

Introduction

I once read about a psychological study designed to see how people would react to flawed reasoning, even when it flew in the face of their own very sensible judgment. It was quite revealing. In the study two people, A and B, were seated on opposite sides of a dividing wall, looking at a screen. Each person was instructed to learn by trial and error how to recognize the difference between slides of healthy cells and sick cells. For each slide, they had to push one of two buttons in front of them, “Healthy” or “Sick,” at which point one of two lamps, labeled “Right” and “Wrong,” would light up.

Person A received true feedback, meaning that his “Right” lamp would light up when he was correct and his “Wrong” lamp would light up when he was incorrect. These people—the A’s—learned to tell the difference between healthy and sick cells with a high level of accuracy. Person B’s situation was quite different. His right or wrong lamps lit up based not on his own guesses but on Person A’s guesses. He didn’t know it, but he was searching for an order where none could possibly exist.

A and B were then asked to work together to establish the rules for determining healthy vs. sick cells. The A’s told the B’s what they had learned and what simple characteristics they had looked for to tell the difference. B’s explanations, by necessity, were subtle and quite complex—and completely bogus. Here’s the amazing part. After their collaboration, all B’s and nearly all A’s came to believe that the delusional B had a much better understanding of healthy vs. sick cells. In fact, A’s were impressed with B’s sophisticated brilliance, and felt inferior because of the pedestrian simplicity of their assumptions. In a follow-up test, the B’s showed almost no improvement, but the A’s scores dropped because the A’s had incorporated some of B’s completely baseless ideas.

This study teaches us two important aspects with regards to branding or, for that matter, any business concept. First, once an explanation for something has taken hold of our minds, information that should refute that explanation may produce not an appropriate change of mind but rather an elaboration of the flawed explanation. It also teaches us to beware (be aware) of abstruse ideas, no matter how convincing the presentation or how brilliant the so-called expert.

What follows is a collage of conversations that I’ve had during the past ten years with people who have experienced some perplexing ideas and thus have struggled with thoughts of “branding.” Thoughts like: What exactly is branding? Does it apply to me and to my organization, and if so, how? Is it just for large, consumer goods manufacturers, or is it relevant to a small business, to business-to-business firms, and to non-profits? Can a person be a brand? How about a place? Why brand? Why not? And so on.

In *The Practice of Management*, Peter Drucker wrote, “Because it is its purpose to create a customer, any business enterprise has two—and only these two—basic functions: marketing and innovation.” The execution of those two functions is what I’ll be referring to as “branding.” The effect—in the mind of the customer—is what I’ll mean by “brand.” I hope the conversation in this book provides you with a much clearer-eye on this evolved and critically important business concept. And rest assured, although I’ll be compelled to toss in some hyperbole of my own, I will try diligently to keep my explanations simple and accessible. Happy reading.