

Develop a leadership brand



PROFILE

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DAVE ULRICH EXPLAINS TO HR FUTURE EDITOR ALAN HOSKING THE VALUE OF A STRONG LEADERSHIP BRAND.

(W) HOW DOES A CLEAR LEADERSHIP BRAND BENEFIT A COMPANY?

Brand focuses on the outside-in. A leadership brand is valuable to the extent that it results in a firm that is more likely to attract and please consumers. We define effective leadership for a firm by asking: "What would customers want this firm to be known for? What do our leaders need to know, do and deliver to make that customer-desired identity happen?" With this approach, leadership matters because customers and investors put money into 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 puts leadership into business terms. Leadership rhetoric is plagued with fuzzy terms such as transformation, vision, aspiration,

character, and empowerment. A leadership brand focuses on quantifiable business terms of customer share and market value. The ultimate return on a leadership investment should be a "return on intangibles" that shows up in a firm's stock price. When leadership brand connects to customer share or market value, the rationale for leadership investment is easier to make. Firms with a leadership brand win with investors because investors grant higher market value for similar earnings, often called intangibles. Quality of management or leadership gives investors confidence in the future, leading to a higher share price. Of course, if the perceived brand value is not rooted in reality, or if the brand does not transfer to the demands of the new consumers, the brand image fades. But branded leaders are often in firms that have a higher price-to-earnings ratio.

Firms with branded leadership win with customers because customers have confidence that the leaders will respond to their needs in a consistent and appropriate way. Nordstrom wins in the service game because its leaders are branded with a service mentality. They don't have to ask for permission to serve customers; they do it as a part of who they are. And customers respond with high customer share.

And, firms with branded leadership win with employees. When a consistent leadership brand exists,

employees know what to expect and the engagement-draining dissonance is eliminated. One leader told us that he treated his best customers as if they were his best employees and his best employees as if they were his best customers. If a firm makes a customer brand promise of timely and responsive behavior, the same brand should be reflected in employee relations.

HOW DOES ONE BUILD A LEADERSHIP BRAND?

In recent years, we have defined how leaders can build their personal brand to be consistent with the firm's brand, thus creating leadership market value. Our work with excellent firms has helped us identify six steps:

The first step involves creating a need for a leadership brand. Three ways to create a need for leadership brand include plotting your earnings and stock price versus those of your competitors. If your price-to-earnings ratio exceeds the industry average, you likely have a favorable leadership brand. If not, you may be losing intangible value. Identify the leadership brand for your company. Ask: "What are the top three things we want to be known for by our best customers in the future? What attributes and results do we need to exhibit to achieve that reputation?" Identify the extent to which your leaders exhibit these attributes. Thirdly, review your growth strategy. Ask: "Do we have enough leaders with

the right skills to deliver this strategy?" To deliver on strategic aspirations requires money, technology, product innovation, and leadership. Which of these elements is missing?

The second step requires that you articulate a declaration of leadership. Branded leadership is more effective with a declaration that states clearly what leaders should know, do, and deliver. It combines attributes and competencies of leaders and their results. It sets the standards of what leaders should know and the results they should deliver. A declaration of leadership brand articulates the personal reputation that a leader aspires to, what he or she wants to be known for.

In step three, you assess leaders against the leadership brand standard. With a clearly articulated declaration of leadership, a standard is set that can now be assessed. This requires collecting objective data on leaders' behaviors and results from multiple stakeholders—superiors, peers, subordinates, suppliers, customers, investors, and community members. Track the assessment to detect patterns.

Step four involves investing in leaders to enhance the leadership brand. Make three types of investment to enhance the leadership brand: training, on-the-job experience, and off-the-job experience. Training offers structured learning experiences in which people learn principles and apply them. On-the-job experience enables people to learn from their daily experiences. These may be more structured with coaches, mentors, and task forces or less structured through job assignments and presentation opportunities. Off-the-job experience also offers leaders a great source of learning and skill building.

With step five, you measure the quality of leadership and the impact of leadership investments. Measure investments in next-generation leaders by asking about the business case: Why are we investing in leadership brand? What results do we expect to see? Often this means tracking employee engagement, customer share, or investor intangibles. Measurement may also focus on behaviors that leaders demonstrate. The initial business case should include a plan for routine measurement and assessment of results, followed by adjustments, as necessary.

Finally, in step six, publicise the leadership brand. Develop awareness that these investments build stakeholder confidence. The CEO should be the manager of the leadership brand, and take the lead in building brand awareness by ensuring that employees, customers, analysts, and investors understand the leadership brand, what leaders are doing to build the brand, and the results that have been achieved.

Branded leadership helps turn the desire for leadership into the actions required to make it happen in a way that is aligned with the strategy. For those who want to become more effective leaders, branded leadership provides a clear roadmap of what they should know, do, and be. [\(HRJ\)](#)



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