

# THE PACKER

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## Trust is the most important asset of your firm, while reputation can be merely a mirage

**W**HEN WE LOOK BACK ON 2002, one major theme stands out: the corporate credibility crisis. Enron, Arthur Andersen, WorldCom, Global Crossing, Tyco, Martha Stewart/ImClone — the list rolls on. Trust, not prosperity, is one of our most scarce commodities as we enter 2003.

Honesty and integrity have always been the cornerstones of business. But in years past, we just considered them as givens. Today, these qualities are explicitly at the top of the list for any company that wants to retain the confidence of its staff, clients and shareholders.

One needs to look no further than the performance of the aforementioned companies, as well as the Dow Jones and Nasdaq, in 2002 to see the impact of noncompliance when it comes to trust.

As executive recruiters, we are reminded daily by candidates evaluating new career opportunities that a company's character and reputation are far more important than the company's products, quality, distribution channels, and/or the size of a compensation package.

**Why trust matters:** It's easy to be glib about the importance of trust. Intellectually we can all agree that trust is invaluable. But in the real world, does trust count beyond just being a word on your mission statement or core values list?

Absolutely. Without trust, we have no credibility. Especially in our increasingly cynical society, having your shareholders, customers and employees believe in you and what your company stands for is a key competitive advantage.

People prefer to deal with those whom they trust. Occasionally we may deal with someone we don't trust because he or she has a critical product, service or skill. As a result, we find ourselves questioning or second-guessing those people because of



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our lack confidence in them and/or the relationship. In the absence of that necessity, all of us want to work for and with firms whose word is their bond. (And should Martha Stewart read this, I mean bond as in binding agreement, not as in bail bond.)

Loyalty is another benefit of trust. Clients, employees and even shareholders will stand by you only if you hold their same core values. If so, they trust that you will stick by them, as well. Should conditions change or difficulties arise, clients, employees and shareholders must know that you will act with honesty and integrity at all costs.

Better performance is a final reason trust matters. If your employees trust you, they will care about your success. Trust transforms what the company does from just another way to earn a paycheck to an endeavor in which your staff takes pride and has a personal stake. If your employees are apathetic or unmotivated, don't assume it's their fault; if your turnover is high or you're having trouble attracting top talent, re-examine your methods of fair dealing — perhaps the underlying problem is a lack of trust.

**What inspires trust:** The used car salesman demonstrates that talking about trust ("Trust me!" he exclaims.) and inspiring trust (You don't trust the guy, right?) are two entirely different propositions.

What generates trust? A company earns the trust of its employees, cus-

tomers and shareholders when its character is sterling. You must do what you promise under all circumstances, especially when a gap exists between what you should do (the right or the hard thing) and what you want to do (the wrong or the easy thing). In short, the key to establishing trust is doing what you say you will do. It starts with such mundane actions as returning a phone call in a timely manner or executing an order with excellence.

Abraham Lincoln explained that character, not reputation, is what creates trust. "Character is like a tree and reputation like its shadow. The shadow is what we think of it; the tree is the real thing." And only the real thing — who we are day in and day out — will generate trust.

Inspiring trust is difficult. It demands acting with honesty and integrity at every turn. It entails doing the right thing, even when we think we won't get caught for doing the wrong thing. Above all, it means aligning our words with our actions so that our "yes" really means yes, our "no" truly means no, and our promise is worth more than our credit rating.

As we launch into 2003, let me encourage you to take stock of your company's trustworthiness. In an image-crazed world, it's easy to worry too much about our surface reputation (the shadow in Lincoln's analogy) and too little about our underlying character (the tree). This new year, make earning trust just as important as earning dollars, and watch as your business's roots deepen and your relationships with your shareholders, clients and employees grow strong like the mighty oak.

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