

Leadership Brand: Why companies with a strong leadership brand outperform their rivals.

By Lyndsay Swinton

How does your organisation's leadership brand it? Ulrich and Smallwood's new "Leadership Brand" book define why a strong leadership brand will outperform companies with non-descript or weak leadership.

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"We're shifting from leader to leadership, and from leadership to leadership brand," says Dave Ulrich, Professor of Business Administration at the University of Michigan's Ross School of Business, and probably the world's leading guru of Human Resource management. Why the leadership brand is so important and what organizations need to do to create leadership brands forms the basis of his new book, Leadership Brand: Developing customer-focused leaders to drive performance and build lasting value.

Ulrich pioneered the role of HR as a business function that adds value to employees, customers and investors alike, rather than a support function, and is the author of best-selling books including Human Resource Champions, The HR Value Proposition and Why the Bottom Line Isn't. His new book is co-authored by Norm Smallwood, fellow University of Michigan academic and his co-founder and partner at consultancy The RBL Group.

"Research shows – and experience confirms – that organisations with strong and effective leadership at all levels achieve superior business results," says Ulrich. "Just as a product or service brand creates value over generic products or services for its owners, we believe that a corporate brand is sustained and enhanced by that organisation'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."

Critically, he argues, because a leadership brand is sustainable, it can't be tied to any individual person, no matter how charismatic and talented they are. "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?"

Nor should leadership 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. 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."

The leadership brand in an organization should reflect customer expectations, argues Ulrich. "You begin to define effective leadership for a firm by asking what customers would want the firm to be known for and, by extension, what its leaders need to know, do and deliver to make that customer identity happen."

But just as a product or service brand is unique, a leadership brand should be unique too, says Ulrich. While he agrees that 60-70% of what makes a good leader is universal – things like strategy, energy, integrity, passion and character – the other 30-40% should be tied to the strategy or identity of the organization. "For example, the leader of a technology firm needs the ability to develop new products," he explains.

This assertion that leadership is not easily transferable is contentious – after all, corporate life on both sides of the Pond is characterized by 'stars' or 'saviours' being parachuted in to troubled businesses – but demonstrable. For example, Sir Peter Davis turned Reed into a worldwide publishing business and revived the fortunes of Prudential, but failed to turn around supermarket group Sainsbury's. Similarly, David Beckham couldn't replicate his stellar performance at Manchester United when he joined Real Madrid.

"What worked in one setting – technology, for example – might not work in another – such as a mature industry," says Ulrich. "We believe that 'star' leaders in one firm or one industry are not likely to succeed in another unless they are adept at identifying and understanding customer expectations in the new industry, and then adapting employee actions to those expectations."

He continues: "Today's employees need a different kind of leadership. In the past, they thought of leadership as being the direction given by their supervisor, who controlled them at arm's length."

But as technology continues to blur the boundaries between work, home and elsewhere, the more likely employees are to want to work outside the traditional workplace, and the easier it will become. While many employers get nervous about this – how do they know the individual is not skiving, for example? – they often forget the other side of the coin – that is, how much work people routinely do in an evening these days since email became ubiquitous.

Also, continues Ulrich, “The more transparent organizations become, the more motivated employees are by being able to see how the work they do creates value for the users and beneficiaries of their services. Leaders become the bridge for these new employees.”

Helped by more sophisticated technology, leaders who connect employees to their customers can redefine the boundaries of an organisation, he says. “The trick is to measure what people deliver, not what they do. A leader does not have to observe an employee with a customer, but should instead observe the customer’s commitment in terms of customer share, because the employee inside is connected to the customer outside. So, for example, you shouldn’t hold a sales person accountable for the number of calls they have made, but the number of sales that have resulted. You have to pay attention to the process too, of course – your salesman shouldn’t lie to get a sale – but you need balance.”

The notion of ‘presenteeism’ or ‘face time’ remains all too prevalent, he believes, exemplified in an episode of the US TV comedy Seinfeld. He recalls: “George, the bumbling side-kick, had a car break down at work. So when people came in early they saw George’s car already in the parking lot, and when they left late at night it was still there. George concluded that because people thought he was there, he didn’t need to be there and he went off on vacation.”

However, he continues: “Flexibility only works when it is married with the discipline of performance management,” and one of the reasons so many bosses feel uncomfortable with the concept of flexible working is that creating the kind of rigorous performance management systems required to underpin it involves lots of hard work.

What’s more, flexible working is alien to the experience of many bosses, he points out. “But younger generations – managers as well as staff – will take to it more naturally. You already hear 20-year-olds talking in terms of life-work balance rather than work-life balance, and employers will have to adapt to that shift in expectations,” he concludes.

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[Article previously published](#) in the Business Review, Impact Executives

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