

Celebrity CEOs: What you need to know and why?

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The modern trend has been for celebrities to leverage their acquired fame and popularity to branch in commercial endeavors other than the ones that conferred celebrity status on them. In a stroke of marketing genius, most celebrities are using the power of brand extension and brand association in creating successful commercial enterprises that go on to rock the business world. [Celebrities](#) like Jay Z, Dr. Dre, Kanye West, Oprah, and several other accumulated a fortune leading successful companies they built upon their fame and celebrity status. The second type of CEO is the one that acquires celebrity status due to their acumen and prowess in the business world. Geeks like Mark Zuckerberg, Steve Jobs, Bill Gates, and Elon Musk rose to prominence due to their technological ingenuity and they went on to lead their companies to grander heights. Self-Promoting alpha types like Richard Branson and Donald Trump with an uncanny ability to work with the media attracted sufficient attention that propelled them to celebrity status and brought their companies to light.

The advent of mass media in the 20th century forever changed the business and marketing world in an unprecedented manner. For the first time, businesses could influence millions of customers in a short space of time and with an affordable budget. This gave rise to the extensive use of celebrities in attracting attention to the business's products and brand communication. According to Phil Knight's (founder of Nike) biography, Nike owed its success to countless celebrity athletes who promoted the brand. The increased reach of media to all income groups and remote corners of the world further increased the power of celebs in the exchange value otherwise known as trade. Apart from working as [brand ambassadors](#) and spokespersons, celebrities rose to build successful companies and other entrepreneurs effectively used the media to attain stardom.

This article explores Celebrity Ceoship and leadership at the corporate apex, it starts by looking at the advantages and disadvantages of having a celebrity CEO and then proceeds to zero in on facts associated with celebrity CEOs.

Advantages

Brand Awareness – Almost all media houses pay attention to and are always itching to write something about the most prominent of our society. Secondly, celebrities have a massive following on social media platforms like Twitter, Facebook, and Instagram, making them more powerful influencers and

news dispensers than most media outlets. For example, Justin Bieber is followed by 113.7 million people on Twitter whilst the New York times is followed by 50 million. The ease with which celebrities courts attention makes them a valuable intangible asset for the company. Without sufficient awareness levels, a brand can't win in the marketplace and make sufficient achievements for the company. Celebrity CEOs use their relationship with media and the various publics to [promote their brands](#) to different sections of the society and their fans quickly adopt the brand and sometimes stick with it for life. Where companies spend millions in advertising dollars to introduce and popularize the brand, it takes a few press conferences, a tweet, a Facebook post, and a few interviews for a celebrity CEO to garner sufficient attention for the brand.

Brand Associations – In forming Brand opinions, customers are sometimes helped by associations they make towards the brand and various elements. Marketers manipulate these elements to shape positive brand opinions. Customers can easily transfer positive attributes they know about celebrity CEOs to the brand. This also helps in reducing [post-purchase cognitive dissonance](#) and ensures lifetime use of the brand. Celebrity CEOs like Richard Branson of Virgin and Steve Jobs exploited their status and helped their companies in expanding and introducing. new brands. Richard Branson was the chief promoter of Virgin Airways and it gave British Airways a big run for its money, likewise, Apple suffered a lot after Steve was fired and bounced back with flagship brands like iPad, iPhone, and iPod when the mighty Jobs returned as the famous *iCeo*. Dr. Dre in what can be classified as brand extension founded Beats electronics which he is leading as the CEO.

Building Lifetime Customers and Brand Evangelists – Building lifetime customers and turning customers into brand evangelists, are the aspirations of any organization and the dreams of any marketer. Celebrity CEOs have the power, means, and persuasive abilities to convince their fans to adopt the use of the brand for a lifetime and to share it with friends. On average an Elon Musk tweet about Tesla is retweeted by more than 20,000 people in a matter of hours, meaning that such people are convinced enough to spread the Tesla gospel to others. After the death of Steve Jobs, there are still individuals who make it a point to acquire and own the latest Apple product due to their attachment to Steve Jobs' creative ingenuity.

Disadvantages

Too much Scrutiny – Celebrities are held to a certain level of standard different from any other Jack and Jill, coupling this with media surveillance produces a high potential for disaster. Any slip in speech or action that can be wrongfully interpreted has far-reaching implications for the company. Negative news about the person of the celebrity CEO can send the share price down, harm the sales and reduce employee morale. Furthermore, media attention may end up exposing elements and news that can hurt the company. A headline about how Elon Musk wrongfully fired an employee sales better than about

how John Bean did the same thing. Media scrutiny can even expose the gap between promised performance and actual performance, which can affect levels of customer satisfaction, according to the Gap Model of Service Quality.

Scandals and Controversy – Though not a CEO, the Tiger Woods Scandal resulted in several Brands sacking him for fear of backlashes. Recently in 2018, Netflix dropped Kevin Spacey as the lead actor in The House of Cards amid a controversial sex scandal. Celebrities are not aliens to scandals and controversy, some controversies have been positively spined into good publicity. However, some scandals can be so stinging in the noses of the public that they can ruin brands they are associated with. It is easier to drop a celebrity who is a brand spokesperson or ambassador than a celebrity CEO for the associations are deep and far-reaching. Brands and companies led by celebrities can be one scandal away from ruin, the vulnerability is just high.

Big Shoes to Fill – Celebrity and legendary leaders usually set the bar so high that their successors pale in comparison. Thabo Mbeki's presidency suffered the exact fate, where the media and the whole world compared him and his administration to the highly venerated Nelson Mandela. In frustration, Mbeki is famous for saying 'must I go to prison for 27 years or must I start wearing strange shirts'. Jeff Immelt the successor of the legendary Jack Welch is often criticized for ruining General Electric, a house-making profit that Welch built. The departure of celebrity CEOs tends to leave big problems for their successors and the entire organization.

Too Expensive – Simple laws of economics dictates that when supply is low and demand is high, the price becomes high. There is a limited number of celebrities in the world and there is a small number of those smart enough to run a company, making them a highly valuable commodity worth a big price. According to Payscale, the average salary of the CEO is \$155,000, however, back in 2000 Jack Welch was earning \$16,8 million and in 2019 Tim Cook got nearly \$134 million from Apple, according to a Bloomberg article of June 2020. Jack Welch went on to have a hefty retirement package that sends Wall Street, Ethics crusaders, and the entire society crazy. [Celebrity CEOs are a huge cost](#) for the entire organization and they eat into the shareholder value and prejudice other stakeholders. While Jack Welch was receiving astronomical salary figures from GE, every year 10% of GE employees were culled, in the 20/70/10 rule that is described by many as ridiculous.

Facts About Celebrity CEOs

CEOs as the architects of corporate strategy and the day-to-day Tsars within their corporate dominions hence they are a subject of particular interest to the scholarly community and the world at large. Using

relative fame and reputation helped in determining 4 types of CEOs as shown in the diagram below.

CEO Reputation

	Low CEO Reputation	High CEO Reputation
High CEO Fame	<p>Scoundrels—In the early 2000s, several high-profile CEOs played central roles in ethical scandals. One was Enron CEO Kenneth Lay, who in 2006 was convicted of crimes related to corporate abuse and accounting fraud. He later committed suicide.</p>	<p>Icons—A rare combination of style and substance leads these CEOs to become household names. The “Oracle of Omaha” Warren Buffett has advised presidents, and the yearly letters he writes to his shareholders are as influential as any report created by the Federal Reserve and other financial institutions.</p>
Low CEO Fame	<p>Silent Killers—These unknown CEOs can be just as harmful to their firms as celebrity scoundrels. Harding Lawrence, the former CEO of now-defunct airline Braniff International, made a major blunder by expanding the airline too quickly. Lawrence was fired before the firm plunged into bankruptcy. By the time Braniff disappeared into history, Lawrence’s poor decisions were largely forgotten.</p>	<p>Hidden Gems—These CEOs perform their jobs admirably, but they lack fame. Many prefer to avoid the spotlight, but they are known all too well by their wary competitors. Anne Mulcahy, CEO of Xerox, is a hidden gem whose avoidance of media attention may stem from her humble roots as a copier salesperson.</p>

Source: <https://open.lib.umn.edu/>

Icons – Iconic CEOs have both substance and fame that help them in creating value for their companies and their legacy usually outlives them. For example, the former and founding CEO of Econet Dr. Strive Masiyiwa is held in high regard not only here at home but on the continental and global stage. This association has helped Econet to penetrate other markets and expand into countries like Kenya, Nigeria, etc. Iconic CEOs are an intangible asset to their organizations.

Scoundrel – Most organizations rarely survive the ruinous impact of a scoundrel CEO. They are characterized by the primitive accumulation of wealth, low regard for good governance practices, and do not hesitate to wield an axe on dissenting voices. Most dictators and repressive regimes around the globe demonstrate this scoundrel-like nature. Dictators disregard the rule of law, loot their countries to the ground, imprison opposing voices and secure themselves in sumptuous palaces, this is what scoundrel CEOs exhibit, only that they are limited by lack of means to assume total authority. At the heart of every financial bubble, some scoundrels think they can forever cheat their way to the top. The Mississippi scheme of the 18th century that put France in a speculative frenzy and ruined it financially, sowing the seeds of a bloody revolution, was authored by John Law, and the financial crises of 2008 was a result of Wall Street greedy that turned into fear. Financial Houses like Lehman Brothers never recovered.

Celebrity CEO as An Intangible Asset

Edwin W, Benjamin M (2017), argues that celebrity CEO serves as an intangible asset for the firm and may increase opportunities available to the firm. Celebrity CEOs boost the organization's credibility amongst stakeholders. Leveraging on their celebrity status, they can negotiate better credit terms with suppliers of both material and finance. According to Tom Bower's biography of Branson, youngsters could claim a share of fame in the bars and clubs of London for working for Richard Branson. Celebrity CEOs can do well in boosting employee morale. Celebrity CEOs can woo investors better than average CEOs and their companies tend to enjoy better stock appreciation.

Shackled by fame

According to Jonathan Bundy an associate professor of management, celebrity CEOs can be prisoners to their accumulated firm, making them inflexible to changes demanded by newer realities. Celebrity CEOs tend to keep repeating the same thing that made them famous and they become rigid in the process. Secondly, external stakeholders like the media, fans, and customers expect them to repeat actions that bore yesteryear's glory hence they become so engrained and entrenched in their old ways. After a successful career which culminated in the exploits of the blue campaign at Pepsi, John Sculley was hired at Apple on the strength of his celebrity as sales acumen, he ruined the company only to be revived with the return of Jobs in 1997.

Conclusion

Celebrity CEOs come from various sources, others attain celebrity status due to the acumen and strong gamesmanship in the corporate world, and others leverage on their fame made elsewhere and branch into the business world. This article gave the example of CEOs from both sources, with individuals like Jay Z and Doctor Dre exploiting their celebrity status to build iconic brands and people like Jack Welch and Elon Musk attaining stardom for their business excellence.

Celebrity CEOs place the company in the spotlight, giving it and its brand the necessary visibility to succeed in the greater democracy of the modern-day marketplace, customers have the power to vote for the brand that wins. Introducing new brands and extending the current one is easier with celebrity CEOs because they already have an audience and the trust of the people. Celebrity CEOs personify their brands and become the spokesperson for their companies, this helps organizations in connecting with various customer segments. Post-purchase cognitive dissonance is reduced when customers purchase new products and brands from individuals they trust. Celebrity CEOs attract publicity worth millions of dollars and the company benefits in terms of high brand awareness, brand recognition, increased market share, etc.

In the modern times of social media, celebrities have built strong followership and information dissemination clout that rival or exceed that of famed media companies. Barack Obama and Justin Bieber for instance have more followers on Twitter than CNN and Newyork times. This makes celebrities powerful spokespeople for any brand, having a celebrity CEO brings many audiences to the company message. A simple 50 character tweet by a celebrity CEO can accelerate the movement of company products on retail shelves.

The article touched on the 4 types of CEOs as outlined in the table above. Every type of CEO has far-reaching effects on the company, some are good and others are undesirable. An iconic CEO is an asset to an organization and he/she leaves a legacy that goes for years whilst scoundrels take the company down with them either to jail or to the obituaries.

Lastly, albeit being intangible assets, that can build valuable and beneficial relationships with stakeholders, for their organizations, celebrity CEOs are often shackled by the fame which makes them inflexible. Their strong and entrenched position forces them to keep repeating what made them famous, even though it may no longer be relevant.

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