Leveraging Leadership Competencies to Produce Leadership Brand: Creating Distinctiveness by Focusing on Strategy and Results

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In a recent article, Ulrich, Smallwood and Zenger (2000) discuss the significant amount of research, time and money that has been invested in the search for a "holy grail" of leadership attributes. As described by the authors, "This holy grail, when found, would identify a small set of attributes that successful leaders possess, articulate them in ways that could be transferred across all leaders, and create leadership development experiences to ensure that future leaders possess these attributes". Ironically, while leadership matters more now than ever and while more money is spent seeking "the true" attributes of successful leaders, the quality of leadership continues to be a significant concern throughout the world of business. In survey after survey when executives are asked what is required for firms to succeed in the future, leadership tops the list. Somehow the investment in developing better leaders seems to be missing the desired impact (Ulrich, Zenger, and Smallwood, 1999).

We propose that the key to organizations getting a much better return on their investment in leadership development may depend on their ability to develop distinctive leadership brands. In marketing, developing product brand means that the product can be differentiated from other products of the same type. To improve product brand, researchers increase product efficacy while marketers work on advertising. When product efficacy and advertising are both successful, product brand is attained and the product typically achieves a price premium of about thirty percent. Leadership branding refers to the same kind of process. To improve leadership brand, leaders must increase their efficacy of attaining results while senior leaders "advertise" these results to business publications and Wall Street analysts in an effort to manage their reputation. Leadership in a company is branded when the unique attributes and specific business results are integrated for all leaders within a firm. Over a period of years, an organization may create leaders who are branded, or distinct from leaders in other firms. Leaders who develop only common attributes of leadership do not establish leadership brand. What's missing is the notion that these attributes need to be ones that clearly link to business results. Since business results are firm specific, leadership brand is always unique to a specific firm. When the attributes the leaders demonstrate are linked to desired results, distinctive branding follows. Leadership brand advances beyond generic competencies or attributes.

Microsoft serves as an example. Microsoft leaders have been much in the press lately as they face government sanctions for monopolistic behavior. Microsoft leaders are known for their attributes of high intelligence, their desire to dominate competitors, and their high technical competence. Microsoft business results revolve around moving to the Internet and maintaining software ubiquity. So the integration of Microsoft leadership attributes and business results might create a leadership brand statement such as:

> "Microsoft leaders embody high intelligence, a desire to win in every industry as well as superior technical competence so that we can successfully transition to

become a dominant Internet player while maintaining our presence in every software market."

Why is leadership brand so important? Branded leadership creates a distinct leadership culture that permeates the entire organization. If this distinct culture is aligned with the business strategy and tightly linked to the desired business results the organization is trying to achieve, it can be a source of competitive advantage. Recent research by Ernst and Young (1998) shows that between 30-45% of investor decisions may be linked to "quality of management." A leadership brand creates value by differentiating a firm's quality of management. Investors are more confident in (and more willing to pay a premium price for) companies that have a track record for delivering results and that also have "branded" leaders who instill confidence in their ability to deliver again in the future.

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

Leveraging Competencies to Build Leadership Brand

Why are Competencies Important?

This article demonstrates how an organization's leadership competencies and competency models can be turned into leadership brand. Competencies are a critical lever to produce leadership brand within an organization for at least five reasons:

1. They guide direction;
2. They are measurable;
3. Competencies can be learned;
4. They can distinguish and differentiate the organization;
5. They can help integrate management practices

1. ***Competencies Provide Direction***

Most fundamentally, competencies provide organizations with a way to define in behavioral terms what its leaders need to do to produce the results the organization desires and do so in a way that is consistent with and builds its culture. They should provide the "North Star" by which leaders at all levels navigate in order to create synergy and produce more significant and consistent results. Competencies alone may provide leaders with direction, but it is only when they are combined with desired results that they are able to produce "leadership brand". For example, a generic competency might be: "Visionary Thinking". Integrated with a specific result, the competency might become: "Creates and communicates a compelling vision for the business so that investors, employees and customers understand and are committed to the direction that the organization is headed (as evidenced by investors' buying more stock, employees working harder or not jumping at other job offers, and customers' loyalty to the company's products/services)." Direction is strongest and most clear within organizations when competencies explain not only what or how to do something, but <u>why</u>.

2. <u>*Competencies (and competency development) are Measurable*</u>
A second reason for the importance of competencies in building leadership brand is that, when properly defined, they (and the impact they have on desired results) can be measured. This measurability enables organizations to evaluate the extent to which their leaders are demonstrating the behaviors believed to be critical for success as well as to assess the business-relevant return on resources invested to attain or develop these competencies in their leaders. In leadership development efforts, the effectiveness of managers in developing or demonstrating key competencies is now routinely being measured with powerful 360 feedback instruments that enable these individuals to compare their self-perception to that of their boss, peers and subordinates (Chappelow, 1998; Dalton, 1998; Dalton and Hollenbeck, 1997; Tornow, London, & CCL Associates, 1998). If I get feedback on how "visionary" I am perceived to be and I think I am "highly visionary" whereas others see me as "not visionary" that is important to know. The ability to know if individuals are demonstrating the behaviors judged to be critical for producing the organization's desired results and/or are making progress in developing them (as judged by follow-up measurement) is a critical aspect of being able to strengthen an organization's leadership brand. If the measurement of competency development progress is also coupled with the measurement of the impact of these competencies on business results this heightens the organization's capability to progress in its development of leadership brand.

3. <u>*Competencies Can be Learned*</u>
A third reason is that competencies can be learned. This means that if an organization determines the kind of leadership behaviors critical for its success they can enhance their success in creating leadership brand by taking steps to develop the capability of their leaders to demonstrate these competencies on-the-job. Unlike personality traits, competencies are characteristics of individuals that are (relatively more) malleable-they can be developed and improved. Continuing our example from before, now that I know that I am not perceived as very visionary by my colleagues, I need to learn and demonstrate some more visionary behaviors. There are lots of ways I could do this:

- Hold more meetings where I review where we've been, where we are, and where we are going in the future;
- Take a speech making class where I learn how to come across as more decisive;
- Get a wardrobe consultant and change my clothes and haircut to look more like visionary people I know;
- Etc.

4. <u>*Competencies Can Distinguish and Differentiate the Organization*</u>

A fourth reason why competencies are important for developing leadership brand is that they represent a behavioral dimension on which organizations can distinguish and differentiate themselves. While two organizations may be generally alike in the kinds of financial results they achieve (as well as results related to their employees, customers, etc.) the way in which they accomplish this can vary depending on the competencies that fit their particular strategy and culture. Having a brand that is differentiated can enhance its value. Steve Jobs is a great example of integrating the vision of a company with the vision of a person. Apple seems visionary again, because it is associated with Steve Jobs who gets a lot of PR for being visionary. Actually delivering some visionary new products helps a lot too.

5. *Competencies Can Integrate Management Practices*
Finally, competencies are important for producing leadership brand because they can provide a structured model that can be used to integrate management practices throughout the organization. With competencies appropriately defined, organizations can align their recruiting, performance management, training and development and reward practices to build and reinforce key valued behaviors. Employees in many organizations can feel pulled in multiple directions when HR practices reinforce and demand competing priorities. If employees and their managers are responding to "mixed signals" about what is important within the organization their capability in producing a recognizable and distinct leadership brand is diminished.

What is Wrong (or Lacking) with Current Competency Models ?

Most organizations are concerned about leadership and leadership development. Following the guidance of leading competency modeling practitioners, many have developed their own competency models or architectures to define the overall leadership behaviors expected in their culture and, in addition, may have invested in the creating a number of additional job or role-specific models (Boyatzis, 1982; Dubois, 1998; Linkage, 1997, Lucia and Lepsinger, 1999; Spencer, McClelland & Spencer, 1990; Spencer and Spencer, 1993; Parry, 1996; Raelin and Coolidge, 1996) . These models typically define 10-25 key behaviors that effective leaders are expected to develop and demonstrate and are becoming fairly commonplace in corporate America. Despite the significant investments many organizations have made in competency modeling efforts, the models produced have not necessarily helped them to reach their goal of developing the leaders they want and need (much less created for them a distinctive leadership brand that could lead the investment community to attribute greater value to their company). Why is this so? There are five fundamental reasons.

1. *Competencies are Focused More on Behavior than Results*
Most organizations that have competency models have taken the approach of defining each competency in terms of how leaders are expected to behaviorally demonstrate it, but stop short of explaining **why** demonstrating it has business relevance. As a result, competencies often end up being perceived as "soft" stuff (all about style, not substance).

Part of the reason this occurs is tied to how the competencies themselves are often developed or "chosen" for the organization.

One of the best approaches to competency modeling involves a rigorous comparative analysis of "star" and average performers in order to "cull out" the few powerful behaviors that actually account for the significant differences in performance between the two groups. While it is possible to develop competency models in ways that strongly link them to the results that a particular organization needs to attain, such methodologies can be time-consuming and expensive to implement. Many organizations make the decision to develop their competencies more quickly and less expensively.

Examples of competency modeling that are fairly typical and not as rigorous include:

- using focus groups or expert panels of employees to employ an open-ended process to discuss and identify what competencies the "experts" believe are important for getting good results,

- simply asking focus groups to rank-order the relative importance of a pre-determined set of generic competencies (e.g. Lominger Career Architect, 1992) and pick those they feel are most critical in their organization, or

- simply picking an *already developed competency model* because it looks complete and describes leadership behavior in a way that organizational leaders feel makes sense (e.g. , Covey's Seven Habits (Covey, 1989) or Goleman's Emotional Intelligence (Goleman. 1998).

While these methodologies offer speed, convenience, and relatively low cost, their success in identifying competencies that will help their leaders to attain the specific results-outcomes that fit an organization's particular strategy and business is likely to be highly variable. Given the reliance on the "focus group" approach, their value ultimately depends on the depth of the insight and wisdom of the participants involved in the process. While the resulting model may have the "buy-in" of the participants because of their involvement it may not be the "right" model.

Regardless of how an organization reached its competency model it will be difficult to maintain its credibility with line managers and employees unless the competencies can be demonstrated to be clearly linked to getting the results the organization desires. Sears (Rucci, Kirn, and Quinn, 1998) provides a good example of how competencies that are believed to be critical for success can be evaluated on a prospective basis and modified if appropriate. By evaluating the linkage between certain leader behaviors believed to be important and key employee results (e.g. retention, commitment) they discovered that some competencies they believed to be important were not, while others that were initially not considered at all emerged as critical. Organizations that invest the effort to build competency models and introduce them throughout their entire organization owe it to themselves to <u>assess their linkage to results</u>. Doing so will help guarantee that they are adding real value and will remain relevant over time.

2. *<u>Competencies are too Generic</u>*
In a recent workshop, we had 10 participants post their leadership competency models. These firms, from different industries and with different strategies, all had nearly identical desired attributes for successful leaders. For example, leaders in all firms were expected to act with integrity, set a vision, have energy, execute strategy, and energize others. If we had to match the 10 companies with the competency models they presented, it would have been impossible. All the desired attributes were generally the same.

In "branding" terms, these companies had somehow ended up with a generic leadership brand much like the generic product aisle in a supermarket in which one product is indistinguishable from one another. There are multiple ways this can happen. One scenario is for the selection of an organization's leadership competencies to be heavily influenced by the latest #1 leadership book that the CEO read on a recent long plane trip. Not surprisingly, the result may look very much like those of other organizations (whose CEO's may have read the same book) that it will not be very helpful in helping the particular organization achieve its desired business results nor in establishing a distinctive leadership brand.

Another scenario that leads to generic rather than distinctive leadership branding is when the competency development process focuses primarily (if not exclusively) on identifying fundamental general behaviors that are essential for human beings to interact effectively with each other (e.g. having emotional control, doing the most important things first, demonstrating interpersonal understanding and sensitivity, etc.). While such behaviors are undoubtedly valuable in making leaders better people, they are not likely to be <u>sufficient</u> for helping a business achieve its desired results. If leadership competencies are to help an organization achieve its desired business results and create *distinctive leadership brand*, they must be able to articulate the more *specific* behaviors that a *particular* set of leaders, in a *particular* industry, in a *particular* organization, with a *particular* business strategy, and a *particular* history, culture and set of values need to demonstrate to succeed.

3. *<u>Competencies are Linked to the Past and not the Future</u>*
Some competency modeling development processes begin by identifying current high and moderate performing leaders and then do critical incident analysis to determine what knowledge or behavior separates these two groups of leaders. This is potentially problematic because, even when done well, these models may identify what successful leaders did to get them where they are, <u>not</u> what they will need to do to continue moving the company forward. Effective competency models need to be clearly tied to a firm's future strategy. They need to be able to answer the question: "Given our future strategy, what knowledge, skills, and abilities should our leaders possess?" The answer today may

not be the same as it was five years ago.

4. *<u>Insufficient Attention Paid to Competency Application</u>*
It is not uncommon for organizations to invest more time and energy (and perhaps money as well) in developing competency models than they do in practically applying them. Sometimes this is because the organizations may be trying to save resources while, in other cases, it may be because applying the competencies may be complicated by organizational politics or potential resistance. This results in such scenarios as

- leaders getting feedback about their competencies but not being provided with powerful, practical development ideas, training programs etc. to close performance gaps
- competencies being used to guide or manage the behavior of middle managers but not being applied the senior executive level
- competencies being used to help direct "personal development" of employees but not being included in the performance management process that could end up affecting their compensation.

The key consideration here is that the job is not complete simply because the organization has developed its leadership competency model. If the model is "the right one" it needs to be applied aggressively, creatively and comprehensively. Employees generally have a good sense regarding whether their organization's competencies are merely "window dressing" or are really being taken seriously. If the model has been developed in a manner that links competencies to the desired results of the business, an organization must do as good or better a job in applying it as it did in developing it.

5. *<u>Competency Models are Owned by HR more than Line Management</u>*
Too many times, the work of developing competency models or architectures is delegated to others (e.g. task forces, human resource professionals, outside consulting firms) while the senior executives, who will eventually need to represent it, stay far too distant from its development. As a result, the model may get executive "approval and blessing" but not executive use. It may be treated as a tool to serve the rest of the organization while the senior executive group continues to use its own shorthand and shared perspective about what makes leaders effective.

As an example, the organization's "official competency model" may call for "collaboration and teamwork" while its key senior executives may most admire and continue to promote "individual heroes". If an organization is going to be serious about developing a strong leadership brand, such gaps and "disconnects" cannot be allowed to exist. The organization's leadership competency model must be aligned with its executives' own personal leadership models and its executives must both use it and live it.

What Needs to be Done?

The likelihood of competency models producing strong leadership brand is enhanced to the extent that they measure up against five fundamental standards. The standards against which competencies must be evaluated include: 1) linkage to and balance across the organization's key result areas, 2) alignment with business strategy, organization capability and values, 3) connection to the organization's enabling systems, 4) differentiation of expectation by role or level within the organization , and 5) alignment with senior executive leaders' beliefs and personal role modeling. These standards are summarized in Table 1.

1. **Competencies must be linked to the organization's key result areas and balanced across them.**

In order for an organization's competency model to support the accomplishment of its desired results the two have to be linked. The stronger, more explicitly and more effectively they are linked, the better. While this may seem to be an obvious point, many organizations pay attention to competencies primarily for the purpose of employee cultural alignment or individual personal development, while objective and goal setting for business results are treated separately as part of the performance appraisal process. In addition, even when competencies are linked to the accomplishment of specific results they may not be selected and leveraged to produce outcomes that are balanced across all the organization's key result areas.

The most fundamental way to link competencies and results is to begin by defining them in results-linked language. Attributes can be more tightly linked to results by making sure that their very definition employs a **"so that"** connection to specific desired outcomes. For example, instead of having an attribute labeled "Quality Orientation" that is defined as "striving to do work more effectively and efficiently" this attribute could be defined in results-focused terms. Accordingly, "Quality Orientation" might be re-defined as "Striving to do work more efficiently and effectively ***so that*** our product quality is measured at the level of 25 (or fewer) defects per 1,000." Another example would be to define the attribute "Teambuilding" as "enables team members to take ownership of their work and celebrates their successes ***so that*** talented employees feel more committed to their work team as measured by their retention and by an employee commitment index." This approach to competency definition ensures that, from the start, employees are thinking about desired results, not just desired behaviors.

A second key way to strengthen the results-connectedness of your organization's competencies is to ensure that they support the accomplishment of desired results that are balanced across multiple stakeholder groups. While a focus on satisfying investors by reaching financial bottom-line goals is critical to any organization's success, it is hard to reach those goals consistently and over a long period of time unless attention is also given to achieving employee, customer and organization results (see Kaplan and Norton, 1993; Ulrich et al 1999). This concept, popularized by the balanced scorecard work of Robert Kaplan and David Norton, professors at Harvard Business School and respected consultants, is termed the "balanced scorecard".

Leaders who excel in only one area are not effective leaders. Achieving high employee results, demonstrated by high levels of employee commitment and skills, means little if employees' efforts fail to satisfy customers. In such cases, the leader has failed the balance test. Without balance, companies are generally not able to reach their goals on a consistent basis and will never be able to establish a strong leadership brand.

A good example of a company that has developed a very strong leadership brand by delivering consistent strong results and defining a set of key competency behaviors that are expected of their executives is Cleco, a regional utility in Louisiana. David Eppler, their CEO makes a point of managers being evaluated not only on their ability to "make their numbers" (the "what") but also on their ability to do it in a way that will work in the long-term best interests of the organization (the "how"). Eppler has continued the tradition of investing in leadership development at Cleco as deregulation rocks the formerly stable utility industry. Cleco is investing in new deregulated businesses while maintaining their traditional regulated business. In the meantime, Cleco leaders at every level continue to invest time and money to ensure that every leader understands the direction of their businesses, how they will be held accountable and what attributes will enable their success. Not surprisingly, as they have re-cast their business strategy and organizational structure to compete more effectively in a de-regulated marketplace they have revised their competency models to better support the accomplishment of the results for which they are now striving.

Organizations that are interested in strengthening the results-linkage of their competencies need to ensure that there are specific competencies in their models that help support the accomplishment of desired outcomes across each of the key results areas and stakeholder constituencies. For example, to produce "employee results" an organization's competency model might include "Coaching and Development". To produce "organization capability results" the competency model might include "Focuses on Speed" or "Emphasizes Quality". To produce "customer results" the model might include "Customer Focus"; and to produce "investor results" the model might include "Business or Financial Understanding". Table 2 provides an example of the kinds of metrics that might be used to assess outcomes in each of the key result areas as well as examples of competencies that could specifically support the accomplishment of such results.

2. **<u>Competencies must be aligned with current strategy, organization capabilities and values</u>**.

Competency models that produce strong leadership brand must be closely aligned with the strategy of the business and with the organization's core capabilities and values. To begin with, they must be current and able to support where the company is headed, not just reflect what made it successful in the past. For example, a company that has been successful because of its focus on developing and selling innovative software directly to customers (strategic focus on *technical leadership*) may decide instead to leverage its understanding of software and customer needs by creating an Internet site that brings customers and software developers together (strategic focus on *customers*). In this case, the company's competency model may then need to de-emphasize competencies that support core capabilities in product development (e.g. Technical Leadership. Innovative Product Design) and more strongly highlight core capabilities in building and sustaining customer relationships and loyalty (e.g. Marketplace Understanding and Customer Focus). To produce strong leadership brand the organization's competency model must be clearly aligned with its current strategy.

The likelihood of an organization's leadership competency model helping to drive the accomplishment of desired business results can further enhanced to the extent that it identifies and includes specific leader behavior that contributes to strengthening the organization's core capabilities essential for successful strategy execution. For example, if GE decides it needs to focus on building Speed and Boundarylessness throughout its entire organization there had better well be competencies in its leadership model that focus on Speed and Boundarlyessness (of course, there are). Linking leadership competencies to specific organizational core capabilities is yet another way in which organizations can build a leadership brand that is distinct rather than generic and that will increase their chances for achieving the particular business results they have targeted. One good example of a methodology that can be helpful in achieving such linkage is Lominger's <u>Organizational Architect</u> (1996).

A final consideration in creating distinctive leadership brand is to ensure that an organization's competencies are clearly aligned with its values. Embedding values into an organization's competencies pays two major dividends. By translating values into specific behavioral expectations that operationalize them in the "on-the-job" world, they become more likely to be understood and practiced. A second pay-off is that aligning an organization's competencies with its values creates an opportunity for creating more distinctiveness and unique identity. A good example here would be Herb Keller's Southwest Airlines that would likely have "Sense of Humor" in its employee competency model because "having fun" is such a key value in the company's culture and is part of its business success.

Maintaining the alignment between an organization's leadership competencies and its strategy, core capabilities and values is an ongoing endeavor. Leadership competency models need to be updated periodically as an organization changes its strategy, and/or as it successfully develops certain core capabilities and identifies that other capabilities may be needed to move its performance "to the next level". While many of the fundamental aspects of what leaders do to be effective are constant and may not vary significantly, the particular behaviors that leaders in a specific organization must be focusing on and demonstrating to their people need to adapt along with changes in the marketplace, the industry and the organization's own development.

3. **<u>Competency expectations must be differentiated to fit with varying employee roles-- yet integrated from top to bottom.</u>**

Two aspects of the architecture of an organization's competency are particularly critical in enhancing branded leadership. The first focuses on the extent to which competency expectations are similar and shared throughout the organization. It is a common sense principle that all employees of the organization need to "be on the same page" and "pulling in the same direction" in order to optimize success. In competency model terms this can be accomplished by creating a competency architecture that highlights a limited number (typically 6-8) of core competencies that all employees (from the CEO to the mail room clerk) share as an expectation to guide behavior. Organizations will, of course, need to allow some variation in competency expectations from one functional area or unit or job to another, but this variation comes into play only after the core competencies are addressed. As discussed earlier, these core competencies need to be carefully selected so that they focus on the most critical few areas of organizational capability that are essential in executing the strategy of the business. More specifically, organizations need to begin by determining what strategic organizational-level capabilities it they will need to focus on to win. For example, one company may select a strategy based on efficient production and low-cost while another focuses on technological innovation and being first-to-market. Not surprisingly, the core competencies that these two organizations need to develop to create successful leadership brands must be different because their business goals and approaches differ.

An organization's competency model that is focused on providing direction to individuals regarding what they need to do and how must be aligned with the way in which the organization overall is trying to compete and win in its marketplace. Putting more chips on fewer squares rather than trying to be broad, comprehensive and "cover the board." will not only result in employees being able to focus more effectively on what's really important but will also produce a competency model that looks more like your organization's, not like everybody else's. This kind of distinctiveness is key to creating leadership brand.

The second aspect of a competency architecture that can enhance leadership brand distinctiveness involves defining each core competency in a manner that provides different expectation levels that match with the different demands of people's roles (e.g. individual contributor, manager, executive). While it is important that all employees have a "line of sight" to what is expected of them and how that leads to desired results, their individual lines of sight are, in fact, somewhat different depending on their roles and the competency architecture needs to reflect it. The work of Novations Group Inc on "career stages"

(Dalton and Thompson, 1986) is clearly consistent with this concept and provides one example of an approach for defining competencies that enables people to better see how the nature of the value-add to the organization shifts throughout various stages of their career development.

To illustrate how this principle of competency architecture would work in practice, consider the situation in which all employees might be expected to demonstrate "Customer Focus" because it is a core competency of the business. However, rather than this competency being defined with a single set of 4-5 behavioral indicators that are applied to all employees at all levels (the "one size fits all approach"), three separate sets of behavioral indicators would be developed to match with three broadly different roles (e.g. individual contributor, mid-level managers, senior executives). More specifically,

- individual contributors might be expected to demonstrate "customer focus" by knowing who their customers are and doing whatever it takes to satisfy them.
- mid-level managers might demonstrate "customer focus" by taking responsibility for streamlining work processes to better fit customer needs and by helping their direct reports understand the value proposition that they need to deliver to the customer.
- Senior executives may be expected to demonstrate their "customer focus" by ensuring that the organization is focused on serving the "right" customers and that organizational resources are allocated in ways that effectively support the business being able to deliver what it promises to customers.

4. <u>Competency expectations must be aligned with the beliefs of senior executives and modeled in their personal behavior and commitment.</u>

In order for an organization's competencies to create a strong leadership brand that can help to enhance the value of the company it is critical that its senior executives are a "walking advertisement" for the brand. Their walk has to match their talk and be consistently perceived that way by employees, customers and investors. An organization that talks "accountability" can't have top executives that "shift the blame and point fingers" when things go wrong. An organization that prides itself on "flawless execution" can't afford to miss on earning estimates or sales forecasts. An organization that boasts "quality is job one" can't afford to have major product recalls. An organization that talks speed and sense of urgency can't have executives who show up late for meetings with analysts, and on and on.

The way to help increase the likelihood of strong alignment between an organization's competency model and the on-the-job-behavior of its senior executives is to make sure they are an integral part of the competency development process from the beginning. The process needs to ensure that senior executives have the chance to articulate their personal beliefs and biases about effective leadership. These very personal beliefs and biases need to get aired, considered, and, as appropriate, incorporated into the organization's ultimate leadership competency model. If this does not take place you can bet that senior executives will continue to use them regardless of whether or not they are represented in the “official” model.

5. **<u>Competencies must be connected to and leveraged within the organization’s enabling systems</u>**

No matter how good your leadership competency model may be you will not get the payoff of their contributing to developing your leadership brand unless you are leveraging them fully within your organization’s enabling systems. The enabling systems of interest here are 1) the human resources systems, 2) the information systems, and 3) the financial systems. It is important to note that it will not work for an organization to consider its’ leadership development as a separate system. If its leadership ideas and philosophy are to lead to the development of a strong leadership brand, then they must be embedded deeply into not only the world of HR but more broadly within its systems for doing business.

<u>Human Resource Systems</u>

The human resource systems provide a number of key levers for sending signals to the organization about what really matters. One of these is the recruiting and selection lever which, when linked to the organization’s competency model, can screen candidates for hire or promotion on the basis of their alignment with the critical competencies linked to producing the organization’s desired results. A second is the talent planning and development lever. The organization can leverage its competency model to great benefit if it audits the current capabilities of its workforce against the competencies and uses the results for talent planning as well as to guide investment in training and development activities that will help close critical competency gaps.

A third key human resource lever is the organization’s performance planning and management system. This system needs to be tightly connected to the organization’s competency model and can help to enhance performance particularly if each of the competencies in the model were selected in the first place because of their strong linkage to a particular result or result-category (e.g. employee, customer, investor, etc.). In the performance planning process it then simply becomes a matter of linking a particular individual’s key results accountabilities (“the what”) to the particular competencies (“the how”) that he/she needs to demonstrate to successfully deliver.

The final key human resource system lever relates to how the organization ties reward to the demonstration of competencies. An organization’s willingness to “put its money where its mouth is” can send a very strong signal to its employees that competencies are taken seriously and “really matter”. An example of how an organization might do this is would be to sweeten the incentive pay-out to individuals who not only meet their results targets but do so in a way that is very consistent with its competency expectations.

<u>The Information and Financial Systems</u>

In order to optimize their contribution to organizational performance and leadership branding, critical information on competencies also need to be aligned and embedded within an organization's information and financial systems. With regard to information systems, this translates into having information technology and/or enterprise guidance systems that help employees better leverage competency related information and applications. For example, individuals could access their own competency profile or those associated with other positions for career development planning, solicit 360 degree feedback, access competency-linked on-line development planning software, etc.. Managers could make use of it for resource allocation decisions or for determining optimal staffing for a specific kind of business unit or organizational initiative by matching competencies required by the nature of the work and competency capabilities of individuals within the organization.

With regard to financial systems, it means having information on individual employee competence not only linked to its traditional HR system components but also with its business performance metrics and tracking capabilities. This kind of linkage would enable management to be able to determine, for example, whether or not more return to the organization is occurring in those units where specific kinds of competency ratings are higher and to track the return on dollars invested to build competencies through increased productivity or lower costs that might result.

Benefits of Competency Models that Build Leadership Brand

Many organizations have leadership competency models. Few, however, are leveraging the potential contribution that these models can make to creating a distinctive leadership brand. Branding is not just developing generic attributes, but developing attributes that lead to a set of specific outcomes and that are aligned with its strategy, core capabilities and values. Employees of firms with branded leaders know what is expected of them, both in terms of how they work but also in terms of what they must accomplish at work. Customers of firms with branded leaders receive a more consistent value proposition whether it is better service, higher quality, or performance, lower pries or greater levels of innovation. Investors see the intangibles of branded leaders and offer these firms a market value premium because they have confidence in the quality of leadership within the firm to deliver results again and again. When an entire leadership hierarchy gets focused on delivering the same results and has developed models identifying relevant attributes to deliver these results, they gain and can sustain a competitive advantage.

Table 1: Standards for Competency Models that Create Leadership Brand

Standards	Specific Indicators

Linked to and balanced across key result areas	• Defined in results-linked ("so that") language
	• Linked to desired results of varied stakeholder groups
	    • Employees
	    • Customers
	    • Partners
	    • Investors

Aligned with current strategy, organization capability and values	• Future vs. past strategy orientation • Updated periodically • Aligned with organizational core capabilities essential to execute strategy • Consistent with values
Integrated and differentiated by employee level	• Competencies integrated from top to bottom in the organization • Competency expectations specific to employee's level and role
Aligned with senior executive beliefs and behaviors	• Competencies are modeled in senior executive behavior • Competencies reflect senior executive personal beliefs about effective leadership

Leveraged in the organization's enabling systems	• Human Resource Systems
	    • Recruiting and Selection
	    • Talent Planning and Development
	    • Performance Planning and Management
	    • Reward
	• Information Systems
	• Financial Systems

Table 2: Linkage of Competencies to Key Result Areas

Key Result Area	Result Metrics	Supporting Leadership Competencies
Employee	• changes in employees' knowledge and skill levels • the extent to which the company's vision is shared among all employees; • retention/turnover rates (voluntary and involuntary; low vs. high performers) • employee satisfaction or commitment index; • employee productivity	• Coaches/Develops Individuals • Vision Communication • Empowers/Engages Others • Upgrades Talent Level
Customer	• performance with target customers and market niches; • customer retention and loyalty; • differentiated value propositions and disciplined execution of market share vs. profitability trade-offs • capital invested across business processes consistent with value proposition;	• Marketplace Understanding • Builds Customer Commitment • Develops/Delivers on the Value Proposition
Organization Capability	• extent to which innovative management practices in one unit are shared across boundaries • time to introduce new products/services or take them global; • integration of customers, suppliers, and vendors into business; • performance management/compensation systems in line with delivery expectations;	• Builds a Learning Organization • Builds Speed and Agility • Creates Culture of Collaboration and Teamwork • Creates Culture of Accountability
Investor	• measurement of growth overall and by product, geography, channel, customer;, or leverage • distinction between work that creates advantage and transactional work that can be out-sourced • analysts understanding of company and its vision	• Drives Organization Growth • Manages/Leverages Resources • Applies Financial Understanding • Stakeholder Relationship Building

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Author Bios

Jim Intagliata

Jim Intagliata is President and founder of The NorthStar Group, a management consulting firm that specializes in competency modeling, senior-level executive assessment, and individual leadership coaching. He has recently partnered with the Results-Based Leadership Group to design an attribute architecture process that helps companies create unique leadership brand by developing competency models which focus on those leadership behaviors key to producing targeted business results in the employee, customer, organization and investor areas. Over the past 20 years he has provided management consulting services to a diverse group of Fortune 500 clients in a variety of industries. Prior to his management consulting experience he held faculty positions at the State University of New York at Buffalo and the University of Missouri at Kansas City and taught organizational theory and management at the graduate level. He received his Ph.D. in clinical psychology from the State University of New York at Buffalo and is member of the Division of Consulting Psychology of the American Psychological Association.

Dave Ulrich

Dave Ulrich is Professor of Business Administration at the University of Michigan where he is on the core faculty of the Michigan Executive Program, Co-Director of Michigan's Human Resource Executive Program, and Advanced Human Resource Executive Program. He is also a co-founder (with Norm Smallwood) of the Results-Based Leadership Group.

His teaching and research addresses the question: how to create an organization that adds value to customers and investors? He studies how organizations change, build capabilities, learn, remove boundaries, and leverage human resource activities. He has generated multiple award winning national data bases on organizations which assess alignment between strategies, human resource practices and HR competencies. He has published over 90 articles and book chapters. He has co-authored a number of books, including Organizational Capability: Competing from the Inside/Out (Wiley), The Boundaryless Organization: Breaking the Chains of Organization Structure (Jossey Bass), Human Resource Champions: The Next Agenda for Adding Value and Delivering Results (Harvard Business Press), Tomorrow's (HR) Management (Wiley), Learning Capability: Generating * Generalizing Ideas with Impact (Oxford), Results Based Leadership: How Leaders Build the Business and Improve the Bottom Line (Harvard Business Press).

He was the Editor Human Resource Management Journal (1990-1999), serves on the editorial board of 4 other Journals, participates in board and advisory work for consulting and professional firms (McKinsey, Saratoga Institute, Provant, Exult.com, Brigham Young University), is a Fellow in the National Academy of Human Resources; co-founder of the Michigan Human Resource Partnership; been listed by Business Week as one of the world's "top ten educators" in management and the top educator in human resources and Forbes as a leading business coach; and received professional and lifetime achievement awards from World Federation of Personnel Management, Society for Human Resource

Management, International Association of Corporate and Professional Recruitment, International Personnel Management Association, and Employment Management Association. He has consulted and done research with over half of the Fortune 200.

<u>Norm Smallwood</u>

Norm Smallwood currently leads Results-Based Leadership Group, Inc. (www.rbl.net) which he co-founded with Dave Ulrich. This group provides leadership consulting, education and assessment materials intended to increase leadership brand. Norm is co-author of *Results-Based Leadership,* Harvard Business School Press, 1999 and of *Real Time Strategy*, Wiley & Sons, 1993. He was also a co-founder of Novations Group, Inc a strategic change management consulting firm. Prior to Novations, Norm worked as an employee of Procter and Gamble and Esso Resources Canada Ltd (Exxon).