully integrated (Rode & Vallaster 2005). It is also noted that corporate brands are not necessarily limited to the overall organization, but can also include corporations, their subsidiaries or groups of companies (Balmer & Gray 2003). Thus, the phenomenon of corporate brand is much larger than that of a product brand. The interest towards corporate brands during the 1990s and 2000s can be seen in the writings of practitioners as well as in the academic literature (see e.g. de Chernatony 1999, Balmer & Gray 2003, Abimbola & Kocak 2007).

It is easier to base the stakeholder’s recognition on the company than its changing products. That brings benefits for the company for longer term (de Chernatony 1999). Corporate brands work as a significant navigational tool to a variety of stakeholders for a mixture of purposes including employment, investment and customer buying behavior (Balmer & Gray 2003). Strong corporate brand entails enduring competitive advantage. Brands, in general, are becoming one of the rare ways a company can differentiate itself from its competitors (Olins 2000). The today’s market is characterized by symbolic consumption and is a subjective image-laden reality, where both product and corporate brands are important to companies, irrespective of their size (Abimbola & Vallaster 2007).
Marketing, and as a part of it, branding, seem to be problematic in SMEs, as they have limited resources (Krake 2005). However, the flexibility and innovativeness of SMEs can be their benefits in these functions. Marketing is the interface between a small company and the external environment (Stokes 2006). Thus, it can differentiate between surviving and failing start-up companies.

SMEs represent 99.8% of all companies in Europe (European Commission 2008). Thus, their contribution to employment and national economy is significant. Also, business-to-business markets represent much bigger share of the total market, than consumer markets do. However, most of the branding related research concentrates in consumer marketing and product brands. The research field of corporate branding is still quite young, and it is mostly concentrated on large-scale multinational corporations (Ahonen 2008). There is very little research about corporate branding in small-scale and start-up companies. Also, when corporate branding has been studied in the SME context, the theoretical background is often based on product branding (Ahonen 2008). Although the conceptual, theoretical and research philosophical issues do not necessarily need to differ in researching large and SME organizations, differences in operations, size and resources create a significant gap to call for differing paradigms (Abimbola & Kocak 2007). Therefore, it is important to create a more profound understanding of corporate branding in small and medium sized, business-to-business companies.

The growth pattern of a small business, and especially their stages of growth are integrated to the corporate brand building literature in this study. Given the importance of SMEs in the European economy and the different nature of their marketing than that in larger scale organizations, it is realized that attention need to be given to marketing in SMEs (Dobbs & Hamilton 2007), as it can be the key to helping transform the entrepreneurial activities of SMEs into effective and competitive business (Hill, Nancarrow & Wright 2002). The contribution of the growth stages model is that it can provide a framework for gaining insights into options facing SMEs at a given time (Hill et al. 2002). That is the intention also in this study, to provide SMEs with a framework of the main activities in corporate
brand building that are important to take into account in different growth stages of the company.

1.2 The objective of the research and the research questions

The objective of this research is to describe the activities in creating a corporate brand in a small or medium sized company and important stakeholders that are involved or targeted with these activities. Also, a viewpoint of small business growth is incorporated to the phenomenon of corporate brand building. Multiple literacy sources about corporate branding and small businesses are taken into account when building understanding about the subject. Also, a case study further contributes the understanding of the topic. Answers are sought through the main research question: *How is the corporate brand built in a small or medium sized company in its different stages of company growth?*

The following sub research questions specify the different parts of the main research question. The first sub research question *What are the growth stages like in SMEs?* studies small business growth. The second sub research question is *Which are the main activities in corporate brand building?* Similar to these two sub research questions, the literature review is divided into two parts. The first of them concentrates on the characteristics of a small business, its marketing and the pattern of its growth. The second part of the literature review concentrates on finding the main activities in corporate brand building. Many different issues are discussed about corporate brands in general, corporate brands in different environments and the activities in corporate brand building.

The corporate brand building is seen as a holistic phenomenon, that includes not just the customers of the company, but all of their stakeholders. This study is interested in corporate brand building in SMEs, and thus, the third sub research question is *Which are the relevant stakeholder groups that are targeted in corporate brand building in SMEs?* In the literature review, the discussion about stakeholder groups is carried out within the general corporate brand discussion. In the empirical research, further focusing is done regarding the relevant stakeholder groups for SMEs specifically.
The empirical part of this study looks into both the small business growth stages and the activities in corporate brand building in the case companies, as well as the relevant stakeholder groups. Through the empirical research, an answer is sought to all the above-mentioned research questions. This research forms a novel theoretical framework, and thus empirical research is needed to ground the theoretical framework empirically.

1.3 Research methodology

In this study, the corporate brand building is examined through different stages of growth in small business (Scott & Bruce 1987, Churchill & Lewis 1983). With the contribution from a case study that involves two SMEs, emphasis is given to both the early and subsequent stages of this growth model. The case study is conducted in two SME organizations. Company A Ltd.¹ is a start-up company in an early stage of its organizational life cycle, and it operates in the B2B context. Company B Ltd.¹ is a medium-sized company, and also operates in the B2B context, producing technology products. The two case companies were chosen to present different parts of the growth stage model. This choice was done based on the fact that neither of the companies represent the whole growth process, due to their companies’ histories. The companies were selected with the help of the Corporate Branding (CoBra) research project, which this thesis is also a part of. The research project brings along valuable insights into the subject, and opportunities to observe the development of the case companies during its time span.

The research design of this paper is abductive. Both deductive and inductive theory development are used. The inductive method builds theory purely based on empirical data. The deductive method tests existing theory with empirical research. In the abductive research design, new theory is developed through literature review and empirical data collection. First, theoretical framework is developed from the literature review and a pilot interview. Prior theory helps in the design of the case study and analysis of its data. Pure induction could prevent the benefits of existing

¹ The names of the companies are changed due to a request of one of the case companies.
theory, and pure deduction could prevent the development of new and useful theory. (Perry 1998.)

The research will be conducted in qualitative methods. Qualitative research produces rich and versatile data. Its objective is to increase understanding about the operations of organizations. Qualitative methods analyze the research subjects from the viewpoint of the participants or through the meanings that those people have given. (Koskinen, Alasuutari & Peltonen 2005, 16, 31.) A review of literature will be executed first. A case study that includes interviews and observation of the case companies will be used in the empirical part. The interviews and observation will be conducted throughout the research process to create a complete understanding of the stage of the case company and the actions taken in the branding process. The CoBra research project offers a good opportunity for observing the branding process of the case companies. Interviews are semi-structured, to allow the theory development. Empirical findings are then used to further develop the theory; this is called analytic generalization (Yin 2003, 10).

The case study method is used, because it is suitable for studies with the focus on a contemporary phenomenon within some real-life context. The case study method allows retaining holistic and meaningful characteristics of real-life events, such as organizational and managerial processes and network relationships. (Yin 2003, 1-2.) In exploring issues of process, qualitative research can explain how outcomes are achieved (Miller, Dingwall & Murphy 2004).

This study is an action-oriented research, which pursues to understand the phenomenon, and sees the reality in a subjectivistic way. The empirical data is gathered through few, chosen target cases, but the research methods used are versatile. (Neilimo & Näsi 1980, 35.)

1.4 Key concepts

American Marketing Association (2009) has defined brand as “a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers”.
Corporate brand expresses the essence, culture, character and purpose of a company (Rode & Vallaster 2005). It can also be defined as the visual, verbal and behavioral expression of an organization’s unique business model (Knox & Bickerton 2003). According to Einwiller and Will (2002) corporate branding is “a systematically planned and implemented process of creating and maintaining a favorable image and consequently a favorable reputation for the company as a whole by sending signals to all stakeholders and by managing behavior, communication and symbolism”.

American Marketing Association (2009) has defined a stakeholder as “one of a group of publics with which a company must be concerned”. Key stakeholder groups in general include customers, employees, stockholders, suppliers, and others who have some relationship with the organization.

This study integrates theories about SMEs, corporate brands and corporate brand building. The abbreviation SME stands for small and medium sized enterprise.

1.5 Structure of the research

The structure of the research is illustrated in Figure 1. The first chapter introduces the subject, design and methodology of the research. After that, the literature review takes place in two chapters, thus forming the theoretical part of this study. The second chapter introduces different small-scale businesses, marketing of SMEs and the growth pattern of small businesses. The third chapter discusses corporate brands in general and in special contexts that are relevant for this study, as well as the important activities in building a corporate brand. The fourth chapter combines the theories discussed in chapters 2 and 3 to a theoretical framework.

The fifth chapter introduces the methodology used in the empirical part of the research. The case companies are introduced in chapter six, which also discusses about the findings of the empirical research and combines them with the theoretical framework introduced in chapter 4. An empirically justified framework is formed at the end of the sixth chapter. Finally, the seventh chapter has conclusions to the
research, answers the research questions, and discusses the trustworthiness and limitations of this research and the future research propositions.

Figure 1. The structure of this study.
2 SMES AND SMALL BUSINESS GROWTH

In the following chapter SMEs are introduced. In addition to the definition of the SME concept, characteristics of SMEs and their marketing are discussed. These provide context to the following discussion about corporate brand building in SMEs. Also, small business growth models are discussed. Later in the study the theory of small business growth stages is incorporated to the theoretical discussion of corporate brand building in SMEs.

2.1 Small companies – definitions and characteristics

Small and medium sized enterprise (SME) definition includes micro, small and medium sized companies, according to the EU definitions (see table 1). Medium sized company has up to 250 employees and turnover up to 50 million Euros or balance sheet up to 43 million Euros. Small sized company has between 10 and 49 employees, a turnover or a balance sheet up to 10 million Euros. Micro enterprise is defined as a company that has fewer than 10 employees and that has a turnover or balance sheet under 2 million Euros. (Greene & Mole 2006, European Commission 2008.) SMEs also need to be independent from larger corporations to be included in the definition. They are managed by their owner(s) in a personalized way, and they have a relatively small share of the market (Abimbola & Kocak 2007). Start-up is a small or micro business (Watson, Hogarth-Scott & Wilson 1998), which is recently established. A start-up company doesn’t yet have any organizational structure, and has acted legally and economically in the market only for a short time (Rode & Vallaster 2005).

Table 1. EU definitions for SMEs (adapted from European Comission 2008, Greene & Mole 2006).

<table>
<thead>
<tr>
<th>Enterprise category</th>
<th># of employees</th>
<th>Turnover or</th>
<th>Balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>1-9</td>
<td>€ 2 million</td>
<td>€ 2 million</td>
</tr>
<tr>
<td>Small</td>
<td>10-49</td>
<td>€ 10 million</td>
<td>€ 10 million</td>
</tr>
<tr>
<td>Medium-sized</td>
<td>50-250</td>
<td>€ 50 million</td>
<td>€ 43 million</td>
</tr>
</tbody>
</table>
The SME sector has a significant role in the national economy and in the generation of new jobs (Watson et al. 1998). SMEs represent 99.8% of all companies in Europe and 67.1% of private-sector jobs. Micro enterprises are responsible for the biggest share of SMEs. They represent 91.5% of all European companies and 29.6% of the private-sector jobs. (European Commission 2008.)

Small companies are affected by the same internal and external forces than larger companies. These include e.g. business infrastructure, customer markets and the characteristics of the company. However, small businesses are not just scaled-down versions of large corporations. The influence of the owner-manager is of a great importance when it comes to a small business, and especially a start-up. Thus, it is important to take into consideration the characteristics, motivations and earlier experiences of the founder when trying to understand an SME. (Watson et al. 1998, Hill et al. 2002.)

There are many names and titles for the entrepreneurs of small companies in the literature. They are also called owner, CEO, manager, founder, etc. A company might also have more than one founder. In this study, the viewpoint of the company is taken, instead of the entrepreneur. In this way this study can concentrate on theories about marketing, and not disperse the research with additional entrepreneurship theories. Also, in this study, the entrepreneur is called owner-manager, even though he might have multiple roles. The distinction is made for the clarity of the written text.

SMEs are seen as more innovative than larger businesses (Dobbs & Hamilton 2007), and more flexible as they do not necessarily have formal and hierarchical structures. The characteristics of SMEs are greatly determined by the inherent characteristics and behaviors of the owner-manager, the size and the stage of development of the company. SMEs face limitations from the lack of specialist expertise, limited impact in the market and limited resources. As the owner-manager does business decisions mostly on his or her own and responds to current opportunities and circumstances, the marketing of the company becomes haphazard and informal. (Gilmore, Carson & Grant 2001.) Also, as the owner-managers of SMEs often lack marketing specialty, they simplify and misunderstand marketing as the 4Ps or interpret marketing as
advertising. Thus, complex marketing theories may not be suitable for SMEs and probably would not help in the understanding of their markets. (Simpson, Padmore, Taylor & Frecknall-Hughes 2006.)

2.2 Characteristics of marketing in SMEs

One of the most commonly noticed problem of SMEs is their marketing, as the focus is given to products, prices and the sales competition. Promotion activities are left to the side in many SMEs, and thus branding becomes more difficult or totally nonexistent. Yet, marketing and sales have been recognized as the most important of all business activities and essential for the survival and growth of small businesses. However, flexibility, the speed of reaction and opportunities to see what is going on in the market, are the strengths of SMEs also in marketing. (Krake 2005, Simpson & Taylor 2002.)

A study made for Small Business Act for Europe (European Commission 2008) showed that the most important problems the European SMEs are facing are the administrative and regulatory burden and the access to finance. Also taxation, lack of skills and access to public procurements were seen as challenging.

Rice (1983 via Simpson et al. 2006) found out that SMEs collect significantly less data and in more ad hoc fashion than large corporations. Yet, owner-managers seem to be aware of the strategic nature of their decisions. Rice concludes that maybe the owner-managers collect enough information to allow them to make decisions at an acceptable level of probable success.

The networks that the owner-manager has form and develop in a largely unstructured and coincidental way. However, what is typical for the networks the owner-manager has and tries to form is that there is a lot of communication with competitors, as they seek to benefit from each other’s expertise. Also, the owner-managers aspire to involve customers (and potential customers) in their networks, especially when the customers are at the business-to-business market. Networking is seen as a competence, which can be learned, refined and developed in the course of time. (Gilmore et al. 2001.)
Simpson *et al.* (2006) noticed in their study that younger companies adopt the principles and practices of marketing, and have active business plans and marketing budgets, whereas older companies are less enthusiastic about them. This is probably due to the fact that the external stakeholders of very young companies insist on business plans while in older and more established companies, external stakeholders are not able to insist on such things. However, it has been stated that sophisticated planning systems and marketing do improve the performance of SMEs and increase their profits (Simpson & Taylor 2002).

### 2.3 Small business growth

Similar to the definitions of different sized SMEs are the definitions for growth. It can be measured in terms of financial figures, e.g. sales or turnover, or in terms of the number of employees (Smallbone & Wyer 2006).

The growth of small businesses is often researched in two different ways. It can either be some performance measure (the relationships between some company characteristic and company growth; e.g. sales) or a model resembling organizational life cycles (Merz, Weber & Laetz 1994). To get a better understanding of the process of small business growth, the latter approach is taken in this research. However, the descriptive approach of life cycle models concentrates on explaining how businesses adapt to the growth, and not the causes of growth itself (Dobbs & Hamilton 2007). According to Kazanjian (1988) life-cycle models describe what effects growth has on organizations. Smallbone and Wyer (2006) recognize that the value of these models lies in helping to identify organizational problems and bottlenecks that need to be dealt with if a company is to grow further.

Churchill and Lewis (1983) have proposed a five-stage model of small business growth. These stages are existence, survival, success, take-off and resource maturity. Between each stage, there is a crisis point, which the company needs to pass to get to the next stage. However, the authors also noted that companies could be at several stages at the same time, as every stage has multiple factors describing them and not all companies grow in the same way.
Scott and Bruce (1987) have developed a broader version of this model (see Figure 2). In their model the stages are named as inception, survival, growth, expansion and maturity. Both of these growth models (Churchill and Lewis 1983, and Scott and Bruce 1987) differ from basic organizational life cycle models in that they do not have a decline phase, but are more concentrated to the phases where the business is still growing.

Company structures get more complex as the company proceeds through the stages of small business growth. The company can be at several different stages at the same time, or return to earlier stage instead of proceeding to the next one. This all depends on both internal and external factors, and the success of the company in realizing their plans. (Scott & Bruce 1987, Churchill & Lewis 1983.) Thus, these models might not always work as they are graphically presented (linearly moving from one
stage to the next one), but might go back and forth between the consecutive stages (Smallbone & Wyer 2006) and can be at multiple staged at once (see Figure 3).

![Stage model diagram]

**Figure 3. Alternative presentation of a stage model.**

Later in this study, the names of the five growth stages from the work of Scott and Bruce (1987) are used instead of both models. This distinction was made to make it easier for the reader to follow the discussion. However, an exception to this is the third stage of the model, which Scott and Bruce call growth. This can be confusing, since the subject is growth stages, so the third stage is called success, according to the growth stage model by Churchill and Lewis. Thus, the names used are inception, survival, success, expansion and maturity.

During the first stage, *inception* (called *existence* in the model by Churchill and Lewis), the company is established and developed to a working business entity. The biggest problems and crisis points are associated with the development of an attractive product and gaining acceptance from customers. As the organization is still a simple one, there is a lot of pressure to the owner-manager, and the future success depends on his or her qualifications and characteristics. (Scott & Bruce 1987, Churchill & Lewis 1983.)

When reaching the second stage, *survival*, the company is already a working business entity. The company is not yet profitable, and it is struggling with matching revenues and expenses. The organization is still simple in its structures, but the accelerating growth can cause problems with the company’s information systems and
controls. The company needs to find ways to manage the needs stemming from expanded distribution and competition. (Scott & Bruce 1987, Churchill & Lewis 1983.)

In the third stage, success (called growth in the model by Scott and Bruce), the company is starting to be profitable, or is at least out of the threat of the death valley of start-ups. The organizational structure is getting more formal and is probably based on functional lines. This creates new demands for the management, as the management style of a start-up company does not work anymore. The product range and market presence needs expanding to continue the growth of the company. However, the manager can also decide to keep the current size and operations of the company instead of further growth, which would keep the company longer (or indefinitely) at this stage. (Scott & Bruce 1987, Churchill & Lewis 1983.)

Fourth stage, expansion (called take-off in the model by Churchill and Lewis), is about continuing the growth from the previous stage. The management structure and administrative functions are ever more systemized. The biggest crisis point is concerned with this as well. Organizational structure is divisionalized and decentralized, thus more professional managers are needed. This changes the nature of the management, as the new managers are not as committed to the business as the owner-manager previously was. The new role and management style might be contrary to the nature of the entrepreneurial owner-manager. (Scott & Bruce 1987, Churchill & Lewis 1983.)

By the time of reaching the fifth stage, maturity (called resource maturity in the model by Churchill and Lewis), the company has probably grown out of the definition of an SME. The growth is still present, if the company is striving for that. At this point the company needs (or already has) extensive formal control and planning systems and the emphasis is on getting return on investment. (Scott & Bruce 1987, Churchill & Lewis 1983.)
2.4 Activities taking place before the establishment of the company

Rode and Vallaster (2005) found out that in the context of brand building, an essential stage is the pre-establishment stage, that is, before the company is officially established. A large extent of planning and outlining the company is done before the official establishment. However, academic literature does not have any more information about corporate brands in this stage. Thus, a few sources of new business formation were studied to get an understanding of the process of establishing a company.

When establishing a company, the entrepreneur has to take care of officially registering the new company, as well as other announcements to the public authorities. These necessary announcements and registration actions can differ between different countries and legislations. In Finland, for example, the company name and the company form need to be reported and registered to the trade register (Kaupparekisteri). In addition, certain announcement related to taxes and insurances are mandatory. (Isokangas & Kinkki 2002, 257-263.)

A basis for business activities is the business idea (Isokangas & Kinkki 2002, 254-256), and thus, careful selection, development and implementation of the business idea is important. A business idea can be developed into a business opportunity if it survives the types of evaluation undertaken by entrepreneur to improve the probability that the new business will survive. These evaluations include, for example, determining if the business idea creates value for the stakeholders involved, and if it can be implemented in a profitable way. Also, different kinds of risk are taken into account. (Zimmerer & Scarborough 1996, 80-85).

A business plan is important especially when a new venture is about to apply for financing from investor. A business plan is a holistic, justified description of the environment of the company, especially the market opportunities, and the operations of the company, its operating principles, resources and their development. (Isokangas & Kinkki 2002, 232.) Planning helps entrepreneurs in developing a framework and context for taking action so that they can identify what they do not know, understand what resources they need and when these resources might be utilized, identify
specific actions that can help solve problems and attain goals, and help communicate
to others the purposes, objectives, and activities necessary to achieve venture success
(Liao & Gartner 2007/2008).

In conclusion, an entrepreneur has several important decisions to make in order to
establish a company. These decisions and plans can be done bearing the corporate
brand in mind, which helps them in the future corporate brand building. Thus, a pre-
establishment stage is needed in the small business growth stages when integrated
with theories about corporate brand building.

2.5 Summary of SMEs and small business growth

The definitions and characteristics of SMEs and their marketing were depicted in this
chapter to increase the understanding for the effect these characteristics have in
corporate brand building. The economic contribution of SMEs is significant in the
European economy (Watson et al. 1998). However, fairly little research about
corporate brands is done in the context of SMEs (Abimbola & Vallaster 2007,
Ahonen 2008). The special characteristics of SMEs, such as limited resources and
small amount of personnel, can have tremendous effect on how an SME is able to
carry through their corporate brand building activities.

Later, in chapter 4, the small business growth stages introduced here will be
combined with activities that are considered important in the corporate brand
building, and the stakeholder groups that are relevant to each activity. Before that, in
chapter 3, a closer look is taken into corporate brands.
3 CORPORATE BRANDING

In this chapter, corporate brands are discussed in more detail. First, corporate branding in general is described. After that, essential context factors are discussed. Lastly, building corporate brands is depicted.

3.1 Towards corporate branding

3.1.1 From product brands to corporate brands

Many researchers have noticed a shift in interest from line and product branding to corporate branding (see e.g. Harris & de Chernatony 2001). The change towards the information age in the 1990s and 2000s has brought the emphasis of ideas, knowledge and information. Intangibles are emphasized instead of the tangibles of the industrial age. Companies benefit from making their whole company known and respected instead of just one product or product line. Corporate branding is about interacting with multiple stakeholders instead of only the customers. Also the company internal viewpoint is taken into consideration (i.e. employee emphasis). (de Chernatony 1999.) The corporate brand can be seen as the communication interface between the organization and its stakeholders (Leitch & Richardson 2003). Thus, it has both internal and external sides to it.

The idea of a corporate brand was first introduced by King (1991) under the concept of a company brand. Later, around mid-1990s, the concept of corporate brand become popular, as it reflects the complex nature of today’s corporate world (Balmer & Gray 2003). According to Bernstein (2003) corporate branding belongs under the umbrella term of branding, and thus basics of branding can also be used in corporate branding.

The academic research of corporate branding is fairly young and still very colorful and diverse in its definitions and concepts. Discrepancy of concepts exists to large
extent within the corporate branding literature. That has made it difficult to incorporate current models and theories together in this study.

3.1.2 Defining corporate brands and their benefits

Corporate brands, as all brands in general, add value to the variety of products and services offered by the company. However, it has a broader scope (i.e. the whole organization) than product branding. Corporate branding targets all company stakeholders instead of just consumers or customers and thereby, it requires organization-wide support. Corporate brands live both in the past and the future by using associations from the company’s heritage and by communicating strategic visions about the future. Corporate branding also has strategic importance, relative to the functional (e.g. marketing and sales) importance typical to a product brand. The strategic importance becomes concrete in creating internal arrangements (e.g. organizational structure, physical design and culture) that support the meaning of the corporate brand. (Hatch & Schultz 2003.)

Corporate brands differ from product brands in many ways. First of all, the corporate brand is the responsibility of the CEO of the company. Marketing departments have traditionally been responsible for product brands, but as the corporate brand affects multiple stakeholder groups, and is based on the corporate strategy, brand managers cannot be accountable for the whole of the corporate brand. Also, the corporate brand is interlinked with the organization’s identity, and it communicates that to the stakeholders. (Leitch & Richardson 2003.)

Corporate brand offers its customers additional value (above the functional performance) that differentiates the offer and provides the basis for customer preference and loyalty. The corporate brand values promise sameness and predictability to the offering of the company. The positioning of the corporate brand together with its core processes creates and delivers customer value throughout the organization. (Knox 2004.) However, Schoenfelder and Harris (2004) found that consumers only make a distinction between their corporate and product brand associations when their expectations of one or the other are not fulfilled. Consumers
do not want to differentiate between corporate brand and the product. This only happens in negative cases, that is if either one of them becomes negative.

A corporate brand that is developed and communicated clearly can drive business decisions that keep a company on track with its strategic objectives (Argenti & Druckenmiller 2004). A corporate branding strategy facilitates the implementation of the long-term vision and provides a unique position in the marketplace, and thereby adds significant value to any corporation. It can help a company to further leverage on its tangible and non-tangible assets, thus leading to branding excellence throughout the organization. (Kotler & Pfoertsch 2006, 79.) Strong corporate brands are important assets to companies, particularly in business environment where the stakeholders are overwhelmed with choices (Argenti & Druckenmiller 2004).

Corporate brands have internal and external parts (Figure 4). Corporate identity constitutes the internal part of the corporate brand. The corporate identity includes elements such as employee relations, corporate values, communication forms, etc. Corporate image, instead, refers to the projection of the corporate identity from the viewpoint of the company’s external stakeholders. The corporate image is a result of the communication from the company towards its external stakeholders. Corporate branding is a dynamic process that links the corporate identity and corporate image. (Rode & Vallaster 2005, Witt & Rode 2005.) Corporate identity, corporate image and communications will be discussed later in this study in chapter 3.3.
Argenti and Druckenmiller (2004) found five factors behind the trend of corporate branding. The first is the changing dynamics of product marketing. This means that there is a need to introduce new products faster than before and the introduction often happens in new categories. Second, sales channels have broadened. That brings into play a greater diversity of audiences for whom different attributes of a corporate brand are important. Communication channels have also diversified. There are employees and investors that might own company stock. Different stakeholders are also more likely to read the business pages and be influenced by the financial news. Accordingly, a strong corporate brand is one that is reflected consistently across all of these groups. There might also be mergers and other structural changes, which call for clear definition of what the combined corporate brand is and what it represents, both internally and externally.

Brand architecture refers to the relationships among and between corporate, company (subsidiary), and product brands (Balmer & Gray 2003). Leitch & Richardson (2003) see the different brand concepts as a web structure (Figure 5). The corporate brand is at the centre of the web. The first zone around and closest to the central node (the corporate brand) is the nuclear brand family that includes product, service and/or wholly owned subsidiary brands. The second closest zone is the extended brand
family that consists of interdependent or close allies, brands that the organization has formal strategic relationship with. The furthest zone is the brand community, which includes the brands of competitors and other network partners, and where the corporate brand and the nuclear and extended family of brands operate. The viewpoint of the brand web could provide a wider context for the creation and management of brands, and for the analysis of brands, than the context of the individual organization.

3.2 Stakeholder groups relevant to corporate branding

Corporate brand goes beyond the customer, and instead, includes all stakeholders that use multiple indicators, both intangible and tangible elements, in evaluating the company (Knox & Bickerton 2003). Brand stakeholders are those who either have an economic interest or an economic impact in the company (Bickerton 2000). According to Freeman (1984 via Gregory 2007) stakeholders are also those who decide for themselves to take a stake in the organization, and not only those groups that management believes to have a stake in the organization. The corporate brand

Figure 5. The brand web (adapted from Leitch & Richardson 2003).
from the stakeholder perspective is defined as a distinctive image of a corporation, tightly anchored in the psyche of the stakeholder that influences the behavior of stakeholders (Meffert & Bierwirth 2005 via Fiedler & Kirchgeorg 2007).

The stakeholder groups include e.g. employees, customers, investors, suppliers, partners, regulators, local communities and groups with special interests towards the company (Roper & Davies 2007, Hatch & Schultz 2003). The stakeholder groups often overlap with each other (Olins 2000). For example, suppliers can also be partners, customers or shareholders.

New technologies make possible ever-closer interactions between organization and their stakeholder. That blurs the boundaries between them, making organizations increasingly transparent and accountable to their stakeholders (Gregory 2007). When the company is monitored by the public, it has to coordinate all aspects of its communication and behavior (Olins 2000).

Corporate branding enables organizations to focus on having relationships with people. It is easier for stakeholders to relate to a company, which consists of people rather than objects. (Aaker 1992.) The corporate brand contributes to the images formed and held by all its stakeholders, not only to customer-based images of the organization (Hatch & Schultz 2003). The image any stakeholder has of a corporate brand is based on an accumulation of all the interactions and communications the stakeholder has with that organization (Davies & Chun 2002).

A corporate brand needs to appeal at an emotional level to both internal and external stakeholders (Davies & Chun 2002). The role of employees is emphasized as very important in the literature (e.g. Balmer & Gray 2003, Roper & Davies 2007, de Chernatony & Cottam 2008). The relationship between an employee and a customer affects how the company is seen and experienced by the customers. Thus, the employees can make or break the corporate brand, through their attitudes and behaviors (Roper & Davies 2007). Because the employees have a bigger role in corporate brand building than other stakeholder groups, the role of employees in corporate brand building is discussed further in chapter 3.3.5. The phenomenon of corporate brand is holistic to the company, and thus the employees can be seen as
more than just a stakeholder group, even though in one way they are also internal stakeholders.

Employees are regarded as a stakeholder group especially from the point of view of the management. Employees can have a personal relationship with the corporate brand for reasons that are internal to the company. Nowadays, employees are highly mobile and are quite ready to move on if they do not like their employers (Olins 2000). Thus, corporate brand needs to be strong to be able to recruit and retain good employees (Roper & Davies 2007).

Every interaction with stakeholders influences and adds to the accumulating brand equity of the company. The more positive the experience of a stakeholder, the stronger the brand, and the greater the positive corporate reputation. (Abimbola & Vallaster 2007.) Strong corporate brands are useful in gaining new customers and advance partner relationships. Channel partners are often more willing to promote the offering of well-known partners than the offering of those with a weak image. Hence, a strong corporate brand helps in creating bonds with members of the delivery channel. (Ojasalo, Nätti & Olkkonen 2008.)

Shared values between stakeholders help in unifying and strengthening the corporate brand. The brand’s personality and identity need to be understood and each stakeholder’s perspective of these perceptions should be studied. The existence of gaps occurring between differing stakeholder perspectives of the corporate brand (de Chernatony 1999, Bickerton 2000) is a threat to the corporate brand. (Roper & Davies 2007.)

A strong corporate brand is a central point of the attention, interest and activity that stakeholders have towards the company. Corporate brand attracts and directs relevant stakeholders around recognizable values and symbols that differentiate the company. When corporate branding works, it is because it expresses the values and sources of desire that attract key stakeholders to the company and encourage them to feel a sense of belonging to it. The attraction and sense of belonging affect the decisions and behaviors, which the company is built on. A strong corporate brand taps this
attractive force and offers symbols that help stakeholders experience and express their values and thereby keep them active. (Hatch & Schultz 2003.)

Some stakeholders can be seen as partners who can collaborate with the company in problem solving. By integrating the economic resources, political support and specialist knowledge that stakeholders can offer, both the company and the stakeholders can gain mutual benefit. The role of managers is to facilitate a coalition that draws partners together. (Gregory 2007.)

3.3 Branding in different environments

According to Bickerton (2000) it is important to understand the context and environment in which the corporate branding operates. Thus, context specific factors are discussed here. These three special contexts, SMEs, B2B and high-tech, were chosen because both of the case companies represent all of these three company characteristics.

3.3.1 Branding in SMEs

Most branding literature is carried out in the context of larger corporations. However, SMEs differ in operations, size and resources from the larger counterparts (Abimbola & Kocak 2007), as described earlier in chapter 2.1.

Krake (2005) found out in his empirical study that in SMEs, brand management is far from a high priority issue. Resources for brand building are very scarce in SMEs (Krake 2005, Ojasalo et al. 2008). Brand building is often perceived as massive investments and efforts, both financially and planning-wise (Ojasalo et al. 2008, Wong & Merrilees 2005). This way of thinking probably originates from the branding efforts done by large corporations. However, brand building can be done with smaller scale resources by being innovative, using affordable means of communication and focusing the branding efforts on the right segments (Ojasalo et al. 2008). Also, external cooperation can be helpful for SMEs in building their brands. Well-known and larger scale partners can be good reference points and give credibility also to a small company (Ojasalo et al. 2008.)
Corporate branding is not only a functional responsibility of the marketing department, but also involves cross-functional activities and efforts. SMEs have more flexible structures and processes, and have thus a clear advantage over larger companies. (Abimbola & Vallaster 2007.) Both corporate and product brand management in SMEs is usually done by the management. Although it is often seen as the responsibility of the highest level of the company, it is beneficial to have the personnel somehow involved in the process. Otherwise they might lack commitment and be resistant to the change stemming from the corporate brand building activities. (Krake 2005, Ojasalo et al. 2008.)

Also Abimbola and Vallaster (2007) emphasize the importance of brand, organizational identity and reputation in the present day market that is loaded with meanings and symbols. The greater the alignment between the three concepts (brand, organizational identity and reputation), the more consistent and therefore the more successful the branding efforts will be. Organizational identity of an SME is often intertwined with the personality and characteristics of the owner-manager. The brand, organizational identity and reputation necessitate a holistic brand management approach, which better suits flexible SMEs than large corporations.

A special case of SMEs is newly founded companies, the start-ups. Their unique characteristics can pose a challenge in regard of corporate brand building. Start-up companies often lack formal structure, history, and organizational and human resource processes. Their communication infrastructure is unstructured and there is a strong personal influence of the founder. Also, uncertainty factors enhance the confusion. (Rode & Vallaster 2005.) All these make it more complex and difficult for the company to build its corporate brand. The challenge is to remain consistent with all decisions and execution of these decisions (Rode & Vallaster 2005).

The process of corporate brand building takes time. Therefore, it is important for new ventures to start branding activities early on, i.e. already in the planning and implementation phase of the establishment of the company. Also, many start-ups struggle with the liability of newness in the early stages of their development, as they want to become well-known and reputable players in the market (Witt & Rode 2005).
A successful owner-manager has a clearly defined business concept, values and
philosophy, and live up to what they reflect. The business concept, values and
philosophy are consequently communicated internally and externally. The founder of
a start-up can also develop a team that is able to transfer the identity of the company
to be reflected in the corporate brand. (Rode & Vallaster 2005.)

In the early stages of the development of a start-up, a corporate brand often is
synonymous with the product or service brand, simply because many ventures start
with just one product. In later stages of development, corporate brands may serve as
roof brands for different products. The corporate brand provides economies of scale
and scope in creating visibility and awareness for the company’s offerings to the
market. (Witt & Rode 2005.)

Merrilees (2007) has developed a theory of brand-led SME new venture
development. This theory examines the influence a brand has to some key
considerations that take place when developing a new business venture. First of all,
the corporate brand works as an overarching integrative tool for the new venture
process. Developing the corporate brand brings focus and discipline to innovative
and creative processes, opportunity recognition, and business model formulation.
When all these activities are seen through the branding lenses, they result in
integrated and thoroughly thought activities within the new venture. The well-
thought business plan and the brand, even in its early stages, can increase
opportunities to get financing, customers and suppliers.

3.3.2 Branding in business-to-business environment

Business-to-business (B2B) companies, in the role of customers, have different
decision making process and purchasing habits than consumers. The world of B2B
products is more rational, as purchasing decisions are made based on hard facts and
real needs. At least this is how B2B markets are traditionally seen. However, it is
ordinary people who make the decisions also at that market. Brands that are well
known, and thus reduce risk and complexity, help people in all environments. Brands
communicate the special and unique characteristics and benefits of a product or a
company, which do have an effect in all purchasing decisions. Brands are seen as promises, even by business-to-business customers (Pettis 1995, 56). Brands can also be seen as tools for achieving consensus among the many actors that are involved in the buying process. (Kotler & Pfoertsch 2006, 1-3; Beverland, Napoli & Yakimova 2007.)

Roberts and Merrilees (2007) see buying in B2B companies as consisting of two inter-related processes: purchasing products and selecting suppliers. Especially in the decision of selecting suppliers, reputation or the corporate image has been one of the most important selection criterions in nearly all studies of industrial buying. Corporate image is part of the corporate branding process, as already explained in this study.

The B2B markets are different from B2C (business-to-consumer) markets in many regards. First, the industrial products are often very complex, which makes the purchasing process also very complex. Also, industrial products often need more customization than consumer products. The production might need many highly specific materials and parts, and there are multiple expertise people involved in the decision process. The demand pattern is different, as each company buys only the amount they know they need, and the value chain of each product might be long. Thus, the demand is volatile and inelastic. Industrial products can be sold worldwide, as they often do not have the national characteristics of consumer products. This implies that their corporate branding of B2B companies is global by nature as well. (Kotler & Pfoertsch 2006, 20-23; Beverland et al. 2007.)

Brands in the B2B markets can provide companies with cash flow benefits and increased network power, as well as enhance corporate reputation and raise barriers to entry. The corporate brand reflects the economic and functional features of the offering of the company, and intangible associations, such as expertise and trustworthiness. (Beverland et al. 2007.) Roberts and Merrilees (2007) found that branding has a role in building trust between suppliers and their business customers.

When a company has a large number of products and services, Beverland et al. (2007) suggest creating a corporate brand instead of product brand, and positioning
the company as a solution provider. In that way the brand identity becomes more abstract, and has its emphasis on the intangible components of the business offer. It is more effective to establish these abstract associations at the corporate level and leverage them across to individual products within the portfolio, than to develop a separate identity for each of the individual product brands.

According to Kotler and Pfoertsch (2006, 79) corporate branding is the most common branding strategy in the B2B environment, because that environment changes rapidly and companies need to create something constant and lasting. That is the case especially in hypercompetitive markets where product innovations and competitive advantages get weakened very quickly.

Globalization and hypercompetition have resulted in increased complexity in the market place, high price pressures and growth in the number of similar products and services (Kotler & Pfoertsch 2006, 34-37). Therefore, branding is important also in the B2B context, to differentiate the company and its products, and to position them in the market (Figure 6).

![Figure 6. Brand relevance and brand functions in B2B environment (Kotler & Pfoertsch 2006, 45).](image)

3.2.3 Branding in a high-tech company

A superior product can have competitive advantage in the high-tech market. This advantage is often short lived as today’s products have short life cycles, and
competitors can easily copy the new technologies. However, the values associated with a corporate brand can be enduring. This helps to explain the shift of emphasis from product line brands to corporate brands. (Balmer & Gray 2003, Temporal & Lee 2001, 53.)

Technology markets are fast changing and complex. The fast change in products and technologies brings about the problem of staying consistent. When products change fast and new technologies are introduced to the market, the technology companies need to pay special attention in staying consistent in delivering their core values and their brand, and not to get sidetracked. The complexity stems from both the business buying process, as discussed in the previous chapter, and the many possible structures of the distribution channels. Technology products can be sold directly to customers, or through distributors and dealers (e.g. retail stores), other type of middlemen, systems integrators or value-added resellers (who sell the product as part of a total solution). (Pettis 1995, 44-45, Temporal & Lee 2001, 55.)

Technology products are first evaluated on a rational basis, but they are ultimately chosen on an emotional level. The business buying process of technology products usually follows a two-step selection process. The buyers often know what brand they want, and they build a rational case for presentation to the purchase approvers. Most technology buyers believe that reputation of a brand name is as important as the technological specifications. Brands are preferred because a familiar brand provides good post-sales support, substantially reduces the risk of having a buying recommendation rejected, and decreases the risk of disappointment after the sale. (Pettis 1995, 57-58.)

Schoenfelder and Harris (2004) identified five dimensions of brand value in the high tech context. These are functionality, product image and style, corporate image and style, credibility and intimacy, and price and value. These dimensions can apply to both product and corporate brands, as they are closely intertwined especially in the case of B2B high tech companies. With technology-based products, the design and characteristics of the product form the first impressions and act as a catalyst for further brand associations (Leitch & Richardson 2003). Again, this could be easily
seen with consumer products, e.g. mobile phones, but it can make a difference also in the B2B context, and in building a corporate brand of a high-tech company.

Ojasalo et al. (2008) have proposed four activities in building the expertise-image of technological forerunner and building brand substance. First, arranging seminars for current issues can improve the image of the company. This can be done also with larger, well-known partners. The aim is to reach the right decision makers. Second suggested activity is building press relationships to get articles and other writings published in professional journals. They are more trustworthy than advertising from the customer point of view. Third, using references can be beneficial. However, this can be difficult, because customers might not be willing to tell the world who they are doing business with. Fourth, it is important to take care of web communications. Customers almost always use the Internet to find information they need. Thus, it is important that companies are easily found through search engines.

3.3.4 Summary of context factors

The three different contexts discussed here, SMEs, B2B and high-tech, pose special characteristics that the company or the market has. In corporate brand building, these characteristics can be problematic, but also create advantages when properly utilized. The overview of the context factors was done to increase the understanding of the context where the case companies operate, and thus help to comprehend the situation of the case companies in the empirical part of this study.

3.4 Corporate brand building

In this chapter the corporate brand building is described through different elements and activities that are identified as central and important to it in the literature.

3.4.1 Overview to corporate brand building

Wong and Merrilees (2005) note that a brand will develop for products and companies whether it is actively strived for or not. The customers will form an opinion about the products and the company in any case, and that is a brand in a way.
Therefore, it is crucial for any company to give some thought to how they want to be perceived, to build their brand.

Brand building can be different in the SME context, considering the limited resources that an SME has. The resources a small company can use in branding are mostly based on cash flow financing. Thus, they are not able to do long-term brand planning and execution. Also, different type of brand substance is needed in the target markets of SMEs. (Ojasalo et al. 2008.)

Even though there is some academic literature about building a corporate brand, many of the theories and models only describe the underlying factors of the corporate brand building process.

A company needs a clear understanding of the strategic directions and goals to which the brand building activities are linked (Ojasalo et al. 2008). Gregory (2007) has identified three key elements in the development of a corporate brand. First, brand vision is required. The brand vision is usually generated by senior management, and describes the future environment a brand wishes to create, its purpose and its core values. A strong vision is culturally in-tune, accepted and embedded within the organization, and organizational members are able to identify with, contribute to and become expression of it. Second, corporate communication is used to encourage stakeholders to view the organization in a favorable light, support it positively and actively and thereby generate added value. Third, the organization itself operates within a dynamic environment in which stakeholder groups are both diverse and dynamic.

Hatch & Schultz (2003) have suggested seeing corporate branding as constituting of processes linking strategic vision, organizational culture and corporate images (see Figure 7). These three elements present the building blocks of corporate branding. Strategic vision is the central idea behind the company that embodies and expresses top management’s aspiration for what the company will achieve in the future. Organizational culture includes the internal values, beliefs, and basic assumptions that embody the heritage of the company and communicate its meanings to its members. The culture manifests itself in the ways employees all through the ranks
feel about the company they are working for. Corporate image reflects the views of the organization developed by its stakeholders. It can be described as the outside world’s overall impression of the company including the views of customers, stakeholders, the media, the general public, and so on. (Hatch & Schultz 2003.)

Figure 7. Elements of corporate branding (Hatch & Schultz 2003).

This model highlights the three levels of actors involved in the corporate branding process. That is, management, employees and external stakeholders are all given a role. On the other hand, the model includes both the internal and external sides of corporate branding. The internal part of corporate branding consists of the strategic vision from the management and the organizational culture from both the management and employees. The external part of corporate branding is the corporate image hold by the external stakeholders.

Kotler and Pfoertsch (2006, 159-191) see brand building as a sequence of processes (Figure 8). First, brand planning takes place. Organizational framework for the brand is developed by integrating several internal processes and procedures to have brand orientation. Second, brand analysis is done, both internally and externally to the organization. Here, brand mission, personality and brand values need to be aligned with the corporate vision and mission. Management and employees responsible for the brand building activities need to take into account the key attributes of the products and services of the company as well as understand and anticipate the needs of their customers and other stakeholder groups. Third process is the development of the brand strategy. It is based on the brand core, its values, and associations. Brand architecture, i.e. deciding between corporate or product brand, and target market are
chosen. Fourth, brand implementation takes place. This means that the marketing plan is actively implemented, not just planned. Thus, this step could be called brand implementation, to differentiate it from the whole of the brand building described here. Fifth, and last, brand audit is performed. It controls and monitors the performance of the established brand.

![Brand building process](Image)

**Figure 8. Brand building process (adapted from Kotler & Pfoertsch 2006, 160).**

3.4.2 Using core values as a basis in corporate brand building

In order to perceive the brand in the same way, the company and its personnel need to have shared values. This can also lead to consistency in delivering the brand. Shared organizational values provide employees guidance about desired behavior. Shared values facilitate congruent brand perceptions and coherent actions both within the brand team and across the whole organization. (Harris & de Chernatony 2001.)

Managers need to agree which are their core values that need to be sustained and which values can adapt as circumstances change. Values, which help organizations adapt are usually associated with sustained excellent performance. (Harris & de Chernatony 2001.) Typically, corporate brand values are clearly articulated, concise, well defined and distinct. They are broadly constant over time and are discernible via corporate behaviors and activities. They require total organizational commitment, especially on the part of personnel. Ideally, all facets of organizational life are congruent with these values. (Balmer & Gray 2003.) Although core values are seen as lasting factors, they are also dynamic by nature and need to be continually adapted and developed (Urde 2003). The present-day operational environment is a dynamic one, characterized by changing technology and customer needs. Thus, the strategy
needs to be flexible and the content of a brand is not to be too detailed. (Ojasalo et al. 2008.)

The core values do not have to be unique, but it is recommended that their interpretation and expression are. Core values are not meant to be used directly in external communication, but rather first interpreted and then only indirectly expressed. It is the meaning of core values that they are communicated in a way that they are not reduced to meaningless words. (Urde 2003.)

As corporate brands are based on core values of the corporation, Kay (2006) suggests that socially responsible firms often create strong corporate brands. Their corporate values are credible, and were initially based in the values of their founders. A distinctive technology or a particular aesthetic can motivate corporate brands as well.

Knox and Bickerton (2003) have identified customer value as a beneficial common starting point in constructing a corporate brand positioning. The understanding of current brand strengths and desired future position is needed in defining the customer value. It is important that the corporate brand positioning is understood and internalized throughout the organization. Working in small groups and developing series of agreed statements that describe the corporate brand proposition is suggested.

Urde (2003) states that a successful brand building process is based on core values. The core values influence continuity, consistency and credibility in the building of a corporate brand. The value-creation process takes place in parallel, both internally and externally, and together these two generate corporate brand equity. The internal brand building process is about the relationship between the organization and the brand. Ultimately and ideally, the organization lives its brand. The external brand building process is about the relationship between the brand and the stakeholders.

3.4.3 Using brand-orientation in strategic planning

Using brands as a basic approach to all of the strategic planning is referred as brand orientation. Urde (1999, p. 117-118) has defined brand orientation as “an approach in
which the processes of the organization revolve around the creation, development, and protection of brand identity in an ongoing interaction with target customers with the aim of achieving lasting competitive advantages in the form of brands”. Corporate brand can be seen as a strategic platform for interaction with the stakeholders (Urde 1999).

A corporate brand that is an inseparable part of the value of a company becomes its important strategic value. Well-established brands are able to enhance the competitiveness of a company and generate growth and profitability, if the brand orientation is internal in strategy formulation. Following a brand-based strategy in selecting and maintaining their strategic direction can be beneficial for companies. The development of brand strategy that is adjacent to the development of a business strategy is recommended. Without the brand orientation in mind, the concern is that in the development of a corporate plan, a marketing plan, or even a promotion plan, the corporate brand might be forgotten and that can damage the corporate brand equity that the company has. (Wong & Merrilees 2005.)

3.4.4 Creating, clarifying and maintaining corporate identity as part of corporate brand

An important consideration in building a strong brand is that the company needs to have a clear identity (Aaker 1992). Corporate identity represents the company-internal part of the corporate brand. Corporate image refers to the projection of corporate identity targeted at the company’s external stakeholders. These two, corporate identity and corporate image, need to be consistent to create a strong corporate brand. (Rode & Vallaster 2005.)

All business entities have some kind of identity. Yet, not all companies have (at least actively managed) brand. Corporate brand might include the identities of many business entities. (Balmer & Gray 2003.) However, in many other literature sources (see e.g. Melewar & Walker 2003, de Chernatony 1999) corporate identity is seen as an important part of corporate brand, and they are said to be closely intertwined.
Rode and Vallaster (2005) have composed a model of corporate identity that includes corporate culture, corporate design, corporate behavior and corporate communication. Parts of this model are contradictory with previously presented models, as they have the same concepts presenting parts of different entities. For example, the corporate design can also be seen as part of corporate image.

Corporate culture is at the core of corporate identity. The major component of corporate culture is the mission statement, which includes the basic core values of the company. Corporate design includes all visual aspects of the corporate brand, e.g. name, logo and slogan. Corporate behavior refers to human resources processes management that is uniform with corporate identity. Corporate communication is interactive with all the other elements, as well as with external stakeholder groups. All these elements need to be consistent with each other and with the values of the company. (Rode & Vallaster 2005.) Even though Rode and Vallaster define corporate communication as interactive with external stakeholders, corporate internal communication should be emphasized in this part. In this study, internal and external communications are discussed separately in the empirical part to give both of them sufficient attention.

Witt and Rode (2005) found that in building a corporate brand, both the internal brand building activities (the above mentioned components of corporate identity) and communication (what results as a brand image), are equally important. All the areas mentioned in corporate identity are equally important and need to be consistent. The more concise and consistent the internal branding process is, the better the stakeholders perceive the corporate brand.

3.4.5 Emphasizing the role of employees in corporate brand building

Employees are key to building relationships with all the company’s stakeholders. They also contribute to the meaning of the brand as they express to others what the company and its personnel think of itself as a company. (Hatch & Schultz 2003.) Thus, in this study, the role of personnel is seen as a unifying element between the corporate identity and the corporate image, in addition to being an internal stakeholder group. Hence, it is also introduced and discussed here, after the corporate
identity (in chapter 3.4.4) and before the corporate image (in chapter 3.4.6). It becomes an activity to corporate brand building if it is taken into consideration willfully.

The interface between employee perception of the corporate brand (i.e. corporate identity) and perception held by external stakeholders of the corporate brand (i.e. corporate image) is significant. Ideally, image and identity should be aligned so that employees’ values and behaviors align with the desired values for the corporate brand. If gaps do exist between identity and image, it seems better to have an identity stronger than image than to have an image stronger than identity. (Davies & Chun 2002.) Thus, the behavior of the employees who interact with external stakeholders can have a large effect on the perception external stakeholders have of the company.

The brand orientation, as already explained in chapter 3.4.3 about strategic planning, brings the brand to the minds of every person working for the company. Cultivating the brand is not only the responsibility of a few people, e.g. management or marketing department, but a common goal for the whole organization. Wong and Merrilees (2005) suggest that the brand orientation requires integrated effort across all aspects of the company. This demands for total understanding of what branding is and means among all the staff. Everybody in the organization makes an effort to maintain the corporate brand value provided to the stakeholders. (Wong & Merrilees 2005.)

As the scope of corporate brand is larger than that of traditional product branding, Harris & de Chernatony (2001) recommend creating a brand management team, which includes the highest management level, as well as other personnel. The idea of brand management team is considered to replace the common practice of marketing department taking care of the branding activities. This approach also contributes to the consistent brand identity throughout the organization. Human resources manager is a key member of the brand team, as employees have a central position in executing the brand strategy (de Chernatony 1999), and they express the core values of the brand and the organization. However, when branding an SME, and especially in the case of a start-up, it seems more important to take all the employees along to the
corporate brand building process. The idea of brand team seems to better conform to companies with larger number of employees.

3.4.6 Creating and maintaining corporate image as part of corporate brand

Corporate image, as already explained earlier, refers to the reflection of the corporate identity from the viewpoint of the company’s external stakeholders. The corporate image results from the communication from the company towards its external stakeholders. In corporate brand building the corporate identity is translated into a positive and valuable corporate image. (Rode & Vallaster 2005, Witt & Rode 2005.)

A company can shape its corporate image in both direct and indirect ways. A direct way to influence the corporate image is to address the stakeholders in many ways of communication. An indirect way is to create a corporate identity within the company that then indirectly influences the corporate image. (Witt & Rode 2005.) Both ways are important and necessary in creating a (preferably positive) corporate image. The benefit from a positive image is that external stakeholders are interested of the company, and are willing to do business with them. For example, when considering the stakeholder group of customers, the positive image can induce new customers to buy the company’s products despite the lack of prior experience and turns existing customers into loyal ones (Witt & Rode 2005).

A concept of corporate reputation is often used in the literature of corporate branding. Many definitions are used, but most often it’s seen as overlapping with corporate image. In this study, the concept of corporate image is used primarily, and corporate reputation is seen as having an influence on the corporate image. Gotsi and Wilson (2001) state that the corporate image that stakeholders form can be influenced by their overall evaluation of the company, i.e. its corporate reputation.

Managers of SMEs often believe that a good corporate image is important to receive legitimization from different stakeholders (Berthon, Ewing & Napoli 2008). Goldberg, Cohen and Fiegenbaum (2003) have identified several advantages that a good corporate image brings to a new venture. It attracts investors, decreases costs as suppliers offer better terms, encourages customers to purchase the products of a
company, and assists in the recruitment of skilled manpower. It is important to note also in this context, that employee behavior affects corporate image strongly, particularly the behavior of employees that face customers and other stakeholders (Davies & Chun 2002).

3.4.7 Keeping communications consistent in corporate brand building

One of the most important considerations in building a strong brand, is to have integrated, consistent communications (Aaker 1992).

Corporate communication is the process through which stakeholders perceive the identity of a company, and image and reputation are formed (Figure 9). Corporate communications forms a tri-part bridge between an organization’s identity and the resulting image and reputation. The primary communication includes products and services, market behavior, the behavior of a company towards employees, the employee behavior towards other stakeholders, and non-market behavior. The secondary communication includes the formal corporate communications like advertising, PR, graphic design and sales promotion, and visual identification systems. The tertiary communication is external and includes word-of-mouth, the interpretation and tone of media, and the communication from competitors. There are also some exogenous factors (the image and reputation of the company’s industry and country of origin, the images and regulations of alliances and partnerships, etc.) that influence the image of the company. (Balmer & Gray 1999.)

Corporate identity is communicated to stakeholders through primary and secondary communications. The stakeholders are also influenced by the external, tertiary communications. With all the information they have received from different sources, the stakeholders form their understanding of the company, and thus, corporate image is created. When the corporate image is positive, it can lead to competitive advantage, which is also influenced by the exogenous factors previously mentioned. The corporate image, again, has influence on the corporate identity and the communications of the company through the feedback.
Inskip (2004) states that brand communication itself is rarely a problem to SMEs. The actual stumbling block is finding a vivid and distinctive message, to determine the content of the message and to establish a clear positioning and personality of the organization. According to Einwiller and Will (2002), coherency in communications is needed to generate a coherent corporate brand image and favorable corporate reputation. Every signal sent out to the stakeholders affects the corporate brand. These signals are transferred through behavior, communication and symbolism. There are also external sources of information that influence the corporate brand, but are not managed by the company itself. It can be difficult or even impossible to have an effect on this kind of information from external sources.

Communication fulfils a vital role in surfacing perceptions. Effective communication enables incongruent perceptions to be identified and resolved. When all members of an organization understand the identity of their corporate brand, they are better able to act in a more coherent manner, enhancing the likelihood of their activities supporting the desired identity. The nature, as well as the frequency, of communication is expected to affect the congruence between the perceptions of the brand team and employees. Two-way communication provides the opportunity to assess how accurately the communication has been understood. The management, or possibly a brand team should explain to employees not only the identity of the corporate brand, but also how other forms of brand communication are intended to reflect identity. Leaving such brand communications open to interpretation is likely to increase inconsistent brand perceptions among employees. (Harris & de Chernatony 2001.)
The information is faster delivered and more transparent than before, due to the Internet. Stakeholders get the breaking news a lot faster, and the quality of that information is difficult to control. Stakeholders are also able to get all the information of the company, including all the information directed to other stakeholder groups. There cannot be contradictions with the communication from the company to different stakeholders, as the audience can access all that information and see if there is contradictory information or if the brand is different to different groups. (Einwiller & Will 2002, Argenti & Druckenmiller 2004.)

Although companies need to consider all stakeholder groups in their communications, some stakeholders are more important than others and the ranking of importance differs from one company to another. However, the financial community is seen as the most important stakeholder group for companies. The second in importance are customers, current and future employees, and journalists. Also general public and governments should be paid attention to. (Einwiller & Will 2002.)

3.4.8 Collecting and analyzing feedback in corporate brand building

Gregory (2007) suggests that it is important to carry out studies of the images that various stakeholders have of an organization. Feeding them back into the development of corporate strategy will in turn help to shape the corporate brand. Also Wong and Merrilees (2005) recognize the importance of feedback and understanding about what kind of perception the stakeholders have about the company. With that information the company can deploy the brand strategically to achieve its objectives. Rode and Vallaster (2005) found out that a reliable source of feedback can also be friends and colleagues, especially in the case of the start-up companies which do not yet have many stakeholders.

Within the corporate branding literature there is not much discussion about the importance of feedback. However, it is commonly accepted that in many kind of processes and implementation of different activities, it is important to collect feedback and analyze it to improve the activity or process for future use (see e.g.
Kotler 2003, p.110). This conception applies well also to corporate brand building, and is thus seen important in this study.

3.5 Main activities in corporate brand building

In conclusion, there are several important activities in building a corporate brand (see Table 2). The table presents both the activities identified earlier, and the stakeholders that are targeted or involved in each of the activities.

<table>
<thead>
<tr>
<th>Activities in corporate brand building</th>
<th>Target stakeholder groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defining core values &amp; using them as a base for corporate brand building</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td>Using brand-orientation in strategic planning</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td>Creating or clarifying a corporate identity</td>
<td>Corporate culture</td>
</tr>
<tr>
<td></td>
<td>Corporate behavior</td>
</tr>
<tr>
<td></td>
<td>Corporate (internal) communications</td>
</tr>
<tr>
<td></td>
<td>Corporate design</td>
</tr>
<tr>
<td>Emphasizing the role of employees</td>
<td>Employees &amp; external stakeholders</td>
</tr>
<tr>
<td>Creating and maintaining good corporate image</td>
<td>All stakeholders</td>
</tr>
<tr>
<td>Keeping communications consistent</td>
<td>Internal &amp; external stakeholders</td>
</tr>
<tr>
<td>Collecting feedback and analyzing it</td>
<td>All stakeholders</td>
</tr>
</tbody>
</table>

Core values form the basis of the corporate brand. Thus, they are defined in the beginning of the corporate brand building process. The core values, as well as the corporate brand, are important also in the strategic planning process. Brand-orientation is needed in all of the operations of the company. Defining the core values and brand-oriented strategic planning are both the responsibility of the management of the company, but the whole organization can be involved in them, especially in the case of SMEs with a rather small number of employees and a lean organization structure. Shared values make possible harmonious brand perceptions and consistent actions across the whole organization. Even though the core values are seen as a quite stable and long-lasting matter, they also need revising if the company
and the market change. The same goes with corporate strategy, albeit it often is revised regularly at certain intervals. A corporate strategy that has the corporate brand internal in it brings the corporate brand naturally to all aspects of the company, which furthers building and maintaining the corporate brand greatly.

Next in building a corporate brand, a corporate identity is created or clarified if it already exists in some form. A strong corporate identity expresses the core values that are incorporated to the brand. The corporate identity includes the corporate culture (that is created through internal communications), corporate behavior (that is created through human resource management processes), communications that are internal to the company (also affects the external stakeholders), and corporate design (that reflects the corporate brand, also affects the external stakeholders). All the people working in the company are affected by the corporate identity and are part of creating it. The corporate identity expresses the company internal part of the corporate brand, and is thus central in building and maintaining the corporate brand. The more concise and consistent the internal corporate branding is, the better the stakeholders perceive the corporate brand. Thus, the corporate identity can influence the corporate image, and hence the resulting corporate brand, in an indirect way.

The role of employees is emphasized in the corporate brand building process. They form relationships with and communicate to the external stakeholders. Thus, they play an important role in delivering the corporate brand. They also contribute to the meaning of the corporate brand as they express to others what the company and its personnel think of itself as a company. The important role of employees is linked to both the corporate identity, as they part of it, and the corporate image, through their communications with external stakeholders. Thus, it is presented in the table between corporate identity and corporate image.

Creating and maintaining a good corporate image is also important in building a corporate brand. Being aware of the state of the corporate image is vital. Employees also have a part in creating the corporate image, and thus it’s not only the responsibility of the management. The external stakeholders are the ones who establish the view of the corporate image through their opinions. Thus, the corporate image results from the communication from the company towards its external
stakeholders. A good corporate image is important to SMEs, as it brings legitimization from different external stakeholders.

Consistent communication from the company ensures that the external stakeholders perceive the corporate brand image to be coherent. The communication also affects the opinions and actions of the employees. Communication is the activity that connects all stakeholders and company internal actors together, and is thus a vital part of corporate brand building. It is important that communication is integrated to all other activities described here. Communication is especially important in today’s world with multiple forms of media. Thus, a consistent communication from the company needs special attention to hold all things together. Also, it is not enough to communicate outwards, but the communication is often two-way, when the stakeholders communicate back, and often between each other. Information being transparent, and the communicating stakeholder groups being overlapping can pose challenges to companies, but they also have the benefit that the information is transparent also to the company. Hence, the communications are ever more difficult to manage, but also ever more important to do so.

Finally, feedback is collected and analyzed to find ways to improve the corporate brand. All stakeholders are included in this function, as the feedback can be collected either directly from the external stakeholders and/or ask from the employees about their estimations of what the external stakeholders think of the corporate brand. Management is actively involved in the utilization of the collected feedback.

Even though there are many links between the activities presented in this chapter and in table 2, a straightforward process is not proposed here. The order and sequence of the activities in the table can be seen as directive (starting from defining core values and ending with analyzing feedback), but in practice the activities probably take place in parallel. Thus, a table is presented, instead of a process figure.
4 CORPORATE BRAND BUILDING IN DIFFERENT GROWTH STAGES OF A SMALL BUSINESS

After we have taken a look at the characteristics of corporate brands, and what kinds of suggestions have been made concerning corporate brand building, these are combined with the growth stage models (see Table 3). Here, the main emphasis is given to the activities in corporate brand building, because they present the actions that the people in the company take while building their corporate brand. The stages of growth provide an outline to the company as to when to take these actions. In addition, the target stakeholder groups are identified for each activity, as already presented in chapter 3.5.

Table 3. Corporate brand building in different small business growth stages.

<table>
<thead>
<tr>
<th>Stage of small business growth</th>
<th>Activities in corporate brand building</th>
<th>Target stakeholder groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-establishment</td>
<td>Deciding and selecting the company idea</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Producing a company plan</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Deciding the name of the company</td>
<td>All stakeholders</td>
</tr>
<tr>
<td>Inception</td>
<td>Defining core values</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Brand-oriented strategic planning</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Creating or clarifying corporate identity</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Emphasizing the role of employees</td>
<td>Employees &amp; external stakeholders</td>
</tr>
<tr>
<td></td>
<td>Creating good corporate image</td>
<td>All stakeholders</td>
</tr>
<tr>
<td></td>
<td>Keeping communications consistent</td>
<td>Financiers &amp; investors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Current &amp; prospective employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Media</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Prospective) customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Partners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other stakeholder groups</td>
</tr>
<tr>
<td>Survival</td>
<td>Collecting and analyzing feedback</td>
<td>All stakeholders</td>
</tr>
<tr>
<td></td>
<td>Controlling core values &amp; strategy</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Maintaining corporate identity</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Emphasizing the role of employees</td>
<td>Employees &amp; external stakeholders</td>
</tr>
<tr>
<td></td>
<td>Maintaining good corporate image</td>
<td>All stakeholders</td>
</tr>
<tr>
<td></td>
<td>Keeping communications consistent</td>
<td>Financiers &amp; investors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Current &amp; prospective employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Media</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Partners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other stakeholder groups</td>
</tr>
<tr>
<td></td>
<td>Collecting and analyzing feedback</td>
<td>All stakeholders</td>
</tr>
</tbody>
</table>

(continued on the next page)
Table 3. Continued.

<table>
<thead>
<tr>
<th>Stage of small business growth</th>
<th>Activities in corporate brand building</th>
<th>Target stakeholder groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success</td>
<td>Controlling core values &amp; strategy</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td>Expansion</td>
<td>Maintaining corporate identity</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td>Maturity</td>
<td>Emphasizing the role of employees</td>
<td>Employees &amp; external stakeholders</td>
</tr>
<tr>
<td></td>
<td>Maintaining good corporate image</td>
<td>All stakeholders</td>
</tr>
<tr>
<td></td>
<td>Keeping communications consistent</td>
<td>Investors, Current &amp; prospective employees, Media, Customers, Suppliers, Partners, Other stakeholder groups</td>
</tr>
<tr>
<td></td>
<td>Collecting and analyzing feedback</td>
<td>All stakeholders</td>
</tr>
</tbody>
</table>

The pre-establishment stage, as can be inferred from its name, takes place before the company is officially established. During this period, basic planning is done to prepare the company for its future operations. First of all, a business idea is selected and developed to a possibly profitable and working form. A business plan is produced, to both help the entrepreneur to conceptualize and understand all facets of the business, and help in applying for financing from investors. A name for the company also needs to be decided, because it is registered at the time of the official establishment. All these action have a tremendous effect on the characteristics of the company, and thus, start building the corporate brand already in this stage.

The first stage after the establishment, inception, includes establishing the company, and developing it to a working business entity. The company first needs to develop an attractive product or service and then gain acceptance from customers and other stakeholders. For a start-up it is important to start building the corporate brand already from the very beginning of the company’s operations. Thus, all the activities identified in Table 2 (on page 48) are essential to take into account during this stage. Corporate brand can have significant impact in gaining trust from the start-up finance providers. Also, it is important for a start-up company to engage with prospective employees and customers, where a positive corporate brand can be helpful. Some companies like to collaborate with prospective customers already during the initial product development. Other important stakeholder groups can be suppliers and partners, as well as other minor stakeholder groups, depending on the company in question.
A company reaches the next stage, survival, when it has developed into a working business entity. It is not yet profitable, but its growth is accelerating. The corporate brand building process should already be quite a long way during this stage. When working on a dynamic market, it is worthwhile to check and refine the core values and strategy if major changes have happened since the inception stage. After the corporate image is created, the company strives for maintaining a positive corporate image, and thus maintaining the positive corporate brand. In a dynamic market, the corporate image might also need refining at times to stay competitive. Feedback is still collected to ensure that the corporate image is positive and to further develop the corporate brand. The focus in communications might change slightly as the company progresses through the stages. In the second stage, the company increasingly communicates with customers while its growth speeds up. All the stakeholder groups that the company communicated to in the first stage, still stay important focus points, and new stakeholder groups or new contacts within the already existing stakeholder groups might emerge. In most cases, companies probably to try to contact e.g. new customers, and in those endeavors existing stakeholder organizations can be of significance as a reference point.

The company gets to the profitability first time in the success stage. The organizational structures and the management style need to be developed to more formal, so that the company can respond to the growing demand from the market. The growth and the organizational development towards more formal structures will continue in the expansion and maturity stages. Again, the core values and strategy need adjusting if major changes have taken place in the market. Also the corporate image is maintained positive, or refined if needed, and feedback collected for input to further development. With communications, the focus point moves away from the initial investors when the company is profitable on its own. The other stakeholder groups still stay as important as during the earlier stages, and new ones might emerge.

It is important to notice that the growth of an SME, or the need for corporate brand building activities, does not end here, at the maturity stage. The growth model is intended to describe the growth of a small or medium sized company. If a company reaches certain point, it has grown out of the definition of an SME, and will continue
its operations as a large corporation. Also, a company might not grow all the time, but it can stay at its current size, or fall into decline. Even strong brands can fail. The downturn of a brand is called brand decline (Kay 2006).
5 RESEARCH METHODOLOGY

The philosophical view and ideology of the researcher and the dominant research methods greatly influence the research process. Thus, it is important to spell out the chosen research methods and the underlying assumptions to clarify and justify the results.

5.1 Underlying research philosophy

Ontology explains the nature of reality that is underlying in the researcher’s perception of human existence. It includes the beliefs and comprehension of the nature of social world. The aim of research is to understand processes taking place in the human mind, which create the world and experiences of an individual, and the meanings underlying their actions. (Hirsjärvi & Hurme 2000, 22-23; Syrjälä, Ahonen, Syrjäläinen & Saari 1994, 77.)

The theory of knowledge, epistemology, explains the nature of knowledge. The knowledge that the researcher gets is humane, subjective and value-bound. The creator of knowledge cannot be ignored. In qualitative research the object of research, the interviewee in this study, and the researcher are in interaction with each other. Thus, the researcher is part of creating the phenomenon under investigation. (Hirsjärvi & Hurme 2000, 23; Syrjälä et al. 1994, 77-78.)

The choice of the research strategy, as well as individual research methods depends on the chosen research task or the research problems. In this sense, the ontology in a specific research questions how the object of the research is perceived. Epistemology, on the other hand, refers to the problems and challenges of awareness and information gathering. Thus, the underlying research philosophy justifies the chosen theories and concepts, as well as the chosen research methods (Figure 10). (Hirsjärvi, Remes & Sajavaara 1997, 124-125.)
This study is explanatory or descriptive research as its goal is comprehension, understanding and illumination of the phenomenon (Easton 1995, 455). Thus, it does not try to ascribe causalities, but to describe the phenomenon as it is and understand how it works. However, this study does not try to find all relevant causes and effects to the phenomenon.

5.2 Qualitative research

Qualitative research is holistic data gathering by nature. The empirical data is gathered in natural and real situations. People are preferred as instruments of the research instead of different measuring devices, because people are seen as flexible to adjust to changing situations. The target group of the research is chosen purposefully, and not by random sample. The research plan might form also during the qualitative research process, as it needs to be flexible and change according to the circumstances. (Hirsjärvi et al. 1997, 165.)

In qualitative research, the empirical data is viewed and examined as an entity. Even as the data is made up of separate interviews of individuals, argumentation is not built on differences between these individuals and statistical connections. Instead, all the emerging information is explained in a way that it is consistent with the overall interpretation of the empirical data. In the combining of observations the idea is that the data is considered as demonstrations and samples of the same phenomenon. (Alasuutari 1993, 21-23.) The qualitative research analyses individual cases from the
viewpoint of the individuals taking part to these cases or through the meanings these individuals have given to them (Koskinen et al. 2005, 31).

The qualitative research examines emerging processes, which it describes, and where the researcher itself is a research instrument. The researcher is participant to the phenomenon, thus the qualitative research has an emic-viewpoint to the phenomenon. The researcher and the object of the research are in interaction with each other. (Hirsjärvi & Hurme 2000, 23-26.) The contribution from qualitative research is based on the idea that it gives the reader a way of understanding a phenomenon, which requires depth instead of complexity in its research setting (Koskinen et al. 2005, 43).

5.3 Abductive research

In abductive reasoning, the researcher has some theoretical foundation that is substantiated with empirical data (Hirsjärvi & Hurme 2000, 136). The main characteristic of the abductive research approach is that there is a continuous movement between an empirical world and the world of theoretical models. During this process, the research issues and the analytical framework are consecutively reoriented when they are encountered with the empirical world. Dubois and Gadde (2002) call this systematic combining, seeing that in this process the theoretical framework, empirical fieldwork, and case analysis evolve simultaneously. This method of research is especially useful for development of new theories. (Dubois & Gadde 2002.)

The abductive research approach is a blend of induction and deduction. As the inductive method builds theory purely based on empirical data, pure induction might prevent the researcher from benefiting from existing theory. The deductive method, on the other hand, tests existing theory with empirical research, thus pure deduction might prevent the development of new useful theory. Induction and deduction can be seen as linked research approaches. Prior theory has a pivotal function in the design of the case study and analysis of its data. (Perry 1998.)
5.4 Case study research

A case study is a research strategy that focuses on understanding the dynamics present within single settings (Eisenhardt 1989). Also, Dubois and Gadde (2002) state that the interaction between a phenomenon and its context is best understood through in-depth case studies. The case study has been recognized as one of the most common methods in qualitative business research (Koskinen et al. 2005, 154).

The specific need for case studies originates from the desire to understand complex social phenomena. The case study method allows researchers to maintain the holistic and meaningful characteristics of real-life events – such as organizational and managerial processes, international relations and the maturation of industries. (Yin 2003, 2.) The case study is a comprehensive research strategy, as it covers the logic of design, data collection techniques, and specific approaches to data analysis. It benefits from the prior development of theoretical propositions to guide data collection and analysis. (Yin 2003, 13.)

When choosing a method, the selection is not only guided by the fact which method is the best suitable to the theoretical requirements, but also by the researcher’s knowledge, experience and resources for doing the research. It is typical for qualitative, business-related research to take one or two cases into consideration, because it enables concentrating in in-depth examination. As long as the description of the cases is tied to theoretical conversation and the cases are examined to the core, it can be seen as reliable. (Koskinen et al. 2005, 45-46.)

A case is usually a company or part of a company, such as a department, a profit center or a headquarters. Alternatively, a case can be a process or a structural characteristic of a company. The case can also be viewed at different levels. It can be at the industry level, organizational level, department or group level, or even at an individual level. (Koskinen et al. 2005, 154-157.) In the case of corporate brand research the organizational level is a natural choice, as the corporate brand affects and stems from the whole company.
There are six types of data sources that are central in case studies. These are document sources (e.g. letters and diaries), archives, interviews, direct observation, participative observation and physical objects. A reasonable use of documents is preferrable in case studies. The documents are often the cheapest and easiest way to access the phenomenon, at least in a preliminary way, and they do not have risk of reactive influence. The use of multiple sources is recommended, as it enables triangulation. If different sources generate the same results, it can be said that the method does not distort them. (Koskinen et al. 2005, 157-158.)

In this study two companies are examined to get a wide view to the subject of corporate brand building in SMEs. From each company two central persons were interviewed. In the case of Company A Ltd., the researcher has also had the opportunity to observe the development of the company from quite an early stage. In addition to these methods, the researcher has examined some publicly available written material about the case companies, which was mostly found from the Internet pages of the companies.

5.5 Action-oriented research

In action-oriented research the aim is to understand the phenomenon. It differs from nomothetic (i.e. search for general laws or traits) in the sense that the action-oriented does not try to find causalities or be objectivistic. The action-oriented research also uses few empirical target units, but with a wide variety of research methods. (Neilimo & Näsi 1980, 34-35). Thus, it is closely related to the case study. Pihlanto (1994) states that a case study is a natural choice when taking an action-oriented research approach, because the inclination to increase understanding of intentional human action requires personal contact between the researcher and the human actor.

In action-oriented research the phenomenon has its own structure of content. To understand the phenomenon, it should be investigated and analyzed against their history and context. With multiple viewpoints it is possible to understand the phenomenon in a dialectical way. The object of the research is not lifeless, but a thinking and acting entity. Thus, it can react to descriptions and explanation given
about it, and that can change the course of events and its behavior. (Mäkinen 1980, 51-52).

The action-oriented researcher tries to access the everyday world of actors, e.g. corporate decision makers, and their interpretations, to understand profoundly the nature of the activities studied from the point of view of the actor. In doing this, the action-oriented researcher has a similar attitude towards the world and towards the knowledge, as practitioners have. Thus, their way of thinking is subjective, intuitive, informal and practical, that is typical of real-world decision makers. (Pihlanto 1994.)

5.6 Interview research

A theme interview is an intermediate form of interviews, between a structured (survey-type) interview and an open-type interview. Theme interview could also be called semi-structured interview. In this kind of interview the themes or subject matters are known, but no precise questions or order of the questions exist. (Hirsjärvi et al. 1997, 204-205.) On the other hand, many researchers define semi-structured interviews as having questions set, but the researcher can change the order and form of the questions (Hirsjärvi & Hurme 2000, 47).

By interviewing the actors of the researched organization, the researcher can find out what those people (actors) think, feel and believe. The interviews reveal how (or what) the actors observe what is happening around them. However, that does not reveal what really is happening. With observation, the researcher can find out if the people are acting as they say the do. (Hirsjärvi et al. 1997, 209.) In this study, observation is used only to create an understanding of the development of the case companies. Especially in the case of Company A Ltd., observation of the development of the start-up company increases the researcher’s understanding of the company and its operations. The close cooperation between the company and the CoBra research project further develop the company’s modes of operation, especially in the field of marketing and brand building. Representatives from both Company A Ltd. and the CoBra research project meet regularly to discuss the development and marketing possibilities of the company. These meetings (see table 4) enabled observation of the company for the researcher and author of this study. Hirsjärvi and
Hurme (1988, 14) point out that while doing interviews, the researcher also acts as an observer. The words and acts of the interviewee are the object of observation and analysis.

Table 4. Meetings of Company A Ltd. and CoBra research project.

<table>
<thead>
<tr>
<th>Date</th>
<th>Place</th>
<th>People present at the meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 July 2008</td>
<td>University of Oulu</td>
<td>CEO, Sales and Marketing Manager, 4 Researchers</td>
</tr>
<tr>
<td>14 August 2008</td>
<td>University of Oulu</td>
<td>CEO, Sales and Marketing Manager, 4 Researchers</td>
</tr>
<tr>
<td>7 October 2008</td>
<td>University of Oulu</td>
<td>CEO, Sales and Marketing Manager, 4 Researchers</td>
</tr>
<tr>
<td>11 November 2008</td>
<td>University of Oulu</td>
<td>CEO, Sales and Marketing Manager, 4 Researchers</td>
</tr>
<tr>
<td>21 January 2009</td>
<td>University of Oulu</td>
<td>CEO, Sales and Marketing Manager, 3 Researchers</td>
</tr>
</tbody>
</table>

When choosing research methods, criteria such as efficiency, cost-effectiveness, precision, reliability etc. are used (Hirsjärvi & Hurme 1988, 13). As the amount of interviewees is small, but the needed information and resulting understanding is deep, semi-structured interviews are recommended (Hirsjärvi & Hurme 1988, 38). This choice is also suitable considering the available resources in this study.

Qualitative interviewing is based in conversation, with the emphasis on researchers asking questions and listening, and respondents answering. Interview participants are viewed as meaning makers, not just passive conduits for retrieving information from existing vessel of answers. The purpose of most qualitative interviewing is to derive interpretations, not facts or law, from respondent talk. The aim is to understand the meaning of respondents’ experiences and life worlds. (Warren 2001.)

The interview research process in this study progressed as following. A pilot interview was carried out in Company A Ltd. during the literature research process, to give the researcher a better view of the company and its history. However, the actual interview themes were not used in this interview, as it concentrated more in the general business operations of the company. In the actual interview research process, the themes for the interviews were first developed based on the theoretical framework (see chapter 4). Then, the interview questions (see Appendix 1) were generated based on the themes. Also, alternative questions and focused sub-questions were formed to make sure that the interview process would be well flowing. These questions were used according to the assessment of the researcher in the interview.
situation. Thus, the same questions and themes were used for each interviewee, but they might have realized in different forms.

The interviews were carried out in the two case companies, and two central persons were interviewed from both of them. See Table 5 for details of these interviews. All interviews were carried out by the researcher herself. The interviews were recorded with a digital voice recorder. The recorded tapes were then transcribed to word documents, and analyzed with the QSR NVivo 8 software. In the analysis the previously chosen themes were highlighted from the interview transcripts. The findings from the interview research were compared and integrated to the theoretical framework, thus producing the empirically grounded model (see chapter 6.3) as the outcome.

**Table 5. The interviews of this study.**

<table>
<thead>
<tr>
<th>Interviewee(s)</th>
<th>Company</th>
<th>Date</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO and Sales and Marketing Manager</td>
<td>Company A Ltd.</td>
<td>9 September 2008</td>
<td>2 h 9 min</td>
</tr>
<tr>
<td>CEO</td>
<td>Company A Ltd.</td>
<td>3 February 2009</td>
<td>1 h 41 min</td>
</tr>
<tr>
<td>Sales and Marketing Manager</td>
<td>Company A Ltd.</td>
<td>4 February 2009</td>
<td>1 h 11 min</td>
</tr>
<tr>
<td>Managing Director</td>
<td>Company B Ltd.</td>
<td>13 February 2009</td>
<td>1 h 2 min</td>
</tr>
<tr>
<td>Key Account Manager</td>
<td>Company B Ltd.</td>
<td>18 February 2009</td>
<td>1 h 30 min</td>
</tr>
</tbody>
</table>
6 EMPIRICAL RESEARCH

In this chapter the case companies are introduced, the empirical material is analyzed and an empirically justified framework is composed.

6.1 Case companies

This research has two case companies, Company A Ltd. and Company B Ltd. These two case companies were chosen to represent different parts of the small business growth model. The names of the companies are changed due to a request of one of the case companies.

6.1.1 Company A Ltd.

Company A Ltd. is a start-up company that develops and produces led lighting products for demanding environments. The main emphasis of their products is on park, street and highway lighting. The company was established in August 2007 in Oulu, Finland. At the time of this study, during spring 2009, the company has 5 employees (including the entrepreneur). Also, the company is still in its initial product development stage, and only preparing to launch its first product to the market. However, the first pilot tests have started during the spring of 2009, thus indicating that the company has advanced in their product development and is preparing to the beginning of their sales.

There are two main persons in the company. One is the CEO and the entrepreneur; the other is the sales and marketing manager. Naturally, the entrepreneur has the principal responsibility and is the owner of the company. However, both of these people have had a remarkable impact on the development of the company, and thus, they are both interviewed for this study. During the establishment of the company, the sales and marketing manager acted as a consultant to the company. Later, during spring 2008 he became part owner of the company and a member of the board of directors. Recently, in February 2009, the company has grown with two new part
owners, who have taken part in establishing production facilities, general administrative tasks, and sales. With this development the structure of the company has changed, introducing a board of managers, and lesser share of responsibilities to the original entrepreneur.

The company develops lighting solutions, which require high energy efficiency, long lifetime and easy maintenance. The competence of the founding partners is based on a wide experience of working in telecom and electronics industry. The streetlight industry is in a transitional period, where the technology of light bulbs is replaced with the new led lighting technology. This change also serves the need for the conservation of the environment, which stems from the global climate change. The new led lighting technology is close to other electronics industry in engineering sense, which the founding partners already have competence from.

Company A Ltd. has all the essential expertise in house for developing advanced led lighting solutions. Their competences include lighting design and industrial design. They also have design know-how in mechanics, electronics and optics, as well as experience in reliability and thermal design. The expertise of their co-operation network supports their know-how. The company researches their technology and business competences together with TKK Lighting laboratory, VTT and the University of Oulu.

In this study Company A Ltd. represents the early stages of the small business growth model. The inception and survival stages are examined through this case company. A look into the pre-establishment stage is also taken.

6.1.2 Company B Ltd.

Company B Ltd. is a subsidiary of Beta Group Ltd. Since the Beta Group Ltd. is listed on the stock exchange, the key figures of the financial information are available only about the group, and not the subsidiary. Also, from the request of the company, the figures are not presented in this study. The group had 115 employees at the end of year 2008. Beta Group Ltd. used to have international operations and facilities widely both in Europe and in Asia during the 1990s and early 2000s.
However, due to financial struggles, organizational rearrangements and the global development of the industry, the Group’s business has decreased in size substantially.

Company B Ltd. was established in October 2008. Before that the same entity has been part of Beta Group Ltd. as one of its plants. Beta Group Ltd. has a holding of 90% in the company and an Asian Holding Company has the remaining 10%. The Oulu plant was first established in 1979, and its current facilities were built in 1992. Company B Ltd. is a fairly young as an independent company. However, it has a lot of history and competences from the years that it was a part of the Group. In this study, Company B Ltd. presents the later stages of the small business growth, that is from the success stage to the maturity stage. Even tough the company has preexisting competences, it also has to learn many new functions that were earlier handled from the Group. The company seeks for new growth, in addition to its existing customers, and tries to find its place in the changed industry structure.

Company B Ltd. supplies electronic components for the needs of the telecom, automotive and industrial electronics industries and provides the electronic components for prototyping, ramp up and small series. Its service portfolio includes express deliveries, fulfilling urgent component needs, developing and commercializing new technologies, carrying out material reports as well as close cooperation with high-volume manufacturers. Despite of challenging market situation the operations of Company B Ltd. are profitable. The company's customers are primarily global telecommunication companies. Company B Ltd. has about 110 employees.

The company reports their strengths as mastering state-of-the-art technologies, active R&D, global production capacity, extensive experience in the production of electronic components and environmental friendly production.

6.2 Empirical analysis

In the empirical analysis, material from the interviews is discussed through the themes from the theoretical framework introduced in chapter 4. Direct quotations are presented with the analysis to verify the analysis and in order to make the
argumentation more transparent. The interviews were carried out in Finnish, but the quotations are translated to English for this document. However, the original quotations in Finnish are presented in the footnotes for the sake of clarity.

Considering the internal structure of the following sub chapters, stages of growth and the important stakeholder groups are discussed first. Here, these subjects are presented in their own entities and not as incorporated with the activities in corporate brand building. This was done due to restrictions in the research setting, but also to give the main emphasis to the activities in corporate brand building, which are presented in chapters 6.2.3 to 6.2.9.

6.2.1 Stages of growth in the case companies

The stages of growth of the case companies were reasoned out from the interviews and other documentation about the histories of the companies. Company A Ltd. is a start-up company that has recently started their first pilot projects. Thus, they are in the shift from the initial stage to the survival stage of the small business growth model. Also, in this study they present the pre-establishment stage, as it is in a recent memory of the founders of the company. Company B Ltd., on the other hand, is seeking for new growth in addition to their existing markets, and thus they can be seen as in the success or expansion stage of the model. Within their company history, they have been a large-scale corporation in a maturity stage, but due to major changes in the global electronic component markets, they have decreased in their size and operations to an SME and have to go through the growth again.

The pre-establishment stage, mentioned in the academic corporate branding literature only by Rode and Vallaster (2005) and further strengthened by the entrepreneurship research (e.g. Zimmerer & Scarborough 1996, Isokangas & Kinkki 2002), was identified in the interviews with the CEO of Company A Ltd. The structure and characteristics of the company were outlined to some extent before the official establishment. The idea of the company slowly formed in the CEO’s mind and the company planning took a long time span while the future CEO still worked at his previous company. Extensive amount of research and planning took place before the
official establishment. This helped the company also later on when they were applying for financing.

“We did a good groundwork: market analysis, competitor analysis, technology study, and then the business plan. With those we applied for product development financing about a month after the establishment (of the company) from Tekes.”\(^2\) (CEO, Company A Ltd.)

An essential part of the corporate brand, the name of the company, was mandatory already at the time of the official establishment of the company. Later, plenty of consideration was given to possibly changing the name, but eventually the name was decided to be kept as it is. The name of the company is discussed further in chapter 6.2.5 about corporate identity.

6.2.2 Important stakeholder groups of SMEs

Each interviewee identified multiple stakeholders groups. The most important ones were customers, suppliers and, in the case of the start-up company, investors. Many of the stakeholder groups were also overlapping with each other, and the definitions for many of the stakeholder groups were wide.

Customers

Customers were a wide stakeholder group for both of the case companies. For example, in Company A Ltd., customers were not only the direct buyers, but also people and organizations, who made decisions that affect the buying process for the product. The street lights have a lot of standards and other specifications that the product has to meet. Thus, the buying process is very complex and includes many different organizations and organizational levels. A part of these organizations are from the public sector.

“Customers, that’s one group. But it’s wide, it’s not just those who buy, and there’s many types of those as well. We consider as customers those who do lighting design. Then the companies who build lighting and infra(structure).”

\(^2\) “Tehtiin hyvä pohjatyö - markkinatutkimus, kilpailijatutkimus, teknologiaselvitys ja sitten liiketoimintasuunnitelma. Niillä lähdettiin hakemaan ehkä kuukausi perustamisen jälkeen Tekesiltä tuotekehitysrahaa.”
And also the kind of influential organizations which contribute to approvals and public acceptance, and which take part in defining standards and definitions."  

Also in Company B Ltd. the technicality of the product increases the complexity of the customer base. In addition to that, the history of the company and the global nature of the industry, expand the variety of their customers. The wide variety of customers also forces the company to act in many different ways.

"Customers range from side to side. There are those who are very global, and then we have to appear as very global for them. On the other hand, there are those who are local, who have their electronics business only in Finland."  

Furthermore, the companies recognize that the people in all of the other stakeholder groups could end up as being their customer in the future. For example, the key account manager of Company B Ltd. states that students from technical schools and colleges could be their future customers, and thus they should be introduced to the company already during their student years.

**Suppliers**

Suppliers are also an important stakeholder group. Even though the suppliers are not as varied group as the customers, the definition does include a wide range of organizations. Different companies act as the supplier for raw materials, components, subassemblies, tools and instruments, and designed parts.

“There’s many kind of suppliers. On the other hand, there are those from whom we buy goods or materials, raw material. Then there are those suppliers who supply subassemblies. So there are those who supply standard parts, components. Then there are those who supply parts that we have

3 “Asiakkaat, se on yks ryhmä. Mutta se on laaja, että se ei ole pelkästään ne jotka ostaa, ja niitäkin on tietysti erityyppisiä. - - Meillä pidetään asiakkaina sellaisia jotka tekee esimerkiksi valaistussuunnittelua. - - Sitten yritykset, jotka rakentaa valaistusta ja infraa. Ja sitten tämмоiset vaikuttajaorganisaatiot, jotka vaikuttaa hyväksyntöihin tai yleiseen suhtautumiseen, ja jotka osallistuu standardointiin ja määrittelyyn.”

4 “Asiakkaita löytyy laidasta laitaan. Löytyy tällaisia jotka toimii hyvinkin globaalisti ja silloin meidän täytyy sinne päin olla hyvin globaali yritys. Ja sitten taas löytyy paikallisia, joilla on sitten elektroniikkaliikteiminntaa pelkästään Suomessa.”
designed or they manufacture tools for us and then we manufacture the parts with those.” 5 (CEO, Company A Ltd.)

Also, all interviewees identified several service suppliers, such as security, IT-services, occupational health care, accounting firms and many others. Again, activities and communications with all the different suppliers can range extensively.

**Investors and financiers**

Investors were especially important for Company A Ltd., as it is a start-up company, which still lacks its own cash flow financing. A variety of investors and financiers were found, including the capital of the entrepreneur, banks, both public and private investors and research organizations. Many research organizations were often overlapping with investors as a stakeholder group, as they offer financing for new research and product development projects.

For Company B Ltd., the investor relations were administered through their parent company, Beta Group Ltd. In practice, Company B Ltd., in itself, can operate fully on its cash flow financing, so no additional investors are needed. However, research organizations, such as Tekes – the Finnish funding agency for technology and innovation, were possible investors for them too, if interesting research projects come up.

**Owners**

Both of the case companies are incorporated companies by their company form, so owners are a natural stakeholder group for them. In Company A Ltd. the owners were also working at the company, whereas in Company B Ltd. the owners were completely different from the staff of the company. Thus, the role of and the communication with the owners differ greatly between these two companies.

"One stakeholder group is of course the owners, but at the moment it’s quite the same as the entrepreneur. But that’s different as a role. Owners have to be

5 "On monenlaisia toimittajia. Toisaalta sellaisia josta ostetaan tavaraa eli materiaalia, raaka-ainetta. Sitten on sellaisia toimittajia, joilta saa osakokooppanoja. Eli on tosiaan sellaisia, jotka toimittaa vakio-osia, komponentteja. Sitten on sellaisia, jotka toimittaa meille meidän suunnittelemia osia tai tekevät meille työkaluja, ja sitten niillä tehdään osia."
kept as a separate group, because there can be different owners in the future.”
(CEO, Company A Ltd.)

Employees
A natural stakeholder group is also the employees of the company. Both of the case companies see their employees being central in their operations. The small size of these companies affect that each person working for the company is seen equally important and the sense of fellowship is strong within the organizations.

“We are such a small (organization), that I think we are all as one.” (Key Account Manager, Company B Ltd.)

The core competencies are hold by the employees in the companies, thus making them pivotal for the competitiveness of the company.

“Personnel are a stakeholder group. It’s actually quite central, because we truly have all core competencies as tasks of our own people. So that’s important.” (CEO, Company A Ltd.)

Competitors and the industry network
It is important to any company to consider their competitors, but it is perceived equally important to have a role in and try to have an effect to the industry network. In the case of the start-up company, Company A Ltd., it is a mutual struggle of all the companies in the led lighting industry to open the market for the new technology. Thus, the company can’t operate in a solitary matter, but has to cooperate with its competitors to get the market started. On the other hand, both of the managers of Company A Ltd. state that it is very important for the image of the whole industry what kind of products different companies introduce to the market. There’s a risk of ruining the image of the whole industry if the first generation products are of bad

6 “Yksi sidosryhmä on tietysti omistajat, mutta se on tällä hetkellä aikalailla sama kuin yrittäjä. Mutta sekin on roolina eri. - - Omistajat pitää kokoajan ajatella erillisenä, koska sitten kuitenkin tulee muitakin omistajia.”

7 “Me ollaan kuitenkin sen verran pieni, että ollaan mun mielestä kaikkia yhtä.”

8 “Henkilöstöhen on yksi sidosryhmä. Se on itse asiassa aika keskeinen, koska aidosti meillä on ydinjutut omien henkilöiden toimesta tehtäviä. Eli se on tärkeää.”
quality, especially when the product is supposed to be lasting for decades, and will thus stay in the picture for a long period of time.

Also the management of Company B Ltd. recognizes the importance of cooperation within the industry network in maintaining the competitive industry in Europe, and not letting all of the industry to move away to Asia and other cheap regions.

Cooperative partners
In addition to cooperation in the industry markets and with competitors, cooperation with partnering companies is important in today’s industrial world. Both of the case companies are more concentrated in developing their products and technologies than producing them in large quantities. Thus, production partners are or will be very important for both of these companies in being able to sell their products with a competitive price and produce them in an effective and efficient manner.

“We are able to do production to some extent, but at this point we are looking for a production partner who could produce bigger volumes, either in its entirety or part of it.” 9 (Sales and Marketing Manager, Company A Ltd.)

In addition to production partners, both companies recognized a possible need for sales and marketing partners, especially in the case of global sales. Company B Ltd. cooperates with their Asian partner factories as being their contact person in the European market. Also, they have recently recruited contact persons at the Swedish and German markets to increase their presence and possibilities there.

Media
The relationship of the companies with media and its representatives seems to be ambiguous. On one hand, visibility is sought to gain recognition to the company. On the other hand, negative attention is avoided as best as possible. The matter of media is discussed more in relation to communications and image, later in chapters 6.2.7 and 6.2.8.

9 "Tietyn asteinen tuotanto pystytään tekemään itse, mutta tässä vaiheessa katsotaan mahdollista tuotantokumppania, joka pystyisi tekemään isompia volyymejä, joko kokonaisuudessaan tai osia.”
Public sector
Public sector was already mentioned as overlapping with customers in some cases. However, it has also a different role as the public authority in setting the rules of certain business activities and a supervisor making sure the rules are followed. For example, in developing and manufacturing electronic components, Company B Ltd. has to follow certain rules in and report the use of possibly environmentally dangerous chemicals.

For Company A Ltd., the public sector is in a very crucial role, as the market for led lighting products is just about to open. Organizations at the public sector will be deciding on regulations regarding the technology, as well as opinions and attitudes towards the products.

“Public sector is such a group in this regard that we have certain interests to tell them things, and in a way to influence the demand and possible regulations and attitudes through that.” 10 (CEO, Company A Ltd.)

Research organizations
Tekes (the Finnish Funding Agency for Technology and Innovation), VTT (the Technical Research Center of Finland), the University of Oulu and Helsinki University of Technology were mentioned as some of the research institutions the case companies have cooperated with. The interviewees identified several benefits from this kind of cooperation. It brings trustworthiness to the company, if it has been part of research projects with any research organizations. The companies can also gain knowledge of new technologies, as well as network and find new customers, suppliers or partners through the projects.

“We are participating in these Tekes-projects, where we get technology which is not directly related to our product development, but the intention is to keep up with the technological development. On one hand, we also get credibility to the company, and on the other hand, it is possible to get direct customer

10 "Julkinen sektori on tässä nyt sellainen ryhmä, mihin meillä on tiettyjä intressejä kertoa asioita, ja tavallaan vaikuttaa sitten siihen kysyntään ja mahdollisiin säädöksiin ja asenteisiin sen kautta."
contacts through these groups.”

(Sales and Marketing Manager, Company A Ltd.)

**Educational institutions**

Educational institutions can bring many kinds of benefits for companies. Diploma and thesis work, as well as smaller scale case exercises bring new knowledge for both the participating students and the company. For example, the CEO of Company A Ltd. stated that the ideas that students come up with are fresh and innovative, compared to consultants. As already mentioned, good relations with schools and students can be advantageous in introducing the future professionals to the company already in their student years. This could be seen as one way of building the corporate brand.

6.2.3 Defining and controlling core values in corporate brand building

The core values of a company were perceived as important in both of the case companies, but they were also seen as a difficult matter in some cases. The start-up company, Company A Ltd., has defined their corporate values and tries to emphasize them in their everyday operations. Being a rather young company and still in the early stages of the growth, the company hadn’t had a chance to fulfill all of their values. One of their values, for example, is stated as “added value to our customers”. That is of course one of the starting points of their product development, but as they haven’t sold any of their products yet, the value in question hasn’t yet been on view.

“The added value to our customers doesn’t show yet. There has been this research kind of an approach in the product development. - - I think that the added value will start to show up now. At the time of the first pilot tests, then it has to fall into place that we are not just developing something to ourselves, but that it really is done to someone and that’s why we are doing all this.”

(Sales and Marketing Manager, Company A Ltd.)

---

11 “Me ollaan mukana Tekes-vetoisissa hankkeissa, niiltä saa teknologiaa, jotka ei ole suoraan siihen tuotekehitykseen, mutta niiden tarkoitus on että pysytään teknologiankehityksessä. - - Toisaalta niistä saadaan yrityksen uskottavuutta, toisaalta niistä saadaan myös suoria asiakaskontakteja, niistä ryhmistä.”

12 “Se arvon tuottaminen asiakkaalle ei vielä näy. Siinä on ollut vielä tällaista tutkimuksellista otetta, tuotekehityksessä. - - Mun mielestä se arvon tuottaminen, se ehkä nyt rupeaa nousemaan esille. Varmaan siinä vaiheessa, kun ensimmäiset pilottijutut, niin silloin viimeistään pitäis lokshta, että tässä ei nyt vaan itselle kehitellä tämmöistä juttua, vaan tosiaan se tehdään jollekin ja minkä vuoksi tässä nyt itse asiassa tehdään tätä asiaa.”
At Company B Ltd. there has been problems defining and communicating the core values. According to their key account manager, the core values were earlier defined by the top management, and their internal marketing was unsuccessful. He felt that the core values should be originated from the whole organization, all levels included, to really be representative of the organization. As an SME organization, defining the core values can be a process of the whole organization, as the number of employees can still be efficient to manage. Then the core values would truly be reflective of the whole organization. For Company B Ltd. also finding and defining core values unique to the organization was found problematic. Many companies have similar sounding core values just because the companies are expected to have them. However, core values that are more concrete and reflective of the company were sought after.

“Telling about the values, that’s such a cliché - - There should be more concretion, what we really are doing for the matter.” 13 (Managing Director, Company B Ltd.)

6.2.4 Using brand-orientation in strategic planning

All the interviewees recognized the need to incorporate the brand and marketing related concerns to the strategic planning of the company. It might not be the main point and on top of the strategy related discussion, but it is one of the important underlying considerations. In the case of Company B Ltd., new strategy was being designed at the time of this study. Their main challenge is to find new customers and correct the suppositions many of their customers have of them, stemming from the time that Company B Ltd. was still part of the Beta Group Ltd. Thus, the new strategy includes marketing and reputation building characteristics as a major part of it. Also, a clear distinction is made between the strategy of Company B Ltd. and that of the Group’s.

13 “Arvojen kertominen tuonne, se on niin kliseistä hommaa. - - Kun siinä pitäisi olla enemmän sitä konkretiaa, että mitä me oikeasti tehdään sen asian eteen.”
“We’re doing our own strategy here (in Oulu). Basically, we start from the beginning, taking advantage of the good technical competences and reputation of (Beta Group).” 14 (Key Account Manager, Company B Ltd.)

Also in Company A Ltd., including the brand related matters to strategic planning is seen as important. They are in somewhat same situation with Company B Ltd., as they need to find new customers. However, they are building the recognition to the company from scratch, so their corporate image is different in that sense.

6.2.5 Creating, clarifying and maintaining corporate identity as part of corporate brand

The corporate identity is often seen as emanating from the daily operations and the product of the company, thus it is not always consciously created by the management. However, in building a strong corporate brand, a concise corporate identity is preferred, therefore defining and clarifying it is helpful.

The product emphasis was strong in both of the case companies. Thus, the whole organization and the people working for the company observe the company through the products that is the outcome of their work. The nature of the products is present in all decision making and evaluating the operations of the company.

“Mainly it comes through the daily operations and the product. When we know that we’re creating a really good product, it kind of becomes our identity.” 15 (CEO, Company A Ltd.)

Here the corporate identity is examined through the four elements presented in the theory by Rode and Vallaster (2005). Thus, the interviewees were asked about the corporate design, corporate behavior, corporate culture and company internal communications.

14 “Hyvin pitkälti täällä tehdään omaa strategiaa. Periaatteessa lähdetään alusta liikkeelle hyödyntäen - - sitä (konsernin) hyvää teknistä osaamista ja mainetta.”

15 ”Pääasiallisesti tulee sen tekemisen ja tuotteen kautta. Että kun me tiedetään että tehdään tässä hirvittävän hyvästä tuotetta, niin se on tietyllä tapaa sellainen identiteetti.”
Corporate Design

Company A Ltd. has tried to incorporate the ideas of LED lighting technology to their corporate design, which is mostly presented in their name and company logo. Since the company names are concealed here, the discussion about the name of the company is presented in Appendix 2. The colors of the company are red and sand. Company A Ltd. wanted to differentiate themselves from other environmental technology companies, because many of them seem to be hoax. Thus, green and blue were excluded, because they are often used in presenting environmental friendliness. From the colors of RGB red was left, which actually suits the company well in presenting energetic and positive nature. The color of sand stems from the material silica that the LEDs (light-emitting diodes) are built from, and silica is a mineral that was originally sand. The logo and the Internet pages of the company, which present the colors explained here, are displayed in Appendix 2. During the time that Company A Ltd. has developed their corporate design, they tried to keep the image to external stakeholders as blank as possible, so that the brand and image building could be started clean. For example, their first Internet page was just a short text on a blank white background.

For Company B Ltd., the development of their own corporate design, separate from the Group, is also ongoing. The name was preserved, because it has long history and recognition amongst the target market. However, it does also bear negative assumptions from the financial struggles of the parent company, Beta Group Ltd. The company logo is also kept the same, but the new version of the name, Company B Ltd., is brought forward in all communications.

Corporate behavior

In small sized organization, and especially in micro sized organizations such as Company A Ltd., the behavior of the members of the organization is different from larger organizations. The lean structure of the organization is suitable for innovative philosophy. Thus, in Company A Ltd. the employees are responsible for their own parts in the product development and functions in running the company. High level of rules of conduct would restrict the innovative environment.
“It just emerges when people are enthusiastic and interested and get to do things according to their own free will. We only need to make sure that everything goes well together.”  

(CEO, Company A Ltd.)

In a micro organization, the people are together daily, and work is done in a tight group. The same few people are present even during coffee and lunch breaks. The everyday work forms the behavior of the company.

Company B Ltd., on the other hand, is a medium-sized company that has more hierarchy than lean organizations. For them, also, the corporate behavior stems from daily routines and operations. Different levels of organizations and different functions and projects within the organization bring about the way of operating. For example, informal and formal meetings are common in everyday work. In comparison, the micro organization of Company A Ltd. Does not need as many formal meetings, because the smaller organization is easier to manage and everyone is informed of the prevailing situation. However, similarities between different sized organizations can be found from informal meetings during coffee and lunch breaks. Company B Ltd. has their own cafeteria at the company premises, and thus everyone spends most of their lunch breaks with their coworkers, as well. In a larger and more mature organization more emphasis is given also to leisure activities, such as different sports groups and cultural events.

**Corporate culture**

Both of the case companies identify themselves as high technology companies. That can also be seen from their corporate culture, as they concentrate to the technology development in all their daily operations. The CEO of Company A Ltd. strives for enhancing the competences of the company. Every person in the company is expected to become a specialist of their own field. During the initial product development period, they have learned alternative production methods, to be flexible and fast in developing product applications to client companies. A distinctive part of their corporate culture stems from the company being a developer of environmental technology, thus the personnel should be environmentally aware and take part in

---

16 “Se vaan syntyy, että ihmiset ovat innokkaita ja kiinnostuneita ja saavat tehdä asioita aikalailla vapaasti ja oman pään mukaan. Kunhan nyt vaan varmistetaan, että kaikki palaset loksaahtaa paikalleen.”
recycling activities. Overall, the company could also be described as innovative and creative, and a close community.

“Not necessarily too strict, because we want to be seen as an innovative and creative company, so we can’t be too rigid and formal, because it wouldn’t suit at all.” 17 (CEO, Company A Ltd.)

In Company B Ltd. the opinions of the employees are studied every other year. According to the latest studies, the community spirit is good. However, the managing director doesn’t believe that the employees would be abundantly proud of being part of the organization. Everyone is still conscious of the problems that the parent company, Beta Group, has had, and of the erroneous conception that many of their clients have of the company.

“Maybe there isn’t any pride. They all know it well that the first question when you go around is that have we got any orders and such. So they know where the money comes from.” 18 (Managing Director, Company B Ltd.)

**Corporate internal communications**

The good spirit at Company B Ltd. stems from two-way communications, according to their key account manager. The employees trust that the management of the company do things right, and in return the management is loyal to their employees. The management of the company tries to tell all relevant information to their employees, so that everyone is on the same page about the situation of the company.

“It is of course important that a lot of information is given. We tell how we are doing so that people know what the situation is.” 19 (Managing Director, Company B Ltd.)

“Telling about positive financial facts to employees, that’s very important. Of course there has also been situations when observations about the opposite

---

17 "Ei välttämättä hirveän tiukkaan, koska me halutaan olla ulospäin innovatiivinen ja luova yritys, niin ei me voino silloin olla kauhean kankea ja formaali, koska ei se istu."

18 "Ei ehkä semmoista ylpeyttä ole. Hyvin tietävät sen, että ensimmäisenä kysymyksenä kun kiertyää tuolla, että onko saatu tilauksia ja muuta. Että tietää, mistä nämä rahat tulee."

19 “Tärkeähän sitten on tietysti tämä, että informaatiota annetaan paljon. Kerrotaan, että miten menee, että ihmiset tietää että mikä on tilanne.”
picture have had to been told. But when both of these things are told up front, people understand the situation, and no one is taken off guard.”

(Key Account Manager, Company B Ltd.)

The internal communications are even more direct in a micro organization, such as Company A Ltd. The daily communication with coworkers is so natural that formal meetings are rarely needed. Everyone has their own sections of the product they are developing rather independently, but they also cooperate so closely that the dialogue is continuous in product development. The CEO of Company A Ltd. states that an important message that he has wanted to give to his employees is that the company is developed as a full company, carrying all its functions itself. This message was also strong in the interview of their sales and marketing manager, thus it has evidently been communicated clearly.

6.2.6 Emphasizing the role of employees in corporate brand building

All the interviewees agreed that the people working for the company have a great effect on the company. Different people would act differently and make different decisions. The employees have a large influence on what is the company like, how it will develop and how it is seen at the market. The employees are seen as the representatives of the company to the outside world. Communications and exchange happens not just between the company and its customers, but also other stakeholder groups are important. For example, in the product development process important relations emerge between the engineers of the company and the representatives of the suppliers. Also, the employees act as representatives of the company in the local society.

“When it gets out to the public (the product), the roles of the people, no matter what position they have in the company, their role changes a bit and

---

20 “Se on tämmöinen positiivisten talousfaktojen kertominen henkilökunnalle, niin se on tosi tärkeää. Toki myös on tilanteita, joissa havainnot on jouduttu kertomaan myös toisen suuntaisista asioista. Mutta silloin kun nämä molemmat asiat kerrotaan, ja avoimesti, niin silloin ihmiset ymmärtää tilannetta, ei kellekään tule mikään silloin yllätyksenä.”
they have to carry the brand with them. And also to create it to their own networks.” 21 (Sales and Marketing Manager, Company A Ltd.)

The CEO of Company A Ltd. also states that everyone in the company takes part in developing the corporate brand while they develop the product. All the decisions and selections made have an impact on how the product and the company are seen by the external stakeholders. The product development team creates the technical quality and the appearance of the product.

6.2.7 Creating and maintaining corporate image as part of corporate brand

Corporate image and reputation are important in the sales and marketing activities of the company. The key account manager of Company B Ltd. states that their goal is to have such an image (to the external stakeholders) that they would not need to sell individual projects, but that their name and competences would be enough in itself, and the customers would call for offers on their own initiative. Company B Ltd. has to build its own image, distinct from that of Beta Group’s, in addition to building awareness of the company after the corporate restructuring. The good qualities of the name of Beta Group are trusted to bring forth the technical competences and reputation in the global level.

“Basically, we’ll begin by tapping on, and hopefully we can utilize it, the good technical competences and reputation of Beta Group, which has at least in certain customers worked out, it seems, because we have staid in the competition.” 22 (Key Account Manager, Company B Ltd.)

Company B Ltd. also wants to create and maintain a good image in the industry network. They have recently started taking a bigger role in a European professional organization that they are a member of, and they are planning ways to get more visibility in the industry publications (such as journals and magazines).

21 “Sitten kun se tulee mahdollisesti laajempaan tietoon, niin ihmisten roolit, vaikka olipa ne sitten missä tahansa asemassa siellä yrityksessä, niin niiden rooli muuttuu hieman erilaiseksi, joutuu kantamaan sitä brändiä mukana. Ja tavallaan luomaan sitä myös sitten omiin verkostoihinsa.”

22 “Periaatteessa lähdetään alusta liukkeelle hyödyntäen, ja toivottavasti pystytään hyödyntämään, sitä konsernin hyvää teknistä osaamista ja mainetta, joka on sitten ainakin tietyissä asiakaskunnissa, näyttää että se on edelleen toiminut, koska on pystytty pärjäää tässä kisassa.”
Company A Ltd., being a young start-up company, has to start creating their image and reputation from scratch. They want to have a professional image, and seem as a trustworthy partner. They started their product development from the most demanding application. This way they can later develop also less demanding applications with the same technology, but all of their products are still credible for all customers. The small size can also be seen as situating them in a difficult position in the industrial market.

“But actually, not so much the brand as the credibility. So that, how to build credibility as a small actor. That has been present all the time.” 23 (CEO, Company A Ltd.)

6.2.8 Keeping communications consistent in corporate brand building

The channels and contents of corporate communications were examined in the interviews. In this section, communications with external stakeholders are discussed, distinguishing it from the company internal communications.

The level of personal communications seems to depend on the importance and essentiality of the stakeholder in question. Those close by and important to the company were handled in a more personal way, with face-to-face communications, personal phone calls etc. The topics of discussions could also be more personal with these contacts. With less important stakeholders, such as changing material suppliers, for example, the communications were transactional by nature, and very formal.

"It could be said that all the important ones are handled on a personal level and face-to-face, or personally on phone. All the same, it is very tight with the core group. The less important then, they are contacted through email mostly. Of course, phone calls are also used, but they are factual calls, taking care of business, ordering something or asking about something.” 24 (CEO, Company A Ltd.)

23 “Itse asiassa, voi sanoa että ei niinkään brändi, mutta se uskottavuus. Että miten luoda uskottavuutta pienenä toimijana. Se on on ollut koko ajan.”

24 “Voi sanoa että kaikki tärkeät hoidetaan henkilökohtaisella tasolla ja kasvotusten, tai puhelimella henkilökohtaisesti. Kuitenkin, se on hyvin tiivistä sen ydinryhmän kanssa. - - Sitten vähemmän tärkeät, ne menee sähköpostilla. - - Toki voi sanoa, että puhelut, mutta se ei o o sellainen
A difference could also be found between the two case companies. Company B Ltd., with a long history, had a larger number of less important contacts, with whom the communications were formal and only occurred when needed. Company A Ltd., on the other hand, has not had as many contacts so far, and almost all the existing stakeholders are seen as important and close relations exist between them.

Special type of communication that was seen important to brand building were Internet pages, industry publications and trade fairs. The Internet pages are a natural must these days, because the Internet is one of the prime ways to find information. Thus, not having Internet pages could lead to stakeholder groups being uncertain about the company. Company A Ltd. has experienced that by having an Internet page, the company has received more attention from possible suppliers and better terms and service from them. In Company B Ltd. the Internet pages are still maintained by the Group. However, consideration is given to the thought of the Internet page possibly needing more information for other stakeholder groups than just investors. At the moment, the Internet page is heavily concentrated on investor relations. The industry publications, such as journals and magazines, and participating in trade shows are ways of gaining visibility to the company. Both of these communication channels are directed towards multiple stakeholder groups. Thus, the communication can be complex, but also rewarding.

“At the industry tradeshows, there the message is congruent to all, because we can’t choose who goes there. Customers, suppliers, maybe even owners from different electronics firms, attend them. And also people from university and education field seem to go there.” 25 (Key Account Manager, Company B Ltd.)

In the medium-sized company, Company B Ltd., the person communicating with certain stakeholder groups, is determined function-specific. Thus, product development personnel communicate with important suppliers, purchasing
department with less important material suppliers, and so on. In Company B Ltd., which is a micro-sized company, and has less formal organizational structure, is more flexible also in communications. However, function-specific communication exists in this company as well. This is of course natural, as the job task determines whom the person needs to communicate with. In the company, product development personnel communicate with important suppliers and partners, but so does the CEO. Thus, it seems that in a small organization, people need to take many roles (especially the management) in order for the company to be capable of operating efficiently.

In both of the case companies, consistency of the communication was seen important. The aim is to create an understanding of the company to all stakeholders, and that this understanding would be uniform across the different stakeholder groups.

"We have tried to deliver an identical message. So that everyone would have same kind of conception of this firm. And particularly, that the image would be as realistic as possible." 26 (Sales and Marketing Manager, Company A Ltd.)

However, certain dissimilarities are also needed with the messages. In Company A Ltd., the message communicated to investors is a longer-term vision than the one to other external stakeholders. Also, the key account manager of Company B Ltd. states that with stakeholder communications, the message should be adapted case-by-case, even though consistency is sought after at the general level. For example, with customers, the same recipe cannot be used in all problems. Thus, it should be remembered to apply the consistent communications scheme only to reasonable extent.

Company B Ltd. has struggled with their communications lately. As already mentioned, their Internet pages mainly have information relevant to their investors. For a customer, for example, the company has failed to communicate the values, the scope of their product offering and meeting the environmental regulations and certificates. The need to improve that part of their corporate communications has

26 "On pyrittä - että olis hyv identtinen ollut se viesti, mitä on viety. Että kaikilla olisi hyvin samanlainen käsitys tästä firmasta. Ja nimenomaan vielä se, että se olisi mahdollisimman realistinen se kuva."
been identified in the company and plans are made for further improvements during the time of this study. The company has also noticed a change in the tone of the messages delivered. In the past, it was customary to keep company success as a secret, so that customers wouldn’t start asking for discounts. Nowadays, however, it is seen as a positive thing to tell, if the company is doing well. Especially at the time of the global financial crisis, all the stakeholder groups like to see if the company is still a viable and safe business partner.

"Nowadays it seems that if a company is doing well, back in the days it was kept a secret if the company did well. But nowadays it seems to be a positive thing." 27 (Managing Director, Company B Ltd.)

Company A Ltd. seems to have a clear conception on how they want that the company is seen by all their stakeholders, and thus what kind of messages the company should communicate to the stakeholders.

"What information we give out, we try to tell that we are doing reliable, durable, professional light fittings, and that’s it. When we were creating the Internet pages, it says in many sections that ‘reliable led lighting products’, and that can be the only message we tell and nothing else.” 28 (CEO, Company A Ltd.)

6.2.9 Collecting and analyzing feedback in corporate brand building

Both of the case companies have asked and received feedback from many different stakeholder groups. Company B Ltd. has multiple formal feedback channels in place, for example customer satisfaction surveys, customer feedback by orders, employee satisfaction surveys, supplier testing and monitoring, and so on. All this information is also gathered and analyzed to improve the operations of the company in the future.

27 "Nykyään näyttää olevan se, että jos menee hyvin, niin ennenhän sitä pidettiin salassa että jos firmanla menee hyvin. Mutta nykyään se näyttää, että se on semmoinen positiivinen asia.”

28 "Se mitä annetaan ulospäin tietoa, niin koitetaan antaa semmoista, että tehdään luotettavia, pitkäkestoisia, ammattilaistyypisiä valaisimia ja siinä se… - - Meillähän on sillälailla, silloin kun verkkosivut tehtiin, niin siellä lukee useammassa yhteydessä, että luotettavat led-valaisimet, niin se voi olla vaan se viesti mitä kertoo eikä mitään muuta.”
The close relationships that Company A Ltd. has with its stakeholders have enabled them to ask for feedback in many different stages of the company and product development. The ways Company A Ltd. has asked and received feedback is not as formal as the one at Company B Ltd., but it also suits better for the young and agile company. Often the feedback is straight and occurs during personal communication. Thus, it is easy and fast to integrate to the daily operations. However, some formal ways of gathering and analyzing feedback might also be needed to ensure that it is not ignored too easily in a hasty work environment.

Company A Ltd. has experienced the feedback they have received as very important and beneficial in developing the company and proceeding in different stakeholder relations. For example, in establishing the company and going through different product development projects, the company has received advice on where to ask for financing and what kind of documentation has been needed in these processes from business incubators and investors. Also, in the beginning of the product development the company asked from a few of their potential customers what kind of led lighting solution would be needed in the street light industry. This way the company could establish some crucial customer relationships, as well as find vital information on customers’ needs.

"The feedback that we have received from customers has enabled the fact that we have been able to prioritize increasing competences, instead of getting the product to the market fast. The customers have said that it is not worthwhile to enter the market with a bad product.” 29 (CEO, Company A Ltd.)

The key account manager of Company B Ltd. also states that asking from customers is important. By asking from the customers, the company can gain understanding of their status at the market and evaluate where the possible growth and continuity could be found.

---

29 "Asiakkailta saatu palaute on sallinut, että me ollaan voitu prioriteettina pitää osaamisen kasvattamista versus sitä, että saadaan nopeasti tuote markkinoille, koska asiakkaat on sanoneet että sinne ei kannata huonolla tuotteella tulla.”
6.3 Empirical findings

Based on the analysis of the empirical material, the growth stages were divided into three parts that could be explored through the case companies. The first stage, pre-establishment stage, is examined through the case of Company A Ltd., as is the second stage, which includes both inception and survival stages from the model by Churchill and Lewis (1983). Company B Ltd., instead, presents the remaining last stage, which includes success, expansion and maturity stages from the model by Churchill and Lewis (1983). In this study, no further distinction between the stages could be done. The empirical data was not detailed enough to specify the exact stage the company had been in during the activities discussed. Table 6 describes the corporate brand building activities in different stages of the small business growth, and the stakeholders that are targeted or involved in each activity.

<table>
<thead>
<tr>
<th>Stages of small business growth</th>
<th>Corporate brand building activities</th>
<th>Target stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-establishment stage</td>
<td>Developing a company idea</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Planning company structure and characteristics</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Deciding on the company name</td>
<td>All stakeholders</td>
</tr>
<tr>
<td>Inception &amp; Survival stages</td>
<td>Defining core values</td>
<td>All stakeholders</td>
</tr>
<tr>
<td></td>
<td>Being brand-oriented in strategic planning</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Creating or clarifying corporate identity</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Emphasizing the role of employees</td>
<td>Employees &amp; external stakeholders</td>
</tr>
<tr>
<td></td>
<td>Creating good corporate image</td>
<td>All stakeholders</td>
</tr>
<tr>
<td></td>
<td>Keeping communications consistent</td>
<td>Customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Investors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Owners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other stakeholder groups</td>
</tr>
<tr>
<td>Success Expansion Maturity</td>
<td>Collecting and analyzing feedback</td>
<td>All stakeholders</td>
</tr>
<tr>
<td></td>
<td>Controlling core values &amp; strategy</td>
<td>All stakeholders</td>
</tr>
<tr>
<td></td>
<td>Maintaining corporate identity</td>
<td>Internal stakeholders</td>
</tr>
<tr>
<td></td>
<td>Emphasizing the role of employees</td>
<td>Employees &amp; external stakeholders</td>
</tr>
<tr>
<td></td>
<td>Maintaining good corporate image</td>
<td>All stakeholders</td>
</tr>
<tr>
<td></td>
<td>Keeping communications consistent</td>
<td>Customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Investors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Owners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other stakeholder groups</td>
</tr>
<tr>
<td>Collecting and analyzing feedback</td>
<td>All stakeholders</td>
<td></td>
</tr>
</tbody>
</table>
The pre-establishment stage includes all activities and planning that takes place before the company is officially established. These activities differ between companies, entrepreneurs and local legislation, but some important ones can be identified in the context of corporate brand building. At this stage the organization is still completely informal, and probably includes only the entrepreneur or multiple entrepreneurs. Most of the planning takes place inside the entrepreneur’s mind.

However, certain activities can be important for the future corporate brand already at this stage. The company has to have some kind of name at the time of establishment. Of course it is possible to change the name also afterwards, but it saves time and efforts later on if the name is well thought from the beginning.

To be able to ponder on the name, the company needs a foundational idea what the company does and why it exists. Also, planning the company structure and characteristics can help the entrepreneur in defining the essence of the company and thus come up with a suitable company name. At this planning process, core values and basic corporate strategy might start forming, depending on the entrepreneur, and the demands of the local customs of company establishment, e.g. what documents need to be written at the time.

All things considered, it is beneficial for the start-up company to ponder on the corporate brand related matters right from the beginning. If the company has a distinctive idea and identity in the entrepreneur’s mind, then it is easier to start building the corporate brand during the time the actual company is established and composed. The stakeholder groups that are targeted with these activities, or who are involved somehow in these activities, are mainly internal. Most of the times, the only people aware of the plan to establish a company are the entrepreneur (or entrepreneurs) and his or her (or their) friends and family. Later on the stakeholder groups that are affected by these activities, can be wider. For example, the name of the company will be known to larger audience once the company is established and starts operating with multiple external stakeholder groups.
The inception and survival stages present the early growth stages after the company has been established. During this time span, the company starts building its corporate brand by both creating and developing the activities of corporate brand building.

The theoretical framework regarded core values as the basis of the corporate brand. The core values were seen as important also in the empirical research, but in corporate brand building, they were not limited to the internal stakeholders, i.e. the personnel of the company. Instead, the companies also communicated their core values to external stakeholder groups. Therefore, the target stakeholder groups for defining and maintaining core values include all stakeholders, instead of only internal stakeholders, as it was presented in the theoretical framework. Also, the interviewees experienced the core values as a central part to the corporate brand, not just the basis on which the corporate brand is built upon. Thus, defining and maintaining core values was perceived as a fundamental activity in corporate brand building, as well as a subject of communication.

Brand-orientation in strategic planning was identified as beneficial for the corporate brand building in the theoretical network. The benefit of brand-oriented strategic planning is that the company has adopted the brand-oriented thinking profoundly, which leads to the company emanating its corporate brand. Strategies are formed at the establishment and early development of the company, but they are also revised and new strategies are formed throughout the years of operations of the company.

Corporate identity is created and clarified in the early development of the company. Corporate identity tends to arise on its own. In the early stages of the company development, the corporate identity is often close to the identity of the owner-manager, as it is that person that develops the company most actively. However, to build a concise corporate brand, the corporate identity can be guided and clarified so that it is consistent with the intended corporate brand. The four elements of corporate identity (corporate culture, corporate behavior, corporate internal communications and corporate design) were all identified in the empirical research as important in constituting the corporate identity.
The role of employees was recognized and emphasized in the empirical research as being important in building a concise corporate brand, but also in the every day operations of the companies. Employees are an important link between the company and its external stakeholders. Of course, also management has a crucial role in this regard. However, the role of employees is emphasized because perceiving the importance of their actions might not be as natural as that of the management.

Creating and maintaining good corporate image was seen as important in the empirical research. The corporate image results from the communication from the company towards its external stakeholders. It was discovered both in the theoretical framework and in the empirical research that newly founded companies yearn for trustworthiness from all of their external stakeholders. Thus, creating a positive corporate image is actively strived for. The corporate image is established in every new contact and relation, and the old ones need maintaining to stay positive.

Keeping communications consistent is important in pursuing a concise and strong corporate brand. Keeping all communications consistent from the very beginning of the company is significant. It creates a concise image of the company to external stakeholder groups.

Collecting and analyzing feedback was found to be possible and in a significant role of all the communications that a company does in its early stages of growth. In the empirical research, many forms of feedback were found. For example, business incubators were important for a recently established company. Also, feedback was sought after from investors and suppliers. The feedback concerned the products of the company, ways of operating and information reporting. All of the feedback was used to improve the operations of the company, and thus, the image that the external stakeholders had of the company.

During the later stages, success, expansion and maturity, a company already has a corporate brand, so the main issue during that time period is to maintain and develop the corporate brand as needed. In addition to the existing stakeholders, new companies and individuals learn about the company throughout its existence. For those new stakeholders, the corporate brand can be build for, or rather, they learn
about the existing corporate brand from other stakeholders and the company. Again, all activities in corporate brand building are important to take into consideration in developing and maintaining the corporate brand.

The market and environment in which the company operates at might be turbulent and changing, which necessitates the company to adapt to the changing environment. That is especially the case in new industries, but also many traditional and old industries are facing transitional times nowadays with financial troubles, the global environmental change and new technologies. Thus, checking and refining core values and strategies is important from time to time. Again, the corporate brand can be used as an orientation when refining the core values and strategies, to maintain the intended corporate brand.

The corporate identity, corporate image and consistent communications need conscious maintaining to stay reflective of the corporate brand. They are easily forgotten, and can develop into an unwanted direction if no control over them is kept. They might also need refining if core values and strategies are improved at some point. The role of employees is still emphasized as being an important link between the corporate identity and corporate image, as well as the company and its external stakeholders. Collecting and analyzing feedback ensures that the development process of the corporate brand is continuous.

Most parts of this framework seem to conform to the theoretical framework, although some activities were stressed more in the empirical data than what was found in the literature review. For example, collecting and analyzing feedback was seen as very important in both of the case companies, even though only few literature sources mentioned it in corporate brand research. Thus, it can be said that based on this study, the feedback has larger role in corporate branding than what was previously thought.

Also, some stakeholder groups were identified in the interviews that were not mentioned in the literature. Customers, suppliers, investors, employees, media and partnering companies were found important already in the theoretical framework. However, the empirical analysis revealed owners, research organizations, educational institutions, competitors and the overall industry network as being important
stakeholder groups for SME, high-tech, B2B companies. These are not all itemized in the framework table for simplification, but they are referred to as other stakeholder groups. In the interviews, some stakeholder groups were identified as more important than others. The most important ones were customers, suppliers, investors, employees and owners.
7 CONCLUSIONS

This chapter presents the conclusions of this study. A summary of the research results provides answers to the research questions. Theoretical contribution is presented, as well as managerial implications. In this chapter the quality of this study is examined, and suggestions are made for future research topics of the field.

7.1 Summary of the research results

This study examined corporate brand building in SMEs through different growth stages. Two kinds of theory base were combined in order to form a theoretical framework. Small business growth models formed the first part of the theory. The second part of the theory consisted of corporate branding literature, from where important activities in corporate brand building were identified. Also, important stakeholder groups were identified through the corporate branding literature. A theoretical framework was formed from these theoretical issues. The theoretical framework was then used as a basis for the empirical part of this study. For most part the empirical data and its analysis confirmed the theoretical framework. However, there were also some additional information found from the empirical analysis, as well as certain parts of the theoretical framework got strengthened, as they were not studied to large extent before this study.

The principal aim of this study was to find out how is the corporate brand built in an SME in its different stages of small business growth. The empirically grounded framework in chapter 6.3, and the theoretical framework in chapters 3.5 and 4, provide an extensive answer to this. There are different activities that are found important in corporate brand building and different stakeholder groups that are considered essential to take into account in these activities, that vary mildly between the stages of growth.

The three sub research questions, What are the growth stages like in SMEs? Which are the important activities in corporate brand building? and Which are the relevant
stakeholder groups that are targeted in corporate brand building in SMEs? were intended to further define the main research question, and reflect the different fields of theory that were combined in this study. Through the empirical research, the assumptions made at the theoretical framework, were confirmed to be right also in the business world, and further developed where needed.

The first sub research question examined the growth stages in SMEs. Six different growth stages were identified through the literature review. The pre-establishment stage takes place before the company is officially established, and includes company planning related activities. The first stage after the company is established is called inception. During this stage the company is developed towards a working business entity, and product development process starts. The next stage is called survival, in which the company is already a working business entity, but not yet profitable. The company is still seeking acceptance from customers and other stakeholder groups during this stage. In the success stage the company reaches profitability, and the company structure changes towards functional departments as the number of personnel has increased during the growth. The two last stages are called expansion and maturity. During these stages the growth is still continuing, and the management style of the SME changes due to structural changes of the company. In the maturity stage the company is about to grow out of the SME definition.

Throughout the stages of small business growth, the size of the company increases. The number of personnel increases and the organizational structure gets more complex. At first the company is most probably a micro organization with less than 10 people. As the number of personnel increases middle management and functional departments become necessary. Also, the management style of the owner-manager changes according to the modifications in the organization structure. In addition, formal control and planning systems become more necessary when the company size increases and the organization structure gets more complex.

In the empirical part, the case companies were merely identified to belong to some combination of consecutive stages. The aim was not to examine how the growth stages progressed or what they consisted of, but for the growth stages to serve as a platform for the discussion of corporate brand building.
The second sub research question explored the main activities in corporate brand building. Several activities were identified through the literature review and further grounded through the empirical research.

First, the core values of an organization are defined. The more the core values emanate from the whole organization, the more they are likely to reflect the corporate brand. At the same time, the corporate brand is based on the core values. The core values are embedded also in the strategic planning, which bears the corporate brand with it, if the company is truly brand-oriented. When the strategic planning is done in a brand-oriented way, the corporate brand is profoundly integrated to all company functions.

Both the corporate identity and corporate image are created to reflect the corporate brand. The corporate identity represents the internal part of the corporate brand, and it has four parts to it: corporate culture, corporate behavior, corporate internal communications and corporate design. Maintaining these congruent with the core values of the company and the desired corporate brand reinforces the internal side of the corporate brand. The corporate image, on the other hand, represents the external part of the corporate brand. A good corporate image is important to SMEs as it brings legitimization from different stakeholders. Thus, being aware of the state of the corporate image and trying to have a positive effect on it is vital.

The role of employees is important in addition to the responsibilities of the management in corporate brand building. Again, a strong corporate brand reflects the whole organization, not just the marketing department or the appointed management. Thus, the employees have an important role in communicating the corporate identity and the core values of the organization to the external stakeholders, and thereby affect the emerging corporate image. Employees can be seen as the link between the corporate identity and the corporate image. Emphasizing their role consciously can improve the strength of the corporate brand.

Communications is the unifying activity between all of the other brand building activities, as well as all the involved staff and stakeholder groups. Communications
where all messages send out are consistent with each other ensures that the external stakeholders perceive the corporate brand image to be coherent. Also, the communications affect the opinions and actions of the employees. In addition, both the internal and external stakeholder groups can be overlapping, and the information is transferred in a number of different medias. That leads on to the communications being transparent, which can pose challenges to the company, but also further necessitates the communications being consistent.

Lastly, collecting and analyzing feedback is essential in attempts to further develop and improve the corporate brand, and in keeping the corporate brand up to date in the changing markets. The significance of feedback in corporate brand building was strengthened in this study, while it was not seen that important in the corporate branding literature.

The third sub research question examined the relevant stakeholder groups that are targeted in corporate brand building in SMEs. Stakeholder groups were seen as important and noteworthy in corporate brand building. Corporate brand goes beyond the customer, and instead includes all stakeholders that evaluate and have a stake in the operations of the company. Some general stakeholder groups were mentioned in the corporate branding literature, but more detailed information was received in the empirical research. The essential stakeholder groups for the case companies were customers, suppliers, investors, owners, employees, competitors and the industry network, cooperative partners, media, public sector, research organizations, and educational institutions. The first five stakeholder groups were seen as the most important ones and very wide ranging, and the remaining six were mentioned often as well.

7.2 Theoretical contribution

Corporate brand building within the SME context is fairly little researched topic. Thus, this study reinforced the field in question. The type of theory composed in this study has not been presented before, so the theoretical contribution is significant. This theory combined stages of small business growth with activities in corporate brand building and linked important stakeholder groups with each activity. Hence,
this study provided a new point of view to corporate brand building in SMEs. In addition to forming a new kind of framework from existing theories and literature sources, the empirical research brought new insights to the topic. For example, the role of feedback in corporate brand building was stressed more in this study than what previous research indicated.

In the theoretical framework, the small business growth stages were assembled from both a five-stage model of small business growth created by Churchill and Lewis (1983) and Scott and Bruce (1987), and a notion of the importance of a pre-establishment stage (Rode & Vallaster 2005). Thus, six stages of small business growth were identified in the literature review. The empirical research of this study confirmed the importance of the pre-establishment stage. Due to the limited amount of case companies, the latter five stages were divided to two groups in the empirical research, that is the inception-survival stages and the success-expansion-maturity stages. However, no contradictory information was found in the empirical part as for the existence of these stages. Therefore it is concluded that this study confirmed that the rough division of these stages does exist in the growth of SMEs.

Core values are the basis of corporate brand building (Urde 2003). Clearly stated and shared values within the organization can lead to consistency in delivering the corporate brand (Harris & de Chernatony 2001). The importance of core values was identified also in the empirical research. It was also noted that in the corporate world, the core values that well support the desired corporate brand, are ones that have concretion related to the actual business of the company, and not ones that are too abstract and general.

A corporate brand that is an inseparable part of the value of a company becomes its important strategic value (Wong & Merrilees 2005). Corporate brand can be used as a basic approach to all strategic planning, that is called brand-orientation (Urde 1999). Thus, with the brand-oriented strategic planning, the corporate brand becomes a profound part of every function of the organization. In the empirical research it was recognized that brand and marketing related concerns need to be incorporated to the strategic planning of the company, at least as an underlying consideration. Thus, the empirical research further confirmed the existing literature in this regard.
In building a corporate brand, the company needs to have a clear corporate identity (Aaker 1992), because it presents the company-internal part of the corporate brand (Rode & Vallaster 2005). The elements of corporate identity, that is corporate culture, corporate behavior, corporate internal communications and corporate design, are equally important and need to be consistent in order to express the corporate brand effectively to the external stakeholders (Rode & Vallaster 2005, Witt & Rode 2005). All of the above mentioned elements of corporate identity were also identified in the empirical research. Thus, their importance was confirmed in this study. Furthermore, the empirical research revealed that in the case of high-tech SMEs, which operate at the B2B market, the corporate identity is often seem as emanating from the daily operations and especially the product of the company. The people in the organization observe the company through the products that is the outcome of their work. The nature of the products is present in all decision-making and evaluation of the operations of the company.

Employees are key to building relationships with all of the stakeholders of the company. Thus, they contribute to the meaning of the corporate brand when they express to the stakeholders what the company is. (Hatch & Schultz 2003). In this study, the role of personnel is seen as a unifying element between the corporate identity and the corporate image, and is therefore important to emphasize in corporate brand building. In the empirical research it was noted that employees have a large influence on what the company is like, how it will develop and how it is seen at the market. The employees, thus, are seen as the representatives of the company to the outside world, and their important role in the corporate brand building is noticed also in the companies.

Corporate image is the external part of corporate brand, and is thus aspired to be positive (Rode & Vallaster 2005). The corporate image can be shaped both with direct communications to the external stakeholders, and indirectly by creating a strong corporate identity that then influences the corporate image (Witt & Rode 2005). The corporate image was strongly emphasized in the empirical research. It was seen as important for companies to gain credibility in the market with all of their external stakeholders. Proactive communication with different stakeholder groups to
create awareness of the company and build a positive corporate image was stressed in the researched companies.

Integrated, consistent communications are important in building a corporate brand (Aaker 1992), because every signal sent out to stakeholders affects the corporate brand (Einwiller & Will 2002). Corporate identity and corporate image are both greatly influenced by the communications of the company (Balmer & Gray 1999), so their interrelationship is complex, but also ever more important to notice. The important but complex nature of communications was discovered also in the empirical research. While consistent communications were perceived important in the general level, differences in the ways, contents and intimacy of communications was realized to depend on the type of relationship the company and the communication partner have.

Collecting and analyzing feedback is important in building and further developing a corporate brand (Gregory 2007). Through the feedback the company can understand what kind of perceptions the stakeholders have about the company, and with that information the company can exploit the corporate brand strategically to achieve its objectives (Wong & Merrilees 2005). The importance of feedback was further strengthened through the empirical research, as it was not emphasized that strongly in the branding literature. The researched companies collected and analyzed feedback actively to both develop and improve their products, but also to find out how their company was perceived by their stakeholder groups, and how they could develop their efforts in building their corporate brand.

Stakeholders were seen as important in the corporate branding literature (see e.g. Gregory 2007, Bickerton 2000, Davies & Chun 2002). However, this study further defined the important stakeholder groups in the case of small and medium sized high-tech companies that operate at the B2B market. The relevant stakeholder groups are customers, suppliers, investors, owners, employees, competitors and the industry network, cooperative partners, media, public sector, research organizations and educational institutions. The significant role of the stakeholder groups was also emphasized and stated more clearly for the case of SMEs through this study.
7.3 Managerial implications

Most of the activities described in the framework that was established in this study, were already taking place in the case companies. However, the activities can be done in a brand-oriented way, or regardless of the corporate brand. Of course, in the endeavours of building a strong corporate brand, the brand-orientation is preferable.

In Company A Ltd. the brand-orientation was already extensive, which probably stems from them taking part to the CoBra-research project, where they have had to think through their corporate branding efforts. This study can help them further elaborate on the corporate branding ideology of taking the corporate brand as part of every activity and decision in the company. Seeing that Company A Ltd. is still a fairly young and small organization, they can easily adopt brand-orientation. By taking the framework provided here as a guiding principle to the corporate brand building, the company can continue their corporate branding efforts. The framework can help the company in noticing the essential activities that need to be carried through, keeping the corporate brand in mind, for the corporate brand to emerge.

For Company B Ltd., the framework can again work as a guiding principle in corporate branding efforts. Their starting point for the corporate brand building is different from that of Company A’s, because they have substantially bigger organization and longer history. However, the company is in such a state (with their restructuring and building itself anew) that corporate brand building is important to them, and they have processes going on within the organization where the brand-orientation is easy to take. For example, they are lacking clear stated core values that would express the whole organization. Also, they are in the process of strategic planning that is independent from the earlier strategy of Beta Group. These are foundational activities in corporate brand building, and thus it is truly a perfect timing for them to start thinking about building and reinforcing their corporate brand.

As already mentioned, Company B Ltd. has had problems in defining and communicating their core values. They should take a different approach to this issue. The core values do not have to be unique, but their interpretation and expression should be. Urde (2003) states that the core values of a company should first be
interpreted and then indirectly expressed to all relevant audiences in a way that they are not reduced to meaningless words, which was the concern at Company B Ltd.

For both of the case companies it is important to note that when building a corporate brand, the efforts start from inside the company. The foundation of a strong corporate brand lies in clearly defined core values and brand-oriented strategic planning. When these are in place, corporate identity that is consistent with the corporate brand is created. It is seen common for SMEs to have little resources and time for activities such as corporate brand building. The kind of holistic view on corporate branding, which is inherent to the company, and what is described here, is the answer for corporate branding in SMEs. When the whole organization, all employees included, understands the essence of the corporate brand, it can be successfully completed by creating a good corporate image. To do that, a small-scale company that operates at the B2B market, does not need massive advertising campaigns, as would be the case with large consumer product corporations. Instead, half of the work is done when the external stakeholders can see the corporate brand radiating from the SME. To get the message delivered to the external stakeholder groups, consistent communications are needed.

Communications, both internal and external, are important throughout the corporate brand building process. Also, gathering and analyzing feedback should be remembered, because it enables the continuous improvement of the corporate brand. As can be seen from the framework, the corporate brand building does not end after the first stage, but the activities and efforts should be continued throughout the existence of the company. In the later stages of small business growth, the corporate brand building activities should not be forgotten. Instead, the corporate brand needs maintaining and renewal to stay strong in the fast changing markets.

7.4 Reliability and validity of the research

The trustworthiness of the research process and its outcomes are investigated through reliability and validity of the research. They are defined and discussed in this chapter.
7.4.1 Reliability

The reliability means that the operations of the research (e.g. the data collection procedures) can be repeated with the same results. That is, if another researcher would do the same research with the same methods and about the same cases, he or she would come to the same conclusions. One way to increase the reliability and possibilities for other researchers to do similar research is to document and describe the research methods and procedures used. Also, making as many steps as operational as possible and conducting research as if someone was always observing the research process is a way to approach the reliability problem. (Yin 2003, 34-39.)

In this study, all stages of the research process have been described in detail to give a comprehensive image of it to the reader. To increase the reliability of the data collection, the interviews were recorded, then transcribed, and finally analyzed according to the interview themes with appropriate software. The researcher also made notes during the interview to ascertain that nothing important was lost in the audio recording phase. The notes were later compared to the transcribed interviews and prints from the analysis software, to ensure that the same observations could be made at each step of the process. Also, the central theories and concepts were explained to the interviewees where necessary to make sure that the interviewees understood the questions and the subject matter.

When the data is analyzed in qualitative methods, the reliability concerns also the quality of the data. Reliability relates then more to the actions of the researcher than the answers from the interviewees. In other words, it is concerned with how reliable is the researcher’s analysis of the data. It is important to consider if all available material has been used, if the interviews were transcribed correctly etc. Also, it is equally important that the results reflect the interviewees’ thoughts. However, it should be remembered that the outcomes from the interviews are always a consequence from the cooperation and interaction of the researcher and the interviewee. (Hirsjärv & Hurme 2000, 189.) In this study, careful and thorough analysis and following appropriate procedures ensures the reliability of the research. However, the researcher’s interpretation is in a central role in this kind of research, which can lead to difficulties in replicating the study in the exact same way. To
decrease this effect, the empirical analysis is explained in great detail, and citations are used to support the reasoning.

7.4.2 Validity

The concept of validity is divided to several sub concepts, which apply to different research settings. The most common validity concepts used are construct validity, internal validity and external validity. (Yin 2003, 34-35.)

Construct validity refers to establishing correct operational measures for the concepts being studied. In a case study this definition is seen as problematic when subjective judgments are used to collect the data and the researcher easily fails to develop a sufficiently operational set of measures. (Yin 2003, 34-35.) On the other hand, Hirsjärvi and Hurme (2000, 187) define construct validity in a more general level as being the capability of the research to measure the phenomenon that it is intended to measure. In other words, concepts that reflect the phenomenon under investigation are used. To increase the construct validity in this research, the concepts were explained to the interviewees to ensure that they understood the questions correctly. Also, multiple sources of evidence were used. There were two case companies in this study, and two persons were interviewed from both of these companies. In addition to the interviews, observation and documents were used in familiarizing with the companies. A chain of evidence was established in the analysis of the empirical data, and it can be seen in the detailed explanation and analysis of the empirical research (see chapter 6.2). Citations were used to strengthen the chain of evidence so that readers can follow the researcher’s reasoning.

Internal validity refers to the research being able to establish a causal relationship, whereby certain conditions are shown to lead other conditions (Yin 2003, 34). However, this does not concern exploratory case studies, and thus is not a relevant consideration in this study.

External validity refers to the possibility to generalize the findings from the research to different situations, environments and people, beyond the immediate case study. However, qualitative case studies are not intended to be statistically generalized, but
to generalize them analytically, that is to generalize them to some broader theory. It is acknowledged that the research findings are dependable on historic and cultural factors, and that each individual is different. (Hirsjärvi & Hurme 2000, 188; Yin 2003, 37.)

7.4 Limitations

This study concentrated on two cases. Building on this analysis, the goal of this study is to expand and generalize theories, i.e. analytic generalization, instead of generalizing the findings to another case or statistical generalization (Yin 2003, 10). In the analytic generalization, a previously developed theory is used as a template with which the empirical results of the case study are compared with (Yin 2003, 32-33). According to Eisenhardt (1989) by tying the emergent theory to existing literature, the researcher can enhance the internal validity, generalizability and theoretical level of theory building from case study research. From this study, the findings should not be generalized to all high-tech SMEs as it is. However, the conclusions and suggestion provided here could be used as suggestive remarks for SMEs, which are interested in building corporate brands.

Other limitations for this study are the representativeness of the case companies of the overall phenomenon and the precision in the data gathering and analysis. The case companies both presented SMEs, high-tech companies and operated at the B2B market. Thus, in using the developed framework at different contexts, researchers and practitioners should take into consideration the fact that contextual factors can have their own effect on the outcomes. Also, the case study and gathering most of the empirical data by interviewing can pose limitations to the accuracy of the data gathered and credibility of its analysis. Errors during the interview can occur due to both the interviewer and the interviewee (Hirsjärvi & Hurme 2000, 35). For example, the interviewee can give answers that are socially acceptable, or that the interviewee thinks are the ones the researcher wants to hear. Also, in the analysis of the empirical material, there are no exact models to follow (Hirsjärvi & Hurme 2000, 35), and thus the analysis can miss or lack some important facts. To avoid that kind of problems, multiple interviews were carried out in this study, and the interview material was examined and gone through several times.
7.5 Future research suggestions

In this study, a new kind of framework was established. The empirical part of this study included only two case companies, which is a rather small number. Thus, it would be interesting to carry out interviews in multiple other companies to see if any new information would arise. Also, studies with this new framework could be carried out in different industries and in different contexts. For example, consumer markets, large companies, or non-technical products would be interesting contexts for further research on this field.

Different kinds of special cases could be studied within the framework. For example, a crisis situation within a growth stage, and its effects on corporate brand building, as well as necessary activities in such a situation, could be an interesting research subject. Also, rebranding in different growth stages has not been studied before, and could present a future research topic.

Quantitative research methods could also be used to study a larger amount of respondents and case companies to form an understanding on the corporate brand building in SMEs. A more accurate picture could be reached of the stages of small business growth with a well-planned questionnaire. More evident connections between the growth stages and corporate brand building activities could also be established with quantitative research methods. However, this study has been a valuable opening to the discussion about corporate brand building in different stages of small business growth. Based on this study, quantitative research could be carried out to further confirm the results.
REFERENCES


Pilot interview at Company A Ltd., September 2008

- Establishment of the company
  - The business idea
  - Personnel
  - Name and design
  - Product development
  - Development of the company structure
- Mission, vision, values
- Marketing activities
- Customer relationship management and finding the customers
- Becoming interested in corporate branding
  - Entry to the CoBra-research project
- Communications and corporate culture
- Future plans

2nd interviews at Company A Ltd., February 2009

- Important stakeholder groups
- Corporate brand identity
  - Corporate culture
  - Corporate behaviour
  - Internal communications
- Core values
  - Defining
  - Communicating
- Communications
  - Internal and external
  - Consistency of the message
  - Who communicates to which stakeholders
- Feedback
  - Collecting and analysing
- Image and reputation
  - Creating and maintaining
  - Resources used
- The role of employees in corporate branding
- Corporate brand as part of strategic planning
- Competitive tools
- The corporate brand of Company A Ltd., the impression that the interviewee has about it
Interviews at Company B Ltd., February 2009

- History and background information of the company
  - Establishment
  - Mergers and acquisitions
  - Name and design
  - Customers and other important stakeholder groups
  - Product development
  - Key figures
- Mission, vision, values
- Marketing activities
- Customer relationship management and finding the customers
- Becoming interested in corporate branding
  - Entry to the CoBra-research project
- Important stakeholder groups
- Corporate brand identity
  - Corporate culture
  - Corporate behaviour
  - Internal communications
- Core values
  - Defining
  - Communicating
- Communications
  - Internal and external
  - Consistency of the message
  - Who communicates to which stakeholders
- Feedback
  - Collecting and analysing
- Image and reputation
  - Creating and maintaining
  - Resources used
- The role of employees in corporate branding
- Corporate brand as part of strategic planning
- Competitive tools
- The corporate brand of Company B Ltd., the impression that the interviewee has about it
DISCUSSION ABOUT THE CORPORATE DESIGN OF COMPANY A LTD.

Company A Ltd. is called Valopaa Oy in the real world.

Valopaa Oy has tried to incorporate the ideas of led lighting technology to their corporate design, which is mostly presented in their name and company logo. Their name stands for light (valo in Finnish) and intelligence, which is presented in the word head (pää in Finnish).

The logo of the company:

The Internet page of the company: