

Leadership as Brand

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Leaders matter.

Research shows-and experience confirms-that organizations with strong and effective leadership at all levels achieve superior business results, while organizations with inconsistent leadership achieve inconsistent business results, and organizations with inferior leadership achieve inferior business results. Effective executives can turn fledging companies into viable competitors, ineffective executives turn once-competitive companies into takeover targets.

At each level of an organization, a similar leadership impact occurs. The manager of an individual McDonald's franchise shapes it into a restaurant that attracts or repels customers. The Vice-President of a finance, IT, or HR function creates or dissipates energy, focus, and ultimately results. The plant manager affects plant productivity, product quality, safety, and production innovation by her actions and style. When it comes to business performance and creating value, leadership matters.

Because leadership matters, and because most every leader wants to learn how to become more effective, the last twenty years have brought a profusion of creative metaphors and images to describe what it takes to be a successful leader. From fish to cheese, from habits to natural ecosystems, from self-empowerment to servitude, great numbers of leadership thinkers have struggled to distill the essence of what makes an effective leader. Over the years, we have read that leaders need to be transformational and create fundamental change in their organizations; to be visionary and articulate a point of view about the future; to be primal and release emotional intelligence; to build a pipeline for future leaders; to demonstrate good principles through their behaviors; to lead both through science and art; to be resonant and renew oneself and the organization; and to be courageous in taking and making decisions. Leaders learn what previous successful leaders have done and adapt lessons from leaders like Santa Claus, John Wooden, Attila the Hun, Colin Powell, Jack Welch, Rudolf Giuliani, Ghandi, Abraham Lincoln, and Jesus Christ. And yet, the search for the leadership holy grail continues. We continue our quest for how to become more effective leaders and how to create more effective leadership throughout our organizations. In this chapter, it is not our intent to reveal the eternal and inviolable truths of effective leadership, rather, we propose to offer a simple and unique metaphor of leaders and leadership that offers new insights on how to ensure that leaders continue to matter, and that they have real impact on their organizations.

Leadership as a Brand

The concept of brand is known to all-everywhere we go, product brands are pervasive. We buy clothes with the Nike swoosh or the Polo horse and rider. We drive cars that have distinctive styles embodied in their brand and emblems emblazoned on their hoods. Our laptops, notebooks, wallets, pens, and watches are all branded to send a message and maximize differentiation. We choose products in part because their brand reflects our self identity.

While product brands are what surround us, the emphasis in the branding business itself has shifted from products to the firms that produce or design them. Today, it is less a specific product that entices the customer, and more the reputation of the firm. When airports decided to replace their anonymous cafeterias and restaurants with branded firms (e.g., Starbucks, McDonalds, or Chili's), revenue in the same location increased by about 40 percent almost overnight. This result was not specifically because of the products that the branded firm offered, but the brand of the firm itself that communicated value to prospective customers. When a no-

name hotel changed ownership to a Hyatt, the same room in the same location with many of the same features earned about 20 percent more per night. We know that brand creates value over generics for both products and firms. Similarly, it is our belief that a firm brand is sustained and enhanced by the firm's leadership brand.

Leadership brand represents the identity and reputation of leaders throughout a company. Leaders demonstrate a brand when they think and act in ways congruent with the desired product or firm brand. Leadership brand exists when leaders at all levels of an organization demonstrate a consistent reputation for both attributes and results.

Thinking about leadership as a brand instead of simply something leaders do offers a number of insights into leadership effectiveness and into creating sustained and consistent leadership that enhances firm value:

- ◆ Brand has both core and differential elements. All cars have steering, suspension, cylinders, and other components which make them go. Without quality parts, the car will not work. Many of these core components are invisible to customers, but they are a viable component of the automobile brand. But while a Yugo and Lexus have the requisite components to be a functioning car, they are very different brands. The Lexus' pursuit of organizational perfection brand identity leads the company to continually innovate and put into the car features that differentiate the car (e.g., styling and design) and that customers relate to. Likewise, we believe that there are core elements of leadership that are generic to any successful leader. Leaders need to think about the future and act in the present; they need to engage individuals and govern organizations; and they need to demonstrate personal qualities that give them credibility. But, what differentiates branded leaders is the ability to reflect in their leadership style the attributes and results that customers want to see in their firm. Lexus leaders would be driven to continuous learning and improvement while Yugo leaders would be focused on managing costs and delivering efficiencies. The leadership brand in a firm should reflect the customer expectations for the firm.
- ◆ Brand focuses on the outside/in. Just as a product or firm brand matters only to the extent that consumers value it, a leadership brand that doesn't result in a firm that is more likely to attract or please consumers is useless. We therefore begin the conversation to define effective leadership for a firm by asking "what would customers want this firm to be known for?" then "what do our leaders need to know, do, and deliver to make that customer identity happen?" With this approach, leadership matters not because leaders say so, or because employees will be happy, but because customers and investors will take money out of their wallet and put it in the firm. Leadership brand requires that leadership results be assessed by the extent to which leaders deliver value to customers and investors outside the firm.
- ◆ Brand evolves over time to meet the changing needs of the marketplace. Brands change with consumers. For years, the Pillsbury Doughboy was a cute, chunky icon of the Pillsbury product line. With today's emphasis on healthy eating choices and lifestyle, however, the Doughboy went on a diet and adapted to current consumer conditions. Similarly, Kentucky Fried Chicken became KFC; March of Dimes went from solving polio to childhood diseases; Marriott went from hotels to retirement centers; and Nike has moved from shoes to clothes. Brands evolve, and so do leaders. Successful leaders continually tie their brand or identity to the changing expectations of customers and investors. As customers change, so must the leadership brand.

- ◆ Brand puts leadership into business terms. Leadership rhetoric is often plagued with ambitious but fuzzy terms such as transformation, vision, aspiration, character, and empowerment. A leadership brand focuses on quantifiable business terms of customer share and market value. We have argued that the ultimate return on a leadership investment should be a "return on intangibles" (a new ROI for leadership) that shows up in a firm's stock price. When leadership brand connects to customer share and/or market value, the rationale for leadership investment is much easier to make. For example, when Jack Welch retired and Jeff Immelt replaced him at the helm of GE, the two other contenders for the top GE job left to head up other companies-Bob Nardelli went to Home Depot and Jim McNurney went to 3M and then on to Boeing just a few years later. At each move of these top leaders, the stock of the company went up and stayed up in anticipation of their delivering on future results.
- ◆ Brand is unique and not generic. We have asked participants in training programs to bring along the leadership competency models that they use for 360-degree assessments. We then post them along the wall and ask participants to name the company. Often, they cannot because the competencies are not only generic, but often quite similar. What company, for example, doesn't include such competencies as "has a vision," "communicates well," "builds teams," and "engages employees" in its assessments? While these generic competencies offer the core elements of leadership, a leadership brand goes further. A leadership brand pushes leaders to move from generic leadership to targeted leadership. In our work we have proposed the "so that" question to move from generic attributes to focused results. At Marriott leaders communicate so that customers experience exceptional service, the Marriott brand; while at Pfizer leaders communicate so that innovation can more readily occur, the Pfizer brand. For each competency, if we ask the "so that." query, we evolve to a specific result that is tied to the strategy or identity of the organization.
- ◆ Brand turns leadership into specific decisions. Product and firm brands are not random; they are reinforced and sustained by choices in material and design. Likewise, leadership brand is reinforced by dozens of day-to-day decisions. These decisions may be about relationships, resources, strategies, or measures. Leaders are branded when the array of decisions they make on a daily basis reinforce and support a clear identity.
- ◆ Effective leadership brand must be reflected by leaders at all levels of an organization. A strong brand is universally understood to convey a specific message: Nike communicates athleticism to rich and poor, athletes in training and athletes in mind only. In the same way, a firm's leadership brand cannot be something that the top leaders in an organization do while others watch-or worse, do something else. Instead, it must engage and be reflected by leaders at every level of the organization. Organizations with an effective leadership brand have leaders throughout the organization that "be," "know," and "do" the leadership identity. If a leader two or three layers down the organization does not reflect the desired brand, that leader dilutes or pollutes an entire segment of the organization, affecting employee, customer, and investor response to the firm and undermining performance. Leaders that do not reflect the firm's leadership brand must be identified and upgraded-or removed.
- ◆ Brand is sustainable, not tied to any individual person. Leadership brand is not tied to any one person, no matter how charismatic or talented-it is embedded throughout the organization. When Bob Nardelli took the reigns at Home Depot, he brought with him a disciplined, aggressive, and engaging style. This style was soon captured throughout the Home Depot network of stores. The company began to adapt the leadership brand he modeled. It was reinforced through the company's financial management, information

technology, and human resource processes and systems. When money, data, and people are institutionalized consistent with the leadership brand, they communicate and reinforce that brand. We have worked in companies where the top leader wants to be "the" leader, the one who embodies the brand of the firm, leaving others to emulate them rather than execute a defined, consumer-centric leadership brand. The ultimate test of the success of a leader is when he or she leaves. Is the leadership brand effective enough and broadly enough executed to be recognized by the leader's successor?

- ◆ Brand must have efficacy or it will not last. Unfulfilled promises are worse than no promises. Hotels that guaranteed full refunds for any service faux pas often could not live up to those expectations and the brand promise was violated. More patron complaints are registered in a high-end restaurant than a diner, because the expectations of the patrons are higher in the high-end restaurant. Leaders who declare a leadership brand must live and breathe them or they will create cynicism and lose credibility. Leadership brand efficacy occurs when employees, customers, and investors believe-and see-that promises made at the top are promises that will be kept.

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