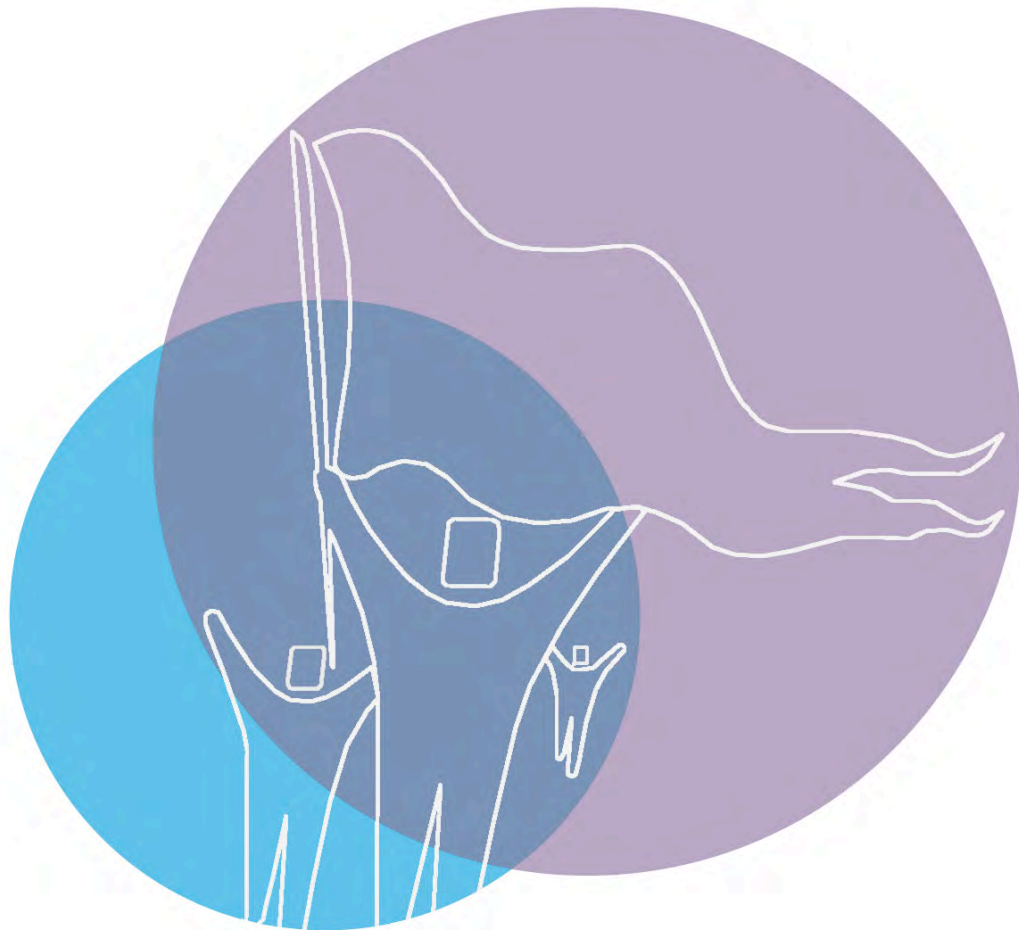


The CEO is the Brand

The power of executive communications



Shikatani Lacroix is a leading branding and design firm located in Toronto, Canada. The company commission assignments from all around the world, across CPG, retail and service industries, helping clients achieve success within their operating markets. It does this by enabling its clients' brands to better connect with their consumers through a variety of core services including corporate identity and communication, brand experience design, packaging, naming and product design.

About the Author

James Bailey, is a highly experienced executive communications consultant as well as principal of Broadgate Communications in Toronto. He has worked with the CEOs and senior executives of dozens of corporations, including Hewlett-Packard, NatWest Bank Group, Nortel and CIBC. He has also supported political leaders, including the Attorney General and Ministers of Education and Labour of Ontario.

Jim has earned an LL.B. from the University of London, England and a BA in French from the University of Western Ontario.

Other Articles and Books

In addition to numerous executive speeches, annual reports and other corporate communications projects, Jim has written *The Law Enforcement Handbook*, now in its fourth edition. This handbook is used as a standard reference by police officers across the U.S. and Canada and is listed on Amazon.ca. He has also written many newspaper and magazine articles that have appeared in national media under his own name or those of his clients.



Nothing a CEO says or does is personal—it's all part of the brand

Branding helps customers to make buying decisions without doing extensive research

A Fortune magazine editor once observed that “if you want to analyze a corporation, read its financial statements. If you want to plumb its soul, talk to its chief executive.”

Taking the argument further, if the brand is intended to present the company's soul to the world, it can be argued that the CEO is the brand, or, at the very least, a critical component in its creation and management. In today's crisis-prone environment, the CEO and senior executive team are personally responsible for the brand, not just in selecting and managing the people who develop and protect it, but also by their own behavior and personal standards.

In many ways, the CEO, whether past and present, personifies the corporation and presents its values to the world. When people think about Microsoft, they think of Bill Gates; Apple is Stephen Jobs; Berkshire Hathaway is Warren Buffett; Oracle is Larry Ellison; Sun Microsystems is Scott McNealy, Martha Stewart Living Omnimedia is still Martha Stewart, despite a few months' absence from her executive responsibilities at government request.

“Everything a CEO says and does is no longer personal. It is attributed to the company,” says Shelly Lazarus, Ogilvy & Mather chair and former CEO.

Customers

As a result, fairly or not, many potential customers and investors feel about these companies the same way they feel about their founders and senior executives, whatever their current earnings or product initiatives. And, as the Martha Stewart example proves, a strong brand image can,

Customers' feelings about a company are strongly influenced by their view of the person in charge

over the longer term, trump even the direst personal circumstances, up to and including incarceration.

In a period of increasingly Internet-driven price competition and product commoditization, the executive brand can only get more important as a way of bridging the growing disconnect between consumers and the corporations trying to win their business.

One of the key benefits of branding is that it assists the consumer to draw positive conclusions about a company and its products or services without having to do the extensive research necessary to make an informed decision. In most cases, potential customers do not have the means or expertise to understand the technical or quality claims of a particular brand.

But even in the earliest stages of the buying process, they can narrow their range of choices by brand: if they're looking for a very high quality pen, they'll immediately think of a Montblanc or Monte Cristo, without any knowledge of either's current product offerings; if they're looking for a reliable passenger car, they'll often trot off to the nearest Honda dealership as their first order of business; if a devoted husband wants to buy his wife jewelry for their anniversary, Tiffany's is likely one of the first retailers he'll visit.

These brands attract immediate interest because of customer perceptions that have been assiduously developed and managed over years, if not decades. It's not the specific product or service that is the motivator, it's the customer's feelings about the company that launch the buying process and influence the ultimate decision. Those feelings are significantly affected by the buyer's perception of the man or woman who's running the company.

The CEO's reputation affects stock market performance

“Despite the size and complexity of modern corporations, the person in charge still sets the tone, defines the style, becomes the company’s public face,” says Fortune magazine.

Perhaps the most obvious example of this simple truth is Martha Stewart. Her phenomenal success has been built on marketing her own (alleged) lifestyle as a brand. She’s convinced millions of consumers that sharing some small facet of her daily existence by using the products she markets or recommends is the path to happiness. CEO branding can’t get much more personal than that.

Investors

Executive branding offers an opportunity to humanize the face of the corporation, not only to existing and potential customers, but also to such critical stakeholders as employees and investors.

In some respects, capital markets behave in much the same way as consumer markets, because both involve making buying decisions. Surveys have repeatedly shown that companies that have a CEO at the helm who is well known and highly regarded tend to perform better in the stock markets of the world.

David Larcker, professor of accounting at the Wharton School of the University of Pennsylvania, has calculated that a 10% positive change in a CEO’s reputation results in a 24% increase in the company’s market capitalization.

In his book *CEO Capital: A Guide to Building CEO Reputation and Company Success*, Dr. Leslie Gaines-Ross said that the business decision-makers he interviewed “reported that nearly fifty percent of a company’s reputation is attributable to a CEO’s reputation. This is not

A media interview
is an
opportunity—not
a threat

strictly an American phenomenon. In both Europe and Asia, we found that CEO reputation plays a large role in how companies are perceived.

“Stakeholders are paying more attention to the comings and goings of CEOs than ever before. For better or worse, people view the chief executive as a company surrogate and as the embodiment of the company’s soul.” Again, like Fortune, Gaines-Ross considers the behavior of the CEO to offer insights into a company’s soul.

Reaching out

That perception can offer an enormous competitive advantage to those business leaders who choose to seize it. But many executives don’t take advantage of the low-cost, high-yield opportunity that executive communications offers to enhance their brands. For example, a study showed that Canadian CEOs regarded the news media as the greatest threat to a company’s reputation. This attitude ignores the simple truth that the media can do a great deal to enhance their reputations if their media relations activities are managed strategically within a comprehensive executive communications plan.

Too often, however, executives make excuses for not reaching out to, or at the very least, responding with sensitivity to media requests. Some cite time constraints, others take the defeatist view that the outcome will inevitably be negative so “Why bother?” There are even a few who argue that handling the media is the exclusive responsibility of their PR, IR or corporate communications staffers, declaring “That’s what I’m paying them for.”

Unfortunately, whether these leaders like it or not, if they’re senior executives of public companies they are, by

Being granted the opportunity to state your case publicly is a gift

definition, “public figures”, with all that phrase implies. Just as Brangelina, Tom and Britney are closely watched everyday by the entertainment media, today’s CEOs—their public performances at AGMs, their presentations to analysts, their interviews on Bloomberg, CNBC, CNN and BNN—are all grist for the mill of 24/7 media coverage.

Fears and doubts sometimes arise because senior executives simply don’t understand how the media work. Certainly, there are a few journalists around who are resentful of successful business leaders and, at heart, anti-capitalist, but the vast majority, particularly in the business media, are looking not only for a good story today, but for an enduring relationship that will deliver a steady flow of publishable material. That’s what gets them regular bylines and good story placement, or, in the case of broadcasters, frequent airtime. Since reporters don’t have subpoena powers to force you to submit to their questions, on balance they need you more than you need them. And they know it.

But they won’t be sloughed off to subordinates. They want to hear it from the CEO personally. To them, a story has much more weight—and impresses their bosses in the newsroom far more—if it quotes the CEO rather than the Manager, Media Relations or the Director, Corporate Communications. Having apparent easy access to the CEO of a major corporation increases their brand value to their editors. As a result, unless the CEO has dumped tons of toxic waste into the local water supply or been caught cavorting lasciviously with an admin assistant on YouTube, most of the interview questions will be “softballs,” such as “How did you achieve such encouraging growth despite the economic slowdown?”

Unless you've
doing the perp
walk, business
media coverage is
likely to be
positive

Correcting misinformation

You might even get a chance to answer any criticisms based on misinformation that have entered the public domain: "Some people say that you didn't move quickly enough to deal with [the crisis du jour, in the eyes of the media]. How do you respond to those people?" Opportunities like this to state your case to a national audience should be seen for what they are: gifts.

But what happens if you are faced with the kinds of tough questions that keep CEOs awake at night? With some careful planning and review, virtually all of them can be anticipated and answered satisfactorily, particularly when, as often happens, they are grounded in misunderstanding or ignorance. The key is to encourage your subordinates to come up in advance with the worst questions that anyone might ask and then craft careful but honest answers that emphasize the positive things you're doing. For example, if you know you're going to get media calls or interview requests about a product recall, call in your lawyers and communications staffers ahead of time to draft an apology to customers and a detailed statement of all the actions you're taking to remedy the situation. People understand that even major corporations can have problems every now and then; what they can't forgive is evasion, arrogance and insensitivity.

And, I would argue, despite the appearances to the contrary inspired by memories of Jeff Skilling of Enron and Dennis Kozlowski of Tyco doing the perp walk, the overwhelming amount of business coverage is positive, or at least neutral. Certainly, if a CEO is taken away in handcuffs, that's hardly a plus for the company that employs him or her. But it's the kind of media event that

In times of crisis,
credibility is
everything

sticks in the memory for years; most executives forget how often, for example, Steve Jobs generates hundreds of millions of dollars worth of free publicity every time Apple holds a major product launch—the iPad being the most recent example. And his company’s stock price usually takes huge jump in the post-launch days as well.

In addition, of course, the directors and shareholders want to see the CEO aggressively promoting the organization at every opportunity to increase the long-term value of their holdings.

Perhaps even more important, a CEO’s good personal reputation and strong brand can be money in the bank of media goodwill when a crisis hits, particularly when it involves significant property damage, personal injury or even death. When a credible CEO says the company is doing everything it can to mitigate the consequences of the catastrophe, he or she is believed by the media and the public. Whatever steps are being taken will be reported in a positive way as a sincere effort to make things right. A CEO with a dodgy reputation uttering exactly the same words can expect to be greeted with suspicion and disbelief, and any remedial measures he announces will be deemed unresponsive and insufficient.

Employees

But the CEO needs to have a strong personal brand for more reasons than supporting stock prices and managing occasional crises. On a day-to-day basis, employees want to work for a boss who is universally respected and who is out there telling the world that they’re part of a great company. “The biggest single influence on a culture is the company’s boss,” says *The Economist*. “Employees set their behavior by the pole star at the top.”

The CEO brand encourages employees to live the corporate brand

"I'm the airline's most visible employee, and its most powerful," Gordon Bethune, the former CEO of Continental Airlines, once said. "When something goes right—or wrong—the employees and the customers know exactly where to look for an explanation."

The CEO brand not only communicates what the company stands for to shareholders and customers but it is also a way to inspire employees to do their jobs in ways that advance the corporate agenda.

Awareness of purposeful, credible and moral behavior on the part of the CEO will foster the same kind of behavior from employees; anything less will lead to a steady erosion of values and job performance. The CEO brand encourages employees to live and expand the broader corporate brand.

"Thousands of employees know me only by reputation, so in a real sense, my reputation is everything," says David Pottruck, former CEO of Charles Schwab

As Wal-Mart's executive team has learned, it's also important that the CEO present the same face to employees as he or she does to the public. For years, the company has been subject to allegations in the media and the blogosphere that it hires illegal aliens, mistreats cleaning workers, offers substandard employee benefits, and ignores community concerns about the impact of new stores on local businesses. A few years ago, Wal-Mart's image improved considerably when then-CEO Lee Scott strove to project an image of Wal-Mart as fair-minded and sensitive to the communities in which it operated. And--for a while--it worked.

Show everyone
the same side—
particularly
employees

But then, as Wikipedia reports, “on February 17, 2006, a headline in the business section of the New York Times reported a leak of Scott’s internal website, “Lee’s Garage”. The site had started as a means of communicating with his far-flung managers but was now accessible by all employees. A disgruntled manager allegedly disclosed the site to the Wal-Mart Watch website, which reprinted the article. The article portrays a side of Scott different from what he conveys in public. He apparently was sarcastic toward managers who questioned the company’s benefits and other policies, labeling them as disloyal.” Scott’s image never fully recovered and he eventually gave up the CEO role.

Claiming
ownership of an
issue

Control

One way to launch an executive communications strategy is to focus your initial branding efforts on controlled environments that allow you to enhance your profile and develop your messages in relatively comfortable settings. This might involve setting up a series of monthly or quarterly coffee talks and town hall meetings with employees to build the personal brand internally. Externally, it might be useful to arrange for a series of between four and six public appearances annually before receptive audiences such as the Executives’ Club of Chicago, the Detroit Economic Club, The Conference Board, and Town Hall Los Angeles in the United States or, in Canada, the Economic Club and the Canadian Club of Toronto.

You can't shut
down the
conversation
about your
company in
blogosphere—but
you can
participate

At their events, these organizations treat their guest speakers well, attract influential business and political leaders whom you want to know, and can be helpful in securing local or even national media coverage if that is desired. In addition, being acknowledged as someone worth listening to by such prestigious organizations supports the quality of the CEO brand itself.

Of course, this also means that the CEO speaker must have something to say that is interesting and insightful. Such speaking engagements are not opportunities to launch new products or brag about your latest financial results. The CEO needs to work with communications staffers or external consultants to develop a theme and prepared a well-researched and -reasoned argument that deals with an interesting issue that not only contributes to public debate but also advances the corporate interest in some way. Examples might be the need for less (or more) government regulation in the CEO's industry; less (or more) support for existing training programs to address skills shortages; less (or more) reliance on H1-B visa workers; less (or more) government involvement in private-sector export initiatives, etc.

The Conversation

In addition to media relations and public appearances, a whole new element in executive communications grown virtually exponentially in recent years: social media.

This development has put an end to any hope that a corporation might have had of "controlling the brand."

Manage your
investment in
CEO branding
through
diversification

There are millions of conversations going on in the blogosphere at any given moment, and hundreds, if not thousands, might well be about you or your corporation. You have two choices: to take part in the conversation or to stay away. If you choose to stay away, however, don't imagine for a moment that you've shut down the conversation. It's still going on without you, whether you like it or not.

Says social media expert Joel Postman, author of *SocialCorp*: "Companies with CEO bloggers are very well respected in the blogosphere. Having a CEO blogger positions the company as progressive and genuinely interested in the voice of the marketplace and can contribute to a perception of the CEO as someone who is truly engaged and willing to speak directly to influencers."

The trick, however, is to include social media as part of the broader executive communications plan. It is not enough to open a Twitter or Facebook account and post occasionally when the mood strikes. How the executive blog should be used must be the subject of careful consideration with input from all the internal stakeholders, including marketing, legal, IR, PR, HR and others. If you're going to join the conversation you've got to know what you want to say, what you can say and, most importantly, why you want to say it.

Balance

When you accept that the CEO is a brand, the question then becomes "What balance must be struck to ensure that the company benefits from having a well-regarded public figure at the helm, without creating an over-reliance which could lead to new challenges when the CEO inevitably departs from the scene in a few years' time. The answer is

Personality is important to the brand—but customer knowledge is critical

to manage the company's investment in the CEO brand like you would any prudent investment portfolio: through diversification.

Assuming that you have an effective corporate succession plan in place, ensure that all of the likely contenders begin to develop their own brands well in advance of any anticipated leadership change. Establish an internal speakers' bureau if you haven't got one already, to channel the speaking invitations that come into the CEO to executives who might one day take over the top chair. Not only will this give them solid experience in taking on public engagements, but it will also help them to develop relationships with influencers in many different areas that could be important in future.

Personality

There was a time in the not-too-distant past when simply being the CEO was enough to guarantee that the holder of that august office was honest, credible and deserving of the confidence of his or her shareholders, customers and the public at large. In the wake of the many scandals and crises of recent years, the fallibility of CEOs has been well-established and their integrity increasingly called into question. The title no longer carries with it instant credibility and universal respect.

On the other hands, leaders like Jobs, Branson, Stewart, Chambers, McNealy and many others have influenced the fates of their corporations through the sheer force of their individual personalities.

Does this mean a CEO must rely on personality to create an effective brand?

A few years ago, William J. Holstein, then Editor in Chief of Chief Executive Magazine, considered that very question in a survey he commissioned.

His conclusion?

"In the cases of Steve Jobs and certainly Richard Branson, it works fabulously well for them. But the majority of CEOs rely on teams and processes and are reluctant to inject their own personalities. The common thread is that ... top brand leaders have a knack for what the customer wants, sometimes even before the customer knows it.

That instinct may ultimately be more important than whether they choose to use their own personalities or not."

The lesson here is that just because a CEO's personality is not as extroverted as Jobs' or Branson's, that doesn't mean that he needs to try to become something that he is not in order to achieve success for his corporation. At the end of the day, it's still all about the customers—what they want and how to give it to them profitably.

But it does suggest that those executives who make the effort to, in Holstein's words, "inject their own personalities" into the leadership process will do much to create and sustain their personal brand.

Conclusion

To sum up, in today's intense business environment, CEOs have brands that must be managed as carefully as other corporate assets. For this reason, they need to build their personal brands by implementing executive communications programs that enhance their own profiles while at the same time supporting their corporate brands in the eyes of customers, investors, employees and other stakeholders. Depending on time constraints and individual circumstances, these programs could include internal and external speaking engagements, pro-active media and analyst relations plans, executive blogs and other social media initiatives, article placements in selected media, and many other activities.

Through such efforts, already successful CEOs with insight and vision can do even more to provide the leadership needed to maintain and enhance the growth and profitability for their companies. And those still on the path to ultimate success for their companies can take steps now that will enable them to reach their destinations much sooner.

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