

WHAT EXECUTIVES CAN LEARN FROM U2: AN EXPLORATORY STUDY

Francis Petit, Fordham University

ABSTRACT

The purpose of this research is to determine what executives can learn from the successful development of the musical band and brand known as U2. To determine this information, a historical study of the U2 journey was conducted with the hopes of uncovering key learning points and takeaways for executives. The main findings of this study indicate that there are four (4) overarching themes that have led to not only U2's success but can also be potentially implemented within the daily roles of executives. The results of this exploratory study can potentially ignite increased research into the "U2 Effect" and what Corporate America can learn from this musical group.

JEL: M31, M37, M52

KEYWORDS: 2U Effect, Executive compensation, global brand, Entrepreneurial Thought

INTRODUCTION

For the past thirty plus years, many individuals had the distinct pleasure of experiencing the "band" and the "brand" known as U2. Throughout this time, U2 has achieved success of epic proportions as well as disappointed critics and fans alike. They have also developed a powerful brand that goes beyond the music and have leveraged it like no other band ever. In addition, U2 has evolved as individual musicians and as a group extending their reach and meaning behind their work. Overall, as someone who studies best practices in executive development, this author has become intrigued by the "U2 Phenomenon" and also curious to discover what lessons, if any, this megaband can teach corporate executives. With this as a backdrop, this study set out to uncover the lessons and takeaways executives and professionals can learn from the U2 story and how the U2 brand was built. There are three (3) reasons that illustrate the importance of such an analysis.

First, the band U2 has been extremely successful with their craft (i.e. creating music). For example, according to the official U2 web site, U2 has won twenty two (22) Grammy Awards including "Best Rock Duo or Group", "Album of the Year", "Record of the Year" and "Best Rock Album". In addition, U2 has won a host of other awards including Meteor, BRIT, Q, Juno, AMA and ASCAP. U2 was also inducted into the Rock and Roll Hall of Fame in 2005 as well as being named "Band of the Year" by numerous publications.

Secondly, U2 has generated large sums of income over the years. Without going into too much detail, there are two telling indicators that illustrate their success from the financial side of their work. The first is that during this past decade, *Rolling Stone Magazine* ranked U2 as the second highest concert grossing band of the decade (behind The Rolling Stones) as well as being the top grossing concert band in 2009. Secondly, according to *Billboard Magazine*, U2 earned approximately \$250 million in 2005. ("U2 Tops Billboards Money Maker's Chart, January 20, 2006). Overall, these indicators are quite significant.

Lastly, the U2 brand means much more than just the music and has established "influence" throughout the world. More specifically, U2 has been on the forefront of social and humanitarian issues for quite some time (which will be explained in more detail shortly). Bono, the group's lead singer and band

spokesperson, has met with world leaders including Pope John Paul II. Whether one like's U2's artistic direction or not, the bottom line is that people not only hear their music but also listen to their message.

In addition, the magnitude of such a study is important in that very little has been written on the “U2 Phenomenon” and what corporate leaders can learn these boys from Dublin. Another goal of this study was to also increase the awareness and additional research of the “U2 Effect” from a corporate development perspective. In general, this research began with a thorough historical analysis on the U2 journey from band conception to their current state. The goal of this analysis, as mentioned previously, was to uncover any key learning points that executives can potentially implement within their current roles. It should be noted that the initial hypothesis in this study was that “yes” executives can learn from the U2 story. Interestingly, the extent of the learning was not realized until further into this project as will be illustrated, in detail, by the four (4) takeaways indicated within this research as well as the concluding remarks.

LITERATURE REVIEW

In terms of U2 and what executives can learn from this musical rock group, very little has been written. In 2009, Harvard Business School published a case on Bono and U2 (Koehn, Miller and Wilcox, July 8, 2009) which is a comprehensive historical account on U2 from its formation to its current state and illustrates how the U2 brand was built. In addition, U2 by U2 (Bono, The Edge, Adam Clayton and Larry Mullin Jr., with Neil McCormick, 2006) is another thorough analysis which discusses the journey of the band and the decisions that were made that inevitably led to their success. Beyond these examples, most of the literature on U2 can be obtained from periodicals, interviews and television programming. However, very little to nothing has been written on what executives can learn from U2.

With this as a backdrop, there does exist substantial literature on brand building from a variety of perspectives. For the purpose of this literature review, various brand building techniques will be illustrated with a potential overlap with how U2 built its global brand. For example, brands can be built, as will be discussed further within this study, on the premise of “gut instinct” (verse a formalized strategy). The power of the head (i.e. strategy) combined with the heart (i.e. “gut instinct”) can allow for a historic moment within the formulation of a brand as well as within one’s career. (Kiev, 2009).

In the age of accountability, it may be risky and very difficult to justify strategic decisions made on “gut instinct” as this can be seen with the proliferation of concept testing and copy testing during the new product development and product management processes. (Marketing Magazine, March 20, 2009). Gut instinct decisions in business are usually made when not enough information is either present or an analysis of all options and subsequent repercussions are not taken into full account. Mr. Gerry Gildea, a Human Resource Consultant, strongly advocates on the power of information during the decision making process.

However, there is something very powerful about one’s “gut instinct”. Mr. Jeff Hawkins, the founder of Palm Computing and the inventor of Palm Pilot, within a segment of Stanford University’s Entrepreneurial Thought Leader Lectures, stated that focus groups can only be so effective and listening to customer feedback can add additional insight. However, every so often one must follow one’s “gut instinct” even if the market research dictates otherwise. (Hawkins, 2009). With this said, this research will illustrate the concept of “gut instinct” during the U2 journey and how it enabled them to build their brand.

In addition to “gut instinct” as a potential brand building tool, brands can also be built on the overall experience. We, as a society, are now fully engaged within the “experience economy”. The concept of “experience” is alive and well within the lives of consumers as can be seen by the simple birthday party

example. Originally such a celebration was just limited to a homemade cake and backyard games. The cost of the party was minimal. Now within the “experience economy” birthday parties are outsourced to institutions such as “fun craft” and “party zone” for a price. (Pine and Gilmore, 1999). Consumers are now willing to pay a premium for a delightful and uniquely branded customer experience. (Schmitt, 2003). Whether it is combining the seemingly incompatible within the customer experience to benchmarking best practices outside of one’s industry to breaking down the “sacred cows” within products all such initiatives can potentially add to customer experiences and in essence build a brand. (Schmitt, 2007). Experience can lead to a distinctive position in the marketplace which is a goal for all brands. (Kotler, 2004). The U2 brand is certainly based on a unique experience which will be illustrated further within this research.

Furthermore, innovation strategies such as user-based innovation where “lead users” are utilized for product innovation can also be a method in building a brand. (von Hippel, 2005). Engagement of any form can also allow for a personal relationship of the brand to develop which results in connection and ownership. (Schmitt, 2003). Engagement within the U2 philosophy is certainly evident which will be illustrated.

Overall, there are many methods and frameworks to building a brand. (Kotler, 2005). The brand building strategies just discussed can potentially be applied to the U2 story. In general, there is no specific recipe for building a brand. Rather, there are various frameworks that can lead to this end goal.

WHAT WE CAN LEARN FROM U2

Upon witnessing the U2 phenomenon firsthand and seeing its success in tangible and intangible forms, the next step in this process was to research, in depth, the band's historical journey. The goal of this research was to determine not only how their success developed but more importantly to see what lessons, if any, executives can learn from their story. Below please find four (4) overarching takeaways from this analysis.

Takeaway #1 – The Instinctive Gut

Organizations can spend countless time and resources trying to determine the best strategy to either gain market share or penetrate a new market. Consultants are hired and reports are generated all in the hopes of steering an organization to not only formulating a winning strategy but also implementing it effectively. Stakeholders of most organizations believe that planned strategic actions yield desirable and successful results. It is one of the oldest premises in business as we know it.

Yet what about steering off the planned agenda and/or in general following one's "instinctive gut?" There are supporters, for example, within innovation that indicate that even though the market research says otherwise, if your "instinctive gut" believes the new innovation will be a success, go with your "instinctive gut." (Kuczmariski, 2005). This is exactly what U2 did throughout their career which has certainly helped them make their mark.

One example can be seen on July 13, 1985, the day U2 was to perform at the Live Aid Concert Event at Wembley Stadium in London. Live Aid was an international concert event in London, Philadelphia, Sydney and Moscow with a goal to promote awareness and raise funds for famine relief in Ethiopia. (Koehn, Nancy, Miller, Katherine and Wilcox, Rachel, July 2009). While U2 was just given the title of "Band of the Year" by *Rolling Stone Magazine*, they were not yet considered a major international force on the music scene and as a result, they were honored to have been invited to participate in such an event. (Koehn, Nancy, Miller, Katherine and Wilcox, Rachel, July 2009).

As part of the plan, U2 was to perform three songs (*Sunday Bloody Sunday*, *Bad* and *Pride*) during their fifteen (15) minutes of allotted stage time. Yet halfway during the second song (*Bad*) during the actual performance, Bono, the lead singer, decided to jump off stage and dance with a girl in the audience. Bono's "instinctive gut" thought at the time that such a move would play well among the television audience. Little did he as well as his fellow band members know that this action would steer U2's performance strategy way off course eating up valuable time which in the end allowed the band to only perform two out of the three songs. While initially the band members were furious at Bono for following his "instinctive gut" as opposed to the pre-determined plan, his actions, in hindsight were effective as U2, in essence, "stole the show" and became international celebrities that day forward. (Koehn, Nancy, Miller, Katherine and Wilcox, Rachel, July 2009).

In addition to Live Aid, a second example of how U2 has followed their "instinctive gut" can be seen in how they selected *Island Records* as their music label early on. Instead of selecting a label where the initial monetary awards were to be greater, U2 followed their "instinctive gut" for the creative freedom and eventual copyright partial ownership it provided them. As a result of this decision, corporate executives did not dictate the artistic terms of the next project but rather U2 did (Koehn, Nancy, Miller, Katherine and Wilcox, Rachel, July 2009). Overall, this "instinctive gut" decision allowed U2 to be true to their creative vision as opposed to being pressured to create that next pop hit. Such a decision has had a major impact on U2's success and creative direction.

Takeaway #2 – Branding Beyond Core Competency

As a rock and roll band, U2's core product and core competency is to produce music. They have been doing it since 1977 and as illustrated per their awards and recognition, they have been doing it quite well. Yet in addition to producing music they have also gone beyond their core competency which has changed the perception of their brand and the subsequent "U2 Experience" in the marketplace.

More specifically, U2 is known as a band that is committed to social justice issues. For the past twenty five years, U2 has been active in humanitarian efforts including famine relief, debt forgiveness, AIDS, anti-apartheid, and disaster relief for tragedies such as September 11 and the earthquake in Haiti. They have also either spearheaded or have been actively involved in initiatives such as Live Aid, Sun City, DATA (Debt, AIDS, Trade, Africa), Jubilee 2000, Live 8 and "Miss Sarajevo". As indicated earlier, Bono has met with world leaders on such issues and has even lectured at Harvard's Kennedy School of Government. (*U2 by U2*, 2009). He further, along with Bill and Melinda Gates, was named *Time Magazine's* Person's of the Year in 2005. In addition, much of U2's early music has dealt with religious, personal faith and political issues as can be seen with songs such as *Gloria (October)*, *Pride (Unforgettable Fire)* and *Still Haven't Found What I'm Looking For (Joshua Tree)*.

Overall, the U2 brand and the "U2 Experience" is not just about the music but it is about so much more. In a time now where "corporate social responsibility" has become the new buzzword within business strategy, U2, for a long period of time, has been leading the way when it comes to these efforts.

Takeaway #3 – The High Powered Team

Larry Mullen Jr., the future drummer of U2, posted a sign in his secondary school in Ireland in September 1976 looking for classmates who were interested in being a part of a new band. This is the official birth date in what would eventually become U2 and the ages of the band members ranged from fourteen to sixteen. (*U2 by U2*, 2009). With no real formal musical training, the "boys" set out unknowingly in what would be an incredible thirty plus year union.

In an industry where egos and creative control are potentially major reasons why musical bands breakup, it is incredible that these four teens from the Mount Temple Comprehensive School in Ireland were able to not only achieve such success but more importantly stay together all this time.

Yet if one watches a U2 live performance closely, one will not be surprised as it is easy to detect the synergy of the U2 musical team. Bono is the band spokesperson and leader on stage. When the band is interviewed, Bono does most of the talking and has done so as early on as 1981 as seen in early footage. This is his role and it has become accepted among the group.

It has also been noted that the band can spend an excruciating amount of time in the studio producing new music as well as on the road touring. Like any married couple with longevity, there are "highs" and "lows" in any relationship. Yet even during the "ups" and "downs", U2 has found a way to not only stay together but also work collaboratively for a common goal. Their continued success, throughout their journey, illustrates their effectiveness as a strong team each with a unifying role moving U2 forward. They understand their roles and their individual impact on the success and direction of U2.

Takeaway #4 – Belief in The Human Spirit

The one theme that this research has illustrated is the power of the human spirit. U2, for all intensive purposes, had everything going against them when they came together for the first time in September 1976. None of the boys were musicians and all but one had any musical training. Bono became the singer by default not because of the unique pitch of his voice but rather because he did not own an instrument. (*U2 by U2*, 2009). The Edge (David Evans) owned a guitar and Adam Clayton owned a base guitar and both taught themselves how to play. Larry Mullen Jr. was the only one of the four to have formal music lessons on his instrument -- the drums. As a result, during the initial stages of the group, they were learning to play their instruments and evolving together. (*U2 by U2*, 2009).

Furthermore, each of them, during their youth, suffered in some capacity. Bono, at the age of fourteen, tragically lost his mother to a brain hemorrhage which came about during his maternal grandfather's funeral. Bono has admitted that his ensuing childhood with his father and brother was somewhat dysfunctional. (Koehn, Nancy, Miller, Katherine and Wilcox, Rachel, July 2009). The Edge has described himself as a shy youth and as a loner while Adam Clayton experienced some academic issues. Larry Mullen Jr. saw himself as a disappointment in his father's eyes as his grades were subpar and he was not interested in athletics. (*U2 by U2*, 2009). Overall, when these individuals came together in September 1976, the biggest thing they had going for them was their human spirit which along with their subsequent determination enable them to initially succeed.

This spirit continued throughout the U2 journey and has allowed the band to not only rebound from failure but to also continually reinvent the music. Not every album and every initiative was considered a commercial success. U2's first album, *Boy*, made it to number 63 in the charts while the second album, *October*, did not even crack the charts at all. (Koehn, Nancy, Miller, Katherine and Wilcox, Rachel, July 2009). This trend continued with the third and fourth albums, *War*, and the *Unforgettable Fire* as well as the fifth album, *The Joshua Tree* (Album of the Year) to the sixth album, *Rattle and Hum* which sold only 12 million copies. (Koehn, Nancy, Miller, Katherine and Wilcox, Rachel, July 2009). Continuing on, U2 experienced success and musical reinvention with their next two albums, *Actung Baby* and *Zooropa*, only to crash and burn with their 1997 album, *Pop*, which was an exploration of music and dance, which sold only seven million copies. (*U2 by U2*, 2009). The next two albums, *All That You Can't Leave Behind* and *How to Dismantle an Atomic Bomb* hit the ground running and did well commercially only to receive less enthusiasm for their most recent album, *No Line on the Horizon*. (Koehn, Nancy, Miller, Katherine and Wilcox, Rachel, July 2009).

Overall, one of the great takeaways about U2 is their belief in themselves and the spirit they have exhibited. They have continually reinvented themselves as well as continually persevered which has led to a distinctive brand in the marketplace.

CONCLUDING COMMENTS

The rock band U2 was born in 1976 and has had a tremendous commercial success and has also built a powerful brand. Their journey has been unique, electrifying and evolving. With this said, the goal of this research was to determine if executives and professionals alike can learn any lessons from the U2 story and how their brand was built. More specifically, the goal was to determine if executives can “operationalize” any wisdom from the “U2 Effect” within their current roles.

As indicated earlier, to determine this information, a thorough historical analysis was conducted on the U2 journey from band conception to its current state. The goal of this analysis was to determine if any apparent and/or not so apparent lessons of wisdom could be determined from this historical review. Upon conducting this research it became apparent that there are four (4) overarching themes and takeaways that executives can learn from U2. They are as follows: (1) The Instinctive Gut; (2) Branding Beyond Core Competency; (3) The High Powered Team; and (4) Belief in the Human Spirit. As indicated within the research, these takeaways were critical in building the U2 brand as it is known today.

Overall this historical exploratory study does have one evident limitation. There is very little academic research that has been conducted on Bono and U2. There is much data that exists from interviews and secondary sources from fans and individuals who may have biases however very little research exists from an academic perspective. While relying on secondary sources was necessary for this type of study more formal academic research should be conducted on the impact of Bono and U2. In closing, executives can learn a great deal from the U2 journey. The goal of this initial study was certainly not only to illustrate some of these takeaways but to also ignite an increase of interest of research on the “U2 Effect”.

BIBLIOGRAPHY

Bono, The Edge, Clayton, Adam and Mullin, Larry Jr. (with Neil McCormick). (2009). U2 by U2, itbooks (an imprint of Harper Collins Publishers), pp. 29-293.

Koehn, Nancy F., Miller, Katherine and Wilcox, Rachel K. (2009). Bono and U2, Harvard Business School, Massachusetts, pp. 1-41.

Kuczarski, Thomas D. (2005). Innovation: Leadership Strategies for the Competitive Advantage, Book Ends Publishing, Chicago, IL, pp. 1-83.

Kiev, Ari (2009). The Mental Strategies of Top Traders: The Psychological Determinants of Trading Success, Wiley Trading.

Kolter, Philip (2004). Ten Deadly Marketing Sins, John Wiley & Sons, Hoboken, New Jersey.

Kotler, Philip (2005). According to Kotler, American Management Association, New York.

Pine, Joseph II and Gilmore, James H. (1999). The Experience Economy: Work is Theater & Every Business a Stage, Harvard Business School Press, Boston, Massachusetts.

“Pre Testing Verse Marketing Instinct”, Marketing Magazine, March 20, 2009.

Schmitt, Bernd H. (2003). Customer Experience Management: A Revolutionary Approach to Connecting with your Customers, John Wiley & Sons, Hoboken, New Jersey.

Schmitt, Brend H. (2007). Big Think Strategy: How to Leverage Bold Ideas and Leave Small Think Behind, Harvard Business School Press, Boston, Massachusetts.

Stanford University Entrepreneurial Thought Leader Lectures, Jeff Hawkins, 2009.

"U2 Tops Billboards Money Maker's Chart, January 20, 2006 (accessed @ www.factiva.com, August 6, 2008.)

Von Hippel, Eric (2005). Democratizing Innovation, MIT Press, Cambridge, Massachusetts.

BIOGRAPHY

Francis Petit is the Associate Dean for Executive MBA Programs at Fordham University Graduate School of Business Administration. In his overall work with executive students, Dr. Petit has established executive programs in North America, South America, Europe, Asia and the Middle East. He holds a Doctorate in Economics and Education from Columbia University and serves as an Adjunct Associate Professor of Marketing at Fordham University. He can be reached at 914-367-3271, petit@fordham.edu.