Dave Ulrich is a Partner and co-founder of The RBL Group and a professor of business at the Ross School of Business, University of Michigan.

Professionally, he studies how organizations build capabilities of speed, learning, collaboration, accountability, talent, and leadership through leveraging human capital. He has helped generate multiple award-winning data bases that assess alignment between strategies, human resource practices and HR competencies.

Norm Smallwood is co-founder (with Dave Ulrich) of The RBL Group. In 2005 and 2006, The RBL Group was ranked as the #1 leadership development firm in the world by Leadership Excellence.

Prior to this, Norm was a founding partner and managing director of Novations Group, Inc. where he led business strategy, organization design, and human resource management projects for a wide variety of clients spanning multiple industries.

In their new book Leadership Brand, Ulrich and Smallwood explore the advantages of a branded approach to corporate leadership. They use hard data to show that a company whose leadership embodies its unique brand will achieve stronger market value than competitors. In other words, there is real value in building a leadership brand, and now the authors have created the first step-by-step guide for doing it.

Guru interview: Dave Ulrich & Norm Smallwood

Dave Ulrich and Norm Smallwood propose “leadership brand”: a shared identity among your organization’s leaders that differentiates what they can do from what your rivals’ leaders can do.

Interview by Alistair Craven
Q: You note that so-called “celebrity” leaders are often admired but they do not represent leadership. Can you explain what you mean?

Ulrich & Smallwood:

We see a difference between individual leaders whom we admire, like, and are drawn to and leadership which is how a company builds next generation leaders. To focus on leaders is to focus on the individual and what they personally bring to their position. Leadership is an organizational capability that represents developing future leaders. This is a bit like parenting. Good parents invest in the next generation.

Parenting is about providing experiences so that children will have more opportunities than their parents. Leadership is about building the next generation of leaders. In this context, it’s interesting to think of famous leaders who have or have not built leadership. When they left, was the organization able to sustain its course or was the celebrity leader the central focus of things?

Q: Can you define your concept of leadership brand to our readers?

Ulrich & Smallwood:

Brand is an idea most of us understand because brands affect many parts of our lives...the Olympics, the Golden Gate Bridge, and a national flag are brands in that they create an identity in the mind of those who experience the brand. In organizations, firm brands are important. Firms like Apple, Wal-Mart, Marriott, and Federal Express have worked to create a brand identity in the mind of their customers. This brand encourages customers to use and pay more for the firm’s products or services. Leadership brand exists when customer expectations are made real to employee actions through the leadership brand. So, a firm like Apple that wants to be known for innovation will have leaders throughout the firm focused on creativity and innovation, while a firm like Wal-Mart whose focus is price will have leaders disciplined in managing costs.

Q: According to the book, leaders today may be fully competent, but a firm may have gaping holes in the next generation of leadership. Why do organizations seem to suffer with the issue of succession planning?

Ulrich & Smallwood:

An all too common fatal flaw of leaders is that they surround themselves by people not quite as competent as they are. In the short term, these leaders feel powerful because all ideas and decisions come from and go through them. They are the sun, the moon, and the stars for their organization. But they are dangerous in that they sap the future leadership. Leaders who believe in succession planning are maniacal about building the next generation leaders and work hard to make sure that future leaders are prepared for what lies ahead.

Q: When developing leaders, what insights can be gained from looking at the things that go on outside an organization?

Ulrich & Smallwood:

Starting leadership development from the outside/in seems so simple. Who are our key customers and investors? What do they want more of from us? Why do they find us an attractive firm? Answering these questions sets the criteria for what leaders inside the organization must demonstrate. If customers want innovation, leaders need to be creative; if customers want lower prices; leaders need to manage costs. Too often leadership development comes from the inside/out...what the employee feels he or she wants or needs to do and/or what the organization leaders think matters most to them.

"Instead of having multiple statements of who we are, where we are going and what we do, find a way to make your customer expectations real to your employees. Simple."

Q: In your research you found leaders making the mistake of separating culture inside the firm from customer expectations outside the firm. What are the dangers of doing this?

Ulrich & Smallwood:

A leader was sceptical of building a culture statement. He defined culture from the inside/out and felt that a culture would result in a value statement that would create cynicism because no one would act on it. When we shifted culture to an outside/in view, we asked him what he thought his most valued customers should think about his firm (his top of mind firm brand). We asked him how important this was for his firm to succeed, and he resolutely said that such an identity among key customers was a key. We then simply said, this is your culture. Make this external firm brand your internal firm culture.
Instead of having multiple statements of who we are, where we are going and what we do, find a way to make your customer expectations real to your employees. Simple. He realized that if and when his firm culture became his firm brand, both employees and customers would win by serving each other.

**Q:** You say that the key issue in building a future brand is to understand, align and translate customer expectations into employee behaviour. This sounds simple enough on paper, but where should an organization begin in tackling this?

**Ulrich & Smallwood:**

Who are your key customers? What do you want them to know you for? This dialogue should go on among senior leaders and between senior leaders and customers. To work, it must be demonstrated by leaders at every level. Getting clarity about the external customer expectations brings a clarity and focus to firm brand and desired employee behaviours that resonates with both customers and employees. A leader told us that when the firm treated its employees as if they were the firm’s best customers and customers as if they were the firm’s best employees, both would win. Many have done research that shows that employee engagement is a lead indicator of customer engagement.

**Q:** How important is coaching with regard to developing effective leaders?

**Ulrich & Smallwood:**

Coaching is one of many important tools to help leaders become more self aware and proficient. A good coach focuses on both behaviours and results. Behaviour-based coaching helps the leader identify unintended consequences of his/her behaviour and then find specific ways to change it. We coached a leader who talked too much. Everyone around him knew this, but he was blind to it. As we helped him see his behaviour and its consequences, he learned to discipline and shorten his rhetoric. Results-based coaching helps the leader learn to clarify desired results and then make sure that actions today lead to results tomorrow.

**Q:** What effect do new boundaries such as working at home or on the move have on the ability to develop effective leaders?

**Ulrich & Smallwood:**

Firms with mobile employees require more, not less, branding. If you went on the Internet to buy a printer and had a choice between a branded product (e.g. Hewlett Packard) vs a non-branded product (printer XYY), you would pay a premium for the branded product because you trust the brand to be your editor, ensuring quality and service. Likewise, when a firm has a strong brand that leads to a culture, those employees self select into those firms and are more likely to live according to the brand. When employees believe in the brand, self select into firms because of it, and act on it, they don’t need leaders to monitor them, but to sustain them by their living the brand.

**Q:** Interestingly, you note that senior executives “continue to sponsor investments in leadership without any clarity about the impact of their investment.” As the investments are usually considerable, why do you think this situation exists?

**Ulrich & Smallwood:**

Sometimes we all like to do what is easy even if it is not right. It is relatively easy for an executive to sponsor a training programme by allocating money and talent to it. But, to use training as a real intervention requires doing more than what is easy. Real development of leaders comes when they have what we call a “guest” experience. Guests visit a country or city and are changed by the experience. Guest training means that the experience is related to work with action learning, leaders training leaders, real problems, customers in the room, and immediate application. Guest training is well worth the investment because it changes both the individuals who attend and the companies who sponsor them.

**Q:** You advocate inviting stakeholders in to provide feedback on the leadership brand. Can you tell us a bit more about this idea?

**Ulrich & Smallwood:**

Most have done a 360 and found that personal feedback may differ among supervisors, peers, or subordinates. We advocate a 720 for employees who have contact with people outside their organization. Customer contact employees may be more or less gifted at managing customer relationships. By asking customers their views, employees learn what they do well and not so well.

**Q:** Finally, if you were asked to provide three key lessons you would like managers to take away from your book, what would they be, and why?

**Ulrich & Smallwood:**

1. It is not enough to build on your strengths. We believe you should build on your strengths that strengthen others. In other words, have an outside/in view of who you are as a leader and what you need to deliver.
2. Leadership is more important than leaders. We can read a lot about my ability to lead through judgement, serving others, etc., but if I am not building the next generation of leaders, I am failing.

3. Define your organization’s firm brand (how your organization wants to be known by customers) and align your personal brand to it (how you want to be known by your customers).

*December 2007.*