Message from the Chair

By William F. Knese, CMA, CFM, CPA

Building a Foundation of Trust

Personal trust is important to all of us. We desire to be trusted in our personal dealings, and we desire to be trusted in our professional interactions with people inside and outside our organizations.

Trust is the foundation of all business relationships, and that's particularly true for accountants and financial professionals. As accountants, we pride ourselves on our credibility—on the fact that our publics (management, colleagues, outside professionals, lenders, and other users of our numbers) can rely on us to make sure that what we tell them is accurate. We want them to know that our numbers tell a story and that the story is truthful. Why do we know that what we tell our publics is the truth? Because the data comes from an accounting system with proper controls.

As management accountants, it's our responsibility to design systems with internal controls that properly record source transactions, that summarize these transactions, and that produce good data. Our responsibility is also to turn this data into useful information and, further, to interpret this information to maximize its usefulness to management. We rely on these systems, and we're confident that their users can rely on the systems' output as well. Anyone who has gone through an audit has seen auditors test systems to establish that they can rely on the output of these systems for audit purposes.

Trust isn't established instantly; trust is earned. It needs to be developed and nurtured, which is a process that occurs over time. People need to get to know you and see you in action before they feel comfortable trusting you. They need to see you "talk the talk and walk the walk." Although trust isn't easily established, it can easily be lost. The key to maintaining trust is consistency—the knowledge that your publics can always rely on you to tell the truth. Most of us have experienced a situation that breaks this consistency—where trust is lost because of a single incident.

During my career, I arranged numerous financing transactions in both the private and public sectors to fund capital projects, working capital, business acquisitions, and general business needs. In establishing these relationships, I began by telling my lenders that I would always tell them the truth. In addition, I provided them with regular monthly updates to keep them informed, leading with the less favorable items. I did this because it was my ethical responsibility to my lenders, but I went further because my account executives represented my company in front of the lender's credit committee. I wanted my representatives to be completely prepared and not to be embarrassed if they couldn't respond to a question because of information I had failed to provide. It was important for my representatives to know as much as possible about the company, particularly during a business downturn, and to convey to the committee the company's confidence in its business plan.

What I hope every IMA® member can take away is this: Earn and nurture trust in *all* your business dealings. Ensure that your accounting system has good internal controls. Test it periodically to be sure that it's working as intended and as you understand it. Be a trusted partner, which means helping your colleagues understand the importance of this system and their role in the process. Understand what your systems are telling you. Communicate effectively and often. Gain the trust of your publics by alerting them as

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soon as you discover that the information you have doesn't square with their expectations. A good rule to keep in mind is that bad news is best delivered as soon as possible. Your publics may not like the message, but they will appreciate that you let them know as soon as you were sure of the results.

Please share your thoughts with me at wknese@imanet.org. **SF**