First-of-the-Year Issue: A Millennium-Size Challenge
IN AN ERA OF MISTRUST & SKEPTICISM, MAKING YOUR ORGANIZATION ONE PEOPLE *CAN* TRUST IS THE ULTIMATE DIFFERENTIATOR

The problem at the base of nearly every pr case today is lack of trust.

• Workers don't trust managers
• Which is often deserved, since few managers seem to trust them
• Doctors don't trust healthcare administrators
• Faculty & scientists inherently distrust anyone in management or even support services -- second class people to them
• Teachers & staff have little confidence in the fairness or even honesty of superintendents or school boards -- finding them disingenuous at best
• Customers are bombarded with rhetoric about delivering satisfaction, but greeted with behaviors that don't
• Communities fear businesses located there will leave at any moment
• Almost nobody walks their talk

GOV'T MISDEEDS STARTED THE TREND   Triggering events for public mistrust are well known: Watergate, the Pentagon Papers case proving gov't lied about Vietnam, Iran-Contra, J.Edgar Hoover's FBI spying on Martin Luther King & others, political contributions seeming to skew the will of the people etc.

• To make it worse, the Reagan & Thatcher administrations promulgated the idea that gov't employees were incapable

THE RESPONSE is seen in demand for term limits, California's turn to referenda on subject after subject as symptom of voter mistrust in representative gov't, the rise of independent candidates. Jesse Ventura's election as governor of Minn is dramatic -- but his predecessor broke from his party & won as an Independent also. Maine's Independent Gov. King just won a 2nd term, Vt's sole Congressman for several terms is Independent.

• **Distrust of others rebounds**, as ardent distrust raises questions about the persons who are untrusting. Case in point: Pew study in March found that today civil servants are trusted over the politicians who painted them as the bad guys by a gigantic 67% to 16%! (prr 3/23/98)

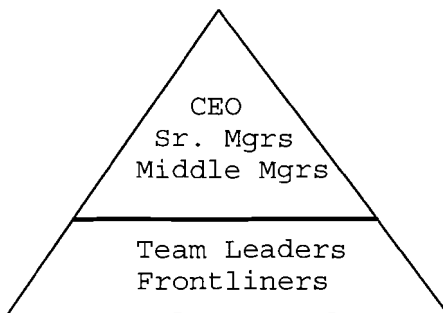**WALL STREET KEEPS MISTRUST GOING**   Shareholders appear to believe management is easy & attack any executive team that doesn't deliver ever-increasing dividends or stock value. This puts tremendous pressure on mgmt to act in expedient ways that destroy loyalty & trust. And this sets a managerial pattern that spreads across all sectors. The proverbial vicious cycle.

THE HARD TRUTH ABOUT TRUST: IT BEGINS INTERNALLY

Outmoded as it is -- and trained managers know it is -- the pyramid (below) is the descriptor of most organizations, with its hierarchies, silos & other flaws.

1. **If we dare to look at organizations realistically**, it is quickly apparent that the most important people are those at the bottom -- the frontliners. They and only they make the product, deliver the service, sell the goods, provide essential support mechanisms. In short, *they* more than anyone *are* the org'n. *Not* the CEO or COO or CFO or CIO or vp-pr or anyone else.

2. **In truth, if (as below) you draw a line above the frontline team leaders** (whether called supervisors, managers or whatever), everyone else is **overhead**. The top of the pyramid is *cost* not income-generating. That is, the other positions exist to support what the frontliners do.

CEO
Sr. Mgrs
Middle Mgrs

Team Leaders
Frontliners

A few years back, the primacy of frontliners was dramatically shown at the annual meeting of an automaker. A shareholder activist angrily asked why workers were getting a raise & shareholders weren't. "Because," replied the chairman, "they know how to make cars and you & I don't."

3. **Therefore, if management wants to earn trust**, it must acknowledge this truth -- then formulate policies & processes that prove & continually symbolize it to the frontliners.

4. **This affects the trust level of external audiences also**, since the great bulk of contacts between any org'n & its stakeholding publics takes place on a daily basis between frontliners & individual stakeholders.

5. **But the reality is** that frontliners are the lowest paid, least trained, least often cor...ulted & least respected -- fodder for cutbacks, downsizing, takeaways, while sr mgrs get huge stock options for doing such violence to the org'n.

Now, were we talking about motivating trust??? Everyone wants it with customers, gov't agencies & other external publics -- but this requires the hard effort of earning it first inside the org'n.

NEW BOOK PROVES IT ALL OVER AGAIN & TELLS HOW

Stanford Biz Schl prof Jeffrey Pfeffer's *The Human Equation: Building Profits By Putting People First* (Harvard Biz Schl Press) damns yet again the mgmt strategy of doing things because "everyone else is doing it."

*"First, it is almost impossible to earn above-normal, exceptional
economic returns by doing what 'everyone else' is doing -- prosaically
put, you can't be 'normal' & expect 'abnormal' returns.*

*"Second, it is almost impossible to achieve some lasting competitive
advantage simply by making purchases in the open market (i.e.
outsourcing) -- something that anyone can do."*

THE 7 PRACTICES THAT LEAD TO SUCCESS FOR ANY ORG'N -- & TO TRUST

What everyone can't do, so it is a competitive advantage, is put in place
this list that emerges from Pfeffer's research:

1. Job security: permanent fulltime jobs
2. Careful hiring
3. Decentralization & teamwork
4. Good pay based on team, not individual, performance
5. Training, training, training!
6. Low differences in both status & pay
7. Systematic sharing of information (best practices, a learning org'n etc)

RESULTS: RESEARCH SAYS IT IMPROVES PERFORMANCE IN ANY ORG'N BY 40%

Why do it any other way, then? Why do these 7 policies work so well?
3 reasons, readily deduced from the 7 practices above:

A. **People work harder**: having control over one's work leads to commitment

B. **They work smarter**: developing skills they can use on their present jobs

C. **Empowerment & responsibility reduce management**, bureaucracy & other costs
   caused by an alienated workforce with adversarial relationships to mgmt

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One reviewer's summation of the book turns out to be a prime indicator of
how to earn trust where it begins -- between management & frontliners:

> *"The single most important factor in whether org'ns succeed or not
> is the way they manage their people -- not fancy growth strategies
> or modern technology.*

> *"Unfortunately, managing people is what many are least good at."*

SECRECY DESTROYS TRUST / TRANSPARENCY BUILDS IT

During the worrisome days of the recent stock market fall -- when Asia was
on the skids & a rogue hedge fund nearly put confidence into a tailspin --
money managers at one of those international crisis meetings were still
divided whether transparent communication, aka telling the truth, was a wise
policy.

    Might scare people if they knew the facts, some argued. Translation:
they're not smart enough to handle it. Considering how the "bright"

financial minds, like fund managers, are spooked by even a shadow of a
rumor, perhaps those arguing this way had a point. But not usually, and not
for long.

MOYNIHAN SETTLES THE ARGUMENT   In *Secrecy,* the senator from NY
traces the results of gov't secrecy
policies. One example: because the data was kept classified, no expert or
academician could argue with CIA forecasts that USSR's economy was strong &
about to surpass ours. There was much evidence the opposite was true -- but
no way to see the data. Result: between '82 & '88 the US "went on
history's greatest peacetime weapons spending spree, transforming itself
from the world's greatest creditor nation into the leading debtor" -- the
great National Debt still facing us.

- Transparency & the ability to check the data could have avoided this.
  Free democratic discussion works!

- Secrecy "erodes confidence" because mostly its purpose is to protect
  the reputations & careers of policymakers, notes the book.

For practitioners, the relevance is: Are there situations at your
org'n/client where confidence has been eroded & mistakes made in the foolish
thought that it is even possible to keep secrets inside org'ns today?

WHAT IS KNOWN ABOUT EARNING TRUST FOR ORGANIZATIONS?

STRATEGIES. Any prescriptive list sounds trite, but research & cases
presented in <u>prr</u> in the 90s suggest these overall rules:

1. Words, rhetoric, grandiose statements do not gain trust

- CEOs who want to promulgate such words *without realizing what total
  commitment to living them means* can destroy trust right down the org'n

2. Only symbolic actions -- behavior & adhered-to policies -- can

- Major reason why internal teams & task forces, along with community
  relations, volunteerism & similar social responsibility programs that
  get employees & execs rubbing elbows with one another & with opinion
  leaders & stakeholders are essential

3. Building relationships is the only way trust can be earned, say
psychological studies

- Letting stakeholders see us as people, and see *for themselves* that our
  behaviors do walk our talk

4. Still, without some words to live by -- vision, values or guiding
principles -- neither internal nor external audiences have a ruler to
measure an org'n with

- Language, words, writing are still important; they just can't stand alone anymore (even on fancy Web pages, tho that's a good place to feature them)

- Remember the power of Squibb Pharmaceutical's marvelous theme, in the days before there was an FDA to assure drug quality: *The priceless ingredient in every product is the honor & integrity of its maker*

TACTICS ALSO APPEAR VERY BASIC

Or is loss of trust in part because org'ns moved away from old-fashioned virtues?

1. **Face-to-face is the key. Nothing can replace it, as strategy list implies**

   - Practitioners' role in coaching team leaders & execs in this, plus preparing videos, charts, agendas & other presentation aids is now a top assignment (e.g. see prr 7/17/95)

   - List of internal venues is long: MBWA, focus groups, Lunch With…, town halls, award presentations, employee annual meetings et al

   - Externally, case after case shows how the toughest problems are resolved when execs & employees press the flesh with stakeholders -- from winning fishermen's support for oil drilling to pipeline right-of-way issues (e.g. see prr 4/20/98)

2. **Opinion leader support is vital.** Only 3rd party advocates bring trust to issues now -- not the disputing parties

   - The formal opinion leader list continues as PR Tool #1

   - Formalized Constituency Relations, Envoy & Ambassador processes create 3rd party advocates -- they're "ally development" programs

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TOP TRUST-BUILDERS & TRUST-DESTROYERS FOR MANAGERS

1. Communicates openly & honestly, without distorting info	1. Acts more concerned about own welfare than anything else
2. Shows confidence in people by treating them as skilled & competent	2. Sends mixed messages so never know where s/he stands
3. Listens & values what is heard, even tho may not agree	3. Avoids taking responsibility for actions
4. Keeps promises & commitments	4. Jumps to conclusions without checking the facts first
5. Cooperates, looks for ways people can help each other	5. Makes excuses or blames others when things don't work out

-- Survey on trust by Development Dimensions Int'l, 1995

3. Consistency is the basic ingredient in trust

- We trust people with whom we don't agree when we can count on how they will respond to a situation or issue; they're consistent

- People we cannot trust are those who come down on all sides & we never know what they'll say or do

- Recommended research project: Read your orgn's or CEO's pronouncements for 3-5 years back. Are they above all *consistent*?

4. Patience is essential in building trust -- especially rebuilding it

- A newly minted Statement of Guiding Principles doesn't take the org'n back to square 1, enabling it to start over with folks giving the benefit of doubt; bad history lingers

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2 FINAL THOUGHTS THAT MAY SET THE TRUST AGENDA NOW

1. Public is particularly prone to distrust business -- even more than gov't

- Sept '98 ORC research for GCI finds over half ready to conclude industry guilty of something if being investigated by gov't agencies

- Similarly, over half feel corporations are probably guilty when lawsuits are filed against them

- Concludes GCI's Litigation Com'ns Group: this is the "inordinate public opinion power of the 'bully pulpit' of gov't"

2. Way to win employee commitment/trust now is helping with work/life balance

Aon Consulting's '98 America @ Work survey identified these drivers of workforce commitment as key among 17 such factors:

- Does mgmt recognize the importance of personal & family life?

- Are employees allowed to balance the job & other parts of life?

- Does the org'n encourage co-workers to support an employee's personal needs?

(See prr's '97 First-of-the-Year Issue for Johnson & Johnson's work/life program)