

The Plain Dealer

July 28, 1996 Sunday

TINKERING WITH COMPANY NAMES ALL THE RAGE

By Becky Yerak/Plain Dealer Reporter

Tim Royer scrawled a list of 15 words on scratch paper, coined a phrase with three of them, and won himself a three-night, four-day Caribbean cruise.

His employer, Bearings Inc., held a contest asking its 4,080 U.S. workers to dream up new corporate names better reflecting the evolving business of the Cleveland distributor.

Come Jan. 1, the instantly recognizable "Bearings" will belong to the ages, and employees will utter "Applied Industrial Technologies" - thanks to customer service representative Royer - when answering their phones.

"I wrote down words I hear daily - industry, technology, power, applied," explained Royer, 26, who works for Bearings in Hamilton, Ohio.

The word Applied suggests action or service, Industrial depicts the customer base, and Technologies implies that Bearings is now about more than bearings, he said.

Tinkering with corporate handles is all the rage this year.

Company name changes increased by 30 percent, to 772, in the first half of 1996, reported Anspach Grossman Enterprise, a New York identity consulting firm.

Mergers and acquisitions prompted half of the name games. Locally, KeyCorp recently completed its name change, retiring the Society Bank name.

A third of the revampings were made by companies - such as Bearings - wanting to communicate a shift in direction, or to capitalize on a well-known name.

During the Bearings contest, a few workers got warm and gooey, lamenting the loss of a venerable name. However, most viewed the swap as necessary because bearings - parts that help movement and reduce friction in such processes as manufacturing - slipped to less than 50 percent of sales two years ago.

Likewise, in the mid-1980s, U.S. Steel became USX as oil and gas contributed a big chunk of sales. A decade earlier, United Aircraft rechristened itself United Technologies to reflect the fact that it hawked not only aircraft products but also Carrier air conditioners, Otis elevators and Sikorsky helicopters.

Since Bearings unveiled its new moniker July 18, Richard Shaw - one of nine members of a task force that winnowed down the 1,400 entries into one winner - said he hasn't yet heard a criticism about Applied Industrial Technologies. Customers and stock analysts had urged a change, said Shaw, vice president of communications, organizational learning and quality standards.

However, a professor who has studied 866 corporate name changes since 1960 thinks Applied Industrial Technologies might be a candidate for another name change down the road.

Strategically, a makeover was in order, agreed **Chiranjeev Kohli**, a California State University associate marketing professor. And, true, the new name is more inclusive. "The initial name had a product description in it, and pretty soon the company realizes it has broadened its product line, and the name has become a burden," Kohli said.

But "Applied Industrial Technologies" has potential problems - namely it blandly lacks all distinction.

"It's too generic. It's also very long," Kohli said. "Applied Industrial Technologies could be the name of a couple of thousand companies. Words like industries, American, united, national, international - those names have no meaning. Pretty soon Applied Industrial Technologies is likely to become AIT."

Kohli doesn't like acronyms either. He favors brevity - four syllables or fewer. Of the 866 changes that Kohli examined, 510 names got shortened. One of his favorite facelifts was the changing of a prosaic United Communications to Sprint.

Locally last year, Akron's First Bancorp of Ohio went with the catchier FirstMerit, and Hickok Electrical Instrument Co. of Cleveland became simply Hickok Inc.

Even Royer acknowledges that Applied Industrial Technologies might be a mouthful when he takes calls.

Bearings said its most off-the-wall idea came from a West Coast worker named David. He took his own name and gave pertinent meaning to each letter, like D for Distributor, A for Applied, V for Versatile, and so on.

Ultimately, the Bearings task force narrowed the list to 20 and asked its trademark lawyers to check them. Eight of the names were available. One incorporated the current BER stock symbol; one was called Mainline, after a bearings division; and several tried to work off of the old "BI" initials. Those

ideas were jettisoned because the task force wanted to avoid anything smacking of the old name or image.

Melissa Kalish, executive vice president of Interbrand Schecter, a New York brand and imaging consulting firm, agrees with California State's Kohli that Bearings had a valid reason for scrapping its name.

Its challenge now is to take three straightforward words and distinguish them. In the computer industry, Apple is a very distinctive name, Kalish pointed out. International Business Machines Corp. is less so, but IBM has succeeded nonetheless, and its name has come to stand for many things, both tangible and intangible, she said.

Lucent Technologies, a recent AT&T Corp. spinoff, could have gone with a name like Applied Industrial Technologies, "but they chose to go to a more different and distinctive name. They're both good name options," she said of both companies' approaches. "It's a matter of which way you want to build your brand."

Bearings actually started with a name change, when a Cleveland branch of Detroit Ball Bearings was sold in 1923 and renamed Ohio Ball Bearings. In 1953, the company acquired Bearings Inc. in Pennsylvania, and Ohio management liked the latter name so much it adopted it.

About six years ago, Chief Executive John Dannemiller first considered ditching the corporate name. Last summer, the board agreed it should be yanked. Director and Manco Inc. Chairman John Kahl suggested the employee contest. The 10 finalists won awards.

Consultants at Dorsey & Co. of Cleveland said companies usually change their names or the names of their brands when they lose their effectiveness or when they engender negative connotations, neither of which seemed to apply in Bearings' case.

"The name 'Coke' doesn't necessarily connote what's changing in the product mix," said Bill Cole, a Dorsey associate in Memphis. "But if Coca-Cola changed its

name on the package, sales would plummet."

Cole and other Dorsey consultants also were surprised that Bearings used a worker contest, and didn't check with those the new name is supposed to influence, such as purchasing agents of potential customers. "To make a change without good customer data that says a name change is appropriate is not appropriate," Cole said.

Bearings intends to make Applied Industrial Technologies stick. "I think it's such a good strong name and identity," Shaw said. "We're going to go with it for a good long time.

"We did not do massive customer surveys on whether we should change our name. But when you have customers volunteering that - and many did - that itself indicates there's a problem."

Shaw recalled one customer telling him he thought of Bearings only for bearings - not the hundreds of electric motors he buys annually from other suppliers. "You really need to change your name," the customer advised.