THE POWER & VALUE OF A LEADERSHIP BRAND

William L. Marré

WHAT IS IT?

Great companies are famous for their specific brand of leadership. These companies have focused leadership energy on specific core values and goals for sustained periods of time. Examples of prominent leadership brands abound.

Southwest Airlines is famous for putting employees first and keeping execution simple. These priorities emerged because co-founder Herb Kelleher was deeply committed to the benefits of love and simplicity. He didn’t keep these values secret. He preached them constantly and consistently. These values formed the basis of both a unique strategic culture and operational strategy. Their leadership brand – love and simplicity – has served them well. They are the only major airline that’s been profitable every year for 29 years.

General Electric’s leadership brand is based on a ruthless pursuit of return on equity. This pursuit has taken on many strategies over the last 15 years. One of these strategies was selling off divisions that were not market leaders, including their consumer electronics business. Another was radically improving quality. All of G.E.’s strategies were focused on one major goal: maintaining a world-class “return on equity.”

Johnson & Johnson’s leadership brand is centered on fanatical devotion to its “credo” 3-M’s leadership focuses on its unflagging support for “innovation and product development.”

In most cases leadership brand is an extension of a very powerful and successful leader at a critical time in a company’s history. Leadership brands are extremely important to an organization’s success because they set the tone of the culture. The culture is what people believe they must pay attention to and do to be successful. Hence the culture of Southwest Airlines is have fun and work hard, at G.E., it’s hitting the numbers.
THE VALUE OF A LEADERSHIP BRAND

The concept of a leadership brand has come even more important recently, because Wall Street has started to pay attention. It is no surprise that companies that have consistently good financial results typically have strong leadership brands. More and more Wall Street analysts are investing in management. They, too, understand that strategies may change, technology may come and go, short-term competitive advantages ebb and flow. But smart leadership wins. Wall Street also seems to take comfort in knowing that a leadership brand almost always ensures that leadership succession will honor the brand and continue the leadership strategy that has led to success.

Perhaps nowhere is the value of excellent leadership more highly prized than by venture capitalists who will invest millions with the right leadership team. The business idea is secondary. The right team will change the idea to fit the ever-emerging changes in the economy. Venture capitalists understand the value of developing a leadership brand arising from the power and discipline of a focused leadership team.

Until recently, leadership brands emerged serendipitously. Now, however, organizations are seeing it as a key competitive advantage. Not only does leadership that stands for something bring about business success, it also helps support stock price in bad times, and it increases the multiple in good times.

HOW TO BUILD A LEADERSHIP BRAND

Building a leadership brand begins first with identifying if there are latent strategic values in the organization that are already being lived and inherited from past effective leaders. If there is a history of strong, successful leadership the values that drove that leadership need to be identified and communicated. If an organization is new, or there isn’t a particularly strong set of leadership values that have been a source of decision making, then values need to be chosen.

The best leadership brands stand for one or two ideas. They need to be very focused and absolutely strategic. What are the key values that will make a difference in the marketplace – to the customer, to investors and to employees? Once those values are identified, the brand needs to be communicated both internally and externally. The brand can be communicated through leadership development, training, speeches, electronic communication, and other forms of internal and external messages. The brand also needs to be lived. Senior management, especially, must be committed to the brand and need to understand how those values are implemented, modeled and rewarded day in and day out.

Instituting a leadership brand involves four simple things: (1) communication; (2) education (3) modeling; and (4) rewarding. Often the channels to create a leadership brand are in different parts of the organization. All of those elements need to be coordinated. Marketing, advertising, internal communications, training and development, executive behavior and the reward system all need to be aligned to deliver one message – that living strategic leadership values will create the results the organization is after.

There is ample evidence that when leaders are very clear on what strategic leadership values are most important to them, those values create the culture. The culture drives behavior, and behavior drives results. Leadership brands are important. Without a strong leadership brand, an organization will likely suffer from underperformance and will, therefore, be undervalued.

So, what is your leadership brand? If three of your senior executives cannot come up with the same answer in 90 seconds, it is safe to say you probably don’t have one. If you do have a successful leadership brand, build it. Amplify it. Wring the value of it. Communicate it explicitly. Make sure all of management and all employees make their daily decisions based on your strategic values and priorities – your leadership brand. Communicate, educate, model and reward. These are the leadership disciplines that build brands.

If you don’t have a leadership brand, look at the specific behavior that drives your organizations’ success. What strategic values are being expressed when you win? What behaviors are critical to consistently meeting the demands and desires of your customers, investors and employees?

Once you identify core, enduring strategic values, your organization needs to focus on to sustain success, exercise the leadership discipline to build your own leadership brand. Building a leadership brand is not trivial. In a rapidly changing world, leadership brand may be the most important competitive advantage of the future.

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