

Building a Sustainable Brand

An Interview with Daniel R. Hesse

EDITORS' NOTE Dan Hesse is the former Chief Executive Officer of Sprint Corporation. He was also the spokesperson as the voice in 10 Sprint television commercials. He received a bachelor's degree from the University of Notre Dame in government and international studies in 1975, an M.B.A. from Cornell University in 1977, and a master's of science from the MIT Sloan School of Management as a Sloan Fellow in 1989. He previously spent 23 years with AT&T where he started as an intern. From 1991 to 1995, he was President and Chief Executive Officer of AT&T Network Systems International based in the Netherlands. In May 1997, he became head of AT&T Wireless. From March 2000 to June 2004, he was CEO and Chairman of Terabeam Corporation and, in June 2005, he joined Sprint to oversee the spin-off of its landline service, Embarq Corporation, and to be its CEO. In December of 2007, he became CEO of Sprint Nextel until his retirement.



Daniel R. Hesse

How do you define the role of a CEO today?

One of the reasons one takes on the role of running a big public company is that it provides the opportunity to have a positive impact on so many different stakeholders. It's not only about doing things right but, more importantly, doing the right things.

You have an opportunity to positively impact your employees, customers, shareholders, and suppliers – the companies that serve you – which is quite important. In addition, you can do much to affect the community.

Will you discuss the interactions between your many constituencies?

If you focus on customers and do a good job at that, it makes employees happier as well and prouder to be part of your firm. As the business does better, you then provide more business for your suppliers. If your company is doing well, it helps the communities you serve as well as your shareholders.

If you do the right things, all of these constituencies will benefit.

How difficult is it to balance short-term results with planning for the long-term and investing in sustainable growth?

It can be challenging because there is so much focus by Wall Street on quarterly performance.

When you're making investments, there are some that have a short time frame in terms of payoff and those with a longer term payoff. It can sometimes be difficult to get some financial analysts to be enthusiastic about the long term investments.

We run the numbers for each investment opportunity. For example, we were able to cut our paper use by two-thirds, our water use by one-third, and our energy use by 20 percent by doing the right things.

These represent hard dollar savings. But for some "sustainable" projects, we might decide to accept a lower, although positive, rate of return than might be typical for most approved investments, or might require a longer payback period, for example, an investment in solar power.

Doing the right thing can lead to large intangible benefits in terms of building a strong, sustainable internal and external brand. For example, for many years we focused on building wireless technology using the capability of smartphones to address the needs of people who were hearing impaired, visually impaired, or cognitively impaired. Over time, this became good business because people with disabilities happen to be the largest and fastest growing minority group.

In America, 10,000 people turn 65 every single day. With aging comes visual and hearing impairment, so there is a marketing benefit that can come with doing the right thing. Also, I spend time speaking on college campuses where we compete for talent against America's best companies. Students today want to work for a company they're proud of, a company that does the right things. If you're doing the right things and get recognized by respected third parties for what you're doing, they will more likely want to work for you.

In our employee surveys, we found that the area we scored highest with employees was for our "good works." It's difficult to quantify those benefits, but I believe they have created true value for the company.

How do you define sustainable value creation?

I believe a company's greatest asset is its brand. "Brand" is a broad term. I was taught that every action a company takes results in either a deposit or a withdrawal from the "brand

bank." At Sprint, we wanted our brand to stand for simplicity, with the very simple concept of "unlimited." We introduced and reinforced this consistently with offer-after-offer, year-after-year, and for doing the right thing, which we supported with a broad, strong "corporate responsibility" platform over many years. For a brand to be sustainable, you need to make deposits consistently over the long term to build credibility. It has to be clear that your actions are not "the program of the year."

For instance, in the area of "green," it took three years of working relentlessly on a comprehensive sustainability agenda before we began to be recognized for our efforts.

Your brand is the totality of how your business customers, your consumers, and your employees view the company. Sustainable value creation and a strong brand, built over time, go hand-in-hand.

Unfortunately, you can lose brand value if you make mistakes. I believe that if you've consistently supported your brand principles, even if you have a misstep, you can recover because people will give you the benefit of the doubt based on your long-term record.

When leading a company of Sprint's size, can you take time to enjoy the wins or is it always about focusing on the next challenge?

We didn't take as much time as we should have because there is that desire to always do more or be better. This is one of the challenges with creating long-term goals: You're never at the celebration point if you haven't achieved the final objective.

For example, in the area of sustainability, we set five-year goals and, to get there in five years, we developed a detailed road map with annual targets. We measured everything and would pat ourselves on the back each year for maybe a minute if we were on target. But when you set longer-term goals, one of its downsides is that you wait a long time to celebrate victory.

Leaders should set goals that allow for a more regular recognition of employees. There is nothing that motivates employees more than the celebration and recognition of accomplishment, perhaps even more so than monetary reward. I've noticed that when athletes have experienced the euphoria and satisfaction of a championship, they are further motivated to win another so as to experience the same feeling again. ●