The Purpose and Power of Branding

Branding programs are designed to maximize market share and price for businesses and set appropriate rates for utilities. For businesses, consumers make the buying decision and ultimately determine price. For utilities, the price is water and wastewater rates, which are set by city councils or elected and appointed boards. Consequently, the utility branding process must ensure that these policymakers have the information, support, and confidence to approve rates that fully fund needed investments.

Developing a name, logo, or slogan is often part of the branding process; however, these efforts do not address the true power of branding. A logo identifies, but a brand describes what you can count on from a person, product, or organization. Examples include Google's leadership in “finding and advertising things on the Internet” and Facebook's brand, expertise, and reach that help people stay connected to family and friends. These simple ideas of value are powerful and determine success.

The Negatives of “Political” Rate Setting – Without a branding process, the utility staff’s approach to building relationships with policymakers is often ad hoc, and rates are determined by what is perceived as politically palatable by policymakers. Politically palatable rates can lead to under-investment, water shortages, increased public health risks, and infrastructure failures.

The Utility Branding Process – The branding process described in the following five steps provides a systematic approach for rate setting and achieving investment goals.

**Step 1: Define the Utility Brand**

*Establish Your Commitments to Value* – Develop commitment statements that express what the public can “count on” from your utility, which also defines the brand you wish to build. These commitment statements typically address customer service, water reliability, water quality, public health, environmental protection, efficiency, and appropriate investment.

*Develop Standards that Encourage Investment* – Commitment statements need to be meaningful enough to influence rate-setting and drive investment. For example, a utility that discharges wastewater into the ocean may want to adopt a “zero risk” standard for protecting its beaches; zero-risk is a meaningful goal that leads to more investment in wastewater treatment. Similarly, water utilities should express water reliability in terms that people can appreciate, such as a commitment that water shortages will be “extremely rare.”

**Step 2: Make Strategic Plans Compelling**

*Integrate the Brand into the Plan* – Because the brand articulates your utility’s value, it should be the framework for strategic planning and it should drive rate setting. For example, the strategic plan should outline activities, decisions, and investments needed to meet the standards defined by the brand commitments. What is the utility doing (and investing in) to ensure that water shortages are “extremely rare”?

*Develop a Near-Term Investment Imperative* – Strategic planning can have different time horizons. However, both policymakers and the public will be keenly interested in issues and projected rates covering the next 5 to 10 years. Therefore, the strategic plan should include a compelling argument for investing in solutions for near-term challenges.

**Do Not Rely Solely on Regulations** – Regulatory compliance is not a strong branding point. Compliance is often viewed as “doing the minimum.” Utilities should be proactive and progressive in protecting public health and the environment. Furthermore, there are important issues that are not covered by regulations, requiring that utilities establish their own standards. Regulations are imposed standards; they say little about the ethics, reputation, or brand of your utility and staff.
A Systematic Approach to Rate Setting & Investment

Follow the “Reliability 2020” Example – It helps to learn from successful branding programs. A leader in this area is West Basin Municipal Water District located in Los Angeles, CA. Due to a strong commitment to water reliability and changes in the reliability of regional water sources, West Basin decided that they needed to be less dependent on imported water. Consequently, the Board of Directors and the management team developed “Water Reliability 2020,” a plan that proposes reducing West Basin’s dependency from 66 to 33 percent by the year 2020. To accomplish this goal, the plan calls for doubling the amount of conservation and water recycling and adding water from ocean desalination. The Water Reliability 2020 program is a focal point for reaching out to community leaders, is a vehicle for building the brand of West Basin, and gives policymakers a great story to share with constituents.

Step 3: Develop Effective Communications

Be Clear about the Purpose for Communicating – The aim of communication is to build trusting relationships. Developing a publication that no one reads because it is too technical or not meaningful will not build a relationship.

Use the Brand to Make Communications Meaningful – To be meaningful and impact rate setting, communication materials need to be ingrained with the values stated in the brand. Therefore, websites, presentations, and other materials should employ the brand as a framework. Without this context, communications are often uninteresting, irrelevant, or confusing.

Promote Marquee Information – Focus on a few important publications and take steps to ensure that policymakers and community leaders read these publications. For example, your customers want to be confident that they are getting a “good deal” in return for the fees they pay. They want to know that money is being spent wisely. To address this need, create a yearly “financial summary” that highlights improvements in customer service, efficiency, water quality, and water reliability.

Step 4: Build Community Relationships

Protect Policymakers – If policymakers do not feel confident in the public’s support, they will not approve proposed rate increases. By building relationships within your community, you can help policymakers feel secure to support appropriate investment.

Develop a Relationship Database – Develop a list of community leaders and those who policymakers look to for support. Forge relationships with these people. This list will typically include members of important community groups, environmental activists, elected officials, active community members, and potential opponents.

Use Near-Term Investment Needs to Get People Engaged – Members of the community won’t be interested in having a relationship if there is nothing interesting to discuss or decide. Develop a fact sheet and presentation that outline the need for near-term investment (developed during the planning process). This information provides a reason for individuals to be interested and get involved. Build relationships with community leaders and the public by pursuing one-on-one meetings, offering classes, or forming public advisory groups. Encourage policymakers to use this “strategic direction” when interacting with their constituents.

Listen to the Community – Document feedback received during interactions with the community. Use this information to improve your planning processes and communication approach, as well as for helping policymakers feel more informed about public opinion and support for investment. The dialogue with policymakers should focus on investment needs, public support, and public feedback.

Step 5: Close the Deal

Meet the Needs of Policymakers – Brand clarity, more effective communications, and a systematic outreach approach will enhance your relationship with policymakers. To assist in this process, make sure all information and decisions put before city councils or boards relate to the values embedded in the brand. Consistently update policymakers on relationship-building progress, relevant feedback, and community support for pending investments.

If utilities are very clear about the value they provide and have developed relationships that demonstrate community support for needed investments, then policymakers will support necessary rate increases. In a nutshell, the utility branding process provides a systematic approach to achieving this critical management goal.

Prepared by:

Utility Branding Network
Increasing Trust, Support, and Investment

The Utility Branding Network is committed to ensuring that water and wastewater utilities are trusted and that rate-setting processes fully funds utility operating costs and needed capital investments. The Network is managed by the National Water Research Institute on behalf of water and wastewater agencies. For more information, please contact John Ruetten at john@utilitybranding.net or Jeff Mosher at jmosher@nwwi-usa.org

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