The Identity Effect: Cracking the Code on Value Creation

How Identity-Based Management Drives Employee Engagement and Business Performance

Issued by:

THE IDENTITY CIRCLE

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Identity: A New Lens on Value Creation

Creating value – making a proprietary contribution in the marketplace – is necessary for long-term business success in any economy. It guarantees consistent demand from customers and is the source of sustainable competitive advantage, elevating the highs and tempering the lows that are part of our increasingly volatile global economy. All successful companies create value, but how many truly understand what enables them to do so – year after year after year? And how many know how to use that understanding to improve performance and assess new opportunities and strategies?

Technology, capital, innovation, and products and services are the usual suspects when it comes to identifying the sources of value creation. But the roots of value creation run deeper. At the bottom, the ability to create value can be traced to this: the core identity of a company and, equally, the identities of its employees. ***Identity is the unique characteristics that reveal a company's or individual's value-creating potential.*** Clarify, tap into, and align these "natural resources," and value creation invariably follows.

If there is a "secret" to why identity is such a potent force, it is because identity provides us with a wholly different lens through which to understand and respond to conventional challenges. The discipline of **"identity-based management"** is the vital counterpoint to business economics. It completes the picture we must see before we can make fully informed decisions – decisions designed to benefit companies, their customers, investors and the employees they count on.

But how can we translate our instincts about identity into actions that will allow us to harness this extraordinary force, so we can use it to its fullest advantage? To what extent does identity strength – a characteristic we can actually measure, quantitatively – explain why some companies succeed and others struggle? And what role does identity really play in the carefully crafted equation that defines a company's relationship with its customers, employees, and other stakeholders?

Let's take a look at an example – Dow Chemical – and see.

Dow Chemical: A Real-World Parable on the Power of Identity

In ancient Greece, the Oracle at Delphi issued the now famous injunction: "Know thyself." As the following brief account of one company's effort to understand and employ the power of its value-creating identity reveals, the Oracle was right. By clarifying its own identity, Dow Chemical obtained the ability to view its business in a new way, and was able to break out of a pattern of stagnant revenue growth.

It was 1999. Dow Chemical had been searching for ways to spur top line growth beyond annual returns, which had only matched GDP at 3-4% for many years. Under the auspices of then CEO William Stavropoulos, Larry Ackerman led a team to explore how Dow might strengthen its brand as a way to drive growth. The team realized that if they could crack the code on how Dow created proprietary value – the essence of organizational identity – growth would follow.

One of the keys to understanding how companies create proprietary value is talking with strategically significant customers – those select organizations, and individuals within them, who, as a group, have an outsized influence on the health of the enterprise. For Dow, this group comprised about 50 companies worldwide. If, all at once, these companies were to decide to stop doing business with Dow, its survival could be at risk.

This crucial step in the identity discovery process illuminated five institutional capacities – capacities that were evident in all operations and also historically. Together, these capacities distinguished Dow from the likes of BASF and DuPont. They were:

- A genius for **"life-changing" customer relationships**
- A passion for **scale** in terms of impact as well as size
- A bias toward the **"essentials" of life**
- A talent for **"whole system" thinking and action**
- An **obsession with improvement**

From the outset of their work with Dow, Ackerman and his team sensed that there was a far larger underlying story to tell than even Dow's customers were able to convey. In essence, they felt that if there were a "secret" to how Dow created value, it lay in translating the company's $18-plus billion in product sales into another form that explained Dow's hidden relationship with consumers and society in general.

Working with a group of Dow's finance and sales executives, the team was able to trace the bulk of the company's chemical, plastics, and agricultural products to 10 consumer markets. As a whole, these markets showed that Dow was focused squarely on the fundamentals – indeed, the "essentials" – of life:

Sales by Market	%
1. Food	21.5%
2. Household & Personal Care	14.9%
3. Building Maintenance & Construction	10.9%
4. Transportation	10.2%
5. Home Care & Improvement	7.9%
6. Paper & Publishing	5.9%
7. Furniture & Furnishings	5.6%
8. Electronics & Entertainment	5.4%
9. Health & Medicine	3.2%
10. Water Purification & Waste Management	2.9%
Miscellaneous	2.5%
Heavy Construction	0.2%
Oil & Gas	8.9%
	100.0%

At the time, Dow Chemical was 102 years old, but this insight had never been reached, let alone quantified. Dow's new "markets model" was a crucial pathway to understanding Dow's value-creating potential, in short, to clarifying Dow's core identity, which quickly became clear: Dow was driven to constantly improve what is essential to human progress, by mastering science and technology.

Dow's identity, the seeds of which were planted more than a century earlier, was adopted as the company's mission. In the five years Ackerman and his team worked with Dow, many changes occurred. How Dow engaged customers was influenced by the company's markets model, which opened doors to new sales opportunities, based on end-use applications rather than, as one executive put it, "selling pounds of resin pellets." Acquisition and other investment decisions were also filtered through the lens of identity, which brought added discipline beyond traditional economic criteria. New values were forged to connect employee behavior to Dow's newly-evident value creation process. Competency modeling, a key human resources practice, was influenced by Dow's identity and the institutional capacities upon which it was built.

Today, 10 years later, Dow's identity-based mission remains at the core of the enterprise and informs the company's 2015 sustainability goals. But what's most important is that Dow's annual growth rate over the past decade has been approximately 13%, versus the 3-4% it was when the team began its work.

What did Dow know that led it into the realm of identity? Bill Stavropoulos and his team knew instinctively that there was more to Dow than resin pellets and a respected brand. They realized something too few companies do: That **when it comes to spurring growth, identity and the discipline of identity-based management are the cornerstones of value creation.**

Five Management Imperatives

The Dow Chemical example, along with the results of the quantitative survey we conducted on the impact of identity (see next section), give rise to the following five imperatives. Answering these imperatives will help increase the performance, impact, and reputation of any organization. (For elaboration, see the appendix on "The Roots of Identity-Based Management.")

1. Integrate identity and economics

Identity provides the human model of how companies work, just as economics provides the capital model. Blending the disciplines of business economics and identity-based management into a mutually supportive discipline gives executives a more comprehensive and reliable framework for shaping strategy, managing operations, and measuring results.

2. Lead through identity

In the search for effective ways to lead organizations, current leaders – and those who aspire to lead – should capitalize on the power of identity to build support, internally and externally, that is based upon three crucial needs: the need for authenticity, integrity, and endurance. These are the natural results of identity-based management, which promise to give leaders the foundation they need to maximize value creation.

3. Close the value gap

Most companies are operating way below their capacity to create value, and the aggregate losses in productivity and profits are extraordinary – for those companies, for their customers and investors, and for the economy as a whole. Closing this "value gap" would not only improve corporate performance, but would go a long way toward increasing the nation's overall economic vitality.

4. Let identity drive culture

Because of its pervasive presence and impact, identity is a natural "forcing function" for shaping a culture around the dynamics of value creation. What lends identity its "gravitational" power is that it automatically aligns the deepest needs of an organization with the deepest needs of individuals: the need to create value and be rewarded for it in return.

5. Make identity the cornerstone of employee engagement

In the war for talent – attracting and engaging superior people – identity is the magnet that is "hiding in plain sight." Specifically, high levels of employee engagement correlate in dramatic and positive ways with organizational identity strength, followed notably by individual identity strength. Aligning these two forces has an outsized effect on engagement – and the resultant performance of the enterprise. From this perspective, all of the workplace practices in the world, no matter how effective or innovative, cannot substitute for identity strength, which is fundamental to the healthy functioning of companies and individuals alike.

The Identity Impact Survey

Results of the Identity Impact Survey show high correlations between identity strength, employee engagement, and business performance. In short, where human beings are involved, identity is the key to value creation.

The Identity Impact Survey: Demonstrating How Identity Influences Business

The Identity Circle is founded on the belief that identity is the key to understanding – and even predicting – business success, and that a company's and its employees' "identity strength" is a leading indicator of business performance. Consequently, companies with strong identities should fare better than those that lack this important, if elusive, asset. To test this hypothesis quantitatively – the "identity hypothesis" – we conducted the **Identity Impact Survey** to assess whether – and if so, how – identity strength influenced employee engagement and therefore business performance.

The Identity Impact Survey included nearly 2,000 respondents across five companies selected from a field of 28 organizations for their ability to meet the following criteria.

- Industry diversity: business-to-business and consumer
- Size: Large (>$5 billion) and small (<$100 million)
- Ownership structure: publicly-owned and privately-owned
- Geography: global and domestic

The companies selected represent the following industries. (Revenues and employee populations are approximate.)

- **Global vision care –** $60 million in revenues, 125 employees (Company A)
- **Regional health insurance and managed care** – $8 billion in revenues, 5,000 employees (Company B)
- **Global industrial manufacturing –** $5 billion in revenues, 13,000 employees (Company C)
- **Internet media –** $55 million in revenues, 300 employees (Company D)
- **Institutional food services –** $500 million in revenues, 5,800 employees (Company E)

(For a full description of our survey methodology, see page 42.)

The identity hypothesis proved correct. The survey found that the correlations between identity strength, employee engagement, and business performance were very high.

Analytical note: In the data tables referenced in the survey results, score differences of .30 or more are, generally, statistically significant. Differences of more than .50 are of greatest statistical – and practical – significance.

Our key findings were:

• Identity strength is a leading indicator of business performance, given its significant, positive impact on employee engagement.

• Increases in identity strength translate into predictable increases in revenue and other economic benefits.

• Organizational identity strength is more influential than individual identity strength in driving employee engagement and business performance.[1] Their combined effect, however, is greater than either one alone.

• When it comes to employee engagement, identity strength is the proverbial "elephant in the room" – a pre-condition to engagement that transcends specific workplace practices.

• Although organizational identity emerges as a prime performance driver, people don't typically think that their organization actually has a strong identity.

Survey Data Point: How Building Identity Strength Can Aid the U.S. Economy

Study results demonstrate that when identity strength is high, employee engagement is 18% higher than when identity strength is low. Given the known relationship between employee engagement and productivity, this finding tells us that firms with low identity strength are less productive, which lowers GDP. The U.S. GDP per capita is $46,000, which ranks the U.S. eleventh in the world, according to the International Monetary Fund. If U.S. firms raised their identity strength 18%, per capita GDP would likely increase $2,300, contributing $69 billion to U.S. GDP, annually.

In the following pages, we go into the details of the Identity Impact Survey and look at how the findings are helping our corporate survey participants address key business challenges.

[1] A company's Organizational Identity Strength (OIS) and a person's (employee's) Individual Identity Strength (IIS) are quantitatively measurable characteristics that influence performance. See "Key Concepts" (p. 11) for more details on these and other important terms.

Five Business Challenges and How Results from the Identity Impact Survey Are Helping Answer Them

Background

In order to make our research findings particularly relevant to the participants, we invited each company to describe a current challenge that the findings might help it meet. In this section we describe the five challenges we received and how the research results have shaped the companies' thinking and actions so far. All five companies in the survey have adopted the findings as a tool for helping senior management communicate with employees and devise strategies for bringing about desired results.

The challenges that the companies in the survey articulated were to:

- **Keep success rolling** (global vision care company)
- **Integrate two organizations, post merger, while launching a new brand** (regional health insurance and managed care company)
- **Drive top-line growth** (global industrial manufacturer)
- **Meet the needs of two completely different sets of customers** (internet media company)
- **Implement and ingrain a new mission and values in the field** (institutional food services company)

(The challenges refer to a number of key exhibits, which appear throughout the report.)

Although we weren't able to collect specific data on actual business performance (much of it is private due to ownership structure) discussions with each management team confirmed that business performance correlated closely to survey performance. For instance, Company A's outstanding results in the survey mirror its outstanding business results. By the same token, the poor results turned in by Companies C and D reflects their current business challenges.

Key Concepts

In the course of this discussion of companies' challenges, and in the survey in general, we employ the following key concepts:

Identity – the unique set of characteristics that reveal a company's, or individual's, value-creating potential

Identity Strength – the combined ratings of a company (or individual) on eight identity "building blocks" (See p. 39) that measure the extent to which an organization (or individual) is operating in accordance with its identity

Identity-Based Management – a comprehensive system for aligning the interests and actions of organizations and individuals around value creation

Individual Identity Strength (IIS) – the identity strength found (or not found) in a person (See p. 23)

Organizational Identity Strength (OIS) – the identity strength found (or not found) in an organization – a force that is separate and distinct from the company's employees (See p. 23)

IdentityIQ™– a metric that reflects a company's intrinsic identity strength, and, by extension, current level of value creation. In short, the distillation of a company's overall identity strength.
(See p. 36)

Identity Leadership (or Identity-Based Leadership) – an approach to management that puts identity at the center of strategic and operational decision-making

Identity Building Blocks – eight characteristics found in organizations and individuals, which derive from the laws of identity and constitute the primary "muscles" that account for identity strength and resultant business performance

Value Creation – the proprietary contribution a company, or individual, is capable of making in the marketplace or the world

Brand – the promise a company makes that shapes its relationships with all stakeholders, based upon its identity

The Laws of Identity – a set of eight natural laws, or principles, that governs the success of organizations and individuals, alike

Employee Engagement – job satisfaction plus organizational commitment

Challenge #1 – Keep success rolling

(Company A: Global vision care company)

Sometimes, it's true: Good things come in small packages. That is certainly the case for Company A, one of the two smallest companies in the survey, but one that has been in business for several decades and operates in markets throughout the world. Size notwithstanding, its performance on nearly all measures out-stripped all others. Most notably, its Organization Identity Strength (OIS) score, which, based on the findings, would account for much of its success with employee engagement (Exhibit 1, p. 21).

Beyond OIS, specifically, Company A led in three major areas: IdentityIQ (Exhibit 14, p. 37), Identity Leadership (Exhibit 12, p. 34), and identity building blocks, where its inverse performance spike on "Change" indicates a company that is, indeed, very open to change and evolution (Exhibit 15, p. 39).

Speaking of change, Company A's scores on the five business disciplines, such as leadership and human resources, were outstanding, suggesting that there is a solid team in place to help the organization move ahead (Exhibit 2, p. 22).

"How to keep the party going" was, in effect, the challenge offered by top management. Business performance including profitability, top-line growth and margins were all solid and had been for years. Moreover, the company enjoyed a tightly-knit culture, possibly, due to its private, family-run status – owners who seemed to understand the connection between highly-engaged people and superior business results.

That's the good news; the "bad" news is that to simply keep on doing what has been done so far places the company at risk. It is common knowledge that when very successful companies stumble, it is because they have become wedded to the policies and processes that led to success in the first place. The idea of "change" gets lost in the shuffle.

If there are imperatives, then, that Company A's management can take away from this study, they center on being conscientious about documenting, promoting – and periodically testing – vital ideologies and practices. Specifically:

• Company A should codify the management practices that have allowed it to get to where it is today. This initiative shouldn't just be an executive committee action; it should involve employees at all levels whose experience can shed detailed light on what makes the company work so effectively. Those practices should then find their way into the entire human resources value chain, from recruitment and training to performance management and leadership development.

• The company should make identity-based management a deliberate part of its strategic and operational activities, including its talent management processes, since identity strength correlates significantly with its success.

• To stay fresh and expand its horizons, Company A should seek opportunities to speak at conferences where it can share stories that highlight how it has managed to succeed so far, especially against much larger competitors. Sharing best practices with others is the mark of a self-confident, healthy enterprise.

• Finally, the company should institute an annual "What Should We Change?" review, in which people at all levels identify practices, large and small, that call for improvement. This form of organizational innovation will help "keep success rolling" in ways that minimize strategic and operational risk.

Challenge #2 – Integrate two organizations, post-merger, while launching a new brand

(Company B: Regional health insurance and managed care company)

The statistics on merger success are well-known and not good: Fewer than half of them succeed, meaning they create more shareholder value after the merger than they did before it.

There are many reasons offered for why this is, including the failure of cultures to "merge," which undermines the operational effectiveness needed to realize many of the planned benefits, such as retaining key customers, eliminating people without eliminating efficiencies, and sharing information critical to knitting systems together.

Under the umbrella of culture, another reason mergers fail is because people typically don't like change – in their companies, in their work, or in themselves. It's unfamiliar and uncomfortable. Change dislocates people, leaving them feeling ungrounded and, in turn, making them unproductive.

At their core, mergers fail because they tear at the value-creating fabric of the participating organizations which has been sewn and reinforced, typically over decades.

While "culture" and even "change" play key roles in post-merger integration, they are not, we believe, why most mergers fail. At their core, mergers fail because they tear at the value-creating fabric of the participating organizations which has been sewn and reinforced, typically over decades. Unwittingly, mergers chip away at the uniqueness of companies, which undoes the value-creating potential partners see in one another. Mergers, by definition, undermine the uniqueness of companies and thereby undo the value-creating potential companies see in one another. When mergers do work, it may well be that the founding organizations had identities that were already naturally aligned, so that joining them together was inherently logical.

The company in question here, this regional health care insurer, took the initiative to develop a brand that would help facilitate integration. The approach was unconventional: Instead of making brand development a top-down exercise, they started from the bottom-up, identifying unique characteristics in each organization. In essence, they tapped into the identities of both companies; that became the foundation for shaping the brand.

Re-branding after mergers is a common way to help create a "new" enterprise. Most often, these efforts are skin deep, focusing more on names and design than on culture and operations. No doubt, getting the creative outcomes right is important, as is excellent communications, but it simply isn't enough.

In this instance, the company went beyond standard practices, taking deliberate steps to implement its identity-based brand into various operations, including customer service and product development, as well as other core value-creating functions – a good start.

Company B's performance in the survey was mixed. Its overall IdentityIQ was middle-of-the-road (Exhibit 14, p. 37). Individual identity strength was quite high, suggesting that employees possess the self-esteem they need to function effectively on the job. But organizational identity strength was low (Exhibit 12, p. 34). While this is not good news, the company has in its brand the "goods" to drive this critical factor up, significantly.

Surprisingly, the firm's employee engagement scores were tied for last (Exhibit 1, p. 21) – a seeming departure from other outcomes – suggesting that its IIS and OIS results are clearly disconnected and therefore underleveraged overall.

The organization turned in slightly above-average performance on the business disciplines, with very solid scores in Communications – they nearly matched the best practices company – but very weak scores in Operations (Exhibit 2, p. 22). What accounts for the momentum behind Communications might well be the brand work that preceded the study. Communications strength is clearly an asset to be taken advantage of. As for operations, weakness in this area is a vulnerability, given its critical impact on merger integration. Operations deserves dedicated attention.

One of the most telling – and hopeful – signs is that the organization shows respectable strength on two identity building blocks, both of which are vital to making the merger work. These are Change and Stewardship (Exhibit 15, p. 39). In short, Company B demonstrates a reasonable capacity to evolve and a focus on the long term, despite its immediate challenges. Taken together, these key identity building blocks are important strengths the company can build on as it continues along its path of integration.

Challenge #3 – Drive top-line growth

(Company C: Global industrial manufacturer)

If value creation is the *sine qua non* of business success, then revenue growth is one of its most vital measures. Either you are creating value in the marketplace and growing as a result, or you are not. If you are not, you are stagnating. In the words of numerous pundits, "Grow or die."

In the case of Company C, top-line growth had become an elusive, global goal. Nearly 100 years old, this highly-respected company had made its mark in transportation and numerous other markets that make the world go 'round. In the past several years, revenue growth had slowed, even as profitability expanded. Management understood its predicament: In order to deliver results to investors – indeed, even simply to stay healthy – the company had to spark top-line growth.

When it Comes to Boosting Employee Engagement, Who We Are Trumps Who I Am.

Employee engagement is all about the individual – giving people reasons to want to connect personally with the companies they work for, all in the name of making important contributions that spark business results.

Study findings show that both individual identity strength and organizational identity strength drive engagement, but organizational strength is where the action is: If managers want to see major increases in employee engagement, they should start by clarifying, communicating, and inculcating the company's identity into all operations, from sales and customer service to R&D, manufacturing, and human resources.

Prior to taking the survey, the organization had embarked on an intensive, global brand development effort where "cracking the code on its identity" was already regarded as a precondition for growth. The effort spanned an 18-month period, during which the company was able to discern longstanding institutional capacities and come to a new understanding of what business it really was in – an insight that transcended the markets it served and gave the company a new way to expand current customer relationships and recruit new customers.

The economic downturn took a toll on the enterprise, leading to its inability to implement the brand it realized was at the heart of how it created proprietary value. This key asset lay dormant as the company took cost-saving measures to stay profitable in the wake of the financial crisis.

Still, Company C elected to be part of the identity research project: It understood the power of identity and wanted to see the impact identity strength had on current performance. Given the brand work the company had completed, the survey also would offer a timely, in-depth benchmark for tracking progress over time. The results were disappointing. Company C, this nearly century-old global industrial concern, discovered broad weaknesses, which, given identity's impact on value creation, actually helped to explain its persistent lack of growth.

• The company's IdentityIQ was one of the two lowest in the survey (Exhibit 14, p. 37).

• Its last-place position on the Identity Leadership Matrix cast into sharp relief the obstacles it faced to boosting value creation (Exhibit 12, p. 34).

• The company's performance on the building blocks of identity revealed an organization that, at present, lacks the muscle needed to expand top-line growth in material ways (Exhibit 15, p. 39).

• Company C's scores on all five business disciplines were average to below average, showing in another way systemic identity weakness: Just having the right function doesn't mean they are functioning with value creation in mind (Exhibit 2, p. 22).

Amidst the disappointing results of the survey, however, the company found several factors which it can, and should, use to develop greater identity strength, especially organizational identity strength: One factor, in particular, is a workforce that, based upon employee engagement scores, seemingly wants to contribute to the company's welfare (Exhibit 1, p. 21).

The concern's low identity strength scores overall, and many of the individual ratings on survey items in different areas, point to what may be one of the most significant challenges – and opportunities – management faces in preparing for an eventual economic recovery. That challenge is twofold:

• First, organizationally, establish a clear – and clearly understood – sense of what sets the company apart in terms of how it creates value as one enterprise, globally.

• Second, enable employees at all levels, in particular middle managers, to clarify and apply their distinct value-creating capacities to their jobs and careers at the company.

Company C's scores on all five business disciplines were average to below average, showing in another way systemic identity weakness: Just having the right functions doesn't mean they are functioning with value creation in mind.

While both goals are important, the organizational challenge is "non-negotiable" and, in fact, somewhat more easily accomplished. How? Revisit the brand work that was aborted as the recession hit. There is every reason to believe that, rigorously implemented, the brand would improve Company C's Organizational Identity Scores (OIS) significantly, and yield the value creation outcomes the company needs.

Challenge #4 – Meet the needs of two completely different sets of customers

(Company D: Internet media company)

Most companies have multiple sets of customers: larger ones and smaller ones; those that constitute technology partners, not just purchasers; those that just do standard transactions; customers for a general set of products; and those who need a more specialized offering.

In this instance, one set of customers were media brands, television broadcasters in the process of converting their business to the internet. The second set of customers were advertisers looking to reach local consumers on the Internet.

The biggest challenge, then, it seemed, was to execute in a way consistent with the different customers' needs today and tomorrow, even if it meant a departure from what had worked historically. "Evolving our products and beliefs to conform to a market mindset" was regarded by senior executives as the task at hand.

The CEO sensed a challenge, however, that went beyond simply giving unrelated sets of customers what they wanted. He had come to the conclusion that the company amounted to two different businesses that happened to share the same name. Priorities were different. Operating philosophies were different. Even cultures were different.

Company D performed poorly in the survey, turning in the lowest scores among all participants. The company's IdentityIQ was well below par (Exhibit 14, p. 37). Identity strength was lacking, individually and organizational (Exhibit 12, p. 34). And the company's performance on the building blocks of identity was also at the bottom – showing, in particular, a weak capacity for change and poor alignment (Exhibit 15, p. 39).

Employee engagement levels were tied for worst among the participating organizations (Exhibit 1, p. 21). Further, the company's scores on the business disciplines – the extent to which identity strength is present in areas such as strategy and human resources – were also at the bottom (Exhibit 2, p. 22). Put simply, while those functions may have been functioning, their performance impact was low.

As counter-intuitive as it may seem, when presented with the findings, the CEO was delighted: not to see that his company did so poorly, but to see why his organization had been struggling for so long. The survey had put his "customer" problem into an entirely different context – the context of identity. The customer management challenge quickly became a strategic management challenge – the need to accept the fact that the organization lacked a coherent and unifying identity, a center of gravity around which to make important decisions. Now that that problem had been illuminated, management could begin to take steps to remedy it.

The rest of the story has yet to be told. How Company D will resolve its systemic identity weakness is unclear. But, without the grounding and guiding influence of a strong identity, Company D's ability to effectively serve its various customers – and ultimately itself – will remain severely limited.

The customer management challenge quickly became a strategic management challenge – the need to accept the fact that the organization lacked a coherent and unifying identity, a center of gravity around which to make important decisions.

Challenge #5 – Implement and ingrain a new mission and values in the field

(Company E: Institutional food services)

Company mission statements and values have become widely-accepted aspects of strategic management. Most organizations have them and promote them in various ways: on wall plaques and wallet cards, and in newsletters and speeches Fewer organizations have forged missions and values that have taken root in the soil of the enterprise, leading employees to think, behave, and communicate differently among themselves and with others. And fewer still have succeeded in embedding their mission and values at the coalface: with field forces – general sales, customer care, national account managers – whose impact on value creation is a moment-to-moment, day-to-day activity.

Company E's field force is its lifeline to success, where, together, approximately 100 independent-minded managers are responsible for hundreds of millions of dollars in business annually. Company E is, in fact, a well-respected leader in its industry. Getting "the field" to buy into its new, market-centric mission and values was a core part of expanding its customer base and the economic value of each customer.

Company E ranked number two overall. And, the results illuminated certain facts management could use in meeting its stated challenge. First, the company's IdentityIQ score was relatively high, reinforcing the notion that the company already had a solid sense of itself – an institutional advantage when it comes to cultivating mission and values (Exhibit 14, p. 37).

A high IdentityIQ score reinforces the notion that a company has a solid sense of itself – an institutional advantage when it comes to cultivating mission and values.

In terms of the Identity Leadership Matrix, the firm showed the highest level of individual identity strength among all participants, indicating a workforce whose sense of character and drive would be key assets in implementing the mission and values (Exhibit 12, p. 34). Reinforcing this workplace asset were business discipline outcomes that highlighted above-average identity strength in all areas, from leadership to operations (Exhibit 2, p. 22).

Additionally, and not surprisingly given other outcomes, the organization enjoys high levels of employee engagement today – nearly on a par with the best practices company (Exhibit 1, p. 21).

Most important, Company E showed particular strength in relation to three identity building blocks, all of which are prerequisites for making mission and values stick (Exhibit 15, p. 39):

• A high degree of differentiation, suggesting that people understand what makes the company "special."
• A high level of stewardship, which goes along with mission and values as long-term commitments.
• A well-developed sense of purpose that should make it relatively easy to build support for the mission which is – or should be – the company's "purpose" by another name.

A Comparative View:

The following two exhibits provided participating companies crucial information for identifying where and how to address their challenges through the lens of the research. The first exhibit presents specific employee engagement outcomes (Exhibit 1).

Exhibit 1: Employee Engagement Ratings

Content	All	Global Vision Care (A)	Managed Health Care (B)	Global Industrial Mfr (C)	Internet Media (D)	Inst'l Food Svces (E)
Most days I am enthusiastic about the work I do.	3.36	3.51	3.42	3.34	3.32	3.55
I am satisfied with the job I have in this company.	3.24	3.43	3.13	3.24	3.15	3.42
My job gives me much pleasure in life.	3.11	3.22	2.92	3.12	3.04	3.25
I feel a strong personal connection to my company.	3.21	3.49	3.07	3.22	3.09	3.33
I am a strong advocate of my company's mission and purpose.	3.33	3.55	3.31	3.33	3.25	3.48
Supervisors frequently ask employees to participate in decisions that affect their jobs.	2.76	3.00	2.60	2.75	2.81	2.76
I believe that this company enables me to achieve my career goals.	3.08	3.21	2.78	3.08	2.97	3.54
My values and those of this company are very similar.	3.09	3.56	3.06	3.07	2.95	3.40
I'm willing to put in extra time to help make our company successful.	3.60	3.65	3.55	3.59	3.56	3.88
Individual performance is appraised in an objective and fair manner.	2.94	3.29	2.98	2.91	2.88	3.21
I believe deeply in the work my company does in the world.	3.32	3.59	3.22	3.34	3.13	3.33
Overall Employee Engagement	3.18	3.41	3.10	3.18	3.10	3.38

The second exhibit presents the results of how companies performed in relation to key business disciplines including Leadership, Strategy, Human Resources, Communications, and Operations, i.e., the extent to which each of these disciplines reflects identity strength and what that implies about their current effectiveness (Exhibit 2).

Exhibit 2: Average Rating by Business Discipline

Business Discipline	All	Global Vision Care (A)	Managed Health Care (B)	Global Industrial Mfr (C)	Internet Media (D)	Inst'l Food Svces (E)
Leadership	3.02	3.42	2.89	2.85	2.85	3.09
Strategy	3.10	3.43	3.02	2.99	2.87	3.20
Human Resources	2.93	3.25	2.86	2.78	2.75	3.03
Communications	3.07	3.44	3.06	2.92	2.84	3.07
Operations	2.91	3.21	2.78	2.91	2.73	2.94

Two Forms of Identity: Which One is More Important?

The Identity Impact survey measures two essential forms of identity, each of which must be assessed independently to determine its respective contribution to overall identity strength. The first part is Individual Identity Strength (IIS) found (or not found) in a company's employees. The second is Organizational Identity Strength (OIS), a force that is separate and distinct from the identities of the people in the workplace.

As depicted in exhibits 3 and 4 what we found in looking at IIS and OIS revealed the beginnings of how identity influences success, i.e., *the identity effect*.

Exhibit 3: Individual identity strength (IIS) has a powerful, positive effect on employee engagement (r = .500)

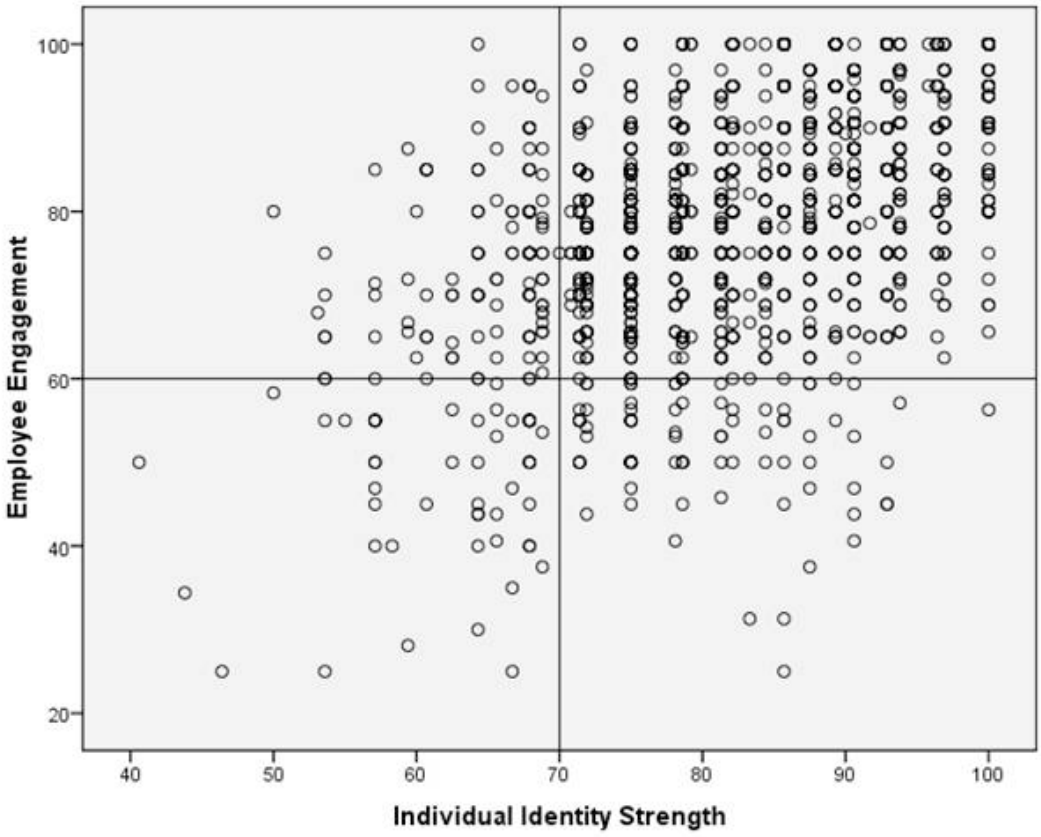
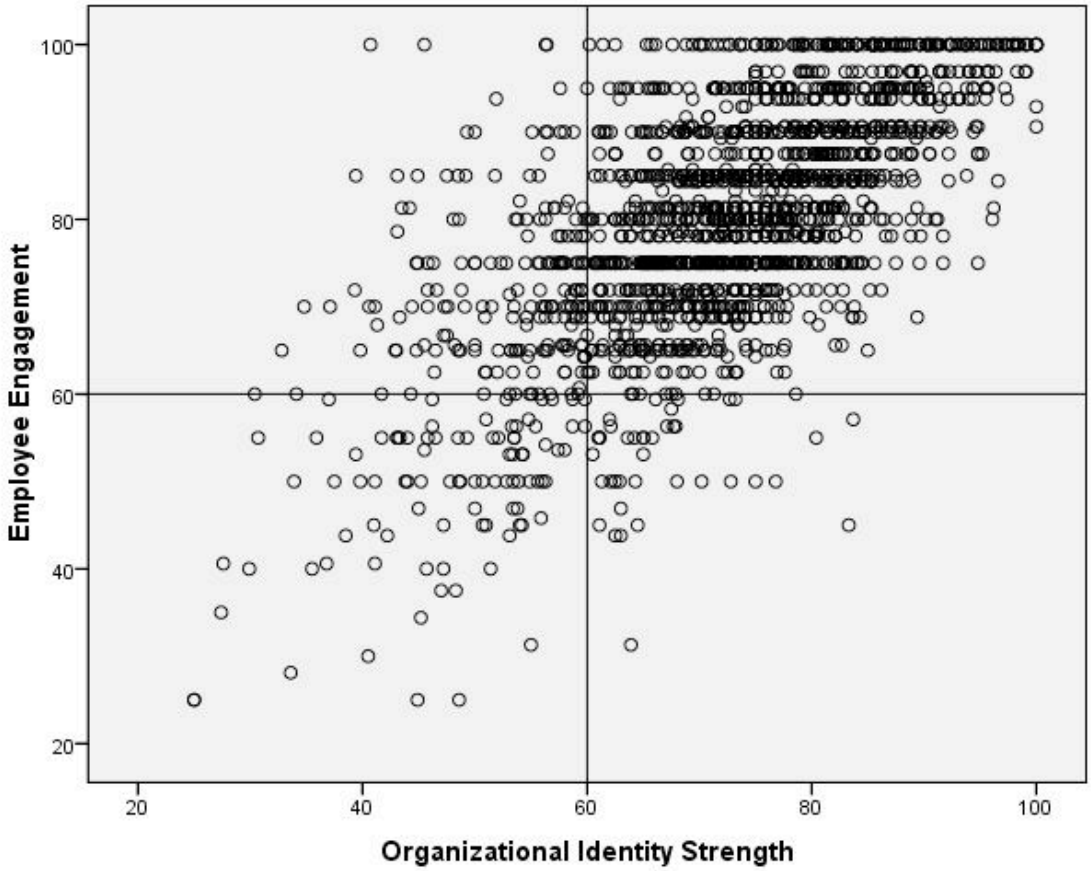
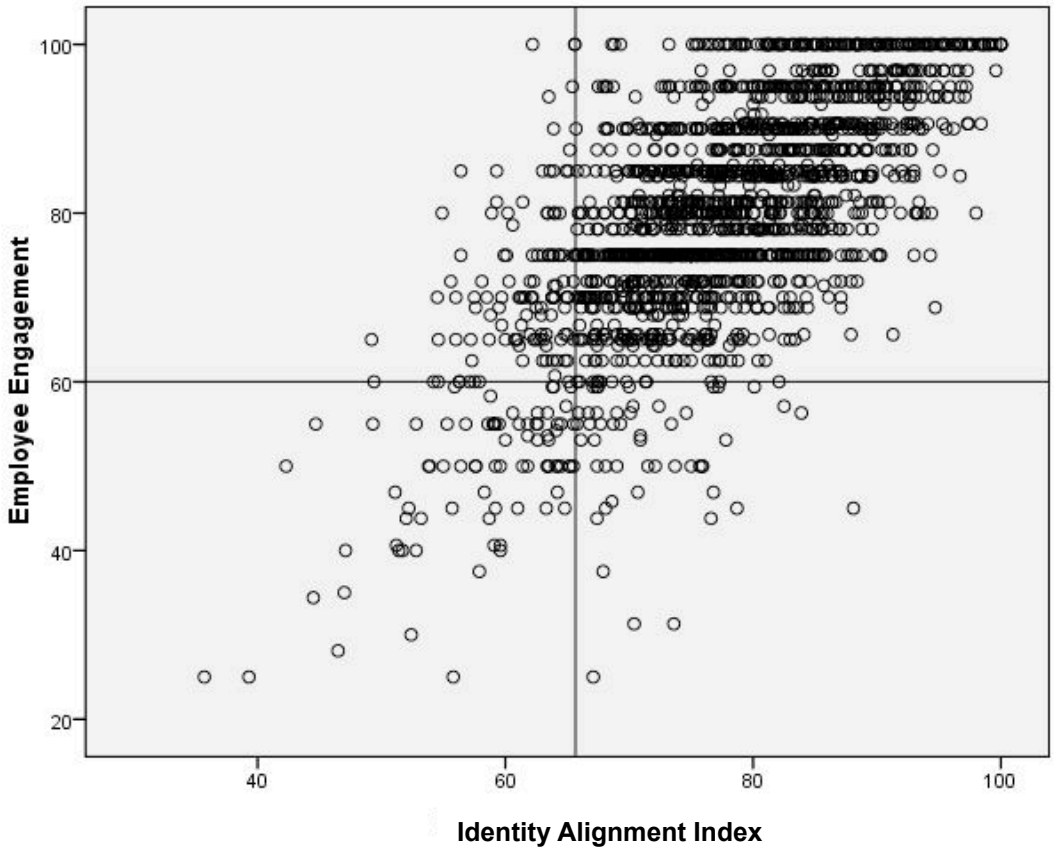


Exhibit 4: The impact of Organizational Identity Strength (OIS) on engagement is even greater (r = .666)



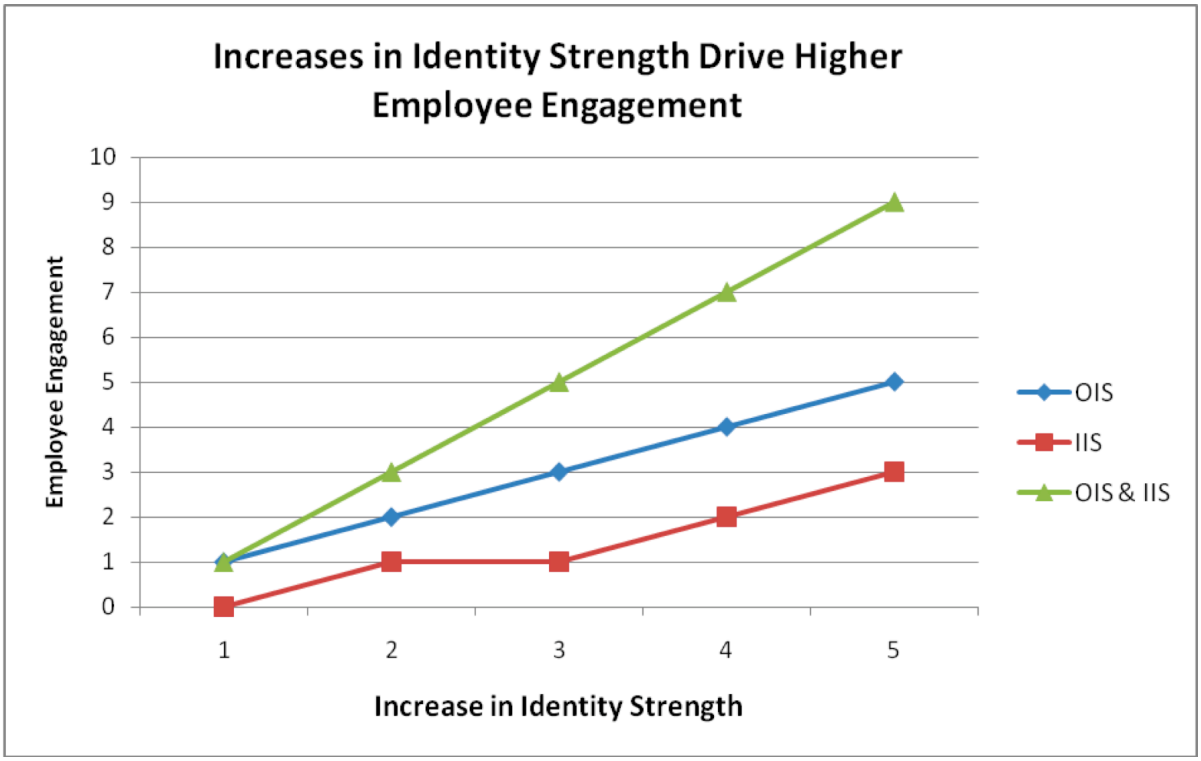
There is no doubt that, independently, each form of identity strength has a decisive impact on employee engagement. When combined into an "Identity Alignment Index," however, their impact was notably greater (See Exhibit 5, following page).

Exhibit 5: Together, IIS and OIS have a major impact on employee engagement (r = .686)



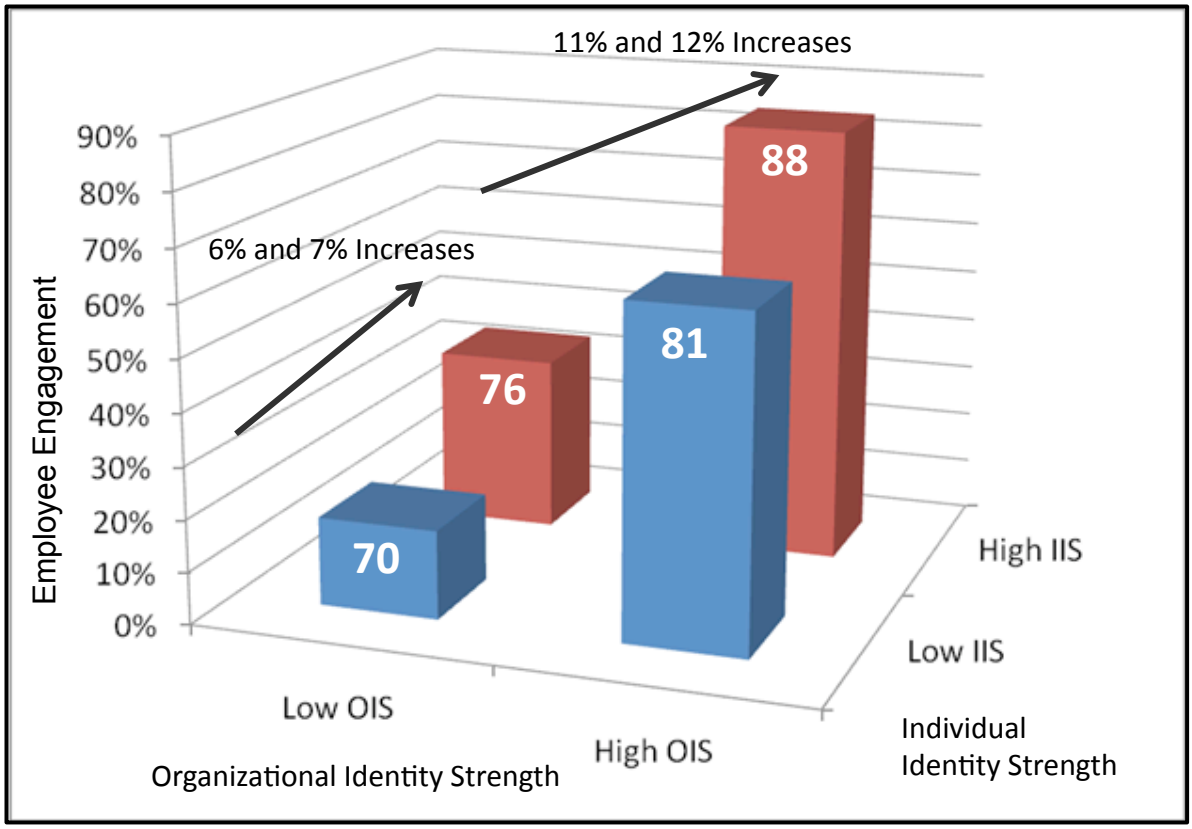
Moreover, the effects of identity strength are exponential. An increase of as little as One-to-five percentage points in both OIS and IIS corresponds to significant increases in employee engagement (See Exhibit 6, following page).

Exhibit 6: The combined effects of identity strength on employee engagement are exponential.



Despite their combined leverage, what was especially telling was the outsized effect organizational identity strength had on engagement (See Exhibit 7, following page).

Exhibit 7: Organizational identity strength is especially effective when it comes to boosting employee engagement (11% & 12% OIS increases vs. 6% & 7% IIS increases). However, employee engagement is greatest when both are high.



Statistically speaking, difference between IIS and OIS increases are very significant. Put another way, companies that increase organizational identity strength can expect a far greater return on that investment in terms of business results than if they focus only on boosting individual identity strength among their employees. In short, while both scores count, OIS counts more.

This finding leads quickly to **several pressing "ifs:"**

• If OIS is so important, then how do we get it?

• If OIS is so influential, then what does that mean for how executives lead their organizations?

• If OIS is a main performance catalyst, then how do we cause our people to understand and commit to it?

The Plot Thickens: A Value Gap Emerges

As described in the Survey Methodology section of this report (p. 42), the survey was built on a series of 102 original items employees were asked to rate in terms of the extent to which they agreed, or disagreed, with that item.

One of the core analyses looked at the 15 highest rated items and the 15 lowest rated items across all respondents. What we discovered was that the highest rated items revolved firmly around the individual, while the lowest rated items centered on the organization. (Exhibits 8A & 8B).

Exhibit 8A: The 15 Highest Rated Items Overall

Items	Mean
1. I'm willing to put in extra time to help make our company successful.	3.60
2. I can easily describe the activities I love doing most and why.	3.55
3. I have a clear idea of what rich means to me beyond money.	3.55
4. I bring my special talents to my work.	3.55
5. I have long held some core goals and beliefs that guide my actions and much of my decision making.	3.52
6. I believe there are positive things about me that never change, no matter what.	3.52
7. I can name the two most important things about myself that I want others to know, and why each is significant.	3.47
8. I know why the things I love to do are important to me, beyond the immediate pleasure they provide.	3.46
9. I can solve most personal problems I face if I invest the necessary effort.	3.46
10. I fully expect to reach the job performance objectives that I have set for myself this year.	3.46
11. I know how the work I do everyday contributes to how our company creates value in the world.	3.44
12. I have talents, beliefs, and interests that clearly distinguish me from most other people I know.	3.38
13. Most days I am enthusiastic about the work I do.	3.36
14. Our corporate brand is a major factor in business strategy development.	3.35
15. I often set realistic but challenging personal development goals for myself.	3.35

(See Exhibit 8B on the following page)

Exhibit 8B: The 15 Lowest Rated Items Overall

Items	Mean
1. We are encouraged to minimize the time we spend with customers who really don't understand how we create value as one organization.	2.06
2. I would continue doing the work I do, even if I were paid somewhat less.	2.34
3. We are encouraged to minimize the time we spend with suppliers who really don't understand, and contribute little to, how we create value as one organization.	2.41
4. Our company encourages risk taking in the name of our mission.	2.52
5. I would consider a modest pay cut if it meant I could stay with my company.	2.54
6. Our company works to fit the job to the person, not just the person to the job.	2.56
7. Our training programs stress the connections between understanding first who we are, then job effectiveness, and finally business success.	2.59
8. Management demonstrates high regard for corporate history as a way to understand current challenges.	2.66
9. A lot of employee orientation time is spent explaining how "what the company stands for" is as important as what it does.	2.70
10. Our company remains calm when facing business setbacks because we know we can rely on our coping abilities.	2.72
11. All corporate communications link back to who we are, not just what we do.	2.75
12. People who know who they are – and who they are not – are prized in this company.	2.76
13. Supervisors frequently ask employees to participate in decisions that affect their jobs.	2.76
14. Our training programs stress the importance of bringing 'all of you' to work, not just your experience and job skills.	2.77
15. Management clearly communicates how we're different from our competitors.	2.77

At first, this phenomenon seemed almost reasonable*: People, we thought, would naturally tend to think more of themselves than the organizations they work for. Chalk it up to human nature. But, for one company, this phenomenon didn't hold: Employees assigned their highest ratings to their company, rather than to themselves. And this company was the best practices leader of the group* (See Exhibits 9A and 9B on the following page).

Exhibit 9A: The 15 Highest Rated Items – Company A

Items	Mean
1. I'm willing to put in extra time to help make our company successful.	3.65
2. Our high potential employees are those who show as much faith in the future of the company, as success in doing their work.	3.63
3. Our company is confident that we can overcome any obstacles to achieving our corporate performance objectives.	3.59
4. You can see evidence of who we are as a company in all of our products and services.	3.59
5. I **believe deeply** in the work **my company** does in the world.	3.59
6. My values and those of this company are very similar.	3.56
7. I have a clear idea of what rich means to me beyond money.	3.56
8. When our company talks about differentiation, we focus first on what makes us distinct as an enterprise, not just the things we're better at than our competitors.	3.56
9. Our company fully expects to reach the corporate performance objectives we've set for this year.	3.55
10. I am a strong advocate of my company's mission and purpose.	3.55
11. I can easily describe the activities I love doing most and why.	3.55
12. I know how the work I do everyday contributes to how our company creates value in the world.	3.54
13. Management demonstrates high regard for corporate history as a way to understand current challenges.	3.54
14. I believe there are positive things about me that never change, no matter what.	3.54
15. We don't try and sell our customers anything before we understand what they truly need.	3.53

Exhibit 9B: The 15 Lowest Rated Items – Company A

Items	Mean
1. We are encouraged to minimize the time we spend with customers who really don't understand how we create value as one organization.	2.20
2. I would consider a modest pay cut if it meant I could stay with my company.	2.75
3. We are encouraged to minimize the time we spend with suppliers who really don't understand, and contribute little to, how we create value as one organization.	2.77
4. Our company encourages risk taking in the name of our mission.	2.82
5. Our company sets industry trends more than our company follows them.	2.89
6. Supervisors frequently ask employees to participate in decisions that affect their jobs.	3.00
7. The way I am evaluated and rewarded for my performance clearly connects my innate strengths to my job.	3.00
8. Our training programs stress the connections between understanding first who we are, then job effectiveness, and finally business success.	3.07
9. People who know who they are – and who they are not – are prized in this company.	3.07
10. I would continue doing the work I do, even if I were paid somewhat less.	3.08
11. To gauge career potential, our company looks to understand the "pattern of people's lives," not just their work histories.	3.13
12. Our company works to fit the job to the person, not just the person to the job.	3.16
13. I have taken reasonable risks in the past to achieve my personal, long-term goals.	3.16
14. Our company's strategy process tends to build on, rather than change, what has preceded it.	3.17
15. Our company tends to hire people who demonstrate a high level of self awareness.	3.19

Juxtaposing the high importance of OIS with the lack of highly-rated OIS items overall revealed a disturbing fact: **People put enormous stock in organizational identity as a prime performance driver, but don't necessarily think their company actually has a strong identity.**

This divergence suggests several things. Most important, it suggests a "value gap," wherein companies are operating way below their capacity to create value. In short, corporate productivity is nowhere near where it might be, were this value gap to be closed.

In our experience, this finding serves to reinforce one of the most troubling facts of business life: Although all companies, by definition, have an identity, those identities remain largely unknown – and consequently untapped – as core, value-creating assets.

It is safe to say that this predicament is worse today than normal, given the insidious effect the recession has had on management priorities. It isn't only budgets that have been reduced or eliminated; the attention leaders pay to institutional matters has also declined significantly, leaving questions of strategy, culture, brand – and certainly identity – to be addressed another day.

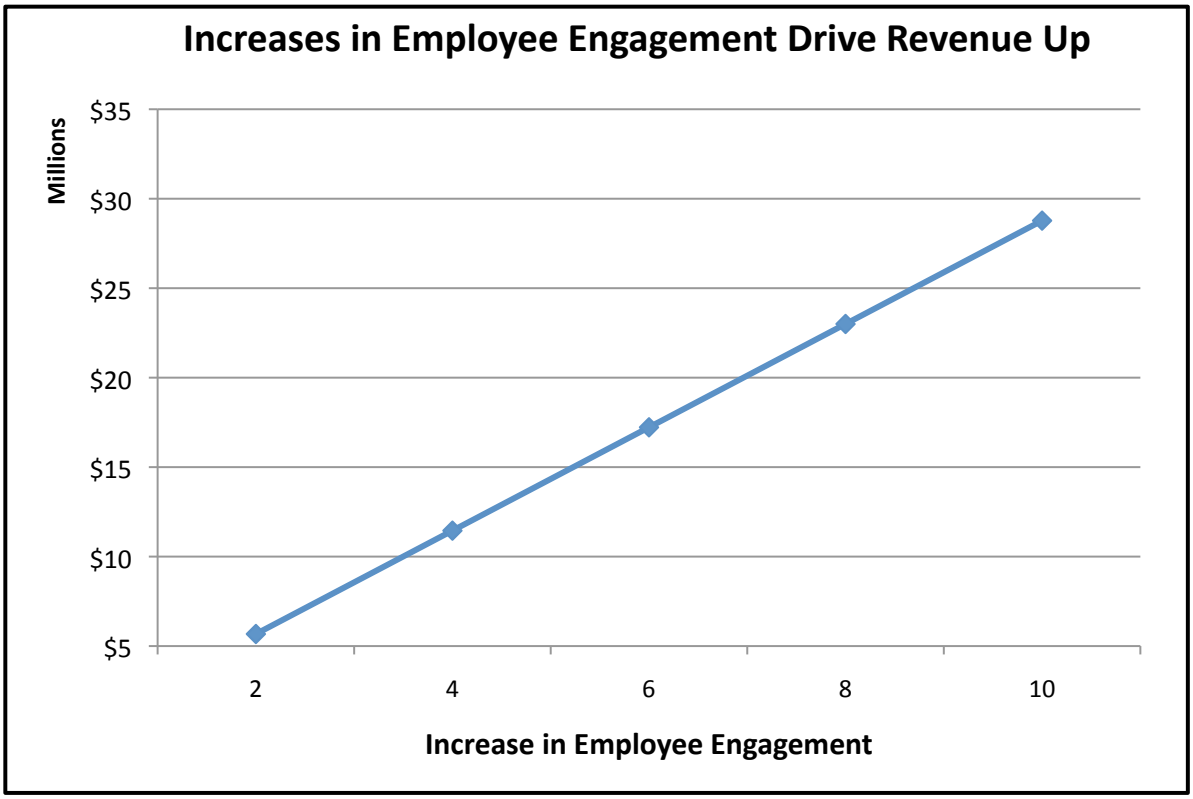
Although all companies, by definition, have an identity, those identities remain largely unknown – and consequently untapped – as core, value-creating assets.

The Identity Payoff

Whether in good economic times or bad, identity strength yields clear business benefits, given its powerful impact on employee engagement – a prime mediator of business performance.

These benefits show up in several ways, including predictable revenue increases as employee engagement scores increase with identity strength (Exhibit 10).

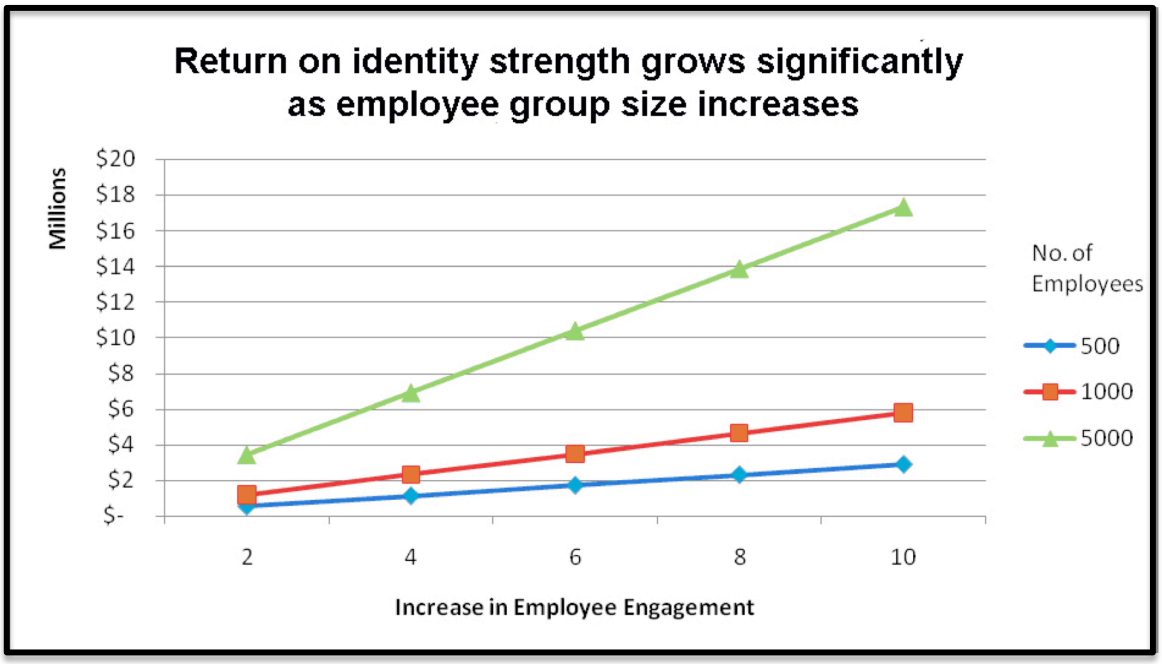
Exhibit 10



Size matters

As a driver of business performance, identity strength influences all companies, large and small, as the chart below indicates. But, that influence becomes exponential in terms of revenue growth as the size of the group – i.e., the company, or a division of a company – grows. In short, the more people who take part in the "identity experience," the greater the business impact will be.

Exhibit 11



Identity Roadmap for Leaders

While the economic benefits of having a strong identity are the bottom line, there is another lens through which to understand the impact of identity on current performance, and to glimpse how performance might improve were identity strength scores to increase. That lens is the lens of leadership through which many of the strategic, financial, and operational implications of identity strength can be inferred and assessed.

Exhibit 12 below shows where each of the five participating companies fall on the Identity Leadership Matrix. Notably, only one company, Company A, managed to rank in the high-performing quadrant. All other companies have significant room for improvement, especially in terms of OIS, the high-leverage factor in boosting employee engagement and business performance.

Exhibit 12

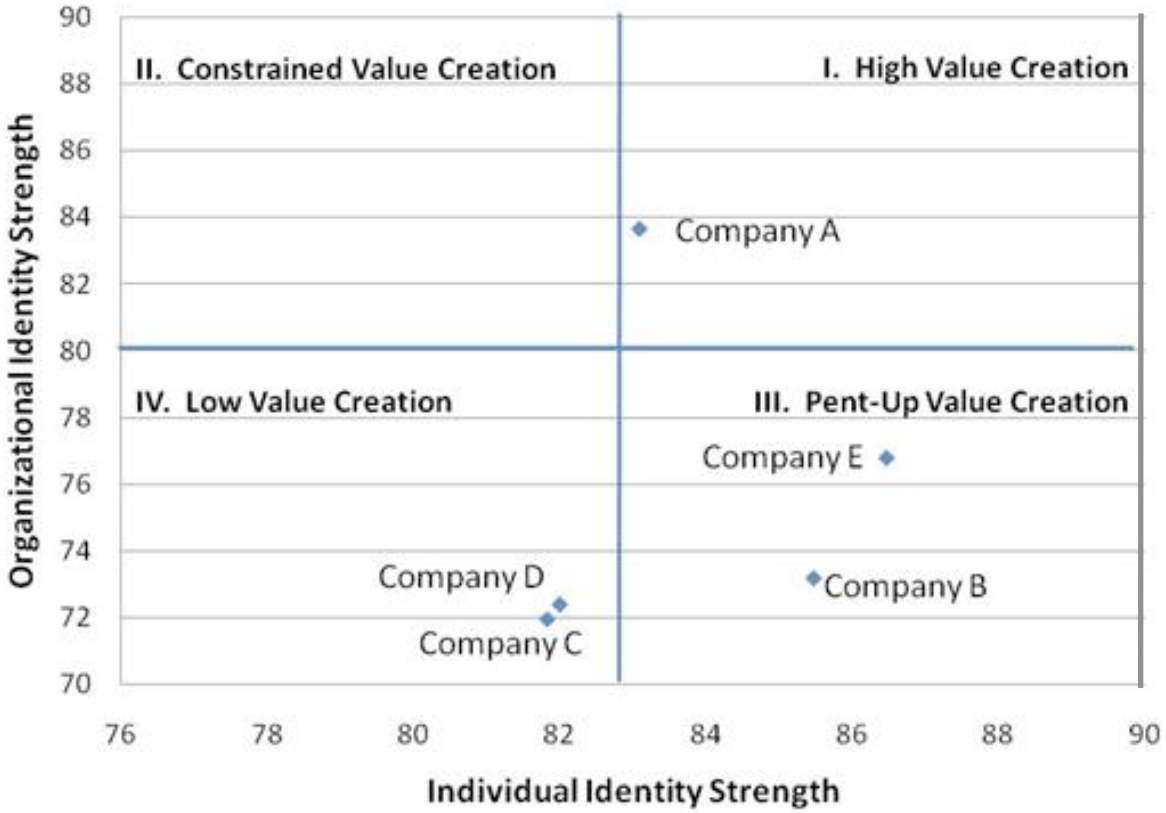


Exhibit 13, which follows, identifies the likely outcomes of falling into one quadrant or another. The various elements in these different quadrants reflect a critical combination of cause-and-effect factors, which influence leadership success.

Exhibit 13

Quadrant II: Constrained Value Creation	Quadrant I: High Value Creation
• Handcuffed financial performance • Inefficient strategy deployment • Limited innovation • Overpromise, under-deliver on brand • Low-traction culture • Lower investment value	• Superior financial performance • Effective strategy deployment • Efficient innovation • Strong brand • Responsive culture • High investment value
Quadrant IV: Low Value Creation	**Quadrant III: Pent-up Value Creation**
• Sub-par financial performance • Ineffective strategy deployment • Depleted innovation • No meaningful brand • Dysfunctional culture • Low investment value	• Limited financial performance • Inefficient strategy deployment • Limited innovation • Brand confusion • Diffuse culture • Lower investment value

IdentityIQ™ – A Key Measure of Identity Strength

We sought to arrive at a metric that would tell the story of identity strength in a quick, reliable and comprehensive manner. That metric is IdentityIQ - the score a company receives that reflects its intrinsic identity strength, and, by extension current level of value creation.

IdentityIQ is based on the same scale that is used in human IQ tests. Consequently, an average IdentityIQ score is 100, and most scores fall between 75 and 125. Higher or lower scores are possible, but unlikely. IdentityIQ is a weighted combination of the Organizational Identity Strength (OIS) and Individual Identity Strength (IIS) scores. While they both predict employee engagement and value creation, the weights were derived statistically to take into account that OIS is a better predictor of employee engagement than IIS.

As with differences in human IQ scores, even seemingly modest differences in organizational IQ scores are significant.

What's your company's IdentityIQ? (Ignore it at Your Peril)

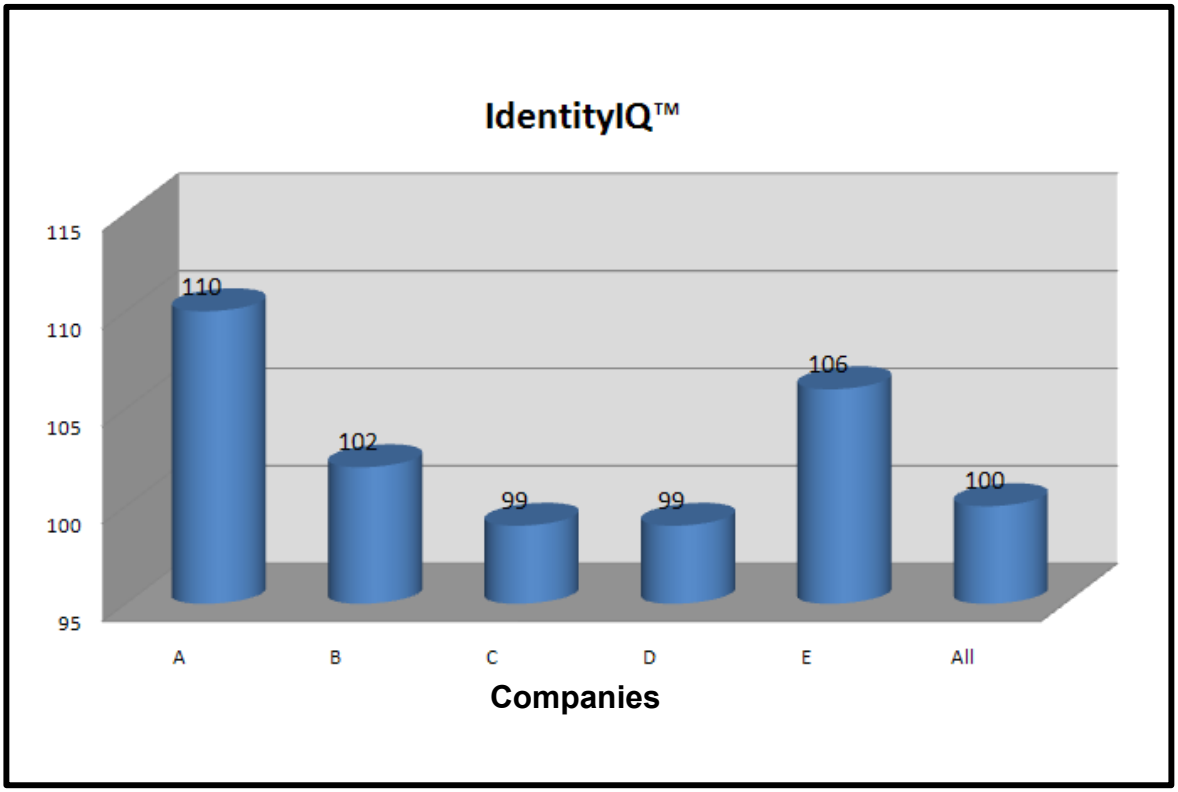
A company's IdentityIQ is a reliable window on its current level of value creation – and on "what's possible" going forward.

Derived from the dynamics of human IQ testing, this simple yardstick gives companies a quick and clear reading on value creation that can be linked to strength or weakness on a number of key leadership measures:

- *Current financial performance*
- *Strategy deployment*
- *Innovation*
- *Brand*
- *Culture*
- *Investment value*

The table below (Exhibit 14) shows where each of the five participating organizations ranks on this key metric.

Exhibit 14



Where Does Identity Strength Come From?

Identity strength is based on eight distinct building blocks that are prerequisites to creating and leading a robust, value-creating enterprise. These building blocks of identity are not arbitrary. They are derived from eight natural laws – **the Laws of Identity** (See The Roots of Identity-Based Management in the Appendix for a discussion on The Laws of Identity, p. 44). The eight building blocks constitute the primary "muscles" that account for intrinsic identity strength and resultant business performance. They are:

Autonomy – the degree of independence a company has that allows it to make decisions unencumbered by the actions of others

Differentiation – the discovery and application of a company's unique, value creating capacities

Change – a company's ability to evolve while retaining its sense of identity, i.e., its ability to "change from a changeless foundation"

Stewardship – a company's ability to steer, and stay, a long-term course, despite current challenges

Potential – the proprietary contribution a company is capable of making that sets it apart from all others

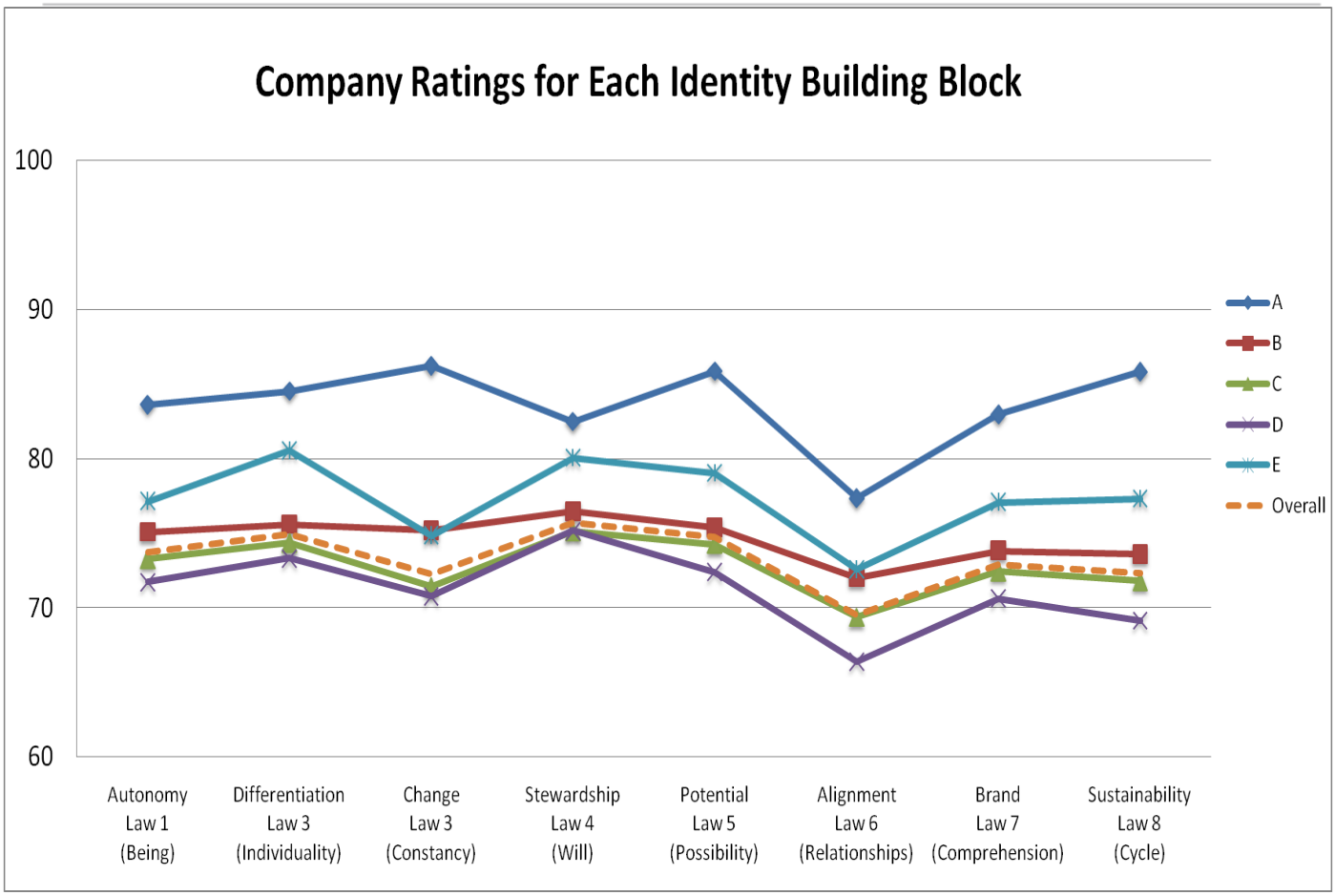
Alignment – the extent to which a company is connected to others, where the relationship produces value beyond the transactions it calls for

Brand – the promise a company makes that shapes its relationship with all stakeholders, based upon its identity

Sustainability – a company's ability to drive growth and profitability in ways that are explicitly tied to its impact on society and the legacy that produces

The graph below (Exhibit 15) shows how each company fared in terms of its relative strength on each identity building block. Note the significantly better performance of Company A, the best practices company of the group. In short, this company – the global vision care concern – is in an especially good position to reinforce and expand value creation practices and results.

Exhibit 15



Questions to Ask to Spark Greater Value Creation through Identity-Based Management

The results of the Identity Impact Survey offer a window on identity-based management: what it is and how to use it to improve business results. Here is a series of questions executives can ask to help them lead their companies – and themselves – in ways that capitalize on the power of identity to create value.

For companies

• Do we truly understand how our company creates proprietary value – do we know what our identity is?

• How much more of an impact could we potentially have on customer success if we understood how we create proprietary value for them?

• What hard-to-reach goals do we have today that might become more achievable were we to bring identity into our strategic management process?

• Is our corporate brand authentic to who we are? Will it stand up to change, or is it fabricated and therefore vulnerable to erosion from inevitable shifts in the marketplace?

• To what extent would identity-based management positively impact the individual – and combined – effectiveness of key business functions including strategy, talent management, marketing, and communications?

For individual leaders

• How might identity-based management practices help me increase my influence with employees?

• What is my identity – my unique, value-creating characteristics – and how might I employ it to make me a better leader?

• To what extent would bringing the "identity question" into our management conversations help our chances of success?

• Who are the people I trust the most, who would understand the principles of identity, and help me apply them to the benefit of the company?

• How might identity help me bridge the often, trying gap between my work life and my family life?

How Can You Succeed, If You Don't Know Who You Are?

Here are some key ways to use the Identity Impact Survey to increase a company's chances of success:

For CEO's and executive teams - First, gauge organizational identity strength to determine the need to clarify corporate purpose. Second, compare and contrast divisional performance across the company, pinpointing best practice groups as well as areas for improvement.

For human resources executives - Measure employee engagement in a context that gives it greater strategic significance and puts HR at the center of the value creation process.

For brand executives - Gauge the need for brand development - i.e., would the company benefit from building a stronger corporate brand as a way to drive organizational identity strength? – and measure brand impact, i.e., how effective have branding efforts been in boosting identity strength scores and resultant performance?

For line executives - Use the survey to discern opportunities to improve business unit performance overall, or in specific locations or operations.

For strategic planning executives - Use the survey to gauge current levels of value creation and determine how to increase them relative to corporate objectives.

For sales management executives - Determine identity strength within the sales force to detect opportunities to increase individual and group effectiveness in the field.

Survey Methodology

The Identity Impact Survey is based on the creation of approximately 100 original items reflecting the eight building blocks of Identity and how they express themselves in key business disciplines including operations, human resources, leadership, strategy, and human resources. An additional 15 items were prepared to measure employee engagement, in particular two aspects of employee engagement (organizational commitment and job satisfaction) that the research literature supports as critical components and strong correlation of employee engagement. These items were then used to create two forms of the survey with 35 "anchor items" that appeared in both forms. These anchor items were used to equate the two forms so that comparable item statistics could be produced for all items without burdening a survey respondent with the need to rate all 115 items.

The items were analyzed using Rasch methods to assess item difficulty, goodness-of-fit, and item standard errors. Item distributions and item characteristic curves were also generated. In addition, factor analyses were conducted for each form, separately. These results were used to assess the psychometric quality of the survey. Several items that performed poorly were eliminated and, in a few cases, items were reallocated to different scales.

The survey results are based on this revised version, which in turn, is based upon approximately 2,000 responses, lending statistical validity to the results in aggregate and for each company. Using a variety of statistical methods, the researchers analyzed the relationship between the eight identity building blocks, individual and organization identity strength, and their impact on employee engagement and resultant business performance. Correlations and regression analyses indicated strong relationships between these variables and employee engagement. These relationships were found for the entire sample of 2,000 and for each company. The researchers also analyzed the differences between the mean ratings, Rasch measures, and percent of maximum possible score for eight laws, individual and organization identity strength, and employee engagement. Statistically significant differences were found among participating companies.

Among the most important findings was the impact of identity strength on employee engagement, a key mediator of business performance. Specifically, the study showed that higher levels of employee engagement accompany high levels of OIS and IIS. In fact, the findings indicate that there is a significant, direct correlation between intrinsic identity strength – both individual and organizational – and employee engagement.

These findings were consistent for each company, individually and across all five companies. Given the well-documented relationship between employee engagement and business results, we believe that identity strength serves as a leading indicator of business performance. In short, high identity strength equals high value creation.

Appendix

- The Roots of Identity-Based Management
- How to Make Identity “Work” in the Workplace: Five Simple Steps for Savvy Managers

The Roots of Identity-Based Management

Identity-Based Management is a comprehensive system for aligning the interests and actions of organizations and individuals around value creation. Identity-based management has its roots in the laws of identity – eight natural laws that govern the health and success of organizations and individuals alike. Operating in accordance with these natural laws leads to more efficient, productive and fulfilling 'lives' – i.e., higher levels of value creation – whether those "lives" are corporate or personal. Operating in discordant ways leads to inefficiency, lower productivity, and lower fulfillment, that is, lower levels of value creation and the rewards it brings.

These "laws," or principles, have been observed, defined and documented over the past 25-plus years by the founder of The Identity Circle, Larry Ackerman, and are explained in his two books on identity*: Identity Is Destiny: Leadership and the Roots of Value Creation (for organizations)* (Berrett-Koehler Publishers, 2000), and *The Identity Code: The 8 Essential Questions for Finding Your Purpose and Place in the World (for individuals)* (Random House, 2006).

The 8 Laws of Identity, and the building blocks they yield, are:

1. The Law of Being – An organization's or individual's ability to live depends first upon defining one's self as separate from all others.

The Law of Being addresses the need for **autonomy** as a prerequisite to finding one's own path in life – or in the marketplace – and not being swayed or deterred by the opinions and actions of others. Without a strong sense of autonomy, leading one's company, or one's self, successfully is difficult, at best.

2. The Law of Individuality – An organization's or individual's natural capacities invariably fuse into a discernible identity that makes that being unique.

The Law of Individuality addresses the need for **differentiation**, based upon one's innate capacities, not just one's strengths. While strengths clearly are important, they can be learned and do not necessarily spring naturally from who we are. Thus, they are not as powerful, or as reliable as innate capacities as the source of true differentiation.

3. The Law of Constancy – Identity is fixed, transcending time and place, while its manifestations are constantly changing.

The Law of Constancy addresses the need for **change** (corporate or individual) that is in sync with one's identity, as opposed to conventional notions of change, which imply changing everything, including identity. This law reveals a crucial paradox: The need to change from a changeless foundation (one's identity), if an organization or individual is going to grow in ways that are constructive, rather than potentially destructive – i.e., which do not, in short, "throw the baby out with the bathwater."

4. The Law of Will – Every organization and individual is compelled to create value in accordance with their identity.

The Law of Will addresses the need for **stewardship**. In the course of leading a company, or one's life, we don't always know "where we are going," despite our best efforts to predict outcomes, and our resultant expectations and hopes. This lack of certainty calls for making decisions that keep us on a course we believe is the right one for creating value over time, based upon who we are, as opposed to what seems momentarily expedient. Discipline, courage and fortitude are the leadership attributes called for by the Law of Will.

5. The Law of Possibility – Identity foreshadows potential.

The Law of Possibility addresses the need to understand one's value-creating **potential**, as the central expression of one's identity. In articulating your potential, you are clarifying your unique "gift"– organizationally or individually – to the marketplace and/or the world-at-large.

6. The Law of Relationship – Organizations and individuals are inherently relational, and those relationships are only as strong as the natural alignment between the identities of the participants.

The Law of Relationship addresses the need for **alignment** – organizationally, with all stakeholders, or individually, with all people, who are at the center of how you create proprietary value. The leadership mandate is to be discerning about the allocation of time and other resources invested in these relationships, so that the return on these investments is as high as possible for everyone involved. Being highly selective is what alignment calls for. Proper alignment is critical to shaping an "elegantly efficient" organization, or life.

7. The Law of Comprehension – An organization's or individual's various capacities are only as valuable as the perceived value of the whole of that being.

The Law of Comprehension addresses the need for **brand** as the main way companies as well as individuals present themselves to the world and are understood, in return. Building an effective brand calls for making, and delivering on, a "promise" that shapes one's relationships with all stakeholders (or other people), based upon one's identity.

8. The Law of the Cycle – Identity governs value, which produces wealth, which fuels identity.

The Law of the Cycle addresses the need for **sustainability** as the prerequisite to creating enduring value, and wealth in return. Organizations that invest in their own sustainability serve all stakeholders, ranging from long-term investors and generations of employees, to customers and society, which ultimately benefits from the contributions the organization makes, over time. Individuals who seek to lead themselves in ways that make their lives "sustainable" act in the best interests of their peers, their families and others who stand to benefit from their unique contributions. Operating in sync with the Law of the Cycle is the key to creating a productive, durable legacy, for both companies and individuals.

How to Make Identity "Work" in the Workplace: Five Simple Steps for Savvy Managers

Short of going through a rigorous identity discovery process or a series of formal Identity Mapping™ workshops, here are steps managers can take to get the identity ball rolling in ways that will make people feel important, while getting them to think and act "value creation:"

1. In a weekly staff meeting, put the question of the company's identity on the table. Ask people what they believe it is – and how it relates to the organization's current business challenges. Offer a precise definition of identity and make sure the conversation revolves around value creation.

2. Prior to a separate meeting, or in advance of individual conversations, ask people to take a few minutes to write down what they believe their unique, value creating capacities are and how those capacities influence their work and workplace relationships.

3. Make identity a team sport. Ask teams to articulate their identities in terms of how they will create proprietary value for the organization.

4. In a group setting, ask individuals to spell out the connections they see between who they are and who they believe the company is, and how that connection, if leveraged, might improve individual and business performance.

5. Bring identity into performance reviews, where conversations about strengths and shortcomings are commonplace. Make a point of stressing what you, as their boss, believe are identity-based strengths that distinguish them and which you are counting on to drive their contributions and performance.

About

The Identity Circle LLC

The Identity Circle is a research, consulting and education company, which helps organizations and individuals clarify and capitalize on their unique, value-creating capacities in ways that improve performance, impact and reputation. The company offers Identity Impact Surveys, specialized consulting programs for senior executives and their teams, and Identity Mapping® courses for employees and individuals.

The Identity Circle is founded on the life-long study of identity by Larry Ackerman. Mr. Ackerman's work has helped put many leading organizations on the path to long-term value creation, including AARP, Dow Chemical, Fidelity Investments, Gates Corporation, Ingersoll Rand, Korn/Ferry, Lockheed Martin, Maytag and State Farm Insurance. The work of The Identity Circle is codified in two groundbreaking books by Larry Ackerman, *Identity is Destiny: Leadership and Roots of Value Creation* (for companies) and *The Identity Code: The 8 Essential Questions for Finding Your Purpose and Place in the World* (for individuals).

Applied Skills & Knowledge

Applied Skills & Knowledge, Inc. (AS&K) creates value for clients by defining the business processes and integrated skill and knowledge requirements that drive individual, group, and organizational performance. When adequately defined, this human capital data serves as the blueprint for assessment content which produces valid and reliable measures of performance. Proper analysis of these assessment results provides executives with the business intelligence to more effectively optimize organizational resources and investments.

AS&K delivers special expertise in creating, evaluating, and improving measurements that organizations rely upon to make better decisions. AS&K uses the most current concepts and statistical techniques to develop and evaluate the reliability and validity of organizational measurements such as employment tests, productivity measures, quality metrics, customer satisfaction monitoring, multi-source surveys, and employee satisfaction surveys.

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