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"Trust or Consequences"

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I'm really delighted to be here tonight -- especially considering the very impressive list of industry leaders who have spoken to you over the years.

It was a little over 45 years ago that I first started the firm that is today known as Golin/Harris International. That great philosopher, Woody Allen, once said, "80 percent of success is showing up." I certainly showed up the last 45 years, but I hope it was a little more than that.

Back then, there were no color TVs, no mobile telephones, no fax and no e-mail. (Maybe it wasn't too bad, come to think of it.) The quartz watch I'm wearing has more computing power than existed in the entire world.

Public relations was simpler, too. There were just three major television networks in the U.S. to deal with and no Internet. Today, in the U.S., there are 100 cable stations, 18,000 magazines, 300 million Web pages and over 2 million Web sites. That means anyone with an Internet connection and an opinion can potentially influence public opinion. Times have truly changed, but the need to communicate has not. That has been a constant over my time in this business.

There is a problem with a high-tech, low-touch culture. Many organizations are becoming increasingly reliant on impersonal communication. People are much more willing to use e-mail than to set up face-to-face meetings or even talk on the phone. This is part and parcel of the trend toward emotionless interactions that are starting to define business relationships. It's rare to witness the pitched, emotional battles that used to take place routinely not so many years ago. Back then, people used to argue, fight, and make up (at least, they'd usually make up), and the relationships grew stronger over time. Although people didn't always like their bosses or fellow employees, they generally trusted them because of the emotional openness that defined relationships.

I fear that because of technology, we soon may be able to avoid real, live conversations. There's a fellow in an office less than thirty feet from mine who regularly leaves me voice mail messages, and I respond by pressing "8" on my phone rather than walking into his office and giving him my opinion. This is like the old radio show in which one of the characters was an anxiety-ridden, door-to-door salesman who desperately hoped that "no one would be at home."

I suspect that many business people love their high-tech tools not just for improved efficiency but because they too hope that no one is home. They don't want to face sticky situations that might lead to a discussion or even a confrontation.

Unless a company makes a commitment to humanizing relationships, the online culture will take over. Sophisticated technology is enticing, and it's easy to forget what's being sacrificed when a culture is overly dependent on this form of communication. Not so long ago, a client called me a dinosaur because I said I didn't believe that everyone was willing to buy products and services online. I maintained that many people preferred to have the experience of seeing and talking to real, live people and seeing and touching the merchandise before making a purchase. Perhaps this is a dinosaur-like view, but with the benefit of hindsight, it's this client and his fellow dot-com companies that are in danger of becoming extinct.

Don't get me wrong. Organizations should value and use all the communication technology at their disposal. What they shouldn't do, however, is let it get in the way of building strong relationships among employees and with customers. Cultures that embrace a certain amount of confrontation and conflict, that regularly hold "town meetings" and reward and promote those people who speak openly and honestly, are the ones that will build trust.

If anyone deserves credit for my career, it would be the wise man that long ago offered this advice: "Find a job that you love, and you'll never work a day in your life." That's the way it's been for me. Now, not every day in the past 45 years has been a walk in the park, but I've never, ever regretted going into this business. It's a business that keeps you young, keeps you current, curious, probing. In our profession, you have to know what is happening today -- and be perceptive enough to forecast tomorrow.

These days, I spend quite a bit of my time traveling to our offices -- and I'm always energized in meeting our own people as well as our clients around the globe. I'm constantly amazed at how similar people in our industry are -- wherever you are in the world. They may look different in Taiwan than they do in Chicago -- but they all have the same high energy, enthusiasm, creativity and, in most cases, a keen sense of humor.

The title of my talk tonight, "Trust or Consequences," happens to be the title of my latest -- as well as my first book. I'm sure you folks will forgive the blatant plug for the book -- but the word, "Trust" has been near and dear to me for a long time -- and our firm has used trust in our credo for many years -- even before it became fashionable.

Some of my colleagues and friends have urged me to write a book on this subject -- but I've always had one excuse after another -- because one of my many shortcomings includes a lack of discipline and regimentation needed to get this done in a reasonable amount of time.

It turns out, though, that what I really needed was a push to get started. This push involved the corporate scandals that made headlines in the first three years of the twenty-first century.

Enron, WorldCom, Arthur Andersen, Tyco, ImClone, Adelphia, Global Crossing, and others became household names, but obviously not in a positive sense. Even the Catholic Church came under fire not only because of the immoral acts of some priests but because of accusations that higher-up church officials failed to take appropriate action. For a while, it seemed that not a day passed without a headline about some type of corporate shenanigans. Though the misdeeds ran the gamut -- financial finagling, CEOs living royal lifestyles while they downsized thousands, product safety problems -- one theme kept recurring. In just about every story, the word, "trust," appeared. The articles all noted how specific companies were losing the trust of their stakeholders and how the cumulative effect of all these scandals was to diminish everyone's trust in corporations. I know we all felt both amused and disgusted viewing those videotapes of the famous $2 million birthday bash Tyco CEO, Dennis Kozlowski, threw for his trophy wife, courtesy of its stockholders.

A survey we conducted last year showed the 69 percent of Americans say that they don't know whom to trust anymore. That's right, more than two-thirds of us suspect that the guy next door or, more important, the company down the block cannot be trusted.

More disturbing, perhaps, is that trust of business has fallen by 40 percent over the past year, according to our very recent survey. This is in spite of the improved economy and stock market. Also significant is that 46 percent of Americans aren't sure about whether businesses are headed in the right direction about rebuilding trust, and are watching them very carefully to see if they deserve their trust.

If a company's customers or constituents are women, or over 35 years old, are college-educated or upper income individuals, they are even more critical of corporate America and demanding of trust.

And make no mistake about it, Trust can BUILD brands, and it can DESTROY brands. Fifty-three percent of Americans say they will stop doing business with a company if they question its trustworthiness.

The good news is that 70 percent of consumers are likely to start doing business or increase business with a company -- because of its corporate citizenship record.

This mistrust of business, however, varies by industry and by country. If you're in the electric power business in Japan, you're among the five most trusted industries; but if you're in the electric power business in the U.S., you're among the five least-trusted industries.

There is a positive connection between trust and results. It's not necessarily a short-term connection but one that reveals itself over time. Companies that work hard at building strong relationships with employees, customers, suppliers, alliance partners, Wall Street, the media and their communities are the ones that last; they're the ones that enjoy steady growth, solid earnings and market leadership positions. Relationships that are tattered and torn -- if not broken -- split apart during crises. Companies that make an effort to strengthen their relationships and reputation early on are in a much better position to handle just about any type of crisis.

Whenever I hear some executive say, "If it ain't broke don't fix it," my blood starts to boil. Folks around my firm have always heard my constant mantra: "Fix it before it breaks." We should all have the courage to change things before we have to.

About a month ago, I heard Jack Welch when he appeared on Charlie Rose, selling his paperback version of his autobiography. When Charlie asked him what he regretted lately, Welch said without hesitation, "I should have come out immediately with the press when all the media jumped on my so-called excesses in my G.E. retirement package." The news broke as a result of his messy divorce -- but Welch felt that he could have blunted most of the bad press if he hadn't ducked the media for many weeks. In our business, all of us have been preaching this to clients and companies -- and this "CEO of the Century" had to learn his lesson the hard way.

Years ago I coined a term for McDonald's called the "Trust Bank" -- to describe how deposits of goodwill can serve a company well when it faces a crisis or other negative news. The value of this was dramatically illustrated during the Rodney King riots in Los Angeles. Just about every quick-service chain restaurant in Watts was trashed or burned -- except McDonald's. Not a single one of its restaurants was touched. All their franchisees agreed that the activities they designed to create programs to help communities economically, educationally and in other ways -- protected McDonald's during this crisis. I'm happy to say that the company still uses the "Trust Bank" term inter-changeably with community relations.

Companies tempted to take shortcuts should remember Confucius' dictum that good government needs weapons, food and trust. If one cannot hold onto all three, he should give up weapons first and food next. Trust should be guarded to the end, because "without trust, we cannot stand." (...and he said it exactly the way I wrote it for him).

In writing the book, I interviewed Ralph Larsen, who had recently retired as CEO of Johnson & Johnson, in an effort to understand how they had achieved and maintained such an impeccable reputation over such a long period of time. Larsen, who was with Johnson & Johnson for 40 years, offered some valuable insights that are echoed by other leaders of companies that have earned their stakeholders' trust.

Companies that do a great job of creating trust usually are run by CEOs who take their trust-building tasks seriously, because it's the CEO who the public holds responsible for trust in a company, according to our research. Less than half -- 46 percent to be exact -- of the American public think that CEOs are doing enough to restore trust in American businesses. Larsen said that when he was first appointed CEO, he met with his key people and told them that when they represent Johnson & Johnson, they're representing more than a trademark.

"You have a 'Trustmark,'" he said. "If anybody screws it up, you'll have me to answer to!"

Larsen talked about his trustmark concept convincingly and eloquently to his people as well as to the financial community. He wanted to be sure that everyone understood that they were responsible for maintaining a name that signified more than just quality products.

"We're known as a caring, healing, and curing company, which has been our legacy from the beginning," he said.

The Johnson & Johnson credo and the trustmark concept are universally understood and accepted by the company's employees. Because actions are dictated by these beliefs, the company has been able to respond to problems quickly and without the sort of "cover-your-rear-end" maneuvers that turn off stakeholders.

Finally, Larsen said something that I'm sure would surprise some other CEOs who much prefer strategizing and decision making to "lesser" functions.

"A CEO must put a big priority on communication, internally and externally. I spent a good 75 percent of my time as CEO of J&J telling my vision for the company and motivating my J&J family."

But, I think many boards of directors ignore Larsen's model when they evaluate CEO candidates. The great CEOs I've known over the years put a top priority on communications, and not that many boards give this trait as much weight as they should. This, in my opinion, is a mistake. CEOs need to lead, and leaders need to communicate. You simply cannot expect long-term success under any other formula.

That's why I had so much fun looking for quotes from famous people to lead off chapters of my book. One of my favorites really illustrates the point that the buck stops at the CEO's desk. G. K. Chesterton, the British author said, "I've searched all the parks in all the cities -- and found no statues of committees." CEOs lead. Leaders communicate.

Unfortunately, however, many of the CEOs who have been in the headlines lately suffer from an arrogant, almost imperialistic style of leadership. I think they lived by a philosophy made immortal in a couple of old Mel Brooks's movies. One had the line:

"It's good to be King." And another said: "If you've got it, flaunt it." I'd change that to, "If you've got it, you don't need to flaunt it." I think I learned this lesson early in my career when I was fresh out of college, working as a publicity man for MGM pictures.

I was assigned to meet Clark Gable (remember him?) at a train station (remember them?) when fans were mobbing him; a minor, no-name actress was also there, who turned to Gable and said: "Isn't it terrible what we have to go through?" I never forgot what he said to her. "Honey, when they stop bothering me -- that's when I get worried." For a superstar, Gable was amazingly humble, which endeared him to the public.

This story illustrates my point: Too many CEOs take the attitude of this young actress -- in running their companies. They place themselves above their employees, above their shareholders, above their customers. They take their professional ascension as a license to do what they want, when they want -- everyone else be damned. And, in their arrogance, they erode trust, not only in themselves, but over time, in their companies and products.

People often ask me how I define trust, and I often talk in terms of meeting expectations. Simply stated,

1. Trust is the most basic element of social contact -- the great intangible at the heart of truly long-term success.

2. Trust is both a process and an outcome; it's at the heart of dealing with every relationship.

With all the scandals in business of late, we've all heard, "Back in the good old days, people and companies had integrity and real ethics -- not like today."

Nonsense! Business is no less ethical today than it was 20, 50 or 100 years ago. The crisis of trust we're currently facing isn't because business leaders have suddenly become amoral or immoral. Instead, it's the result of various trends and events.

In other words, we live in a "transparent" society now. As I said earlier, we've gone from three television networks to dozens of cable stations and millions of Web sites. Anyone with an Internet connection and an opinion can influence perceptions. Companies can't "get away" with unethical or questionable actions -- with the watchdogs in government, media and consumer advocacy groups that are active today.

I am old enough to remember that 45 years ago, the PR professional's dream was to figure out how to get people to do what you wanted them to do. Well, today's more realistic goal is to position your product or service so it is in sync with what people are going to do anyway. Put another way, knowing what a consumer "thinks" is not as important as knowing which of those perceptions will count most in his decision to act.

To be successful, today's public relations professional should be humble enough to realize that the power to persuade is very limited. Success in the 21st century comes from reading the public mind, not manipulating it. It follows that trust cannot be won by a single clever move, and certainly not by putting it in a mission statement or posting it on a Web site. It is not a quick fix. It's even more important to deliver trust programs week after week and protecting your brand from folks who may have an axe to grind, especially on the all-too-available Internet.

When someone tells me that they dread going to the office Monday mornings, I always advise them to look elsewhere -- FAST. Life is way too short to have this feeling, week in and week out.

I've been at it 45 years, but I'm still constantly asked, "Do you still enjoy doing what you're doing?" Another favorite quote from my book is from George Bernard Shaw, who said, "We don't stop playing because we grow old -- we grow old because we stop playing."

...I guess I still enjoy playing.

Thanks very much for listening and for inviting me tonight.