
You want your leaders to be the kind of people who embody the promises your company makes to its customers. To build this capability, follow these five principles.

Building a Leadership Brand

by Dave Ulrich and Norm Smallwood

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Building a Leadership Brand

The Idea in Brief

Thousands of companies spend millions on leadership development—only to get lukewarm results. Why? They rely on leadership competency models that identify generic traits (vision, direction, energy). Then they try to find and build next-generation leaders who fit the model. Result? Vanilla managers and executives who aren't equipped to manage their firm's unique challenges.

There's a better way, say Ulrich and Smallwood. Build a **leadership brand**: a shared identity among your organization's leaders that differentiates what they can do from what your rivals' leaders can do.

To build your leadership brand, first articulate what you want your firm to be known for by your best customers. Then link those qualities to specific managerial traits and activities. For example, Wal-Mart wants to be known for its everyday low prices. So it strives to hire and develop managers who are frugal and unassuming and who can drive a hard bargain.

Brand your firm's leadership and you deliver unique value for investors, customers, and employees—elevating market value and sharpening your competitive edge.

The Idea in Practice

Ulrich and Smallwood recommend these practices for building your leadership brand:

NAIL LEADERSHIP FUNDAMENTALS

Though generic leadership competencies won't differentiate your firm from others, they're still important baseline skills for all leaders. Train your firm's leaders to master these five fundamentals:

- **Strategy:** developing a point of view about the future and positioning the firm for continued success
- **Execution:** building organizational systems that deliver results and make change happen
- **Talent management:** motivating, engaging, and communicating with employees
- **Talent development:** grooming employees for future leadership
- **Personal proficiency:** acting with integrity, exercising social and emotional intelligence, making bold decisions, and engendering trust

CONNECT EXECUTIVES' ABILITIES TO YOUR DESIRED REPUTATION

Decide what you want your firm to be known for, then link those brand attributes with specific leadership skills and behavior. For example, pharmaceutical company Teva's brand qualities included integrity, which managers embodied by ensuring employees delivered products on time.

ASSESS LEADERS AGAINST YOUR LEADERSHIP BRAND

To ensure leaders are living up to your leadership brand, regularly assess their actions and accomplishments from an external point of view. Invite key customers, investors, and community leaders to periodically evaluate your leaders through surveys, interviews, and focus groups.

LET CUSTOMERS AND INVESTORS TEACH

Incorporate external expectations into your leadership-development efforts by:

- Giving customers a voice in training-program design
- Making sure customer expectations inform every aspect of leadership courses
- Using customers and investors to observe training sessions and to offer feedback about the content's relevancy or act as expert faculty for certain training programs
- Giving managers assignments that demand a customer "lens"

► **Example:**

Procter & Gamble helps its leaders gain a consumer and P&L perspective early. Instead of assigning new hires to positions in individual departments such as finance, marketing, or HR, it places them with cross-unit "brand teams" who are responsible for meeting customer expectations.

TRACK THE LONG-TERM SUCCESS OF YOUR LEADERSHIP BRAND

A strong leadership brand translates into superior financial performance. Evaluate the success of your leadership brand by considering how much confidence investors have in your future earnings (as expressed by your company's price/earnings ratio) and how much customers value your brand (as expressed by market share).

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Quick: What do the following firms have in common?

General Electric, whose motto is “imagination at work,” is a diversified company with \$163 billion in annual revenue. It is famous for developing leaders who are dedicated to turning imaginative ideas into leading products and services. A GE manager can be trusted to be a strong conceptualist as well as a decisive thinker; an inclusive, competent team leader; and a confident expert in his field.

Johnson & Johnson, whose credo begins, “We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services,” earned \$53 billion in revenue last year. It is celebrated for developing leaders who provide scientifically sound, high-quality products and services that help heal and cure disease and improve the quality of life. A J&J manager is known for being socially responsible and a stickler for product development and differentiation. She takes a product to market in a disciplined way; she is commit-

ted to building consumer trust, to product quality, and to safety.

“Good help to those in need” is the mission of Bon Secours Health System, a nonprofit health care firm based in Marriottsville, Maryland, that operates a variety of hospitals and nursing care facilities. Consistent with its purpose as a Catholic health care ministry, the 19,000-person organization develops leaders who put a premium on “reflective integration.” That means Bon Secours expects its managers to do more than just run health care units. They must also balance the business of health care with compassion and caring.

Give up? One obvious connection among these firms—and others such as PepsiCo, Goldman Sachs, Disney, Boeing, and Herman Miller—is that they turn out strong leaders, in some cases becoming “leader feeder” firms, whose managers are well equipped to run other organizations. But there’s a less obvious answer as well: These companies go beyond standard-issue leader training, doing something they themselves aren’t even necessarily

aware of. Instead of merely strengthening the abilities of individual leaders, these companies focus on building a more general leadership capability. Specifically, they build what we call *leadership brand*.

Leadership brand is a reputation for developing exceptional managers with a distinct set of talents that are uniquely geared to fulfill customers' and investors' expectations. A company with a leadership brand inspires faith that employees and managers will consistently make good on the firm's promises. A Nordstrom customer knows that the retailer's employees and managers will give her white glove service. Parents who take their kids to a Disney theme park assume that ride operators and restaurant personnel will be upbeat, friendly, and gracious. McKinsey clients understand that smart, well-educated consultants will bring the latest management knowledge to bear on their problems. A leadership brand is also embedded in the organization's culture, through its policies and its requirements for employees. For example, the tagline of Lexus is "the pursuit of perfection." Internally, the Lexus division translates that promise into the expectation that managers will excel at managing quality processes, including lean manufacturing and Six Sigma.

In observing 150 successful leader feeder firms of various sizes over the past decade, we have found that most of them have developed a similar outside-in approach, which helps them produce an excellent pipeline of leaders generation after generation. They also tend to enjoy remarkably steady profits year after year, because they have secured the ongoing confidence of external constituents whose expectations are comfortably filled by leaders throughout the organization.

Building a strong leadership brand requires that companies follow five principles. First, they have to do the basics of leadership—like setting strategy and grooming talent—well. Second, they must ensure that managers internalize external constituents' high expectations of the firm. Third, they need to evaluate their leaders according to those external perspectives. Fourth, they must invest in broad-based leadership development that helps managers hone the skills needed to meet customer and investor expectations. And finally, they should track their success at building a leadership brand over the long term. Before considering these principles in more detail, however, let us

consider why relatively few companies are able to establish leadership brands in the first place.

The Misguided Focus on Individuals

In recent years, thousands of companies have spent millions on their own corporate universities; yet most have failed to develop true leadership bench strength. That's because, in too many cases, the approach to leadership training is detached from what the firm stands for in the eyes of customers and investors. Rather, training is the same from company to company, regardless of whether the company is a fast-food chain or an aerospace contractor: A senior executive extols the importance of leadership; outside experts talk about business strategy, elicit 360-degree feedback, or take personality inventories; everyone spends time socializing and playing golf. Leadership practices are piecemeal and are seldom integrated with the firm's brand, let alone with the daily operations of the organization.

At the root of this unfortunate problem is a persistent focus on developing the individual leader. HR and succession-planning teams tend to concentrate on finding and developing the ideal candidate, who they hope will raise corporate fortunes. In our experience, many firms rely on a competency model that identifies a set of generic traits—vision, direction, energy, and so on—and then try to find and build next-generation leaders that fit the model. Consider what happened when we held a workshop for nine companies that were all household names. We asked the representatives from each organization to send us their leadership competency models, which listed the "unique" characteristics that they sought in their leaders ("has a strong vision," "fosters teamwork," "demonstrates emotional intelligence," and the like). We then deleted the names of the corporations from each model. During the workshop, we asked the representatives to pick out their own. Few were able to do so; there was little difference among the models of a telecommunications company, a consumer products company, a financial services company, and an aerospace company. The conclusion was obvious: By focusing on the desirable traits of individual leaders, the firms ended up creating generic models. And vanilla competency models generate vanilla leadership.

Once it selects a candidate, a company will try to train her to be more emotionally and

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What's Your Leadership Branding Capability?

The following chart will help you discover the level of branded leadership within your organization. If you score 24 or less, then you should start by working on the fundamentals of leadership. A score from 25 to 34 means that you should pick one or more dimensions where you are not yet strong and focus on improving them. A score from 35 to 44 means that you are well on your way to becoming a leadership brand company. If you score 45 or higher, pat yourself on the back—and buy your company's stock.

Leadership Brand Assessment	
<i>How does your organization rate on the following statements, on a scale from 1 (low) to 5 (high)?</i>	
We know how we want to be viewed by our target customers, and we have articulated a clear company identity based on this.	<input type="text"/>
We have articulated a clear statement of leadership brand that is connected to our firm's identity.	<input type="text"/>
We have translated our statement of leadership brand into a set of desired leadership actions.	<input type="text"/>
We have a process to identify development gaps in our next generation of leaders.	<input type="text"/>
Our individual leadership development plans include acquiring skills, knowledge, and perspective that matter to our target customers.	<input type="text"/>
We invest in training experiences that include customer perspectives.	<input type="text"/>
We create job experiences that develop customer perspectives within our leaders.	<input type="text"/>
We encourage our leaders to invest in life experiences that help them build relevant customer knowledge and skills.	<input type="text"/>
We gauge the effectiveness of leadership investments by our business results.	<input type="text"/>
We rigorously communicate to all stakeholders the degree to which we invest in building a leadership brand.	<input type="text"/>
Total:	<input type="text"/>

socially adept, to set direction, to build relationships of trust, and so on. Eventually, she may develop a personal reputation that distinguishes her from other executives; she may even become a “celebrity leader” of the kind featured in popular business magazines. With this leader in place, her firm feels that its long-term success is assured. This can be a trap, however, for a powerful and charismatic leader can develop a personal brand that overpowers the organization’s own brand. When employees become more dedicated to the individual who is in charge than focused on what customers want, the company can wind up in trouble. Moreover, an institution that becomes too beholden to an individual leader runs a risk if the leader turns out to be less than perfect. When Sandy Weill, a celebrity leader and a master of acquisitions, left Citigroup after a long string of mergers, the firm continued to struggle with a series of ethical problems; it’s been left to his successor, Chuck Prince, to figure out what holds the place together.

Certainly, a strong, energetic, and intelligent leader can help an organization; but given the short tenure of most CEOs and the changing fortunes of the corporation in a dynamic marketplace, we think that too intense a spotlight on the individual leader is both naive and incomplete. Expanding the competency model to include an external focus allows companies to offset that risk, by enabling them to tailor their leadership model to their own requirements.

We believe that long-term success—the kind that lasts generation after generation—depends on making the critical distinction between leaders and leadership. A focus on leaders emphasizes the personal qualities of the individual; a focus on leadership emphasizes the methods that secure the ongoing good of the firm and, in the process, also builds future leaders.

How to Build a Leadership Brand

A product’s brand connects a company’s output and reputation with customers’ needs and investors’ hopes. A leadership brand, by extension, is based on marketplace expectations for the behavior of a company’s representatives. The following principles explain how to develop a leadership brand.

Nail the prerequisites of leadership. Any brand takes a long time to build and includes

two major elements: the fundamentals and the differentiators. A quality product like a Lexus automobile, for example, has the fundamentals of any car: the chassis, the drivetrain, the wheels. It also has brand differentiators—the quietness of its engine and the high level of its maintenance service among them—that bespeak high quality. Both the fundamentals and the differentiators must be carefully crafted, but the fundamentals must be in place first.

As a prerequisite to building a leadership brand, firms must master what we call the Leadership Code. Roughly speaking, the code consists of these requirements: First, leaders must master strategy; they need to have a point of view about the future and be able to position the firm for continued success with customers. Next, they must be able to execute, which means they must be able to build organizational systems that work, to deliver results, and to make change happen. Additionally, they must manage today’s talent, knowing how to motivate, engage, and communicate with employees. They must also find ways to develop tomorrow’s talent and groom employees for future leadership. Finally, they must show personal proficiency—demonstrating an ability to learn, act with integrity, exercise social and emotional intelligence, make bold decisions, and engender trust.

Companies often put too much emphasis on one kind of fundamental at the expense of the others. One company we worked with identified 12 requirements for a successful leader (characteristics like personal integrity, willingness to learn, and consistency), but nine of them fell into the personal proficiency domain of the code. Another company listed ten requirements (such as the ability to make decisions quickly, manage change, deliver results, and work well in teams), but eight of them fell into the execution domain. A successful leadership development model should incorporate all elements of the Leadership Code. An individual leader may have a predisposition in some areas and should be strong in at least one but must demonstrate a high level of competence in all of them.

Canadian Tire works to develop executives who demonstrate all the prerequisites of leadership. The Toronto-based conglomerate, which had Can\$8.3 billion in revenue last year, regularly assesses the abilities of up-and-coming managers in each dimension.

Long-term success depends on making a critical distinction: A focus on leaders emphasizes the personal qualities of the individual; leadership emphasizes the methods that secure the ongoing good of the firm.

Those with the highest potential often have towering strengths but need to be challenged in a completely new way in order to grow in other dimensions—or to demonstrate their readiness for the next level. The company encourages such growth by pushing executives out of their comfort zone and moving them into new territory. For example, Canadian Tire recently took the CFO of its financial services division and put him in charge of a retail banking pilot. The firm also moved its retail VP of home products into a position as president of the petroleum division. Managing unfamiliar territory forces executives to learn new skills and not always rely on their core strengths. The results-focused CFO, for instance, demonstrated an ability to inspire and direct a large team during the pilot project. The retail VP had an opportunity to build the strategy for an entire stand-alone small business unit and learn how to engage frontline employees. Over time, the most promising leaders at Canadian Tire will move into assignments that develop all the core skills of leadership.

Without excellence in all the fundamentals, leaders can be good, but they will not be out-

standing. Once these basics are established, companies can move on to shaping their organization's leadership brand.

Connect your executives' abilities to the reputation you're trying to establish. Building a leadership brand begins with a clear statement, somewhat similar to a mission statement, that connects what the firm wants to be known for by its best customers—the 20% of customers who represent 80% of value—with specific leadership skills and behavior. Apple, for example, wants to be known for its outstanding ability to innovate and design user-friendly technology; to that end, it hires the best technologists and designers and encourages them to break new ground. Wal-Mart wants to be known for its everyday low prices, so it hires managers who are frugal and unassuming themselves, and who can drive a hard bargain.

When Israel-based Teva, the world's largest generic pharmaceutical company, set about developing such a statement, its top leaders decided they wanted their company to be known for five qualities: leadership of the market, global reach, partnership, integrity, and product affordability. Teva's management

Embodying the Brand

Organizations can strengthen their leadership brands by working hard to translate what they stand for in the marketplace into a set of managerial behaviors.

	This organization is known for...	Leaders at this organization are known for...
Wal-Mart	Always low prices	Managing costs efficiently, getting things done on time
FedEx	Absolutely, positively, doing whatever it takes	Managing logistics, meeting deadlines, solving problems quickly
Lexus	Pursuit of perfection	Managing quality processes (lean manufacturing and design, Six Sigma) for continuous improvement
Procter & Gamble	Brands you know and trust	Developing consumer insights, precisely targeted marketing, product innovation
McKinsey	Being a CEO's trusted adviser	Leading teams that deconstruct business problems, synthesize data, and develop solutions
Boeing	People working together as a global enterprise for aerospace leadership	Solving global problems, working as teams, possessing technical excellence in aerospace
Apple	Innovation and design	Creating new products and services that break the industry norms
PepsiCo	Appealing to the younger generation	Building the next generation of talent

To build a leadership brand, firms should assess leaders from the customer's point of view. One way to do that is to open up feedback sessions to customers.

then worked to turn this desired identity into a set of attributes that would help leaders meet customer expectations. For example, under the category of global reach, Teva wanted leaders who could combine sensitivity to local culture with global vision to help meet customer demands anywhere in the world. In the category of integrity, Teva wanted leaders who could make sure that employees delivered products and services on time, every time; fulfilled promises; and met targets. To build partnerships, the firm needed leaders who knew how to recruit and develop talent, so that physicians, health care organizations, and consumers would view Teva's employees as experts who could help them solve problems. To bring products to market cost-efficiently, Teva's leaders had to be proficient at sourcing and at wringing the highest possible productivity from the company's assets. Finally, when it came to market leadership, Teva would look to its leaders to foster innovation by helping the organization collaborate with leading scientists around the globe and import the best ideas and research into the company.

The Teva executive team felt that these traits and abilities, if developed by leaders throughout the company and woven into everyday practices, would both communicate their desired brand to their external constituents and create the kind of internal culture they were after. After extensive deliberations Teva developed a statement of leadership brand that clearly established the company's priorities:

Teva leaders set ambitious goals based on excellence in execution, have a global mindset, master complexity, and embody team leadership so that Teva retains the most talented employees, doubles sales every five years, and provides a broad basket of qualitative products that customers trust.

Notice that this statement of leadership brand is unique in content—other companies do not necessarily need these abilities to deliver these specific results. Critically, it integrates business and customer goals (retain employees, double sales every five years, provide a broad basket of trusted products) with a small, targeted set of leadership skills (excellence at execution, mastery of complexity, and team leadership). The statement also gives Teva's different

business and geographic units room to develop individual brand identities but is specific enough to guarantee that leaders across the organization all share a common approach and goals. The development of this statement allowed the company to enact the next principle.

Assess leaders against the statement of leadership brand. Once a company has crafted a statement of leadership brand, it needs to continually evaluate individuals to make sure that they are living up to it. This requires firms to assess leaders more from the customer's point of view and measure results less by what the individual manager—or the company—produces. Instead of worrying about goods *shipped* on time, customers care about whether they *received* their goods on time. Instead of concerning themselves about the firm's product error rates, customers notice when products they receive aren't fully operational on arrival. Rather than just tracking employee commitment to the firm, a company should also try to calculate the impact of employee commitment on customers. By grounding a leader's results in customer expectations in this way, a firm begins to build its leadership brand.

One way to assess leaders' behavior through a customer lens is to open up feedback sessions to customers. A board of directors charged with evaluating the CEO recently went a couple of steps further, by asking not only customers but also investors and community leaders to comment on the actions and accomplishments of the CEO. Through this review, the CEO learned that he was not spending adequate time connecting with community leaders and with some segments of customers.

In another instance, a division of a large technology company asked a group of targeted customers—ones who were especially able to anticipate market trends—to evaluate its mission and values statement. (The statement focused on serving customers, fostering innovation, developing dedicated people, encouraging social responsibility, and ensuring financial stability.) The division asked the group two questions: (1) Is this the mission you want us to be known for? (2) What do we have to do to demonstrate that we live up to this mission better than our competitors do? This exercise allowed cus-

tomers to articulate both the actions and the outcomes that they expected from the leaders in the organization.

The company also invited customers to participate in periodic assessments of the company's leaders through surveys, interviews, and focus groups. Those customers were asked whether they would buy more from the firm if its leaders behaved according to their expectations. The answer, not surprisingly, was yes. As the firm began implementing the customers' suggestions and its leaders started to alter their behavior, its sales rose 20% annually among those surveyed. As this firm discovered, the more satisfied customers were with the way the corporation was run, the more products and services they purchased. That translated into a higher price/earnings ratio in the long term.

Let the customers and investors do the teaching. If your best customers or investors could observe the training you offer your company leaders, how would they respond? Would they see the development of leaders who have the knowledge and skills to meet their requirements? Or would they see training that is perfunctory and has little to do with their needs and desires?

Companies can do several things to ensure that leadership development incorporates external expectations. Customers might participate in training sessions as "live" cases by coming into the classroom in person or on video. Companies may give customers a voice in the design of training programs, or the training team can make sure that cus-

tomers' expectations inform every aspect of the course. Customers and investors can also help deliver a program as expert faculty. Alternatively, they might simply attend the training and offer feedback about the relevancy of the material taught.

Steve Kerr, formerly the chief learning officer at GE, recalled to us how investor relations professionals at the company studied influential analysts "the way the Ritz-Carlton people study the names, photos, and habits of their best customers." During a leadership training session, a senior investor relations professional showed slides of the most important analysts who covered the company's stock. Each picture was taken at the analyst's home. "You see that car? I've washed that car!" the investor relations person exclaimed. "You see that dog? I've walked that dog!" The investor relations manager may not have had the suds or animal hairs to prove it, but it is common practice at the firm for senior executives to interact often with analysts and top customers. During leadership training sessions at GE's Crotonville facility, panels of customers, analysts, and even reporters hold honest discussions with executives.

The most powerful way to develop leaders who have a customer lens is to give them job assignments that demand it. Procter & Gamble ensures that its leaders acquire both a consumer and a P&L perspective early by assigning new management hires not to a staff position in finance or HR but rather to a brand team. Getting a new MBA to work directly on the Puffs facial tissue or the Pur water filter system brands helps orient her to consumer expectations. Combine that consumer-centric perspective with the fact that P&G people tend to stay at the company for their entire career, and you see how the firm has developed a powerful leadership capability.

Teva, likewise, offers a variety of work experiences that help leaders expand their knowledge of customers. Executives frequently spend time in a line job where they have direct customer contact, and then later move to a staff job (in, say, finance, IT, or HR) where they can apply the customer understanding they've acquired. Executives may be assigned to a project that explores ways to add value for customers. That might involve

Industry Leader Feeder Firms

Whereas some feeder firms produce managers who can do well in virtually any industry, "leader source" firms develop managers who go on to positions in the top echelons of one industry.

Automotive industry

Leader source: Johnson Controls
Graduates: Michael F. Johnston (Visteon), Charles G. McClure (ArvinMeritor)

Consumer products industry

Leader source: Kraft Foods
Graduates: Robert Eckert (Mattel),

James Kilts (formerly of Gillette), Doug Conant (Campbell Soup), Richard Lenny (Hershey)

Financial services industry

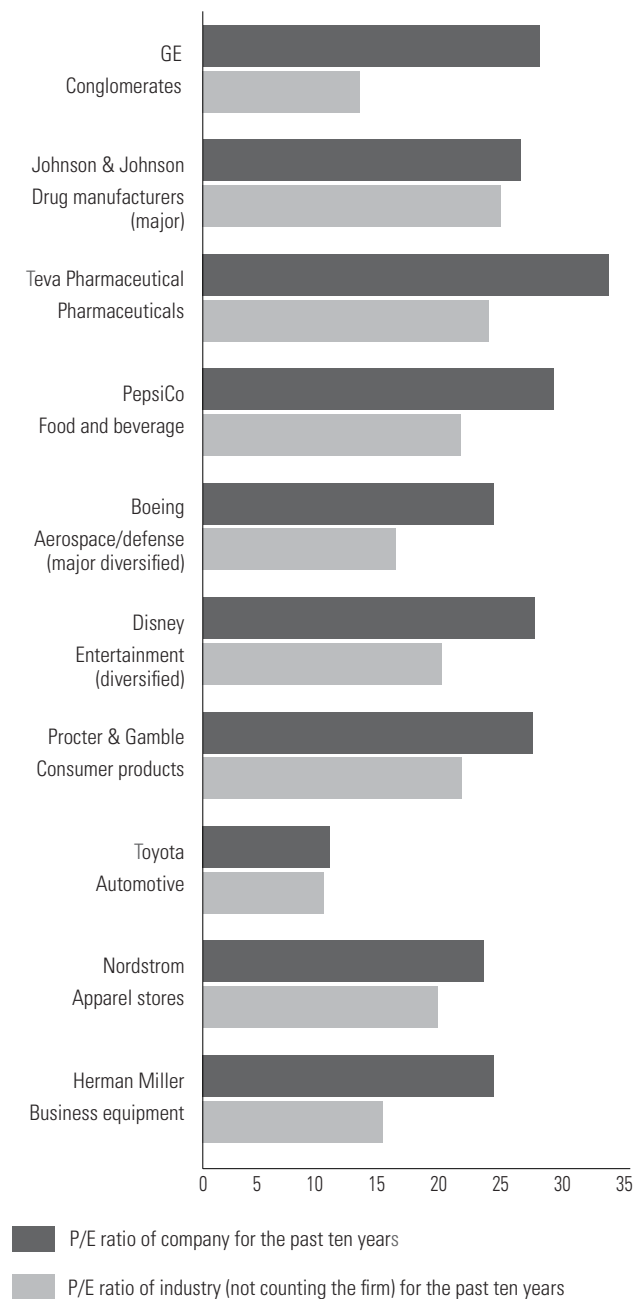
Leader source: Merrill Lynch
Graduates: Jeffrey Peek (CIT Group), Herbert M. Allison, Jr. (TIAA-CREF)

Medical industry

Leader source: Pharmacia
Graduates: Stephen MacMillan (Stryker), Fred Hassan (Schering-Plough)

Leadership Brand and P/E Ratio

Leaders who organize resources to serve customers, who motivate employees to be customer focused, and who track their business's success with customers can turn their company's leadership brand into market share. Firms with a strong leadership brand also benefit, over time, from a rising price/earnings ratio. When we compared the P/E ratios of a sample of public companies that had strong leadership brands with the ratios of their industry over the past decade, we found that the leadership brand companies had consistently higher ratios.



spending time observing physicians who are prescribing a Teva product such as the multiple sclerosis drug Copaxone, and then bringing back ideas for improvements. Managers may also take part in an executive exchange, where they work in a health care organization for a period of time.

Working in environments outside headquarters, or even outside one's country, can also go a long way toward deepening a manager's sense of leadership brand. An executive of a petrochemical firm might, for example, be given the opportunity to work in many places—in Asia, Europe, Latin America, and the Middle East. Experience with many cultures can give that person a strong feel for what the company represents in each of those regions, and reinforce some of the underlying and shared assumptions about how the organization relates to its customers.

Track the long-term success of your leadership brand efforts. The result of a leadership brand focus is good management that is unmoored from individualism, yet lasts over time. As companies begin to develop and “graduate” excellent leaders, they engender a reputation for very high quality management—the essence of a leadership brand. Such leadership bench strength can easily be seen in the degree to which leaders that leave the firm go on to top positions in other corporations. (See the exhibit “Industry Leader Feeder Firms.”)

Companies with strong leadership brands tend not to be as affected by changes in management as companies with weaker leadership brands. Moreover, such firms are so confident about their bench strength that they turn what most organizations view as a negative—the loss of a leader—into a positive. The consulting firm McKinsey, for example, continues to build its leadership brand reputation by tracking and publishing the feats of its successful alumni.

General Electric—perhaps the ultimate leader feeder firm—is the embodiment of this phenomenon. Everyone thought Reg Jones, the firm's CEO from 1972 to 1981, was irreplaceable. Then came Jack Welch, and everyone thought he was irreplaceable. Now Jeff Immelt has shown himself to be more than steady at the helm. GE's stock price has remained stable even when its top managers leave. The firm has an organizational capability

that transcends any one individual.

At the end of the day, a leadership brand shows up not only in stable stock prices but in a higher market value. Increasingly, the market value of a company is determined by its intangibles—its ability to keep promises, design and deliver on a compelling strategy, ensure technical excellence, hire and retain smart people, build strong organizational capabilities, and, especially, develop strong leadership. Intangible value grows as customers and investors gain greater confidence about the future fortunes of one firm over others in the same industry. One way companies can evaluate the success of leadership brand efforts is by looking at how much confidence investors have in their future earnings. A publicly traded corporation's price/earnings ratio is a simple—though not a perfect—indicator of that confidence. Companies with strong leadership brands, we have found, tend to have above-average P/E ratios. (See the exhibit “Leadership Brand and P/E Ratio.”)

•••

By adapting the five principles outlined here, a firm can create a leadership brand that differentiates the organization to employees inside and to customers and investors outside. The effort requires commitment from individuals throughout an organization: Boards of directors need to encourage the building of leadership brands; senior executives need to sponsor leadership brand initiatives; HR professionals need to design and facilitate programs that foster leadership brands. The CEO of a company must function as its “brand manager” and be the driving force behind building it as an organizational capability.

As leaders at all levels of the company learn how to master both the core skills of leadership and the essence of the leadership brand, they will increase the value of their organizations. By focusing on leadership, not just leaders, and by evaluating everything from a customer perspective, firms create the institutional systems and processes that will sustain them year after year.

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Building a Leadership Brand

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ARTICLE

[What Leaders Really Do](#)

by John P. Kotter

Harvard Business Review

February 2000

Product no. 3820

This article sheds additional light on three leadership fundamentals your leaders must “nail” before you can build an effective leadership brand: 1) **Setting direction.** Leadership’s function is to produce change. Setting the direction of that change, therefore, is essential work. It’s also inductive work: leaders must search for patterns and relationships among market and competitive forces. Setting direction results in a compelling vision and the overarching strategies for realizing it. 2) **Aligning people.** Leaders must look for the right fit between people and the vision. They need to use communication to get a large number of people (inside and outside the organization) to believe in an alternative future and then to take initiative based on that shared vision. 3) **Motivating and inspiring.** High energy is essential to overcoming barriers to change. So leaders have to know how to touch people at their deepest levels—by stirring in them a sense of belonging, idealism, and self-esteem.

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