

## **TRUTH, TRUST AND REPUTATIONAL INTELLIGENCE**

William G. Margaritis

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It is humbling to stand at a podium that has been graced by the giants of our profession over the years.

On this Veterans Day, it is fitting that we open with a tribute to all those who have served our country and defended our freedoms. Serving this country is a family affair, so would all the veterans, spouses of veterans, and children of veterans in the room please stand so we can recognize you.

We should never forget nor take for granted that our profession exists because our veterans have consistently defended our freedoms, including freedom of speech. As a young boy growing up in Greece, soldiers came to my village to take away our freedom of speech along with other freedoms. My family left soon afterward for America, where I learned how truly precious freedom and opportunity are. What a revelation it has been to watch at least some of the freedoms we enjoy here spread around the world. So thank you to all who have served our country and protected those freedoms.

Today, in so many countries, especially America, speech has never been freer – both figuratively and literally. Indeed, the disintermediation caused by digital and social media has created a modern Babel, an information highway with no guardrails and no gatekeepers.

In my opinion, and in the opinion of a majority of Americans, we've also lost the guardrails that guided the actions of leaders in so many of our institutions. We have lost fidelity to truth and integrity. That, in turn, has eroded credibility and reputation everywhere. And this combination leads me to believe in the need to embed what I call reputational intelligence throughout the decision-making processes of the organizations we represent, with Chief Communications Officers playing a key role in it.

### **TARNISHED TRUST**

Let me start with trust. Remember when Walter Cronkite was widely called “the most trusted man in America”? An online magazine last month gave that distinction to another “anchorman” – *Jon Stewart* of Comedy Central – based on a poll they say included half a million readers.

Given the content of Stewart's show, and the size of his audience compared to Cronkite's, it's tempting to dismiss that as ludicrous. At a minimum, though, it demonstrates how the mass media have fractionated like a ball of mercury. It demonstrates how mercurial audiences today are. And it demonstrates how the cacophony of complaint we hear in the media today has contributed to the erosion of trust throughout our society.

Stewart himself sees this. At his Washington rally two weeks ago, this self-proclaimed proclaimer of "fake news" called for a toning down of inflammatory, ad hominem rhetoric that has dominated media dialogue, saying, "If we amplify everything, we hear nothing."

Those who trust personalities like John Stewart and Stephen Colbert do so because they believe they are puncturing the posturing and hype that has permeated our society. Indeed, Colbert has coined a cynical but insightful word that captures it: "truthiness" – the *semblance* or *approximation* of truth, as opposed to actual candor and honesty. And if we are honest with ourselves, we all knew what "truthiness" meant even before there was a word for it, because at one point or another in our careers we have been asked to engage in it.

Over time, "truthiness" erodes trust. I believe the cycle of spin that comes from so many directions – especially the political world -- is at the core of the trust destruction we are witnessing in America and many other countries today. It is amplified by the force of the Internet and the shortened attention spans of almost everyone.

Reputational intelligence is a methodical way to rebuild that trust and confidence for those we represent in our profession. It requires C-level leaders to go back to basics, to listen -- *really* listen -- to their customers, their employees, the communities they serve, and then to apply what they learn to this new environment.

## ***SPEAKING THE TRUTH***

Of the basics in our profession – indeed in this world – nothing outranks truth.

I am honored to serve as Chairman of the Arthur W. Page Society, like IPR one of the most respected voices in our profession. As most of you know, the Page Society has comprehensively addressed the changing environment with such prescient white papers as *The Authentic Enterprise* and *The Dynamics of Public Trust in Business*.

Underlying all we do at the Page society are the "Page Principles," first enumerated by Arthur W. Page, one of the pioneers of our profession. The two that top the list are: "Tell the truth." "Prove it with action." While some cynics might call these platitudes, I believe they are what they have always been: prescriptions. In today's environment, they are more important than ever.

According to a new influencer survey the noted pollster Frank Luntz conducted for FedEx, almost 40 percent say they have "little or no trust" in "corporate America" versus just 29 percent who say they have a "good or great deal of trust." Personifying companies by asking about Fortune 500 CEOs as a group make the numbers worse, with almost half, 47 percent, having little or no trust and confidence in CEOs versus only 25 percent who say they have a good or great deal of trust in CEOs. Since the beginning of polling, these numbers have never been worse.

As we know, we're not dealing with an academic exercise here. Corporate goodwill has a measurable value, can no longer be amortized over many years, and has to be tested every year for impairment. Today, this process is often carried out by those with relatively little knowledge of the interplay between brand and reputation or the true value of either. As an aside, I believe this is a bottom-line area where CCOs should be playing a central role in coming years, where we can apply the rigor and discipline we bring to other aspects of reputation management into an area that so directly affects a company's value.

So how do we rebuild trust? Luntz asked respondents to select a single phrase from a list that would engender the most trust in a company, if that one phrase were all they knew about the company. One phrase garnered almost twice the support of any other: "Ethical Business Practices," named by 51 percent of respondents. The second most named phrase? "Sound Moral Compass," with 27 percent. Of course, these are really much the same sentiment in different words. So, the public expectations today for companies and CEOs are pretty clear.

An important part of CCOs' jobs today is using our skills, knowledge and experience to drive the understanding of those expectations, perceptions, and imperatives throughout the organization, starting at the top. Many of us already do this, of course. But it is increasingly critical for CCOs to use their own skills of persuasion to help coalesce corporate leaders behind the concept of operating their organization with reputational intelligence. This means having complete C-level cognizance at all times of how their actions will influence their reputation and how their culture influences their actions...and then acting accordingly, with integrity.

This concept is not new. It has just been forgotten by many and ignored by others.

2400 years ago, my countryman Socrates noted, "The way to gain a good reputation is to endeavor to be what you desire to appear." Much more recently, one of the great men of our own profession, Harold Burson, reminded us, "PR cannot overcome things that shouldn't have been done."

## **CENTRALITY OF CULTURE**

As CCOs, we have a simple mission. Say what we mean and mean what we say. Say what we will do and do as we say.

As optimistic as it may sound, I believe the dichotomy between "say" and "do" can rapidly shrink in the corporate world if more CCOs join in advocating that their companies embrace reputational intelligence. In my view, CCOs are uniquely positioned to play a catalytic role as champions of reputational intelligence, because today's CCO combines the business acumen, stakeholder knowledge, and feel for the company's pulse to understand when "do" and "say" are slipping out of alignment. More importantly, as a respected voice at the table, strong CCOs have the ability to influence and persuade CEOs and other C-level executives how essential it is to keep "say" and "do" in sync.

There is a strong teaching component to the CCO's role in instilling reputational intelligence throughout an organization. Reputational intelligence is similar to emotional intelligence in that it requires sensitivity to feelings and emotions of those who can impact your organization's success. It's much more than transactional thinking, data analysis, and pure logic.

There was a time, perhaps, when Star Trek's Mr. Spock would have made a great CEO, but not in this era when people who beam up tweets can bring your company down. It does not compute today to see CEOs who appear focused too tightly on numbers. Luntz asked his sample, "Which should be a CEO's top priority, people or profit?" Three-quarters said, "people." These weren't rank-and-file people responding. These were top business executives. And even among executives who follow the share price of their company daily, people matter more.

So, reputational intelligence cannot be instilled without the leadership *and personal participation* of the CEO. In fact, Luntz's survey found that many influencers even think reputation performance should pay a big role in a CEO's compensation.

As we would expect, the most influencers, 57 percent, felt the company's "overall financial health" should be most important in determining a CEO's compensation. But coming in second, at 36 percent: "The company's overall reputation among employees, customers, and investors." Reputation finished ahead of "customer satisfaction," or "execution of stated business objectives," or "effectiveness of long-term strategy." I can tell you that at FedEx, reputational performance is a core part of our CEO's compensation plan. And Fred Smith focuses strongly on it.

Luntz also asked, "Which of the following characteristics of a CEO is the most important to you and would make you feel best about them?" The most common response, with 58 percent: "Instills a standard of INTEGRITY in the company from top to bottom, starting with himself/herself." Tied for second, at 41 percent: "Creates a positive work environment and a CULTURE OF RESPECT for all employees."

This should not surprise us, because culture and values are at the heart of reputational intelligence: a company can't consistently do the right things unless everyone knows what those right things are, and practices them as second nature. And that starts with the CEO.

Listen to John Chambers of Cisco: "Great companies have very strong and great cultures. A huge part of a leadership role is to drive the culture of the company and to reinforce it."

Or Jeff Smisek of the newly merged United-Continental, recently quoted in the *Wall Street Journal*: "Culture is incredibly important in a service business. I can lecture about service and we can train about service, but the employee is not going to give good service unless the employee wants to... Part of that is the honesty of our communications."

And then there's this succinct assessment from Peter Drucker: "Culture eats strategy for breakfast."

In today's world, where a single tweet, a Facebook post, a blog entry, or a YouTube upload can damage a company, reputation depends more than ever on the actions and attitudes of employees, for each of them can either be an ambassador or a detractor. That is why effective reputational intelligence must treat employees as truly central to the business – and value them as though they were customers.

## **EMPLOYEE AS CUSTOMER**

Traditionally in most companies, CCOs have played a limited policy role in employee relations. Most often, we focused on making management communications to employees as clear as we could: *how* to say it, not *what* to say. To maintain true reputational intelligence, the CCOs role as trusted counselor has to extend to influencing C-level executives and HR on how to *treat* employees, not just how to *communicate* with them, because the eroding trust in institutions is certainly no less among employees than other audiences we interact with.

Treating the employee as a customer involves comprehensive research to determine wants, needs, aspirations, and opinions about the company, coupled with a much more robust two-way communication program to ensure they know they are heard and respected – and, most importantly, that the company is meaningfully responding to their concerns.

It also involves treating employees as knowledgeable consumers of news about the company, and incorporating them fully as a key part of our external audience, even going so far as conducting most of our employee communication through *external* channels rather than a gated Intranet. We can do this by creating what I call “modern media companies” in our own organizations. In today’s society, where the Walter Cronkites have been replaced by the Jon Stewarts, there is a role for us to play as credible and active contributors to this fractionated media marketplace. We have the storytelling expertise; we have eager audiences among employees, customers, and vendors; and the technology we need in today’s world is readily available and easily scalable.

This is an area where our skills can really deliver more value to our internal customers. All due respect to our colleagues in marketing and advertising, but most of them are having a hard time weaning themselves from the high cost, long lead-time messaging they’re used to creating. With our more news-driven deadline culture, we can and must be more timely and on topic to catch the social media wave.

We are headed down this path in FedEx by transforming our legacy corporate broadcast resource into a lean production machine focused on stories with individualized, personalized, humanized appeal, specifically centered on employee actions that make a difference for customers and communities. With dozens of stories already produced and dozens more in the pipeline, it is a key component of our own reputational intelligence initiative, using today’s tools to tell the enduring story of our company’s culture.

Celebrating corporate culture through employee example both humanizes the company and adds credibility. Disseminating these stories through external channels lets employees know of the company's pride in them. This in turn builds their pride, provides examples of how to do things right, and inspires discretionary effort, which is essential to creating outstanding customer experiences.

How much more powerful is it for employees to be able to send a YouTube embed or a story link to friends and family on their Facebook or Twitter accounts instead of only telling them about a story that sits guarded behind a corporate firewall? That's some of the power you get by pushing your cultural communications into your own external media operation. (Of course, confidential or transactional information, training, and things of that nature would stay where they are now, inside company control.)

Don't forget the goal here. Reputational intelligence requires strong culture – a predisposition to do the right thing. Remember what Jeff Smisek of United-Continental said, “the employee is not going to give good service unless the employee wants to.” By providing positive, authentic examples of employee actions in the external marketplace of ideas, you create a virtuous circle of behaviors observed, replicated, and celebrated.

There are certainly a lot of hurdles to clear, including legal concerns and hesitation by some leaders unused to candor. But if we do it right, we will see more employees acting as ambassadors in tweeting, posting, or otherwise sharing the stories in social media settings where family and friends can see them, initiating at least a mild viral effect.

And by carefully monitoring and measuring what is said in social media, particularly by employees, we can develop trend lines that give us continuous feedback on how connected employees feel to the company, along with early warnings of emerging issues. This can provide so much more valuable information than the typical annual employee survey. It's like replacing the meter reader who comes by the house periodically to determine your electricity use with a “smart meter” providing continuous monitoring. The additional information we gain can be invaluable.

As you at IPR know so well, data and measurement are essential to success. As we move toward reputational intelligence in our companies, we need the best understanding possible of the evolving environments. To that end, FedEx and Ketchum have completed a comprehensive joint study of social media attitudes and practices in 60 leading companies. On your table, each of you has a thumb drive containing the study findings. You can expect to hear more about it in the coming days and weeks.

Reputational intelligence requires a change in thinking for many. It requires the abandonment of “truthiness” in favor of good-old fashioned truth and candor. It requires getting past a mania for control, which is simply not realistic in most circumstances today. And it requires facilitated collaboration among groups that haven’t always embraced that approach: business units, regional units, legal and compliance, HR, and marketing, among others. In times like these, as Ben Franklin once said, “We must all hang together, or assuredly we shall all hang separately.”

Reputational Intelligence requires one more thing: development of strategic counseling capabilities in most of our team members, well beyond the CCO and second tier. We must teach and empower even junior communicators to respectfully question and probe business practices, standards, and proposed actions with their business-side counterparts. In my mind, this will require us to broaden our view of what makes a good communicator. I believe business acumen is more essential than ever for those entering our field. We can’t ask business-side people at any level to trust us until we prove we speak their language, understand their motivations, and can add value to their business.

## **CONCLUSION**

I believe that the ability of CCOs to see our companies from all angles uniquely qualifies us to lead this transition back toward truth, trust, and transparency. For we see the external environment for what it is, not what someone else wants it to be. And we see our internal audiences as more than employees, but rather consumers of information like anyone else, with diverse interests and outlooks.

As the worlds of marketing and communications converge and distinctions between corporate functions reveal more gray area, CCOs and their strategically savvy, business-oriented teams can spur the creation of a holistic approach to managing culture, brand, and reputation and the interdependencies among them, in a multidisciplinary framework with all internal stakeholders at the table. That’s reputational intelligence.

The spread of reputational intelligence as a core business function will further strengthen the central role of CCOs in business, because the wisdom, judgment, and company knowledge we bring to the table is even more valuable in this increasingly fractious and fractionated communications environment. Reputational intelligence will also set us back down on the solid foundation of our profession, as advocated by Arthur W. Page decades ago.



Tell the truth. Prove it with action.

We're up to this task. So let's get it done.