

What Chinese State-owned Enterprises Can Do to Build World-class Brands

By Helen He, Director, Burson-Marsteller Beijing

China's peaceful rise and social progress is making a major impact on the global economy. In 2010, China surpassed Japan to become the second largest economy in the world, and 54 Chinese enterprises made the *Fortune* Global 500 list last year. Advertisements aimed to improve China's national image have also been broadcast in Times Square. Yet, very few Chinese state-owned enterprises (SOEs) have developed truly global brands.

Why is this?

Over the past few years, I have met with a number of SOEs and have had the privilege to consult a number of SOEs on their brand building and communication strategies. Through this process, we have witnessed good progress made by COFCO, Anshan Iron & Steel Group and others. At the same time, as SOEs "go global" to build upon their strong financial performance, they need to constantly build their brand to overcome unique challenges. Here's how SOEs can take steps to build brands from China, for the world.

CEOs and leadership teams need to make brand building a long-term goal

Brand building and communications reinforce and promote the company's performance and are critical to long-term development strategy. Like other important strategic elements, brand building requires strong commitment from the company's leadership to guide the overall planning and set milestones to make it work. Based on experience, almost every large multinational company has an executive responsible for brand building and communication to allocate an appropriate annual budget and develop a holistic branding program in line with the company's goals. Without attention and commitment from executives and senior leadership, it is difficult to successfully build a global brand.

Integrate and internationalize brand building and communications

Currently, many SOEs micro-manage different aspects of corporate reputation through various departments, such as Brand Management, Public Relations, Social Communication, Ideological and Political Work and Corporate Social Responsibility, among many others. This separation means that branding responsibilities are divided into small plates that often overlap, creating a much different internal landscape than most major multinational enterprises. This division often hinders the holistic construction of the brand and can be difficult to manage effectively. Within the organization, aspects of brand building and communications should be integrated and streamlined across operations internationally so the brand may be more globally consistent yet locally relevant.

Position the chief executive as chief spokesperson to enhance overall visibility

In keeping with China's ancient and traditional culture, many executives in SOEs are very folksy. They keep very private lives and assume that fielding interviews is the responsibility of the publicity department alone. In fact, the CEO's image is an important component of the company's reputation, thus the chief executive should be a primary spokesperson for the company. Burson-Marsteller's global research shows that 40% of a company's reputation can be connected to the

CEO's personal image. In Asia, this correlation is even higher. Therefore, if an SOE wants to build a world-class brand, they need to define, polish and position the image of their leadership team. Strategic consultants can train executives and help to enhance their reputations for an international audience, thereby humanizing the company and increasing its brand awareness.

Understand and engage international media to reach new global audiences

To build a world-class brand, 30-second commercials or sporadic byline articles and a booth at various international exhibitions is just not enough. With China's rapid economic development and growing importance in global affairs, international media are hungry for news about China and are eager to learn more about SOEs. During the 2008 Sichuan earthquake, the Information Office of China's State Council invited foreign correspondents to interview people in the earthquake affected areas and was praised for this act of greater openness. In the process of globalization, Chinese enterprises should engage and build relationships with international media, both in China and in major global markets, to correct any misunderstandings and clearly articulate corporate strategies.

Prepare for times of crisis and plan for different scenarios

In the social media era, everyone is a reporter. With this intense scrutiny, every company faces more challenges and any mistake – large or small – may trigger a crisis. The extravagant price one state-owned enterprise paid for an office chandelier in 2009 is a good example of a minor decision that had major reputational consequences. Therefore, in order to avoid set-backs when building a global brand, SOEs should develop appropriate crisis management plans, identify potential issues and prepare to address potential problem areas in advance. Then, in the event of a crisis, an SOE may take rapid action and manage their reputation so as to protect the brand and ensure continued business success.

As China becomes more engaged in international affairs, state-owned companies should be committed, organized and proactive when engaging international stakeholders and building global brands. Trusted brands are not developed overnight. Yet, it will only be a matter of time before SOEs overcome their unique challenges and develop strong global brands to reinforce their strong international business performance.