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Developing business through CEO brand

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Recently Chief Executive Officers (CEOs) of business and financial organisations have been making headlines and creating news for the wrong reasons. CEOs are charged with the wrong handling of companies. Further, they become victims of criticisms when crisis erupts in the organisations.

Why do companies fail? By failure, we do not necessarily mean bankruptcy. It could be loosing market value of the company and goodwill prospects. For failure, CEOs could give many excuses, zero growth of economy, Asian financial crisis, market turbulence, depreciating rupee, inefficient workers, low productivity which they say is beyond their control. However, the ultimate reason is poor management. Managerial errors can be suicidal. Think of 'Enrons' failure, AT and T in USA. Failures are a common feature in the international Business arena.

In the recent past Sri Lankan CEOs too choose to retreat into corporate shells when they find themselves subjected to constant criticisms over poor management of the company. Consequently, shareholders have called for explanations from CEOs and expected greater transparency and better exchange of views about events that lead to the fall of the organisation.

Some Frontline, Sri Lankan Apparel, Latex, Craft products, Exporting firms, Property Development and Building Societies and Financing firms which were viable and had built up since early eighties and which could have existed along with experienced managers, collapsed. This management folly took place due to poor planning, lapse, oversight and deceit. However, it is difficult to find immediate solutions for such corporate sins. These companies have committed sins of overdosing on risks, by dysfunctional boards or dangerous organisational culture.

The corporate behaviour of these companies highlight the importance of managing the new role of the CEO in prosperous as well as declining times. In the business environment, an organisation should adapt various strategies focusing on the market changes to develop business. During the past two decades, structures of many Sri Lankan organisations remained unchanged. The companies followed stagnated corporate plans. In such circumstances, a CEO should follow an activist approach to business. Therefore, the best strategy for CEOs is to drop

frozen corporate plans and introduce practical business models.

Brand Name CEOs make concrete plans, embody the corporate planning, and decision-making process of the company. CEOs are positive of personification of the enterprise. The effective role of the CEO is becoming popular in the USA and Europe through efficient CEO branding. For example, it is difficult to think of "Virgin" without Richard Branson. Similarly, it is difficult to think of "Microsoft" without "Bill Gates" coming into mind. To the international public "Virgin" is Richard Branson, a dynamic, motivated and an innovating entrepreneur. "Bill Gates" is the brand name of "Microsoft". Consider famous "Body Shop".

CEO Anita Roddick is the soul and physique of the Body Shop. Her organisation reflects her personality. Her concern for the fauna and flora and blending it with business objectives reflect her feeling on the above issues.

Possessing a brand name CEO is an asset to any organisation.

Having a brand name CEO, could be the company's most persuasive means of distinguishing enterprise from its competing rival organisations. Nevertheless, feeding on wrong information that they need to make discussions on, can easily mislead a CEO. Sometimes, subordinates are afraid to provide negative information to CEOs, even when the CEO expects negative and positive information from them in order to guide the Company.

Landmark study

A landmark study conducted by Burson-Marseller in 1999 established that CEO's dedication and reputation has a direct effect and considerable influence in share value and goodwill of the company.

According to Ms. John Miller, marketer, Burson-Marseller survey, of 1,400 shareholders, including CEOs Financial Analysts, Economists, Senior Executives of and Business Journalists in 1999, came up with the following new findings:

- * The CEO's reputation represents approximately 45 % of the firm's reputation.

- * 90 % of the investment analysts would recommend a firm's stock, based on the CEO's reputation.

- * 80 % of respondents to the survey informed, they would believe the enterprise would prosper and be successful, if a Brand CEO takes over the company for the purpose of restructuring.

- * 70 % of respondents believe that they could

recommend the company is a good place of work on CEO's reputation.

- * Strategic partners, stakeholders and shareholders welcome proposals of branded CEOs.

The above survey proves that the CEOs reputation plays a significant role in determining the value and prosperity of the company. Positioning the CEO as the leading positive personification of the firm to give it a competitive advantage seems to be a sound investment. CEO branding is significantly important during a "down turn" in times of severe crisis and in attracting talent. "Today, one of the greatest problems a CEO faces is the low productivity of the employees. Though the greatest asset of the firm is the workforce, a CEO cannot tolerate when the workforce, brings diminishing returns to the company.

Sri Lankan CEO of a frontline Export Company accepted the fact that a CEOs role is crucial in steering the firm and said that the company is focusing on consolidating activities will continue along with emphasis on improving productivity and reducing costs. The company will also remain committed to sub-contracting and outsourcing activity to contain cost increases and continue to do so where the activity can be revived. Another CEO of an export company said that their strategy is to make the company financially strong through the reconstructing programme by stopping operations on the loss making, low productive factories and running the profit making factories well. In the western world, a CEO is empowered with the right to remove inefficient employees. The secret of the success of the firm then lies on the CEO's skill and he will have to focus on standards to ensure business efficiency and ensure that executives meet the business needs. The question is "Can the Sri Lankan CEO work as well as the CEO of the western world? Can the success of CEO branding in Sri Lanka be replicated?"

Value and goodwill

Sri Lankan business culture norms have to play a leading role to uplift the "value" and the "goodwill" of the company entering the corporate stock stage in the promotion of the company through an effective CEO. Sri Lankan CEOs have bigger roles to play in management. Sri Lankan firms must be able to tackle low productivity of employees by retrenching and training inefficient workers and managing risks focused on changing economic scenario of Sri Lanka and overseas.

However, it is observed that apart from the

frontline companies, many Sri Lankan CEO's preferred to remain quietly in their offices and boardrooms, building their business, away from the limelight of the media and expressing new ideas on changes.

There is a necessity, that Sri Lankan business culture must change with the globalised economy. Sri Lankan companies need to look beyond their fields; an international profile is needed if they are to attract overseas strategic partners and investments. They must show that their profile is worthwhile for a strategic partnership. In order to achieve this, Sri Lankan companies should avoid overdosing on risk, high gearing and living too close to the edge. The CEO's role here is to develop an early warning system against corporate oversight and insure against running out of funds. This is a Herculean task in a zero growth economic environment. Therefore the CEO must accept the challenge of guiding the company effectively through difficult times and lead it to a safer shore. This is the responsibility of the CEO in the new millennium apart from making profits and increasing the share value of the company in the stock market.

The CEOs could develop an international profile and change the culture of the company by introducing a new business model and a master plan and having a vision and strategy. Restructuring and enterprise development, technological upgrading, man power training and maintaining financial strength of the company are some of the strategies he could utilise to develop the firm. In this context, the risk management becomes a very important tool for CEOs. The time is right for Sri Lankan companies to use their CEOs knowledge to their competitive advantage because the shareholder of the enterprise seek benefit of their shares. The shareholders look for investors together with approvals for the company's new investment proposals for possible diversification.

Successful CEOs manipulate situations efficiently and attract investors, retain valuable customers and keep their best employees. The concept of CEO branding is not only for the large firm, but it can be used effectively by the medium sized companies. The stakeholders and prospective investors focus on CEO for indications of the company status and where it is heading. By the CEO being able to convey this vision, he could direct and manage the business community's perception of the enterprise. Whether the enterprise is a large entity or a medium sized company it can benefit from developing an intel-

ligent CEO as a brand. In order to develop this process of CEO brand, the CEO should be able to communicate with stakeholders, efficiently and effectively.

Once a CEO is developed and positioned as the voice of the company, it has to establish its key message to the public. Then CEO needs to master the implementation of key objectives and communicate with shareholders effectively to implement them with subordinates and directors.

Marketing strategy

The motivated CEO, with the effective assistance of the functional managers develop a marketing strategy through which the company plans to achieve its long-term customer and profit objectives in a competitive environment.

In the case of exports the brand name CEO will develop strategic plans with export managers and market his company products or services overseas. He will use marketing tools such as market research for better export planning. With the successful turnover and export performances, the CEO becomes the essential driver in the valuation of the company. The CEO may get the "high flier" message across. This will certainly enhance CEO's and company's reputation.

What does it take a brand name CEO to stand out from other business organisations? The CEO will enunciate the company's policies with conviction, guide in crisis and leverage in numerous marketing tools such as publicity campaign through media, Internet in putting across the company message. Of course, occasional interviews to media would improve the number of users of products. There are examples of few Sri Lankan companies who sailed through competition and trade regulations on Trade Practices and even established overseas manufacturing and promotional centres by using the innovative approach to international marketing to promote their products. Countries are freeing economies and businesses from excessive bureaucratic controls. Therefore CEOs of business organisations may realise that the globalisation of trade is taking place rapidly and business oriented far-eastern and western Trans-national companies are seeking to penetrate into Asian markets and European markets to enhance their business presence. Unless Sri Lankan firms develop an interventionist approach and become pro-active, this competitive situation will create an uneasy business environment for the Sri Lankan exporters and trading companies.