



Keeping the best CEOs in step

In a highly competitive and unpredictable global marketplace, a strong brand delivers a compelling market advantage. But just how much impact does the chief executive add by being fully aligned with the brand? What does being aligned with the brand really mean? And are today's most effective CEOs brands in their own right? Jim Robinson investigates why today's CEO must become 'Leader of the Brand'.

Bass drum supplied by Leady Distributors.

Chief executives must be brand champions who lead corporate and product branding strategies, all strategic brand-portfolio decisions and constantly monitor the implementation of the brand, according to Martin Roll international brand strategist with Singapore-based branding agency VentureRepublic. Tomorrow's CEO must be an "excellent business leader and a passionate brand marketer with a truly international edge", he adds.

In fact, says Roll, all corporate executives must be able to represent and lead the brand. But the CEO in particular should "serve as the company's and therefore the brand's primary advocate and nurturer". According to some commentators, only the CEO carries the credibility, charisma, and clout to successfully drive the brand.

A landmark survey in 2001 by global public relations and communications counselling consultancy Burston-Marsteller, found that 48 percent of a company's reputation is the direct result of the CEO's leadership and management. In other words, CEOs can themselves be something of a brand, and one that investors need to feel confident about. According to the survey, 95 percent of investors consider the CEO's performance before making investment decisions; and 94 percent rate the CEO's image as crucial to maintaining confidence, particularly when a company's under media pressure.

But, as Shelly Lazarus, chairman and CEO of Ogilvy & Mather Worldwide, puts it: "The brand has become the single most important asset the CEO has to manage... the best CEOs will take ownership of their brands and will spend a disproportionate amount of time worrying about them, nurturing them and proselytizing about them."

But do CEOs generally live up to the job? There's plenty of room for improvement according to Darrel Rhea, CEO of United States consulting and strategic market research company Cheskin. "CEOs live more for the board or the security analysts" than the brand, he says. They generally leave care of the brand in the hands of the marketing manager.

CEOs who could be considered brands themselves more comfortably fit the criteria of brand champion. Richard Branson, Anita Roddick and Dick Smith are good examples. While they've stepped back from the front line, jeweller Michael Hill, retailer Stephen Tindall and cereal maker Dick Hubbard achieved similar status in New Zealand.

These leaders build the company on their vision, passion and ideals. They appear in advertising and drive public relations; they cement relationships with consumers through newsletters or on-line communications; they periodically fight for the

MARK WELDON: UNLOCKING THE VALUE

How things change. The New Zealand Stock Exchange (NZSE) was a 100-year-old institution. The New Zealand Exchange (NZX) rapidly consigned it to distant memory. NZX has seen the number of trades climb 10 to 15 percent a year and the value of trades rise 15 to 30 percent. Revenue has doubled in two and a half years.

CEO Mark Weldon has led the NZX vision to "unlock the true value of the marketplace for New Zealand companies and investors" though, as he points out, it was the board that first made the decision to shift strategy and appointed him. From the outset, Weldon was closely involved in comprehensive market analysis, and the subsequent discarding of the NZSE name (too much negative baggage), transformation of corporate structure, demutualisation and listing.

The end-to-end transformation supports Weldon's thinking on company brand and reputation. "People think brand and they think marketing," he says. "My view is that the brand has to reflect and lead corporate strategy, otherwise you're just wasting your money. It's all about the right business focus, the technology, right down to things like staff incentives and the design of premises."

Weldon sees the CEO's primary role as making decisions that drive the value of the organisation. It's important for the CEO to have public exposure, but that publicity has to support the "intangible asset" – the potential of the company based on its reputation and brand.

The challenge now for NZX is to keep building equity into the brand. "It's about constantly doing a brand audit, to know how we are perceived. You have to do a pretty brutal assessment, and be prepared to be frank," says Weldon.





GEORGE HICKTON: PROUD TO CHAMPION BRAND

“New Zealanders have a right to expect me to be passionate about what I do,” says Tourism New Zealand’s George Hickton. “They want to be well represented, they want people with enthusiasm and commitment to represent the country. You must live [the brand] and represent it in everything you do.”

Energy, positive thinking and a keenness to act fast are Hickton hallmarks, first as general manager of New Zealand Employment Service (appointed 1988) and Income Support (appointed 1992), then as head of the TAB (appointed 1995) and Tourism New Zealand (appointed chief executive 1999). He’s also keen on New Zealand’s great outdoors and physical activity. So while Hickton has always been widely commended for his leadership skill, there does seem to be a naturally stronger brand fit now than in his previous roles.

Pride in the brand is important. “It’s a real privilege to be representing your country.” Hickton does all he can to make the same true for staff – and ultimately everyone who represents New Zealand. “When I started no-one in tourism wore a silver fern. Now people wear the fern in a corporate wardrobe and we give people a silver fern pin. I’m always promoting people to wear a pin, to feel proud to do it. It’s all about being proud to champion the brand.”

Hickton believes the brand of an organisation can be seen extremely positively without the CEO being known. “But it’s crucial the chief executive adopts the brand. To me, that’s what the job is all about. It’s not about managing the technicalities of the company. Too many CEOs focus on operational issues. You need someone to look at the overall environment staff are working in, and how [the brand] is perceived externally.”

company and are willing to publicly face testing times with shareholders and media.

Championing a brand goes beyond being personally high profile however. Consider New Zealand leaders like Tourism New Zealand CEO George Hickton and New Zealand Post’s John Allen. They didn’t start the organisations they head, their names aren’t up in lights above the front door, they don’t appear in advertising, they’re not even hugely media hungry. But they do embrace and drive the brands they head.

In the heavyweight ring of world business, there are CEOs in both corners. As Roll says: “Apple and Nike are examples where the founding CEOs are brands themselves. On the other hand, founder influence has long since waned at adidas, Singapore Airlines, BMW and Mercedes Benz. Their success is due to incumbent CEOs who have initiated strong branding systems within their companies.”

Back home, Hubbard Foods’ Dick Hubbard has been an implicit – and public – part of his company’s brand since its launch in 1988. His company steadfastly avoided advertising which, interestingly, supports the brand positioning of social responsibility before profit. But there has been plenty of media coverage of the CEO’s philosophies and his *Clipboard* newsletters in every pack maintained a dialogue with customers.

Hubbard has been heavily involved in community and professional organisations which, as the company’s website says, “has

largely been entwined with the development of the company”. He was founding chairman of New Zealand Businesses for Social Responsibility (now The Sustainable Business Network) and sits on boards including the Business Council for Sustainable Development and Outward Bound. And remember the company’s 10-year anniversary trip for employees? Chartering a plane to the Pacific Islands generated media exposure and cemented Hubbard in the public eye as a boss who cared for his staff, and by implication, the ordinary Kiwi. The media flavour mixes into perceptions of the product.

For Allen, CEO of New Zealand Post since 2003, the glare of the spotlight is overrated. “The company’s story needs to be told both internally and externally and the CEO is one of the people who can communicate that message,” Allen says. “However I am very resistant to the cult of personality which surrounds many CEOs. In my assessment, their personal brand is substituted for that of the company.”

But he champions the brand? “Yes I do. It is not hard because the business values and objectives are very aligned to my personal value set. I am, like New Zealand Post, ambitious for New Zealand. I believe in the growth and success of New Zealand businesses and communities as the key driver of future prosperity.”

Allen is in good company in his comparative public anonymity. As Roll says: “Phil Knight, the founder of Nike, is a classic example of a legendary CEO who has built one of the strongest brands in

the world but who is quite anonymous and shies away from public speaking and media appearances. The CEOs of Gillette and Kimberly Clark are also examples of CEOs who have led their brands to great heights but managed to remain quite anonymous.”

► CEO branding drives bottom-line

It can't be dollar quantified but, there's consensus that whatever the leadership style, when CEOs embrace the brand it directly impacts financial performance. “For most listed companies, 85 percent of the value of the company is not based on book value, but on its intangible assets – the expectation of where it is going,” says Mark Weldon, CEO of the New Zealand Exchange (NZX). “That's about brand and reputation. It is unquestionably a core job of the CEO to be the steward of the company's brand and reputation [to grow] the value of the intangible asset.”

Allen agrees: “My actions are all about driving growth by getting closer to customers, building the capabilities of people, and improving our internal processes.” The same is true for George Hickton, CEO of Tourism New Zealand since 1999. He has unquestionably influenced the global branding of New Zealand, and implicitly, Tourism New Zealand. He's not Richard Branson, but he is hands-on, internally and across the industry. Hickton constantly presents to tourism operators and stakeholders to “make sure New Zealanders understand and nurture the brand”.

In 2004 New Zealand was, on a per capita basis, the world's second strongest market for new public company listings. It is, perhaps, worth noting that the CEO who leads a strong company brand adds to the success of capital raising – as demonstrated by Pumpkin Patch. Under Greg Muir's stewardship the share price of the children's fashion chain has more than doubled in a year.

Conversely, consider the fate of Carly Fiorina, former high-profile CEO of HP. She resigned in February in response to board dissatisfaction. For five years, she very publicly re-engineered the HP brand, abandoning 'caring family' values for aggressive targets and job cuts – with mixed results. Damningly, on the day Fiorina announced her resignation, the company's stock price surged several cents, and climbed further over the next two months.

► Inspire team support

The CEO as brand or brand champion can't however, do the job alone. “A powerful brand is never a one-man show – it always involves a company culture that takes it up and expresses it,” says Rhea. “The best brands are a power tour de force that look and feel like synchronised swimming.”

Allen agrees. “It is impossible to drive the communication on your own... I am absolutely convinced that it is the people in an organisation who create value for customers and determine its success.” And Hickton says his management team has dual citizenship: they are responsible for their functional area and they are responsible for helping me champion the brand. “They must represent the brand and we work together to represent the brand.”

Melissa Jenner, head of marketing and communications at NZX, accepts that in a traditional CEO-marketing department role, the CEO may not know or be informed about key brand decisions. But brand-aligned CEOs transform the relationship. “They challenge the marketing team for the good and that results in a stronger brand.”

Effective CEOs promote the importance of the brand to employees. Many New Zealand CEOs embrace this role. Solid Energy CEO Don Elder, for example, regularly travels to the West Coast to talk with miners: “I love going over to the coast. If you get too big for your boots the miners will pull you down real fast.”

For Allen, rubbing shoulders means talking constantly “both inside and outside the business about our people, our future and the value we can create for customers”.

Company brand positions evolve rapidly, so have CEOs evolved their style? Allen thinks so. “The language [of the CEO] has changed. It is more about customers, creating value, and competition than it was five years ago.” He is now less involved in day-to-day operational matters so he can “focus more specifically on telling the story about the business and its future”.

Hickton is more equivocal. “It's not a lot different, to be honest. Maybe [the leadership style] just suits me. You need to be clear about where you are going, you need good communication



HOW TO BE A BRAND CHAMPION

Darrel Rhea, CEO of leading US consulting and strategic market research company Cheskin, suggests five steps:

- 1. Create it.** Invest yourself in creating a brand proposition that makes sense, fits with the company culture, fits with your style, and wins competitively. The real key is for the CEO to make the brand the vehicle to support the desired strategic change.
- 2. Embody it.** Imbue your beliefs in everything you do. Be consistent and visible. Don't be afraid to go overboard to get your organisation's attention. Take a personal stand for the brand.
- 3. Sell it.** Get others to see your vision and how the brand expresses that. Making a brand come to life requires cultural change. Create momentum by over-communicating. Execute violently!
- 4. Empower others.** Teach other key brand champions within the company how to embody its values – give them the flexibility/liberty they need to be able to live it. Compensate and reward brand heroes.
- 5. Don't stop.** Repeat steps 1-4.

mechanisms, you need the leadership to represent the organisation and push the things that are important.”

He also believes in acting fast and accepting the risk of mistakes. “Things are moving so fast. You must be constantly alert. You must be in tune with where you want the organisation to be, or things pass you by. We are always looking at ways to ensure the brand is not diluted, and presented in the best light.”

► Integrity matters

Burston-Marsteller’s 2002 survey found that the three most desired qualities in a CEO are personal credibility, high ethical standards and the communication of a clear vision within the company. “Ethical leadership keeps moving up in importance [and may well] become number one in terms of what we judge our CEOs by,” says the consultancy’s research head Leslie Gaines-Ross.

But integrity can be complex. Some executive responsibilities demand contradictory integrity: maximising value for shareholders versus upholding the best workplace conditions, for example. It is, it seems, essential to be fair and honest, but not wear blinkers.

What if a CEO stumbles into an ethical quagmire? What if they make a mistake, or worse, face allegations of corruption

or personal gain at the expense of employees, shareholders or customers? Should the company brand suffer too?

“A CEO mistake or ouster can be a disaster time for a company where the CEO is the public face of the company and where the company has acquired most of its equity due to the CEO,” says Roll. “Then the equity of the brand takes a beating if the CEO does anything wrong, is ousted or leaves.” With brands that evolve over time under different CEOs, the equity is rather more protected.

“Generally speaking, if you’re a celebrity CEO, the media looks to your every move to determine the fate of the brand at any given moment,” says Rhea. “I think celebrity CEOs are a liability. Look no further than Martha Stewart.”

Stewart, America’s “diva of décor”, founded Martha Stewart Living Omnimedia. The massively high-profile CEO was found guilty in 2004 on four counts of obstructing justice and lying to investigators about a too-well-timed stock sale. She landed a five-month prison term. Before the jurors’ guilty verdict, hopes for a favourable outcome for Stewart saw stocks rally; afterwards they plunged 22 percent on the New York Stock Exchange.

Still, Stewart and her brand could bounce back. Last September she entered into a new five-year employment agreement with the company and received US\$1.2 million in pay and bonuses for

BRAND AWARENESS SURVEY

"Awareness and understanding of brand value might be high among New Zealand CEOs but delivering on that understanding is a very different proposition," says Christine Arden, director of DNA Design and instigator of an online survey conducted in April by *Management* magazine and DNA Design.

The survey provides a snapshot of understanding into how executives perceive the value of their brand and the daily priority they allocate to it.

Executives viewed the value of their brand to the business as high but in general they regarded the organisation's management of the brand as weak. They were challenged about how to embed the brand into the organisation's operations, procedures and through its people, and take a customer-centric view of appraising the brand.

The findings corroborate a larger and more extensive study *allaboutbranding.com* conducted in New Zealand and globally last year which identified five key areas of concern:

- ▶ Information about the brand is seldom well documented or available to those who need it.
- ▶ Induction programmes rarely include any education on the brand.
- ▶ Staff rarely receive regular internal communications about the brand.
- ▶ Performance management systems don't consider how individuals contribute to delivering on the brand.
- ▶ Systems rarely assist ensuring branded communications are integrated and consistent.

Age and size also make a big difference to branding. The larger the organisation, the more separated it becomes from the brand and its power.

According to the *allaboutbranding.com* survey, smaller New Zealand organisations are more likely to have everyone supporting and delivering the brand. By contrast, large organisations are less aware of the value of the brand as central to an organisation, the need for staff involvement or any commitment to the brand. They were also less aware of customers' attitudes to the brand.

Emergent brands (up to two years old) showed "high" brand awareness. Organisations with brands aged two to five years and 10 to 20 years showed "medium" interest and awareness. Organisations with mature brands (20 to 40 years) seemed to have moved away from being brand focused. Those with historical brands (over 40 years) were less likely to have full employee commitment to the brand or to have brand objectives driving their operational functions.

"These results align with emerging international trends that show new brands are capturing brand strength faster and more efficiently than longstanding, incumbent brands," says Arden. "A process that once took decades now gets done in a few years as shown, for example, by 13-year-old Starbucks' creation of greater brand strength than 108-year old Maxwell House.

"New businesses are very aware of the value of brand and its potential to contribute to business growth and how to leverage off it. Older and more established brands seem increasingly out of touch with the changes going on around them. Size and age of a business are less of a barrier to entry for our new entrant exporters. If a business takes a brand-centric approach, it can theoretically conquer a brand-obsessed world. The inverse also holds true – beware the industry Goliath who feels complacent – your next biggest competitor might not be that big," says Arden.

The *Management*/DNA survey findings suggest that the greatest challenge for CEOs is that the onus on them to deliver on their brand is much more urgent than perhaps they thought. "It could offer the greatest potential for achieving competitive advantage," suggests Arden.

the 2004 year. Perversely, the company's share price soared over 2004, although it is down significantly this year.

"It is," say Rhea, "more important than ever for the CEO to be seen as ethical. But the impact of a company behaving 'unethically' is relative to its positive brand equity and loyalty. If people love you and you behave poorly, they're more willing to give you a second chance. If people hate you and you make a simple mistake, they won't think twice about you."

Moving on isn't always the result of bad news – as Hubbard recently demonstrated. After his election as Auckland's mayor – surely through a reputation built on brand – he communicated his step back as a positive. "I knew that the time was right for me to move on; to try to extend my sphere of influence, particularly thinking of social responsibility... Of course, I will still stay strongly involved with my company, and will be very involved in the direction that Hubbard Foods takes... you can expect to continue to hear from me," he wrote in *Clipboard*.

Time will tell what impact Hubbard's departure will have on his company's brand. If he manages to build a reputation as a successful civic leader who moves Auckland forward, that's powerful brand ammunition. Even if he doesn't achieve his goals, so long as he acts with integrity and maintains his profile, he's probably won't do any harm. If his integrity is questioned, however, that could be another matter.

According to Burston-Marsteller, stakeholders give a new CEO about eight months to announce a strategic vision – the first step to embracing brand. Is that realistic? "The alignment of the CEO to the brand is a complex process.

It calls for a perfect match between the personality, beliefs and attitudes of the CEO to that of the company. How long that takes cannot be generalised: it might take almost no time. Some CEOs never get it right," says Roll. **M**



Jim Robinson is a Wellington-based freelance writer. gojim@paradise.net.nz