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Whom Can You Trust?

From December 1956 until 1967, the CBS network produced "To Tell the Truth," a primetime game show hosted by Bud Collyer. Contestants on the show were introduced in threes, all of them purporting to be the same individual. After an introduction, Collyer would read an affidavit describing the life, activities, and/or unique experiences of the person each contestant claimed to be. A panel of four celebrity guests then asked the contestants questions, trying to determine which one was telling the truth and which two were lying. Contestants earned bigger prizes if their false story was more convincing. In other words, earned trust paid off. But in business, whom can you trust?

The axiom of trust continues to gain importance. Stockbrokers began to be called financial advisors in the attempt to convince investors that they really did have the best interests of their clients at heart. Medical advertising used pseudo-doctors to pitch products on TV until the practice was banned. Sarbanes-Oxley now requires management to formally commit to both the truth of financial information and the effectiveness of internal controls, and it also subjects external auditors to greater oversight.

The importance of trust continues to come to the surface in other ways. Combined with this is a greater realization that the most essential element of trust is ethics. A coalition of public and investor relations professional groups headed by the Arthur W. Page Society set forth three concepts that are essential to restoring trust in corporations among their key constituencies—customers, investors, employees, and the general public. The concepts are:

- Articulate a set of ethical principles that are closely connected to core values and business processes and supported with deep management commitment and enterprise-wide discipline.
- Create a process for transparency and disclosure that is appropriate for the company and industry in both current and future operations and that includes a senior oversight committee, "culture" audits, and consistent messaging.
- Make trust and ethics a board-level corporate governance issue, and establish a formal system of measuring trust that touches all parts of the organization.

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A scorecard of action steps measuring progress in each of these areas provides a checklist that enables companies to determine where they stand on each issue. These steps are contained in the Page Society's white paper, *Restoring Trust in Business: Models for Action*, which is available at www.awpagesociety.com/index.php/site/resources/publications.

The Page Society has also surveyed the CEOs of 23 leading U.S. companies to learn their methods of maintaining a reputation for integrity. Each of the surveyed companies subscribes to the Page principles. These principles are as applicable today as they were when Arthur Page articulated them 60 or so years ago: Tell the truth, prove it with action, listen to the customer, manage for tomorrow, conduct public relations as if the whole company depends on it, a company's true character is expressed by its people, and remain calm, patient, and good humored.

The Page principles are exemplified in the survey report *Building Trust: Leading CEOs Speak Out*. Each CEO expresses a key strategy of his company in different words. "Respect is gained over a long period, but it is lost in just an instant," **Tellabs.** "Business success is not about numbers. It is about building trust," **Schering Plough.** "Integrity is a priceless and fragile asset and it cannot be taken for granted. It is also essential to the survival of any business," **American Standard.** "We have been constant in our core values of integrity and honesty, respect for employees and focus on delivering value to customers and shareholders, building for the long-term success," **Imation.** "Just as any victory won through dubious means is hollow, so too are business results achieved through unethical behavior," **Eaton.**

Quotes from other CEOs include: "Respect for others is the most essential trait a leader must possess," **Alticor** (parent of Amway). "Keeping all stakeholders in balance is key to maintaining public trust," **Siemens.** "Living out the brand promise…flows from the intersection of culture and people," **UPS.** "When it comes to ethics, it doesn't make any difference whether it's a big decision or a small decision," **Entergy.** "As CEO, I make it clear to my senior management team that integrity is a number-one priority," **Allstate.** "We sustain our consistent performance through a culture that is based on a strong system of values," **Johnson & Johnson.**

> *"Trust, like the soul, never returns once it is gone"*
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> *—Publilius Syrus, c. 50 B.C.*

A recent book, Stephen M.R. Covey's *The Speed of Trust: The One Thing that Changes Everything*, sets forth additional examples of how important trust is to business and how trust can be maintained. Covey, whose father wrote *The Seven Habits of Highly Effective People*, believes that trust "has become *the* key leadership competency of the new global economy." He makes the case that trust is a measurable accelerator to performance. When trust goes up, speed goes up, and costs come down. Covey believes that high trust in a company materially improves communication, collaboration, execution, innovation, strategy, engagement, partnering, and relationships with all stakeholders.

Covey also includes relevant quotations from well-known individuals, such as Jim Burke, former chairman and CEO of Johnson & Johnson, who said, "Trust is absolutely key to long-term success," and Thomas Friedman, who, in *The World Is Flat*, wrote, "Without trust, there is no open society because there are not enough police to patrol every opening in an open society. Without trust, there can also be no flat world, because it is trust that allows us to take down walls, remove barriers, and eliminate friction at borders. Trust is essential for a flat world…"

Covey describes five levels or contexts in which a person establishes trust. He states that the first level—self-trust—contains a foundational principle that enables individuals to establish and sustain trust at all levels: credibility, one of the Standards contained in the IMA Statement of Ethical Professional Practice. Although trust isn't one of the overarching ethical principles contained in the Statement, it is certainly the outcome of the sum of those principles: honesty, fairness, objectivity, and responsibility.

Management accountants, more than other managers, need to be believable as well as objective, fair, and responsible in order to provide decision support information that will allow their organization to survive and prosper. Management accountants must use the four overarching IMA ethical principles and the Standard of credibility to effectively discharge their responsibilities to the many stakeholders of the organization. ■

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