

# Reputation attracts finance and talent

## Summary of findings

- A business leader's personal profile significantly influences **whether a company is able to attract either financial support or top talent.**
- **41% of investors said that the business track record of a founder-entrepreneur** was an important factor when making decisions about the provision of finance.
- 44% of respondents said positive information online about an entrepreneur's management track record **would sway their decision towards joining a company.**
- When seeking finance, **a strategy should be put in place to ensure senior management's digital profiles highlight their historic business successes.**
- The visibility of a business leader's commitment to ethics is **a key determining factor in whether a business attracts investment or manages to attract top talent.**
- Both the **financial community and top talent are relatively uninterested in the political views of company leaders.**

## Introduction

Competition for finance and top talent has never been so fierce. As the world continues to globalise, a greater number of entrepreneurs, private shareholders, and their businesses are chasing the same investment capital and highly skilled pool of potential employees.

In Q1 2021, Transmission Private commissioned research into the role that the personal profile of an individual entrepreneur or senior executive, such as a CEO, plays in attracting finance and top talent.

Based on a survey of 2,000 respondents, the results show for the first time the hidden, but critical, role that an executive's personal reputation plays in attracting investment and team members.

## Strong ethics gives leaders an edge

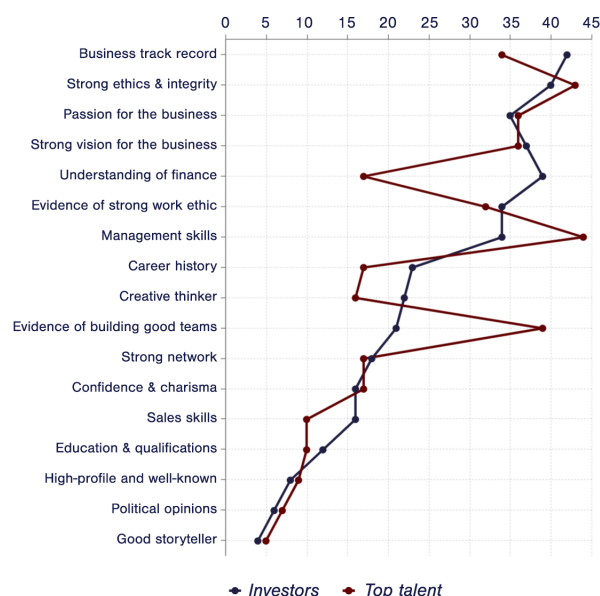
Investment decisions are won or lost by the ethical credentials of a company's leadership, according to the research. These ethical credentials are also a key factor in whether a company is able to attract top talent.

In particular, a massive 40 percent of respondents said that the ethical track record of a company leader would be an important determining factor when judging an investment opportunity. Forty-three percent of potential employees said the ethical credentials of a founder-entrepreneur could sway their decision about whether to join a business or move to a competitor.

The upshot of this result is that if a company leader, whether a founder-entrepreneur or management executive, has not taken steps to give visibility to their personal strong ethics – which is distinctively different from the ethics of the company itself – they are putting themselves, and their company, at a severe competitive disadvantage when it comes to attracting investment and talent.

We believe that a strong ethical track record is being read as a proxy for trust amongst the investment community and talent pool. We also believe stakeholders are increasingly aware of the risks to their own reputations of being associated with executives with a poor ethical track record.

The most important factors for investors and top talent when evaluating whether to work with an entrepreneur



In practice, this means executive leadership must take more concerted steps to give visibility to their personal ethical credentials. This may be done, for example, by feeding impact-based language into their executive biographies, as well as ensuring visibility of individual leadership members in company CSR activity.

Interestingly, the importance of strong ethics was resilient across all age groups. There is sometimes a mistaken assumption that ethics is given more weight by younger value-conscious consumers, but the research finds the oldest respondents gave ethics the most weight. Forty-three percent of respondents between the ages of 55 to 64 said that strong ethics was important when making an investment decision compared with 36 percent of respondents between 25 to 34.

**The importance of strong ethics & integrity for investors when evaluating whether to work with an entrepreneur**



*Proportion of the public (%)*

## Business track record critical for finance

When it comes to making investment decisions, financial partners are overwhelmingly swayed by the visible business track record of a company leader or entrepreneur. In fact, a huge 41 percent of investors said that the business track record of a founder-entrepreneur was important when making investment decisions.

It is surprising to see the margin by which this characteristic outperforms other leadership traits, such as sales skills (16%), creative thinking (22%), or good storytelling skills (4%). This is not to say that these skills are unimportant for effective business, but that these are much less likely to sway investment decisions.

This runs contrary to conventional wisdom. The emergence of a number of high-profile charismatic technology founders, such as WeWork's Adam Neumann, has left a lingering sense that investors are hankering after visionary storyteller-founders who are able to craft compelling narratives about their company. While that is undoubtedly true to some extent, this research puts pay to the idea that this is sufficient on its own.

Instead, entrepreneurs and executives should put a firm emphasis on ensuring that their historic business successes are visible. This is particularly important for company leaders who have invested a significant amount of time crafting a compelling narrative for their business – whilst overlooking making available, online and elsewhere, strong and positive factual information about their historic exits and acquisitions.

## Talent swayed by management history

All else being equal, when making a decision on whether to join one company over another, potential employees are significantly influenced by the information they can find online about senior executives' management skills and their track record of building good teams.

In fact, 44 percent of respondents said that an executive's management skills would factor into whether to accept a job offer, while 39 percent said they would look at an entrepreneur's visible track record of building good-quality teams. Importantly, these factors outrank other personal traits that get a lot of column space, such as confidence & charisma (17%) and storytelling ability (5%).

This has important practical implications for executives who are seeking to attract top talent. In particular, many company leaders currently appear to put their focus on communicating their business' vision and narrative, with a view to attracting highly sought-after value-conscious Millennial talent.

But while these factors are an important component of effective outward communication, especially when they go some way to demonstrate strong ethics, they risk crowding out more basic information about the leader's historical management successes and team-building capacity.

For example, senior leadership will often make concerted efforts to secure media coverage about their desire to build a mission-led organisation, with a view to attracting Millennial top talent, but not think similarly hard about generating coverage about how they have previously built strong and capable teams. These results show that executives should approach this the other way around.

Finally, the results demonstrate the relative unimportance of the political opinions of company leaders when it comes to attracting not only top talent but financial support too. In fact, only 6 percent of stakeholders said that the political opinions of an entrepreneur would be an important factor when considering the provision of finance. The figure was equally low at 7 percent when respondents were considering a job offer.

This is surprising. Over recent years, it has become part of conventional wisdom that leaders of companies have an obligation to vocalise particular political views if they want to appeal to Millennial talent. In practice, this tends to mean senior leadership taking a vocal stand in progressive, socially-liberal political campaigns.

It appears that both the financial community and top talent are rather uninterested in the views of the company leaders they work with. Importantly, this is not to say that mass-market consumers of businesses are uninterested in corporate perspectives on hot-button political issues, but only that executives have more freedom to either remain non-political or express their political views more openly and genuinely than they might first expect if their primary objective is investment or recruitment.

## Reputational recommendations

The principal upshot of this research is that the public profiles of founder-entrepreneurs and senior executives are key to attracting investment and top talent. In today's hyper-competitive battle for finance and talent, putting in place a proactive strategy to ensure an individual's digital profile captures the right messages is both essential and unavoidable.

Firstly, regardless of the audience an individual is looking to target, they must give visibility to their ethical credentials. This can be done by giving visibility to key values within online personal collateral, such as corporate profiles, biographies, or on personal social media channels, but it would be wise to further emphasise this through the creation of original collateral to substantiate ethical credentials, such as a CSR Policy or Governance Standards, which can be communicated in the name of senior leadership members.

Secondly, if a business is seeking to engage the financial community, senior leadership must take steps to give visibility to their personal historic business track record. A strategy should be put in place to ensure that the digital profiles of key team members highlight their business successes, such as previous exits, revenue milestones, or acquisitions. External audiences must come away with a clear understanding of what individuals have specifically achieved in their business careers to date. This is especially important pre-IPO.

Finally, if a business is seeking to attract top talent, company leaders must take extra steps to showcase their own personal management aptitude. This can be done by feeding relevant messaging into the corporate profiles as well as producing supporting collateral, such as media coverage, to showcase an executive's historical ability to build strong teams and retain talent.