

# CRISIS IN CREDIBILITY

BY ART SPIKOL

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ne of Lonnie Barone's favorite stories concerns a guy — call him Jim — who'd been selling and servicing a big account in Milwaukee. One day, one of the giants in the industry decided that it was going to get that account. It made a sweetheart of an offer, undercutting Jim's company substantially.

There was no way that Jim could win — but he couldn't let it go without a fight. So he went back to his client day after day for a month and convinced them that he had never, never let them down. He had always come through for them, in good times and bad. The client agreed. Jim had slain the giant.

Then he tells a story with a different kind of ending. Smitty, a sales rep Barone used to work with, had put in eighteen months trying to sell a mainframe to a major corporation.

One night Smitty called Barone and asked him if he

**Effective leadership is fueled by credibility—whether in national or office politics. Here's how to measure your own credibility stock.**

would meet him at a local restaurant. When Barone got there, he found his colleague at the bar, somewhat drunk and in tears.

He'd just learned that he'd lost the sale.

"I don't know what happened," Smitty told Barone. "I played golf with the guy. I hate golf, but I played. I did everything. The guy had me over to his house a couple of times, and we had a great rapport. I mean, he really liked me."

Smitty just couldn't understand what had happened. Neither could Barone. And the next day, when Barone asked a company manager what had happened, the manager was surprised, too. So he called the decision-maker at the company, the guy Smitty had wooed for the last one-and-a-half years, and asked him right out: Why did we lose?

"You know," the exec replied, "I love Smitty. He's a great guy. But I just couldn't buy his product. Because, to be honest with you, I just don't believe a word he says."

Barone, a senior vice president at the Bala Cynwyd, PA management consulting firm of W.K. Gray and Associates, likes to tell these stories — especially the second one — when he's addressing salespeople. "Every time I do," he says, "they all start looking at each other and nodding. Because they recognize the scenario. They've seen it before, and they know that rapport is no substitute for credibility."

That may be the lesson of the 1980s. If the 1970s were the Me Decade, then a period like America just had — like it is, in fact, still having — may just mark the beginning of the Credibility Decade. Clearly, credibility is today's hot issue.

Today there's a fallen idol representing almost every demographic, most of them high achievers: Ivan Boesky; Tammy and Jim Bakker; Ollie and the Admiral; Dwight Gooden; The Marines; A former Miss America, for crying out loud. And those in the political arena, which is where a lack of credibility seems to exact its highest toll these days — where things that voters never thought twice about, things never even heard about (which, of course, may be why they didn't think twice about them) — seem to be coming back to haunt the candidates: Hart, Biden, Pat Robertson.

You can't exactly lump all of these people and groups together. As columnist George Will pointed out on *Nightline*, there's a distinction between immorality in the cause of self-interest and a (supposedly) more altruistic immorality in the

national interest. Maybe — but the word "credibility" keeps coming up in every case, and every one of these folks comes up short.

In fact, in certain quarters there's a credibility backlash. Last spring SEC chairman John Shad gave \$20 million to Harvard Business School to set up an ethics program. No sooner had he done that than Harvard's critics came out of the woodwork, maintaining that the absence of an ethics program, far from being due to a lack of money, was attributable to an existing Harvard attitude; it was noted that Harvard had even declined to grant tenure to all three of the professors the university itself identified as business ethics specialists.

And don't blame the press; they're not inventing this stuff. You don't have a credibility crisis unless you have some kind of record of inconsistency, pure and simple.

Lonnie Barone loves to talk about that. For years, credibility has been his thing: he's given seminars on it, written about it, taught executives how to develop it. Often he'll ask the members of his audience to think of the most credible person they know and to write down the characteristics that contribute to that credibility.

"They do that easily," says Barone. "The answers always have to do with track records, consistency, being right. Honesty has a lot to do with it. Sincerity doesn't; you know what they say about the road to Hell.

"People know, in short, why they find others credible. But when I ask people what emotions they feel when dealing with credible people, they're less certain. They say comfort, security, trust, a sense of being able to depend on someone — actually, they're rather vague. That's because credibility is not an emotional issue. It's rational."

Barone's interest in credibility started with a study in which he helped determine just what was needed to make a marketing branch manager in a particular industry successful. He studied the managers, their bosses, their subordinates, their customers. After six months, he isolated thirteen characteristics that contributed to success in the position.

The number-one quality was *resourcefulness*, which the researcher had anticipated — the ability to get resources to the company's geographically isolated branches. But the number-two quality — "We were sure it would be decisiveness or problem-solving ability," Barone remembers — was credibility.

Initially, Barone had believed that

listening was the baseline of all communication. "After all, you have to hear somebody say something in order to communicate. But the foundation on which communication is built is credibility. Just try communicating with someone you don't believe."

It happens all the time in the business world. There's the manager who puts an employee on a new project, makes it sound extremely important, tries to inject a lot of enthusiasm. Two weeks later, when the employee puts the awaited report on his desk, the manager asks, "What's this?"

Instantly, the manager's credibility erodes.

Or there's the company that changes its commission package. Used to be that product X paid the highest commission, and naturally most of the salespeople tried to sell that. Now it's product Y. So the salesperson goes back to the customer who's in the middle of a buying decision and says, "Look, I was wrong. The product for you isn't X at all, it's Y." Of course, the salesperson — and the company — lose credibility.

WHAT IS CREDIBILITY, anyway, and who has it? You don't get blanket, across-the-board credibility; you get it only in the areas where you merit it. Sure, Bill Cosby has credibility — as an entertainer. He's funny, he's highly paid. But if he told you that you needed a heart bypass operation, you'd think he was crazy.

Of course, Madison Avenue seems to consider Cosby a pretty good bet. Doesn't that indicate something?

It does — but not credibility. If Cosby says a pudding is delicious, nobody actually takes his word for that. We may have greater awareness of the brand involved because of Cosby, and maybe even have a positive feeling about the dessert. But Cosby has no credibility as a pudding-taster.

Nor does he need it. "Credibility is only one kind of influence," Barone says. "There are others. When you come right down to it, advertising commonly uses several kinds of influence — but credibility, unfortunately, is rarely among them."

The W.K. Gray model of credibility has four parts:

*Honesty* — You don't deliberately lie or mislead.

*Responsiveness* — You keep promises, and your predictions turn out to be correct. "If you say there's not going to be a layoff," Barone says, "and there is, you lose credibility."

*Consistency/Reliability* — "In a word," Barone says, "trustworthiness. It has to

do with one's track record, with coming through over and over again, with having an emotional level that's consistent."

**Forethought** — You sound like you've given some thought to the matter. You don't shoot from the hip. You seem to be informed. "A manager who talks about how things were done twenty years ago when he was in the field," Barone says, "doesn't sound like he's done his homework in current terms."

Whatever credibility is, it's not easy to come by. It has to be built over the long haul — often years, experts agree, the function of an ongoing relationship. So what does one do for starters? Who gives you permission to start building credibility?

Obviously, a stand-in for credibility is required — credibility before you earn it. Say you've just started a new managerial position. There's a sort of honeymoon period: for a time after you walk in the door, the employees figure that based on a certain limited amount of knowledge, you have what it takes.

Barone calls this willingness to suspend judgment *proxy credibility*. While not the genuine article, it functions like it and is based on three Rs — reputation, rumor, and rapport. Reputation is documented — your credentials, the truth about you, built up over the years and checkable. So the group will look at your credentials and say, this person can probably do the job.

Joe Biden, for instance, built a good reputation over a long period, hit the national limelight, made a couple of mistakes, and lost ground quickly. But he lost significant ground only on a national basis. He is still likely to be a hero to his Delaware constituents; those who have known Biden for a long time won't easily be turned off. Credibility's like that — fragile in the early stages, but tending to grow extremely strong with age. And don't forget, Barone says, reputation runs along two lines: expert and moral. "Very few people questioned Gary Hart's expert credentials; they questioned his character and judgment."

The second R is rumor. Because it's undocumented, it's also short-lived. When you're appointed to that new job, there are undoubtedly rumors spreading about you, and the less "real" information available, the more the rumor will fill in the blanks. If people hear that you're "a real jerk," they probably won't think that for long (unless, of course, you are); but a negative rumor creates an environment in which it is difficult to build credibility. That's why it's important to disseminate accurate facts early on, before the fiction has a chance to take root.

"Somewhere between reputation and rumor," Barone says, "is the stand-up comic who appears on the Carson show. I expect to laugh, because I believe that the reputation of the Carson show and of national TV itself is such that a comic couldn't get that far without being screened one hundred different ways, and is, therefore, the cream of a very large crop."

Finally, there's rapport, which begins with actual communication, with people actually coming into contact. And that's when real credibility begins to be built.

Suppose your reputation is bad, the rumors that precede you unflattering, and you have little ability at building rapport? Does that blow your credibility?

"It doesn't help," says Barone, "but sometimes people do their jobs so well that the other things don't count as much. After all, the bottom line is performance. I knew a guy who was autocratic, always needed things done his way, looked over people's shoulders. Now, any management

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expert will tell you that when people get really good at their jobs, it's time to stop looking over their shoulders. But this guy just kept doing it. He was a real pain, but people still followed him, even felt warmly toward him, because he knew his stuff. He always came through. He was consistent and reliable, he understood their world. They called him a pain in the neck, and I naturally recommended that he work on his rapport. But he had credibility, and that's more important."

On the other hand, suppose you're autocratic, a pain, and you lack credibility?

Well, not every executive needs credibility to get things done. You can threaten. Or pull rank. Or create an aura of awe, or guilt. They all work.

The problem is, they don't last. An awestruck employee will follow a leader who appears to know it all — but nobody knows it all, and it's just a matter of time until the bubble bursts.

And then there are solid benefits to credibility. Honesty generates confidence. Responsiveness generates loyalty.

A West Coast advertising exec

remembers going into the boss and asking for a \$12,000-a-year raise. "I told him the truth as I saw it — that I felt I was worth the additional salary, and that it was a shame that a guy like me couldn't get that large a raise without taking a job somewhere else, because nobody else at the firm ever got a raise that large without moving. Much to my surprise, he told me I was right. He didn't attempt to negotiate. I got the raise, and he got an employee who was ready to die for him."

If credibility can do that, the lack of it can have the opposite result. The former editor of a monthly women's magazine recalls how she soured on the job over a matter of credibility. "When I came on deck, I brought a good reputation with me, so a lot of good writers became interested in writing for the magazine. I told them that we would pay on acceptance of an article, which was the way the publisher told me it would be and the way I was used to working. But when the time came to send out checks, the publisher did an about-face and decided not to pay until weeks after the work was published — months after the work had been accepted. All of a sudden my credibility was on the line. I had given my word; it was now being refuted by higher-ups. They lost their credibility with me, and I wasn't about to lose mine because of them. After three months of putting up with this and other duplicities, I left."

AMERICA'S CHIEF EXECUTIVES call a failure in credibility "the one unforgivable sin" and "the silent destroyer" of relationships. And yet, in a recent survey of Chicago execs by *Crain's Chicago Business*, 21 percent of them said they would bring a city inspector to expedite a project.

Barone says that real credibility is built on a foundation of knowledge, competence, experience and, most important, integrity. He goes back to the root of the word, "one-ness," he says, "as opposed to two-ness. When you think of those words that indicate two-ness, you come up with duplicitous, two-faced, forked-tongue, flip-flop." Indeed, it was a perception of two-sidedness that contributed to the rejection of Robert Bork's appointment to the Supreme Court. Bork did nothing but change his views, which is often looked upon as a natural and positive consequence of growth — but many thought he changed just the right views at the most convenient time. As a result, he lost some who might otherwise have voted for him, like Pennsylvania's Republican senator Arlen Specter, almost exclusively on the basis of credibility. (On the same issue,

because he took a stand that seemed likely to cause his alienation among other Republicans, Specter gained credibility and, in fact, became a national figure overnight.)

Integrity, Barone says, is one-ness. Your inside is the same as your outside. You don't appear to be something you're not. And you don't take a job where you have to be something you're not. If you do, you can't have integrity. So you have to find a place where you can be you.

The fact is, most people lie. But some lie regularly and think they're getting away with it. Not surprisingly, most people think that their own credibility is very

high. And those who lack credibility rarely know it — until it's too late.

There's the example of the Silicon Valley manufacturer whose employees got wind of a proposed merger. The company denied the merger in the strongest terms in a memo to all employees, but a few weeks later the merger took place. Suddenly, nobody believed company memos anymore, and rumor replaced real information — because the rumors had proven more reliable. Once you lose credibility, it takes a long time to get it back.

"The best way to develop and keep credibility," Barone concludes, "is to be credible. Tell the truth."□

WARREN BENNIS

# Four Competencies of Great Leaders



*Successful leaders share some things in common—including the management of attention, meaning, trust, and self.*

**A**S I RESEARCHED THE BOOK *Leaders*, I traveled around the country spending time with 90 of the most successful leaders in the nation. If I learned anything from my research, it is this: The factor that empowers the work force and ultimately determines which organizations succeed or fail is the leadership of those organizations. When strategies, processes, or cultures change, the key to improvement remains leadership.

Leaders are people who do the right thing; managers are people who do things right. Both roles are crucial, and they differ profoundly. I often observe people in top positions doing the wrong thing well.

I identified four areas of competence shared by all 90: the management of attention, meaning, trust, and self.

## **Management of Attention**

One trait most apparent in these leaders is their ability to draw others to them. They communicate an extraordinary focus of commitment which attracts people to them. One of the leaders was described as making people want to join him: he enrolls them in his vision.

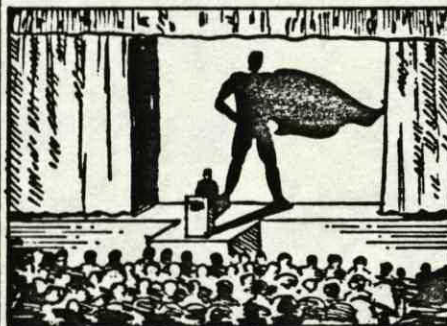
Leaders, then, manage attention through a compelling vision that brings others to a place they have not been before. I came to this understanding in a roundabout way, as I observed Leon Fleischer, a well-known child prodigy who grew up to become a prominent pianist, conductor, and musicologist. Every moment Fleischer was before the orchestra, he knew exactly what sound he wanted. He didn't waste time.

## **Management of Meaning**

To make dreams apparent to others, and to align people with them, leaders

must communicate their vision. Communication and alignment work together. Leaders make ideas tangible and real to others, so they can support them. Effective leaders use a metaphor, word, or model to make their vision clear to others.

The leader's goal is not mere explanation or clarification, but the creation of meaning. The more far-flung and complex the organization, the more critical is this ability. Effective leaders can communicate ideas through several organizational layers, across great distances, even through the jamming signals of special interest groups and opponents.



We read and hear so much about information that we tend to overlook the importance of meaning. Actually, the more bombarded a society or organization, the more deluged with facts and images, the greater its thirst for meaning. Leaders integrate facts, concepts, and anecdotes into meaning.

Not all great leaders are word masters, however. They get people to understand and support their goals in a variety of ways. The ability to manage attention and meaning comes from the whole person. It is not enough to use the right buzzword or a cute technique, or to hire a public relations person to write speeches.

## **Management of Trust**

Trust is essential to all organizations. The main determinant of trust is reliability, what I call constancy. When I talked to the board or staff members of these leaders, I heard certain phrases again and again: "Whether you like it or not, you always know where he is coming from,

what he stands for."

People would much rather follow individuals they can count on, even when they disagree with their viewpoint, than people they agree with but who shift positions frequently. I cannot emphasize enough the significance of constancy and focus.

## **Management of Self**

Management of self—knowing one's skills and deploying them effectively—is critical; without it, leaders can do more harm than good. Like incompetent doctors, incompetent managers can make life worse, make people sicker and less vital. Some managers give themselves heart attacks and nervous breakdowns; still worse, many are "carriers," causing their employees to be ill.

Leaders know themselves and nurture their strengths; of course, they are also well acquainted with the concept of failure. But what you or I might call a failure, they referred to as a mistake, miss, or false start. One CEO told me that if she had a knack for leadership, it was the capacity to make as many mistakes as she could as soon as possible, and thus get them out of the way. Another said that a mistake is simply "another way of doing things."

## **Empowerment: The Effects of Leadership**

Real leadership can be felt throughout an organization, giving pace and energy to the work and empowering the work force. Empowerment is the collective effect of leadership. In organizations with effective leaders, empowerment is most evident in four themes:

- *People feel significant.* Every feels that he or she makes a difference to the success of the organization.

- *Learning and competence matter.* Leaders value learning and mastery, and so do people who work for leaders.

- *People feel part of a community.* Where there is leadership, there is a team, a family, a unity.

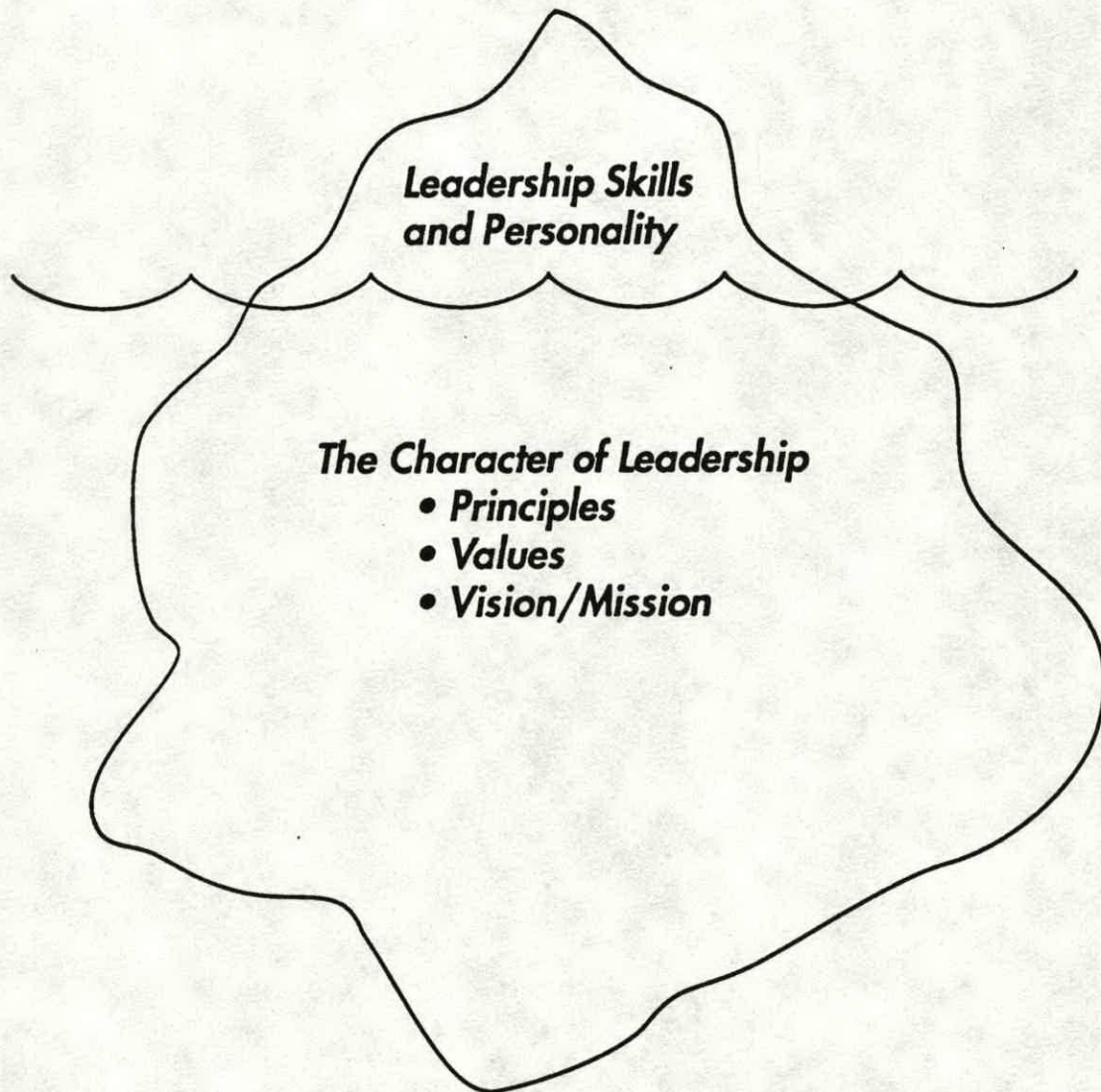
- *Work is exciting.* Where there are leaders, work is stimulating, challenging, fascinating, and fun.

I believe the lack of leadership in modern organizations—as evidenced by the lack of quality and dedication—is largely responsible for the alienation and lack of meaning so many experience in their work.

And that is what the human resources profession should care about most. EE

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## ***TWO PARTS OF LEADERSHIP***



Our behavior flows from our paradigms, or the assumptions we make about the world.

The long habit of not thinking a thing wrong gives it the superficial appearance of being right.--Thomas Paine

Management requires us to think. Leadership requires us to think about our thinking.

## TWO MODELS OF PARTICIPATIVE LEADERSHIP

### Human Relations

### Human Resources

#### Attitudes Toward People

1. People in our culture share a common set of needs—to belong, to be liked, and respected.
2. They desire individual recognition, but more than this, they want to feel a useful part of the company and their own work group or department.
3. They will tend to cooperate willingly and comply with organizational goals if these important needs are fulfilled.

1. In addition to sharing common needs for belonging and respect, most people in our culture desire to contribute effectively and creatively to the accomplishment of worthwhile objectives.
2. The majority of our work force is capable of exercising far more initiative, responsibility, and creativity than their present jobs require or allow.
3. These capabilities represent untapped resources which are presently being wasted.

#### Kind and Amount of Participation

1. The manager's basic task is to make each worker believe he is a useful and important part of the department "team."
2. The manager should be willing to explain his decisions and to discuss his subordinates' objections to his plans. On routine matters, he should encourage his subordinates to participate in planning and choosing among alternative solutions.
3. Within narrow limits, the work group or individual subordinates should be allowed to exercise self-direction and self-control in carrying out plans.

1. The manager's basic task is to create an environment in which his subordinates can contribute their full range of talents to the accomplishment of organizational goals. He must attempt to uncover and tap the creative resources of his subordinates.
2. The manager should allow, and encourage, his subordinates to participate not only in routine decisions but in important matters as well. In fact, the more important a decision is to the manager's department, the greater his effort should be to tap the department's resources.
3. The manager should attempt to continually expand the areas over which his subordinates exercise self-direction and self-control as they develop and demonstrate greater insight and ability.