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By Ralph Beslin and Chitra Reddin

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How leaders can communicate to build trust

A business leader's greatest battle today is to win the trust of stakeholders. The leaders who win are those who communicate openly and often, have a clear and committed communications policy, initiate formal and informal programs and assess their own performance. Here's sound advice from authors who have taught CEOs how to do it.

By Ralph Beslin and Chitra Reddin

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Leaders too often talk about *having* trust, rather than *building* trust. Trust is something that must be earned. It is not something that today's business leaders can take for granted, because both internal workforces and external publics are increasingly cynical.

From Enron to WorldCom to Grasso to Hollinger to Parmalat to Martha Stewart, allegations of colossal corporate greed and fraud have eroded trust (and share values) and set new rules about how corporations (and their leaders) are expected to operate. Employees, investors, customers, governments and regulators are *demanding* greater corporate accountability and transparency. Such measures as Sarbanes-Oxley and its recently announced Canadian counterpart aim to curb the

excesses of corporations and protect the public.

But leaders of well-respected, high-performing organizations have long known the value of building and sustaining trust. We recently talked to CEOs, senior HR executives and communications leaders in some of North America's best organizations to obtain their views on why and how they communicate to build trust. We then considered the opinions of these senior business leaders in the context of our own lessons learned over a combined 50 years of corporate, academic and consulting experience. This article discusses some of the best practices for building trust.

Leading communications, engaging stakeholders

Building trust in an organization's leadership requires a personal effort on the part of the leaders themselves. Yet it's a team effort too. And the corporate function most likely to support leaders' efforts to build or sustain trust is communications. Why communications?

"Communications is fundamental to building trust," says Jodi Macpherson, a communications expert at Mercer Inc. "It contributes to the creation of an environment of trust around leaders that enables them to lead effectively, engage employees and ultimately deliver results." Communications serves as the positioning agent for message delivery and leadership development for senior managers. Successful business leaders have learned this from first-hand experience.

Leaders are communicators if they believe that

one of their key responsibilities is to "communicate, communicate and then communicate some more." Bill Black, former president and CEO of Maritime Life, says: "One of the three or four central jobs of the CEO is communications. A very substantial part of your accountability as a CEO is to communicate with stakeholders such as employees and customers. People want the CEO to communicate the strategic issues-the 'big picture' questions. For things happening at the corporate level, they want to hear it from the top." No surprise, then, that Maritime Life, now part of Manulife Financial, has been recognized as one of Canada's top employers for the past five years in a row.

Communications can't make a person trust someone who is basically untrustworthy. But it can help create a culture in which trust can thrive. CEOs and senior managers who want to build trust with key stakeholders have a plethora of communication tools at their disposal, and capable communication professionals to assist them.

Building trust, creating value

Why should CEOs and senior managers care about building trust? Aren't there already too many things to worry about nowadays, such as sustaining profitability in a cutthroat, competitive environment? And what about that stagnating share price or those restructuring projects that never seem to produce all the promised benefits?

"Leaders are people who are followed," says Diane Bean, executive vice-president, human resources and communication for Manulife Financial, Canada's largest insurance company. "People won't follow a leader they don't trust. Trust makes it easier to get alignment."

Trust is a powerful force that builds loyalty,

increases credibility and supports effective communications. It gives you the benefit of the doubt in situations where you want to be heard, understood and believed.

As every CEO, employee and analyst knows, trust is severely tested in periods of high uncertainty and change during mergers. Despite best intentions, at these times it is often impossible to communicate as much information as everyone would like. When Maritime Life merged with Manulife Financial, Bill Black was constrained from fully communicating with his employees across the country because of legal and regulatory issues. He attributes the relatively smooth transition at the company to "the reservoir of trust we have built over the years."

At the heart of building trust is the process of communications. Today, with public confidence in all kinds of organizations at an all-time low, leadership, communications, trust, corporate performance and reputation are inextricably linked. A 2003 Towers Perrin study, "Enhancing Corporate Credibility: Is It Time to Take the SPIN Out of Employee Communications?" (based on input from 1,000 working Americans), concludes: "Company communications about the business-e.g., the company's strategy, performance and competitive challenges-are viewed as credible by less than half of employees, and appear dishonest to roughly a quarter of the workforce."

These results should be a wake-up call to senior executives," says Barbara Kaufman, a principal at Towers Perrin. "Organizations will find it increasingly difficult to motivate, engage and retain their most talented employees if their messages are not believed," says Kaufman. A workforce that trusts its leaders and really understands what's happening within the company will be more satisfied, more

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productive and better able to contribute ideas for improvement, she says.

Leaders of high-performing, well-respected companies are known for their "open-book communications." They create a culture of trust by sharing information quickly and freely, and building relationships with employees and other stakeholders that enable their organizations to thrive.

Making it happen

"Communication is the critical link to stakeholders," says David Moorcroft, senior vice-president, corporate communications, at RBC Financial Group. "Not just to provide information, which is just the table stakes. Building trust involves managing communications and creating the right channels that give employees more of a say in things and encouraging discussion around what needs to be done." He advises senior executives to "do a lot of location visits and a lot of direct e-mail communication. And always provide opportunities for feedback. Communication can't be left to chance," Moorcroft says.

How to communicate sincerely, honestly and regularly is a challenge for business leaders and managers alike. After all, there still are companies, divisions and departments to run. But the return on communications is high. In trusted, high-performing companies in Canada and the U.S., the CEO and senior managers are communication champions who lead by example and sustain an open communications culture.

RBC Financial Group, Canada's largest financial institution, works hard to get it right. Rated Canada's Most Respected Corporation in 2003, RBC makes sure that its leaders work hard to gain employee trust and evaluate their progress in building trust. Jim Rager, recently retired vice-chairman, personal and commercial banking, walked the talk. He seized every opportunity to communicate directly and deliver the "say-do" messages: what the company

wants to do, and what will be done to enable employee behaviour to get it done. Interactive channels are used as frequently as possible to build credibility for the messages and the leader. RBC senior managers are rated and given feedback on their communication skills.

At the heart of RBC's Leadership Management Program is a communication process called Leadership Dialogues. Established leaders relate their career experiences to developing leaders. These stories are remembered because they're emotional and powerful. Over the past five years, Rager held quarterly town hall meetings that were attended by 500-800 head office staff. (Additional meetings were held with field staff via satellite-television broadcasts and interactive phone connections.) Says Rager, "It's an important way of ensuring that everyone understands the context in which we work and how the corporate priorities relate to their own team's objectives."

"Make sure the communication is happening, and use both informal and formal methods, says Bill Black. "We had a variety of informal forums, meeting with about a dozen employees-sometimes an entire department-for lunch and coffee breaks. We also found our annual employee survey process very valuable and had a rich and robust post-survey process. This basically set the agenda for our HR initiatives for the coming year."

For corporate, HR and communications leaders, a regular self-assessment of whether or not you're acting as a communications champion in your organization helps to illuminate what you're doing well and where you may benefit from some help. Please see Chart A on the next page for a self assessment.

Measuring progress, getting feedback

After making the effort, you also want to know whether what you have done is working. Just as there is no end to improving quality, there is no end to

Chart A

Self-Assessment: Are you a Communications Champion?

To assess whether you're a Communications Champion, do a quick and easy self-assessment. Periodically ask yourself seven simple questions and tabulate your score. Track the ups and downs at the end of each business quarter.

N.B. In all cases, indicate your personal score using a scale of 1 to 10, where 1 is the extreme low and 10 is the extreme high.

1. I "walk the talk" by championing open communication in my company/organization.
Strongly disagree 1 2 3 4 5 — Agree somewhat — 6 7 8 9 10 Strongly agree
2. When I consider the communication strategies and activities implemented by communication staff, how actively involved am I in those appropriate to my position?
Not at all involved 1 2 3 4 5 — Somewhat involved — 6 7 8 9 10 Totally involved
3. How often do I meet with staff to ensure I have regular dialogue with employees?
Never 1 2 3 4 5 — Sometimes — 6 7 8 9 10 As a regular priority
4. How seriously do I consider acting on the feedback I get from employees?
Not at all seriously 1 2 3 4 5 — Somewhat seriously — 6 7 8 9 10 Extremely seriously
5. Am I always truthful about the information I share with staff about our mission, vision and strategy?
Never 1 2 3 4 5 — Most of the time — 6 7 8 9 10 Always
6. How certain am I that I help ensure staff understand the essential information they need to know about the direction of our company/organization?
Not at all certain 1 2 3 4 5 — Somewhat certain — 6 7 8 9 10 Completely certain
7. How much do employees trust me?
Not at all 1 2 3 4 5 — Somewhat — 6 7 8 9 10 Totally

Add up the numbers from your seven responses to determine your total score, then review the rating scale below to identify your communication rating:

60 to 70 = Communication Champion

50 to 59 = Good communicator but could be better

35 to 49 = Communicator with good intentions who needs to improve

07 to 34 = Poor communicator who must change behaviour

building trust. This makes it necessary to combine ongoing, sporadic, short-term measurement activities with regular, long-term measurement. And don't discount the importance of your gut-feelings or those of your communications adviser when it comes to gauging trust. RBC's Moorcroft notes, "The senior PR counsel can't play politics and must have the highest integrity. His or her advice must be trusted. As a broker of information and strategy, my job is

to help our senior managers succeed."

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Most effective is a combination of formal and informal communications measurement. Informal methods provide more specific and more frequent assessments to help make changes or address issues quickly and flexibly. VIP breakfast sessions and

round-table meetings with staff are excellent for

obtaining a quick read on a variety of issues, including trust and credibility. Jim Rager believes strongly in open communication and in getting feedback from employees in a variety of ways. "They could call me, send me e-mail messages, and we had group discussions," he says. "My objective was to create a positive environment where people want to talk with you and participate in Q&A." At Maritime Life, Bill Black and the leadership team went across Canada three to four times a year for employee communications sessions, and they gained both formal and informal feedback. "You can pick up a lot, not just from the words, but the body language. You can tell whether they believe you or not," Black says.

Regular, formal measurement takes a bit more planning and execution, but it's worth the effort. Interviews and focus groups involving representative staff members are great for capturing feedback. Conducted by an objective researcher or facilitator, these sessions can include trust-related topics and measurement exercises. Special interpersonal and organizational trust-measurement tools are easy to use; they can be administered using representative sampling techniques to gauge staff perceptions, as well as perception gaps between employees and senior managers.

From a performance-based perspective, 360-degree feedback exercises are excellent for individual and organizational development. Incorporating communication as one of the components provides regular measurement-quarterly, semi-annually or

Chart B

Check-up: Are you creating an open communications culture in your organization?

Organizations as well as individuals benefit from regular self-assessment. To assess whether you have the systems and processes in place to create an open communications culture, consider these questions:

1. Do we have a communications policy to ensure we all understand the importance, accountability and process of communications in our organization?
2. Do the communications in our organization support our mission, vision and strategy?
3. Is our head of communications involved in corporate strategic planning?
4. Are our internal and external communications consistent and transparent?
5. Do we regularly measure the effectiveness of our communications with our key stakeholders?
6. Are our managers formally assessed and rewarded for their communications effectiveness?
7. Do we provide skills development for our managers to help them become good communicators?

Integrating mission and vision, policy and strategy, program and process, these critical success factors synergize to help build and sustain trust with multiple stakeholders.

annually-of interpersonal communications and the strategic activities that rely on this important skill.

More comprehensive evaluation methods are essential for enterprise-wide, long-term planning and initiatives. The gold standard for evaluating communications is the communication audit. Generally done about every three years, communication audits can take anywhere from two to five months, depending on the size of the organization and variety of communication activities. Typical evaluation and feedback methods include focus groups, print and electronic publication evaluations, interviews with senior managers and selected staff, a review of the functional structure and workflow in the departments responsible for communications, and on-line surveys.

Employee engagement surveys (generally coordinated by the human resources area) will let you know whether, and to what degree, employees perceive senior managers as trustworthy. These surveys should incorporate direct and unequivocal questions related to trust.

A communications audit every three years, combined with ongoing informal research activities and feedback from corporate-wide surveys, will provide a company's leaders with a full picture of the quality of communications, the effectiveness of information delivery, and the depth of trust for the content of the messages from senior management.

The value of trust

As a personal value, trust is beautiful in its simplicity: It is the unquestioned belief that the other person has your best interests in heart. So why does it take so much effort to get employees and other stakeholders to accept that their corporate leadership does have their best interests in mind and that they should believe what their leaders have to say? The answer: Too often, actions speak louder than words. And the way leaders communicate -or don't

communicate-and how often or seldom leaders communicate sets up barriers that best intentions can't broach, and occasional sincerity can't convert into trust.

Our simple definition needs to be extended to take into account that trust must be built, and it must be earned over a span of time by listening, talking, asking questions and "walking the talk." Employees, investors, suppliers and customers alike eventually reach a decision point in a relationship when they decide where to place their trust and with whom. Leaders are judged on what they do to win trust, and the sincerity and consistency of their effort to retain it.

Fortunately, leaders can and do win the trust of their many stakeholders. They win this trust by communicating openly and often; having a clear and committed communications policy, strategy and processes; initiating formal and informal communications programs; and regularly assessing their own communications effectiveness and that of their team and their organization. ■