Speaker 1 (00:03):

Welcome to the Vandenack Weaver legal visionaries podcast with your host Mary Vandenack welcome to today. This episode of Vandenack Weaver, legal visionary is a

Speaker 2 (00:17):

Weekly podcast discussing updated legal news, as well as evolving methods of providing legal service. I am Mary Vandenack founder and managing partner at Vandenack Weaver, LLC. I will be your host. As we talk to experts about closely held businesses, tax trusts, estates, legal technology, law firm, leadership, and wellbeing for lawyers on today's episode, I have Cheri Duryea. She is the owner and president of Duryea strategic marketing. She's my guest. And today we're going to talk about strategies to enhance the brand of your business in anticipation of a possible sell welcome Cheri.

Speaker 3 (00:56):

Hi Mary. Thanks for having me on the podcast today.

Speaker 2 (00:59):

So as a starting point, can you just explain what is meant by a brand?

Speaker 3 (01:04):

You bet. So most people think of a brand as a company name or a logo, but really there's so much more to that, to it than that. It's an intangible that helps people identify a company or a product it's kind of the face of your company or the personality of your company. And it encompasses everything that you say or do as a business and defines the way people should think and feel about the company. So if you think about some large brands like target or Google, it brings a certain feeling to you or a certain expectation to you that is their brand, or even on a more Midwestern level, um, Hy-Vee or whatever stores you tend to go to you do that because you have a certain connection to that brand,

Speaker 2 (01:51):

Or I McDonald's, I see the big Arches, so I drive it and know I can get a greasy, burger.

Speaker 1 (01:58):

Fries. Right, exactly.

Speaker 2 (02:01):

What that McDonald's is. I know what that M stands for and I know what kind of food I'm going to get

Speaker 3 (02:05):

Through there. That's right. So, it's not just the golden arches as they used to say, it's not just the M that is their brand is the whole experience.

Speaker 2 (02:14):

It's the connection to now there was a McDonald's in Chicago. I don't know if it exists there. That was more of an experience. It was the giant McDonald's. And so that was a little different experience. But anyway, the M connects you what you're saying to not just, this is the type of food that I will get when I walk into this particular store that has this big app, right? So when someone's considering selling their company, why does it matter that their brand is strong?

Speaker 3 (02:39):

So, if you have a strong, consistent brand, then it makes it easier for people to recognize the company, be familiar with it, easier to grow and develop your customer loyalty and therefore your sales. So usually buyers are going to be looking for a company that has a respected brand that sustainable the future, and that has growth potential. So brand affects all of those things and can put those things in motion for you. So, in short, a good brand can improve the value of your company. According to a study by ocean Tomo in, 2017 in S assets, went from representing 17% of the value of S and P five hundred and nineteen seventy-five to 84% in 19, in 2015. Now in tangible assets is more than just a brand. It can be, intellectual property, things like that. But brand is also included in that and general speaking companies with a strong brand make more money.

Speaker 2 (03:41):

McDonald's who everybody knows what that big M is versus burger joint next door, which is just in this little shack. There doesn't really have a sign and maybe they even have fabulous burgers, but they haven't taken any time to develop the brand or create something that people connect to that name. So if I'm looking at, I want to buy a McDonald's or I want to buy burger joint, well, let's see if I buy the McDonald's store. People know this, and there's probably a high volume of people that drive through. Absolutely. Most of the time there's some little burger joints I know in our hometown where people go to the, I don't think have a brand, but that's the exception rather than the rule.

Speaker 3 (04:24):

Yeah. In general. Exactly. It, like you said, it helps buyers know what they're buying. And the seller is obviously going to get more, further business, more money.

Speaker 2 (04:35):

So, if a company is kind of looking at their brand, they're thinking about buying and standards, our brand strong enough, which should they be thinking about intent in anticipation of selling.

Speaker 3 (04:46):

So hopefully they've been thinking about this a lot longer than just when they decide to sell it. So, they have a brand already, right?

Speaker 3 (04:53):

The brand already because establishing a brand is not an overnight thing. Hopefully they've been managing that brand all along and I intentionally used the word managing because in most cases you have a brand, whether you know it or not, because people who do business with you have a feeling about you and they're going to, you're going to have a brand. It may not be large and in public, but you're going to have one. But aside from that, consistency is something that's important, making sure that that same message internally and externally, is out there so that your company has that established and can really generate that in the public. You need to live that brand if that makes sense. So not just you as the owner, but all of your employees, all of your products, everything needs to speak to that brand.

Speaker 2 (05:44):

We want to employees invest in the brand. Absolutely. So that's really important. Let's go back to a point you made is that if I want to sell my business next month, let's hope I already have a brand, but let's say I'm doing a five or 10 year plan thinking about, well, at some point, you know, I'm in my mid-fifties or something like that. And, you know, I might want to look to exit out of this in the next five to 10 years. And while I've got a good business, I haven't really given sufficient attention to brand development. So how, how do you develop that brand in the first place?

Speaker 3 (06:18):

Right. So, when we work with companies on developing a brand or even relaunching a brand and looking at what it should be at this point, we have an exercise. We go through with interviewing and a questionnaire of employees at all levels in the company, as well as customers. And maybe even non-customers, if we can get them to get different answers, to find that kind of unique element, what is a differentiator for your company, as opposed to your competitors, what are your strengths? What are your weaknesses? And we look at all of that to develop, okay, this is, this is what people are saying. These are our strengths. This is kind of what we want to do. Lots of times those results are really surprising to owners. They think they know what their brand is. And in fact, there, they don't at all. So, establishing that and thinking about, finding that differentiator is important from there. It's a matter of developing that unique element and finding that messaging, that look and feel that personality that you want to put out there as your brand, and then just developing that the communication plan, if a brand is already established, then it's more a matter of reviewing what you've been doing and strengthening that moving forward.

Speaker 2 (07:38):

You talk about that disconnect between the way owners perceive their brand, as opposed to what it actually is when they're going into that, say business, exit planning stage, whether maybe too quickly, or they're doing a long range plan, which is always the hope from our perspective, is that probably an important thing to identify in terms of the brand enhancement, like your brand, your perception of your brand is a little different from what it really is, what it really is the perception. So, one of the ways you can enhance that brand is to get rid of that disconnect.

Speaker 3 (08:14):

Well not just get rid of the disconnect, but also make sure that everybody is on the same page, because like I said earlier, everyone needs to live that brand, right? So if you have employees out there saying one thing, customers out there saying another thing, and the owners are saying a third thing, it's hard to get that consistent message. So making sure that everybody has buy-in, everybody is on the same page and moving forward with that kind of messaging.

Speaker 2 (08:42):

So how do you measure the value of a brand?

Speaker 3 (08:46):

Um, so first let's talk about the difference between brand value and brand equity, because they are different brand value is a financial asset it's what's on company records on the balance sheet. Whereas brand equity is what is the importance of a brand to a customer. So when you're measuring your brand value, you should include everything, consumer clients, um, anything associated with consumers or

Clients, your trademarks, your licenses, your digital assets, all of that, that can be put on a balance sheet. So, for example, in, July of 2020, the company is we're $703.5 billion. The value of the brand was calculated at 234 billion. So 30% of that total value was actually brand. And, you know, you can look at the same with when Amazon bought Whole foods. For instance, they didn't pay almost $14 billion for the brick and mortar and the grocery store sales. A lot of that was for the brand of whole foods and that audience connection. So I'm not an accountant, so I'm not gonna go through calculations on that, but on a simplistic level, it comes down to this company, a kind of like the burger example you gave earlier McDonald's sells a burger, burger joint, sells a burger. How much more can McDonald's get for that burger than burger joint can get for it. That's your brand value.

Speaker 2 (10:13):

Okay. So, it's what I can sell it for the different, too similar. So, the brand development can really add value.

Speaker 3 (10:23):

Absolutely, it can add value back to that Amazon, you know, they could have paid a lot less if they weren't paying for brand.

Speaker 2 (10:30):

Apple I can just say when I'm shopping for a product is of course like, okay, that's a known name and I'm going to look at Apple or absolutely Dell or Lenovo or something like that before I look at a particular, you know, some off name that I've never heard of serious or something.

Speaker 3 (10:47):

You know, the quality to expect because of the brand

Speaker 2 (10:50):

And some of those other brands might be perfectly great. Absolutely. It's just, when, if you haven't talked to somebody who really knows that you don't know. So, if you're trying to enhance that brand before selling, are there some specific strategies that an owner company can implement first?

Speaker 3 (11:08):

A lot of business owners are not marketers. They are running their business. They don't really have time. So hiring an outside expert to build a strategy may be a first step. It may not be, you know, maybe they're very good at that, but that’s something to think about. And everyone's strategy is going to be a little bit different depending on their industry and their target audience and their budget and their location. So the main thing that you want to get your message out to your target audience, or in some cases to reinforce it, and it can be done with all kinds of different platforms, social media thought leadership like podcasts, speaking engagements, advertising email, lots of different options there using a multi-channel approach. So not one avenue to get your message out there is going to be important. And the repetition is key. People don't remember things when they hear it once or twice. So just making sure that your target audience is hearing the message in a number of different ways. Then knowing your message and who you're speaking to. So you can develop that plan. That's also really important.

So what about networking traditionally or otherwise, is that matter at all? I mean, absolutely kind of talking about social media. That's a form of it really. Yeah.

Speaker 3 ([12:24]):

It's a very important form of it these days, because a lot of people use it. Networking's always good and if those people who are doing the networking, either online, digitally, or in-person are all saying the same message you're in good shape. That's great. But if they're all saying different messages, that's where you run into problems. So, everyone should have an elevator speech about their company from, you know, the newest hire clears up to the owner, which basically that's a 60 to 92nd little spiel about who you are. That's going to get people interested in asking more questions. So if, think about again, and you're in an elevator, somebody says, who do you work for? What do you say about your company? So everybody should have that.

Speaker 2 ([13:10]):

So, there's some clients that we work with from the minute they start the business, their goal is to sell it. Sure, and some are thinking more about building it and it's somewhat the same, but somewhat different. There's a little bit of a focus on from day one, I'm looking to sell this, you've got to build it to sell it. But they're thinking about potential buyers from day one, right? Others are just thinking, Hey, this is what I want to do. I want to sell hammocks to people who love hammocks. And so one of my customers love when you're looking at an exit strategy, is there a difference between how you would think about the brand from the perspective of trying to enhance it to potential buyers versus customers, or is that kind of the same thing?

Speaker 3 ([13:57]):

So back to something we talked about a little earlier, buyers are going to be looking for a company that is growing and has future growth potential. So your branding is basically getting you more sales or more customers or whatever your goal is. So from that standpoint, setting up the branding in the very beginning is probably the same strategy because the person who's looking to sell or the person who's looking to grow, you're both going in the same direction. However, as you get closer, that messaging may change, right? So, your messaging for potential buyers may be a little bit different twist on your brand, then your messaging to your customers. So it's, it's mostly just twisting that a little bit to your audience. You're thinking about both. You're thinking about both from the, you know, even if you, aren't thinking of selling in the beginning, you're still thinking about growing your business and that's important to buyers. So you're going in the same direction. You just may have a little bit different messaging.

Speaker 2 ([15:00]):

Do you have any last thoughts for our listeners today, Cheri?

Speaker 3 ([15:03]):

I would say just one other comment is that a strong brand can also protect against negative exposure. And we are all susceptible to this. Either something can happen in just the S the environment you're in with an employee, with a product you never know when something like that is going to happen and a strong brand will help you get through something like that and kind of cut down on the long-term effects of that. So that's another reason to have a strong brand. You may have a little bit of discomfort there for a while, depending on what it is, but you will survive it. Whereas if you do not have a good brand, you May not survive that depending on what the negative exposure is other than that, regardless of whether you're selling or growing your business, developing and managing a brand is very important. And it's an element of business that everybody should pay attention to.

Speaker 2 (15:57):

I'm just going to add one legal aspect of the brand issue, which is protecting the elements of the brand. So a lot of times what we see is somebody goes out and hires a marketing company who develops materials for them. They start using them and maybe they started as small business and, you know, somewhere in South Dakota or something, but this becomes, they're expanding all over the east coast, the west coast. And then they find out that the name they've been using or the logo they've been using or something that they don't have the rights to it. And they're in that position of having to change it. So we always like to tell clients from day one to extent, you're trying to develop a brand, take a look at what pieces of that you can legally protect and make sure that you do it. So that, and think a little bit bigger. There are some businesses that open, they're probably never going to be anything but a local business, right. But that's, you know, we see with the internet and online sales today, there's so many businesses that have become national or international in nature that wasn't, they didn't necessarily think about that from day one. Right?

Speaker 3 (17:03):

I think that there are companies that when they start, they I'm sure they do a name search on a state level, but they don't look on the bigger picture because they aren't thinking they're ever going to need it.

Speaker 2 (17:14):

And that's one of the common ones we run into is the whole, you know, federal trade name, issue, and there's even international intellectual property, which is an whole interesting area. And not my expertise.

Speaker 1 (17:29):

Thanks so much for joining me today, Sherry. Thank you. Well, that's all for now. Thanks for listening to today's episode and stay tuned for our weekly releases

Speaker 4 (17:44):

Hurrdat media production.