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“IDENTITY STRENGTH” DIRECTLY IMPACTS A COMPANY’S BUSINESS PERFORMANCE, ACCORDING TO NEW RESEARCH

“Identity-Based Management” is an Untapped Lever for Value Creation and Business Recovery, According to Identity Impact Survey of 2000 Employees Across a Range of Industries

WESTPORT, CT (October 19, 2009) – Actively managing a company’s “identity” can lead to growth and better business performance. In fact, “identity-based management,” perhaps more than any other management practice or concept, is a lever for value creation – one that can help an organization accelerate growth and performance as they prepare for economic recovery.

Those are insights from the recent “**Identity Impact Survey**” of 2,000 employees at companies ranging from \$60 million in revenues to over \$8 billion. The results are explored in the just-published report, “**The Identity Effect: Cracking the Code on Value Creation – How Identity-Based Management Drives Employee Engagement and Business Performance.**”

“Organizations that understand how to align key operations, such as sales, marketing, R&D and human resources, with the company’s *identity* – the unique traits that define how it creates value – have the most engaged employees and thus demonstrate better business results,” said **Larry Ackerman**, founder and president of **The Identity Circle LLC**, the research, education and consulting company that sponsored the survey and published the report.

Identity as a Lens for Leadership – The “Elephant in the Room” When it Comes to Performance Improvement

“It’s very exciting to now be able to quantify the economic benefits of identity strength for companies – and to envision how much more quickly the economy, and individual companies, could recover if the identity discipline were widely practiced – that is, if more organizations and leaders really understood their companies’ identity and how to ‘live it’ throughout all operations. Identity strength really is the ‘elephant in the room’ when it comes to value creation,” said Mr. Ackerman.

An analysis of the Identity Impact Survey 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.**

Implications of Identity Strength and Outcomes of Identity-Based Management

The survey findings point to identity as a lever for value creation -- and the discipline of identity-based management as a critical tool for leaders. The report demonstrates how and why...

- **Identity affects economic return.** Increases in identity strength translate into predictable increases in revenue and other economic benefits.
- **When it comes to identity, size matters.** The study shows that while all companies get a boost from identity strength, the larger the number of employees, the bigger the payoff. As a driver of performance, the influence of identity becomes exponential in terms of economic benefit as the size of the group – company or division – grows. The more people who take part in the identity experience, the greater the business impact will be.
- **“Who we are” trumps “who I am.”** Individual identity strength (the identity strength found in employees) and organizational identity strength are distinct from each other and both are important as indicators of business performance. However, the strength of the organization’s identity is more powerful than that of individuals’ in driving employee engagement and business performance. That said, performance is significantly greater when organizational *and* individual identity strength are both high.

The Survey: How Identity Helped, or Hindered, Meeting Key Business Challenges

As part of the Identity Impact Survey, employees at five companies in a range of industries – global vision care, internet media, regional health insurance and managed care, global industrial manufacturing and institutional food services – were asked to rate their companies on 102 items (e.g., “Our business processes reflect our strengths as one, unified enterprise” and “Our company encourages risk taking in the name of our mission”). The queries covered five business categories – leadership, strategy, human resources, communications and operations.

The responses provide not only a portrait of identity strength within each company but also a picture of how and why identity is helping, or hindering, the organization in meeting key strategic challenges. With that knowledge, the companies participating in the survey were able to develop prescriptions – utilizing the results of the survey – to address their central issues.

The challenges the companies in the survey faced included:

- **Keeping success rolling** – global vision care company.
- **Integrating two organizations, post-merger, while launching a new brand** – regional health insurer and managed-care company.
- **Driving top-line growth** – global industrial manufacturer
- **Serving two, completely different sets of core customers** – internet media company.
- **Implementing and ingraining a new mission and values in the field** – institutional food services company.

“Although all companies, by definition, have an identity, few of them know what that identity is and, in turn, do not – cannot – leverage it as a core asset. The companies that participated in the Identity Impact Survey, however, gained an invaluable competitive leg up,” Mr. Ackerman said.

Key Elements of Identity-Based Management

The report outlines key elements of identity-based management – what companies that have made the effort to understand their identities do to put identity to work to create more value. They are likely to...

- **Integrate identity and business economics:** Identity provides the human model of how companies work; economics provides the capital model. Blending these disciplines results in a more reliable framework for shaping strategy, managing operations and measuring results.
- **Lead through identity:** Leaders can capitalize on the power of identity to marshal such components of success as value creation: authenticity, integrity and endurance.
- **Close the value gap:** Most companies operate below their capacity to create value. Closing the value gap – via identity-based management – would not only improve performance, but also improve the vitality of the economy overall.
- **Let identity drive culture:** Identity can be a natural “forcing function” for shaping a culture around the dynamics of value creation.
- **Make identity the cornerstone of employee engagement:** High levels of employee engagement start with organizational identity strength, followed closely by individual identity strength. All the workplace practices managers use to spur engagement can’t substitute for this reality.

“While an intangible asset, a company’s identity can, in fact, be discerned, articulated and operationalized as the main driver of value creation. This is the discipline identity-based management provides,” Mr. Ackerman said.

About the Survey Methodology

The Identity Impact Survey is based on approximately 2,000 responses across five companies, lending statistical validity to the results in aggregate and for each company. Using advanced psychometric methods, the researchers assessed the quality of the survey and its predictive ability. The research results strongly support the effectiveness of this survey as a measure of intrinsic identity strength and its role in predicting business performance.

About The Identity Circle

The Identity Circle is a research, consulting and education company, that 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.

To receive a copy of “The Identity Effect: Cracking the Code on Value Creation – How Identity-Based Management Drives Employee Engagement and Business Performance” and/or arrange a conversation with Larry Ackerman of The Identity Circle, please contact Adria Greenberg at Sommerfield Communications, Inc. at 212-255-8386 or adria@sommerfield.com.