

# The Leadership Code: Five Rules to Lead By

An April 01, 2009 *Management Forum Series* presentation by

**Kate Sweetman**

Synopsis by Rod Cox

*“The measure of leadership has been described as, when everyone inside the organization behaves coherently.”*

Kate Sweetman notes that standard descriptors of leadership typically focus on the role as being the head, the director, the commander, the conductor, or the presider. But she argues that this is only part of the picture: a leader is charged with establishing and supporting a clearly defined leadership brand. *“A company with a recognized leadership brand inspires faith that the organization can deliver on its promises.”*

Using data and studies pulled together by The RBL Group (David Ulrich, Norm Smallwood, Wayne Brockbank, Jon Younger) Sweetman focused her *Management Forum Series* presentation on three questions:

1. **Why does leadership matter?** In today’s financially precarious situation where economies are sought in virtually every part of an organization, wouldn’t it make sense to economize on leadership?
2. **What is leadership brand** and how does it relate to my organization?
3. **What is my personal leadership brand or leadership code?** Why should I care? And if I do care, how can I develop it?

Sweetman generously provided a number of RBL assessments designed to help you determine your organization’s leadership brand, your own brand, and how to develop each of them. Several of the assessments are included in this synopsis.

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**Kate Sweetman** is a consulting partner with the RBL Group. She architects, develops, and delivers educational interventions that help executives and senior managers adopt fresh approaches to business, process, and people. Her clients have included Citigroup, Novartis, Verizon, Goldman-Sachs, Lehman Bros., Johnson & Johnson, British Petroleum, and AstraZeneca. In 2004, Kate and her team won the American Society for Training and Development’s top prize for developing a leadership program for Verizon that had an ROI of more than 250% within the first six months. She has a BA in English (Yale) and a MBA (Harvard Business School).

This synopsis includes concepts and quotes from her Portland, Oregon Management Forum Series presentation, as well as attendee comments and observations.

## Why Does Leadership Matter?

The value of a confidence-inspiring leadership team, rather than being “soft,” can be measured by profits. Fortune Magazine’s “Top Companies For Leadership (TCFL)” 2007 study emphasized leadership as an integral part of a business. The TCFL study:

- Proves the link between leadership and business results. Clear and consistent leadership provides superior business returns as measured by P:E (price:earnings) ratios. (A side study shows that companies with at least 20% of women in C-suite positions have over 30% higher P:E ratios than those with lower C-suite female representation.)
- Points out that leadership doesn’t just happen. In TCFL, 85% of the senior leaders place a top priority on leadership development, versus 45% of non-TCFL companies.
- Discovers that the best companies grow their own leaders. TCFL companies in every industry tend to reject senior level hires because of their lack of internal knowledge and network. Those TCFL companies that did bring on senior level hires paid unusual and conscientious attention to the process of onboarding them.

Companies that have a reputation for developing exceptional managers with a distinct set of talents are uniquely geared to fulfill the expectations of all of the stakeholders. This gives them a clear bottom-line advantage:

- Johnson & Johnson is noted for the core concerted actions of people throughout the organization. They keep the J&J credo on their desks, and they follow it. To keep it current, every three years, the credo is challenged: Do we still believe in it? Does it need to be changed?
- Proctor and Gamble leaders spend one full day every two weeks with their direct reports, focusing on developing careers, finding out what’s going right or wrong, what’s happening, etc.

Both of these companies have a solid reputation for watching out for the best interests of all stakeholders, even when it would be expedient to ignore some of them.



If every company’s leadership is judged by all of its stakeholders, is the leadership increasing value or decreasing it for each stakeholder? Is each stakeholder willing to partner with leadership? And if a company had better leaders, what would happen with its relationship with the stakeholders?

Stakeholder	Measure
<b>Employees</b>	<ul style="list-style-type: none"> <li>▪ greater competence</li> <li>▪ more learning and growth</li> <li>▪ increased career development opportunities</li> <li>▪ clear and frequent feedback</li> <li>▪ engagement, commitment</li> <li>▪ clarity of direction and priorities</li> <li>▪ visible support for initiatives</li> <li>▪ clarity about selves and family</li> </ul>
<b>Managers, Supervisors, Senior Professionals</b>	<ul style="list-style-type: none"> <li>▪ connect employee actions to desired customer experiences</li> <li>▪ sustainable technical competencies</li> <li>▪ sustainable social competencies</li> <li>▪ strategy implementation</li> <li>▪ clear expectations of leaders</li> <li>▪ effective cross-functional collaboration</li> <li>▪ provide direction</li> </ul>
<b>Executive Team</b>	<ul style="list-style-type: none"> <li>▪ greater alignment to critical issues</li> <li>▪ more consistency of action</li> <li>▪ more collaboration</li> <li>▪ organizational synergy</li> <li>▪ more intensity to critical issues</li> <li>▪ support for investments</li> <li>▪ embodiment of leadership brand principles</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>▪ higher share of wallet</li> <li>▪ greater loyalty</li> <li>▪ more willingness to collaborate</li> <li>▪ promise and commitment assurance</li> <li>▪ openness and trust</li> <li>▪ consistent value proposition delivery</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>▪ trust in word/deed correlation</li> <li>▪ perception of company integrity</li> <li>▪ law abiding, ethical focus</li> <li>▪ effective risk management and emergency response</li> </ul>
<b>Analysts</b>	<ul style="list-style-type: none"> <li>▪ confidence in future prosperity</li> <li>▪ belief in growth strategy</li> <li>▪ trust in leaders at every level</li> <li>▪ logical investments in core capabilities</li> <li>▪ positive differentiation from competitors</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>▪ higher P:E multiple</li> <li>▪ greater confidence in future</li> <li>▪ increased operating margin</li> <li>▪ growth in revenue and earnings</li> <li>▪ efficient cost control</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>▪ favorable comments about company and achievements</li> <li>▪ access and open communication</li> <li>▪ more success acknowledgements</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>▪ employer of choice</li> <li>▪ environmentally responsible</li> <li>▪ socially responsible</li> <li>▪ economic reinvestment in community</li> <li>▪ philanthropy</li> <li>▪ safe</li> </ul>

Prior to 1977, earnings and stock prices were closely aligned. They tended to track each other. But the relationship between earnings and stock price has become disconnected. In today’s stock market, only 50% of stock value can be explained by the money the company makes. Today, a company’s market value is explained by perception; i.e., by confidence or lack of confidence in the company’s future, not its past.

Thus, the challenge for today’s leaders is to inspire faith in the company’s future. By aligning organizational and technical capabilities, creating a clear, compelling strategy, and keeping promises, leaders can increase confidence in the future, and increase the organization’s capability to work in concert with its approach to the customer. This is particularly important during an economic downturn.

One might ask why, after so much leadership emphasis, are financial firms doing so poorly at present? Unfortunately, Wall Street does almost no leadership development. The emphasis is on risk mitigation and training at entry levels. In effect, Wall Street firms are swashbucklers, playing poker instead of trying to develop their people or focus on the stakeholders. As a result, P:E ratios are at their lowest point since 1931.

Recovery will be long and hard so to survive and regain its footing, firms and their leaders must pay attention to a number of imperatives:

- a must-have product
- an established revenue model
- understanding market uptake
- attracting customers who are able to pay
- owning a positive assessment of its capabilities vs. those of its competitors
- cash
- short and long-term profitability (durability)
- fostering a committed workforce (easy to slash in times of crisis, hard to get back in times of prosperity)

This is more easily said than done, of course. Organizations, like all living things, can pick up viruses that seriously affect their ability to recognize and implement the essential imperatives.

Your own organization is not immune. From the extensive list below, what viruses might be infecting it? What are the causes? What would it take to change them? (Note: To increase the validity of this exercise, *Executive Forum* suggests that you do it as a team, and that you commit to open, honest dialogue.)

Y/N	Virus	Result	Cause and Solution
	1. Over inform: tell everyone and then have a meeting.	Slows everything down	
	2. Have it my way	Promotes not learning from each other as well as a “we invented everything here” syndrome	
	3. Saturday morning quarterback	Critical of everything, sometimes even before it happens	
	4. False positive	“Nice talk” prevents problems from being discussed and fixed	
	5. Concealed consensus	Everyone has to agree before action is taken, so people say they agree when they don’t	
	6. Rearview mirror	Fear of losing the heritage prevents change	
	7. Caste: value by grade or title	Prevents needed input by all stakeholders	

8. Turfism	“My business and authority” crowds out “our business and success”	
9. Command and control: senior managers run the company	Keeps others from having a personal obligation to change	
10. Activity mania: a badge of honor	Full calendars and “busy-ness” exclude thinking and results	
11. Narcissistic competitiveness	Prevents team wins	
12. Results rule	Often trumps process and long-range strategy	
13. Crisis jumping	Actions happen only during crises	
14. Customer antipathy	Internal focus does not bring in customer criteria	
15. Authority ambiguity	When no one is in charge, accountability is not clear	
16. All things to all people	Too many priorities with no focus on the critical few	
17. Flavor of the month	No integrated initiatives; concept clutter; cynicism about new programs	
18. Over-changed	Too many changes happening at once; burn out and stress; inability to let things go	
19. Misalignment	Disjointed actions; lack of big picture strategy; lost in the details	
20. Compliancy: over-obedient	Inaction unless told what to do; upward delegation	
21. Process mania	Process takes way from outcomes	
22. Kill the messenger	Bad, yet important news is not shared	
23. Glacial response	Inability to get quick decisions	
24. Perfectionism: the right way or no way	The perfect answer becomes the enemy of good answers	
25. What have you done for me yesterday?	Nothing is good enough; always wanting more	
26. Over measure	A crowded dashboard with little positive impact	
27. Under measure	No indicators to track the important stuff	
28. Lacking sustainability	Changes don’t have a chance to take hold and grow	
29. Going for the big win	A search for mega-changes gets in the way of necessary minor changes	

	30. Skills deficit	A lack of the skills and aptitudes necessary for success	
	31. Event vs. pattern	Change is seen as an event, not a sustained pattern	
	32. Fire hydrant	Everyone has to “mark” every initiative or project before it can be moved on	
	33. Guess what’s on my mind?	The leader is unwilling to share critical information	
	34. Dog and pony show	Style over substance; endless PowerPoint presentations, but little action	
	35. This, too, shall pass	A habit of ignoring critical issues	
	36. A culture of “no”	Over-evaluation, overly critical	

## **What Is Leadership Brand?**

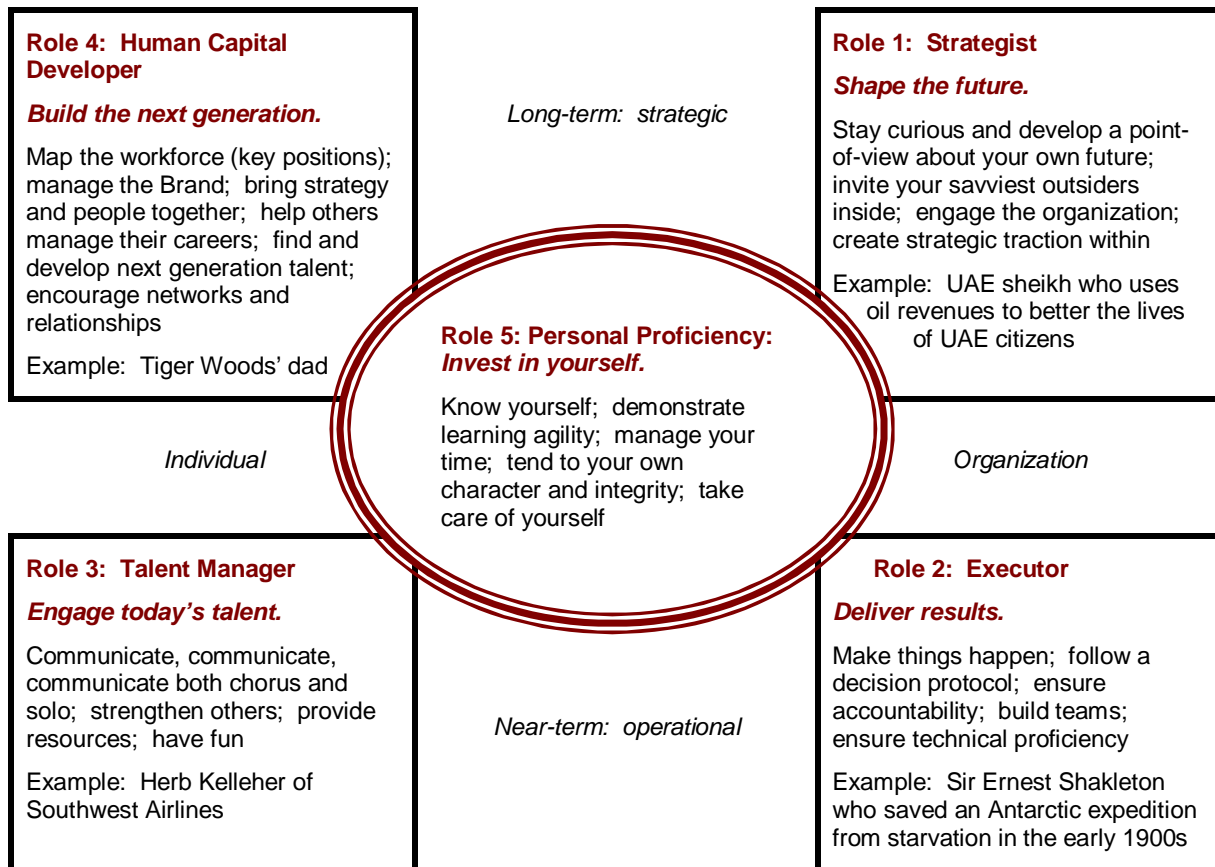
Leadership Brand is not an isolated, ivory tower concept. An effective leader will understand the customer value proposition; i.e., how your customers view your organization, and why it matters. The brand-conscious leader also knows that, in every case, the customer experience – not the leader’s ideals – will be the deciding factor. *“There cannot be a disconnect between how the organization’s leaders see the value proposition, and how the customers see it.”*

### **Leadership Code X Leadership Differentiators = Leadership Brand**

How about your organization? What is its leadership brand, and how is does that synch up with the experiences of your customers? From the left-hand column below, chose the Primary Customer Value Proposition that best describes your organization. And from the right-hand columns, choose two ways in which your customers experience it. Are they aligned? What happens to the customer experience when the columns are disconnected or misaligned? How will that affect the bottom line?

<b>Primary Customer Value Proposition</b>	<b>Ways in which your customers experience your Customer Value Proposition</b>	
<p><b>Lowest Price</b> (Wal-Mart)</p> <p><b>Superior Quality or Performance</b> (BMW)</p> <p><b>Best Service</b> (Nordstrom)</p> <p><b>Faster</b> (FedEx)</p> <p><b>More Innovative</b> (Apple)</p> <p><b>Best Value</b> (Target)</p>	<p>smart/intelligent</p> <p>intuitive</p> <p>on-time</p> <p>attention to detail</p> <p>trusted/trustworthy</p> <p>reliability</p> <p>high security</p> <p>safe choice</p> <p>socially responsible</p> <p>cool</p> <p>nutritious</p> <p>integrity/honesty</p> <p>luxurious</p> <p>accuracy</p> <p>accountability</p> <p>healthy</p> <p>tasty</p> <p>results oriented</p> <p>savvy</p> <p>expertise</p> <p>transparency</p> <p>global reach</p> <p>environment responsible</p> <p>environment sensitive</p> <p>environment responsive</p> <p>first to market</p> <p>fastest to you</p> <p>quick</p> <p>responsive</p> <p>first mover</p> <p>creative</p>	<p>ambience</p> <p>best selection</p> <p>prestige</p> <p>convenience</p> <p>accessible</p> <p>fulfilling</p> <p>safe</p> <p>engaging</p> <p>variety</p> <p>fun</p> <p>responsive</p> <p>deep understanding</p> <p>best product mix</p> <p>easiest to work with</p> <p>best deal</p> <p>discounted</p> <p>simplicity</p> <p>uptime</p> <p>consistency</p> <p>steady</p> <p>meets standards</p> <p>meets specs</p> <p>can count on us</p> <p>value</p> <p>lowest everyday price</p> <p>more efficient</p> <p>more effective</p> <p>cost in use</p> <p>value for money</p> <p>ease of use</p>

## Leadership Code: The DNA of Effective Leaders



The diagram above points out the five primary roles of effective leaders. Every leader participates in each of the roles, but is likely to have special affinity and specific strength within one or two. “Nancy is a great strategist.” “We can always count on Natalie to make things happen.” “Paul is all over succession planning.” “Let’s have Patrick pull the troops together. He knows what’s going on with everyone.” And so forth.

Of the five essential leadership roles, Sweetman points to Role Five, Personal Proficiency, as the most crucial and yet the most often overlooked. This is the role that overlaps and correlates the others. *“Being an effective leader starts with the self. If you want to build leadership in your organization, you need to model what you want others to know and do.”*

To help you get a better handle on your own leadership brand, Sweetman offers two tools, reproduced on the following pages:

- a self assessment *“to explore the strengths and weaknesses you see in yourself as a leader”*
- a Potential Personal Leader Brand Attributes list.

### Leadership Self-Assessment

Role	Characteristic	low ← → high	Scoring
<b>Strategist</b>	I have a point-of-view about the future	1 2 3 4 5 6 7 8 9 10	Total score:  Averaged score:
	I create a customer-centric strategy	1 2 3 4 5 6 7 8 9 10	
	I engage my organization in developing strategy	1 2 3 4 5 6 7 8 9 10	
	I create strategic traction in my organization	1 2 3 4 5 6 7 8 9 10	
<b>Executor</b>	I make change happen	1 2 3 4 5 6 7 8 9 10	Total score:  Averaged score:
	I follow a decision protocol	1 2 3 4 5 6 7 8 9 10	
	I ensure accountability	1 2 3 4 5 6 7 8 9 10	
	I build teams	1 2 3 4 5 6 7 8 9 10	
	I ensure technical proficiency	1 2 3 4 5 6 7 8 9 10	
<b>Talent Manager</b>	I communicate effectively	1 2 3 4 5 6 7 8 9 10	Total score:  Averaged score:
	I create aligned direction	1 2 3 4 5 6 7 8 9 10	
	I strengthen competency	1 2 3 4 5 6 7 8 9 10	
	I resource to cope with demands	1 2 3 4 5 6 7 8 9 10	
	I create a positive work environment	1 2 3 4 5 6 7 8 9 10	
<b>Human Capital Developer</b>	I map the workforce	1 2 3 4 5 6 7 8 9 10	Total score:  Averaged score:
	I link firm and employee brand	1 2 3 4 5 6 7 8 9 10	
	I help people manage their careers	1 2 3 4 5 6 7 8 9 10	
	I find and develop next generation talent	1 2 3 4 5 6 7 8 9 10	
	I encourage networks and relationships	1 2 3 4 5 6 7 8 9 10	
<b>Personal Proficiency</b>	I practice clear thinking	1 2 3 4 5 6 7 8 9 10	Total score:  Averaged score:
	I know myself	1 2 3 4 5 6 7 8 9 10	
	I tolerate stress	1 2 3 4 5 6 7 8 9 10	
	I demonstrate learning ability	1 2 3 4 5 6 7 8 9 10	
	I tend to character and integrity	1 2 3 4 5 6 7 8 9 10	
	I take care of myself	1 2 3 4 5 6 7 8 9 10	
	I have personal energy and passion	1 2 3 4 5 6 7 8 9 10	

In which of the first four domains (roles) did you have the highest averaged score? This is your area of strength, your primary Leadership Code domain. *“In our experience, every leader must have at least one towering strength, the signature strength of her/his leadership. However, the higher up a leader rises in the organization, the more she/he needs to develop excellence in the other four domains.”*

*“All leaders must be at least average in his/her weaker leadership domains. If you scored less than six (average score) in the remaining action domains, look for personal development opportunities.”*

Sweetman repeatedly reinforced the need for Personal Proficiency. *“All leaders must excel at Professional Proficiency. Without the foundation of trust and credibility, you cannot ask others to follow you. If you scored six or lower on any of the seven items in the Personal Proficiency domain, identify how you might build your competency in that area to ensure sustained leadership effectiveness.”*

## Personal Leader Brand Attributes

- ➔ Step One: From the following list, choose all of the attributes that you think describe you.
- ➔ Step Two: Narrow the list to the top six.
- ➔ Step Three: Cut the list down to just the three that most describe you as a leader.

- |                   |                 |                    |                   |                    |
|-------------------|-----------------|--------------------|-------------------|--------------------|
| ▪ academic        | ▪ accepting     | ▪ accountable      | ▪ action-oriented | ▪ adaptable        |
| ▪ agile           | ▪ agreeable     | ▪ analytical       | ▪ approachable    | ▪ assertive        |
| ▪ attentive       | ▪ benevolent    | ▪ bold             | ▪ bright          | ▪ calm             |
| ▪ carefree        | ▪ caring        | ▪ charismatic      | ▪ charming        | ▪ clever           |
| ▪ collaborative   | ▪ committed     | ▪ compassionate    | ▪ competent       | ▪ conceptual       |
| ▪ concerned       | ▪ confident     | ▪ confronting      | ▪ conscientious   | ▪ considerate      |
| ▪ consistent      | ▪ creative      | ▪ curious          | ▪ decisive        | ▪ dedicated        |
| ▪ deliberate      | ▪ dependable    | ▪ determined       | ▪ diplomatic      | ▪ disciplined      |
| ▪ driven          | ▪ easy-going    | ▪ efficient        | ▪ emotional       | ▪ energetic        |
| ▪ enthusiastic    | ▪ even-tempered | ▪ fast             | ▪ flexible        | ▪ focused          |
| ▪ forgiving       | ▪ friendly      | ▪ fun-loving       | ▪ generous        | ▪ good listener    |
| ▪ happy           | ▪ helpful       | ▪ honest           | ▪ hopeful         | ▪ humble           |
| ▪ humorous        | ▪ independent   | ▪ idiosyncratic    | ▪ innovative      | ▪ insightful       |
| ▪ inspired        | ▪ integrative   | ▪ intelligent      | ▪ intimate        | ▪ inventive        |
| ▪ kind            | ▪ knowledgeable | ▪ lively           | ▪ logical         | ▪ loving           |
| ▪ loyal           | ▪ nurturing     | ▪ optimistic       | ▪ organized       | ▪ outgoing         |
| ▪ passionate      | ▪ patient       | ▪ peaceful         | ▪ pensive         | ▪ persistent       |
| ▪ personal        | ▪ playful       | ▪ pleasant         | ▪ polite          | ▪ positive         |
| ▪ pragmatic       | ▪ prepared      | ▪ proactive        | ▪ productive      | ▪ quality-oriented |
| ▪ quirky          | ▪ realist       | ▪ religious        | ▪ respectful      | ▪ responsible      |
| ▪ responsive      | ▪ results-based | ▪ satisfied        | ▪ savvy           | ▪ self-confident   |
| ▪ selfless        | ▪ sensitive     | ▪ service-oriented | ▪ sincere         | ▪ sociable         |
| ▪ straightforward | ▪ thoughtful    | ▪ thorough         | ▪ tireless        | ▪ tolerant         |
| ▪ trusting        | ▪ trustworthy   | ▪ unyielding       | ▪ values-driven   | ▪ others . . .     |

*(Executive Forum Note: You may want to get the perspective of other people in your organization by asking them to complete the Leadership Self-assessment and Personal Leader Brand Attributes above with you in mind. Do they see you as you see yourself?)*

## Wrap-up

Sweetman concluded her presentation with a final exercise that measures your adaptive capacity. *“Leaders can’t afford to be stagnant.”*

1. Are you constantly looking for ways to improve?
2. Do you set stretch goals?
3. Do you learn new hobbies and skills?
4. Do you explore how things are done in your organization?
5. Do you stay current in your field?
6. Do you follow current events and developments outside your field of expertise?
7. Do you persevere through difficulties? Are you willing to keep working on the problems?
8. Do you help others to do the same?