

Monthly Newswire

Welcome to our monthly newswire. We hope you enjoy reading this newsletter and find it useful.

June 2022

Building a purposeful brand

Creating a purposeful brand is key to building a loyal customer base.

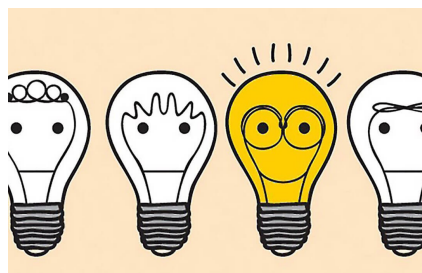
Brand purpose is the reason for the brand to exist beyond making money. A truly purposeful brand will derive its purpose from the product or the service itself. Spotify is a good example. Their mission is to "unlock the potential of human creativity - by giving millions of creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by these creators."

Purposeful brands must be trustworthy and must act in a responsible and ethical way. A purposeful brand should be innovative and have a vision or big idea for the future (and be relevant for the future). Going back to the example of Spotify - the company has been listed as one of the world's most innovative companies by Fast Company.

Having a written purpose doesn't automatically make your brand purposeful. After all, a brand is what your customers say about your firm - it's defined by the customers and what they say about your business. Having a purpose is important but how well you derive value from it and how well integrated it is within your organisation are the keys to creating a purposeful brand.

There are significant competitive advantages to building a purposeful brand. Purposeful brands differentiate themselves through building and delivering consistently better customer experiences.

This, in turn, creates loyal customers who come back to the same brand again and again for repeat purchases. To build a purposeful brand, you need to truly understand who your customers are, what motivates them and how that intersects with your brand. For example, this might involve your brand taking on social or environmental issues because these are what matter to your customers. Once you have identified the key issues that your brand will align itself to, you must ensure consistency in establishing a sense of purpose both inside and outside your firm.



Another significant benefit of brand purpose is the impact that it has on a business's ability to attract talented employees. People want to work for brands that have a clear vision and a sense of purpose - they want their work to have greater meaning than a pay cheque and they want to feel like their work is helping to make a positive impact on the world around them.

Creating a purposeful brand is a long-term objective. People buy benefits not brands. By building your brand around the benefits that you promise to customers rather than the products or services that you make, you will be able to elevate your brand beyond the competition. A good example of this is TOMS, who built their brand around giving one pair of shoes to charity, for every pair that is purchased by a customer.

They make and sell shoes, but their purpose is to make shopping for shoes a charitable action. This helped them to build a purposeful brand that resulted in loyal customers, which drove the success of the business.

Stagflation

What could it mean for your business?

Stagflation is a combination of stagnant output and rapidly rising prices. Stagflation has been in the press a lot of lately as financial analysts fear the toxic cocktail of rising prices and slow economic growth.

Post-pandemic supply chain bottlenecks, combined with rising energy prices and the economic effects of the war in Ukraine are seen as the main contributors to the current economic challenges.

The rise in energy prices is already starting to impact the profit margins of businesses. There is also an intense shortage of human capital which is driving up the cost of hiring good people as firms compete to attract the best and brightest talent.

The cost of borrowing is also starting to increase as interest rates creep higher and higher. This will put businesses under increased financial pressure. The tone from economists in the financial services sector is cautious, with further interest rate increases expected later this year. Consumer confidence is falling somewhat and people are tightening their belts and spending less where they can. All of the above combines to make the current trading environment very difficult for businesses.

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The best way for businesses to combat stagflation is to find ways to improve productivity. Investing in more efficient software or process improvements can help to streamline your business operations and increase productivity without hiring additional employees.

Businesses should also focus on bolstering their balance sheet. During a period of stagflation, revenue may flatline while costs keep going up. As such, businesses should prepare for tough times by minimizing debt and building cash reserves. Your firm should focus on cashflow. Chase down debts and tighten up your payment terms. It can also help to negotiate longer payment terms with your own suppliers.

Stagflation is a tough environment in which to operate any business. Costs rise and sales slow or even decline. Use it as an opportunity to review your current business model, make tough decisions and build your business into a stronger, leaner enterprise.

Compassionate Leadership

Compassionate leadership boosts morale and helps managers to build trust with their team.

Compassionate leadership combines management skills with empathy. Compassionate leaders are supportive, encouraging and are committed to improving the happiness of their team. All of this results in a more effective and engaged team.

In today's hybrid working environment, where some people are physically present and others are working remotely, compassionate leadership has arguably never been more important. By creating a culture of compassion and respect, managers can expect to see improved levels of employee engagement and collaboration. This helps to build a working environment where

employees feel safe and valued, which in turn results in increased employee loyalty and retention.

Compassionate leaders are good at expressing gratitude towards others. Employees want to be appreciated and feel like their work is valued.

Compassionate leaders demonstrate kindness by showing gratitude to everyone in the team, not just the top performers. Through kindness and recognition, you can earn the loyalty and respect of your team members.

Compassionate leaders tend to adopt a coaching management style. They encourage and guide their team members rather than give orders. Compassionate leaders encourage the team to approach projects with optimism, inspiring the team to use their talents and to try creative and innovative ideas.

Arguably the most important traits of compassionate leaders are the ability and willingness to listen and learn. By taking the time to learn about your people, how they think and how they work, you can start to understand them and create better relationships with them. If you understand what drives your people, you can direct them to focus on certain tasks or projects that fit best with their strengths. This will help them to succeed which in turn, will ensure that your employees feel valued and more motivated.

When you create a culture of compassion and respect, you can better understand each employee's strengths and motivate your team to perform at its best.

Changing Behavior

How do you drive behavioral change in your business?

Businesses seeking to improve internally often focus on trying to transform day to day operations through the introduction of new processes, technology or equipment.

While these new additions can lay the groundwork for change, they cannot drive operational transformation. The people who are responsible for the day to day use of the processes and equipment must change too. After all the tools are only as effective as the people who use them.

One of the most effective ways to drive behavioural change among your team is to lead by example and inspire. Managers should get involved and take the lead in adopting new behaviours. The goal should be to illustrate how everyone in the team can benefit from adopting a new behaviour. This creates a sense of unity and also provides team members with an opportunity to learn from each other. It also drives a certain (healthy) level of peer pressure. If everyone on the team is adopting a positive behavioural change, then nobody wants to be the one who lets the rest of the team down.

Managers can reinforce positive behaviours by rewarding team members for specific behaviours that will drive positive change. Rewarding employees for specific behaviours motivates them to exhibit this behaviour more often.

As with anything in business, communication is key. Managers should talk with team members and communicate any upcoming changes. In addition to signposting changes, the management team should put training sessions in place so that all employees know what is expected of them once the change goes live. Post training feedback sessions should also be arranged so that team members can discuss the challenges they faced in adopting the new changes. If you want to change behaviours and drive new processes or improvements, you must be prepared to invest time in your people and to listen to their feedback.

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