

What is leadership brand and why is it important? flashcard



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In marketing, developing product brand means that the product can be differentiated from other products of the same type. To improve product brand, researchers increase product efficacy while marketers work on advertising. When product efficacy and advertising are both successful, product brand is attained and the product typically achieves a price premium of about 30 percent. Leadership branding refers to the same kind of process. To improve leadership brand, leaders must increase their efficacy of attaining results while senior leaders “advertise” these results to business publications and Wall Street analysts in an effort to manage their reputation. Leadership in a company is branded when the unique attributes and specific business results are integrated for all leaders within a firm. Over a period of years, an organization may create leaders who are branded, or distinct from leaders in other firms. Leaders who develop only common attributes of leadership do not establish leadership brand.

What’s missing is the notion that these attributes need to be ones that clearly link to business results. Because business results are firm-specific, leadership brand is always unique to a specific firm. When the attributes the leaders demonstrate are linked to desired results, distinctive branding follows. Leadership brand advances beyond generic competencies or attributes. Microsoft leaders have been much in the press lately as they face government sanctions for monopolistic behavior. Microsoft leaders are known for their attributes of high intelligence, their desire to dominate competitors, and their high technical competence.

Microsoft business results revolve around moving to the Internet and maintaining software ubiquity. So the integration of Microsoft leadership attributes and business results might create a leadership brand statement such as: " Microsoft leaders embody high intelligence, a desire to win in every industry, as well as superior technical competence so that we can successfully transition to become a dominant Internet player while maintaining our presence in every software market. " Why Is Leadership Brand So Important? Branded leadership creates a distinct leadership culture that permeates the entire organization.

If this distinct culture is aligned with the business strategy and tightly linked to the desired business results the organization is trying to achieve, it can be a source of competitive advantage. A leadership brand creates value by differentiating a firm's quality of management. Investors are more confident in (and more willing to pay a premium price for) companies that have a track record for delivering results and that also have " branded" leaders who instill confidence in their ability to deliver again in the future.

Leadership brand occurs when leaders at every level are clear about which results are most important, develop a general consistency about how they will achieve these results, and build attributes that align with the achievement of these results. Simply stated, it occurs when personal attribute building integrates with achieving business results, as captured in a simple but robust definition: $\text{Effective Leadership} = \text{Attributes} \times \text{Results}$ (Ulrich, et al. , 1999).

Most fundamentally, competencies provide organizations with a way to define in behavioral terms what their leaders need to do to produce the results the organization desires and do so in a way that is consistent with and builds its culture. They should provide the “ North Star” by which leaders at all levels navigate in order to create synergy and produce more significant and consistent results. Competencies alone may provide leaders with direction, but it is only when they are combined with desired results that they are able to produce “ leadership brand.

” For example, a generic competency might be: “ visionary thinking. ” Integrated with a specific result, the competency might become: “ Creates and communicates a compelling vision for the business so that investors, employees, and customers understand and are committed to the direction that the organization is headed (as evidenced by investors buying more stock, employees working harder or not jumping at other job offers, and customers’ loyalty to the company’s products/services). ” Direction is strongest and most clear within organizations when competencies explain not only what or how to do something, but why.