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Strategies for building trust before, during, and after a crisis

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Trust is hard earned and easily lost. Executives that put in place procedures and processes to imbue each day's decisions with the four elements of Daniel Diermeier's Trust Radar—empathy, commitment, transparency, and expertise—are best positioned to safeguard and build their company's reputation.

This article is part of the Expertise@ Work *series in which business practitioners discuss their own insights on how to apply the ideas in Kellogg Professor Daniel Diermeier's book* Reputation Rules *to solve difficult business challenges.*

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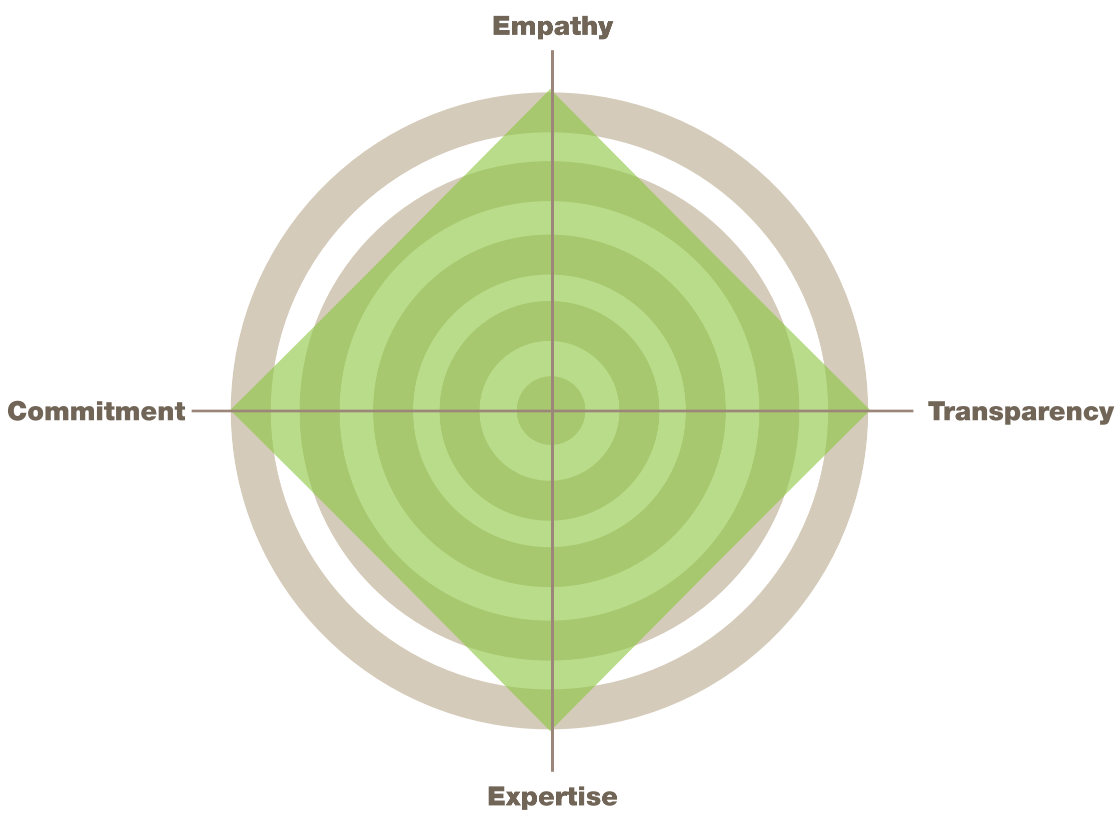
In nearly every board room, executives face the question of how to react when a crisis arises—whether it's a natural disaster, a product failing, or a breakdown in internal processes. But mid-crisis, trust is not always on top of their minds. In the age of 24-hour news and scandal-happy media reports, companies and other institutions are often most associated with the latest crisis they have had to overcome. Think Toyota's 2010 recall, Goldman Sachs' securities investigation, and other top business headlines.

It is easy for company leadership to become consumed with trying to fix the problem as quickly as possible and miss necessary steps to mitigate the impact of the crisis on their company's reputation, both internally and outside the company. In my career at the FBI, our goal was clear-cut: catch the bad guy, put him away. As the Chief Security Officer for Waste Management, I have seen how a crisis brings out the same response in management: fix the immediate problem, and that is the end of it. But is this the wisest strategic approach?

This expertise—putting out the fire by demonstrating that, "We know what we're doing and we're going to fix it"—is just one challenge when confronting a crisis. If a manager wants to safeguard relationships with customers and other constituencies, or even to rebuild trust that is lost, that leader must address both the rational and the emotional factors. At Waste Management, we have developed a strategy that addresses all four elements of Daniel Diermeier's "Trust Radar"—commitment, expertise, transparency, and empathy—in every crisis, both large and small.

The Trust Radar

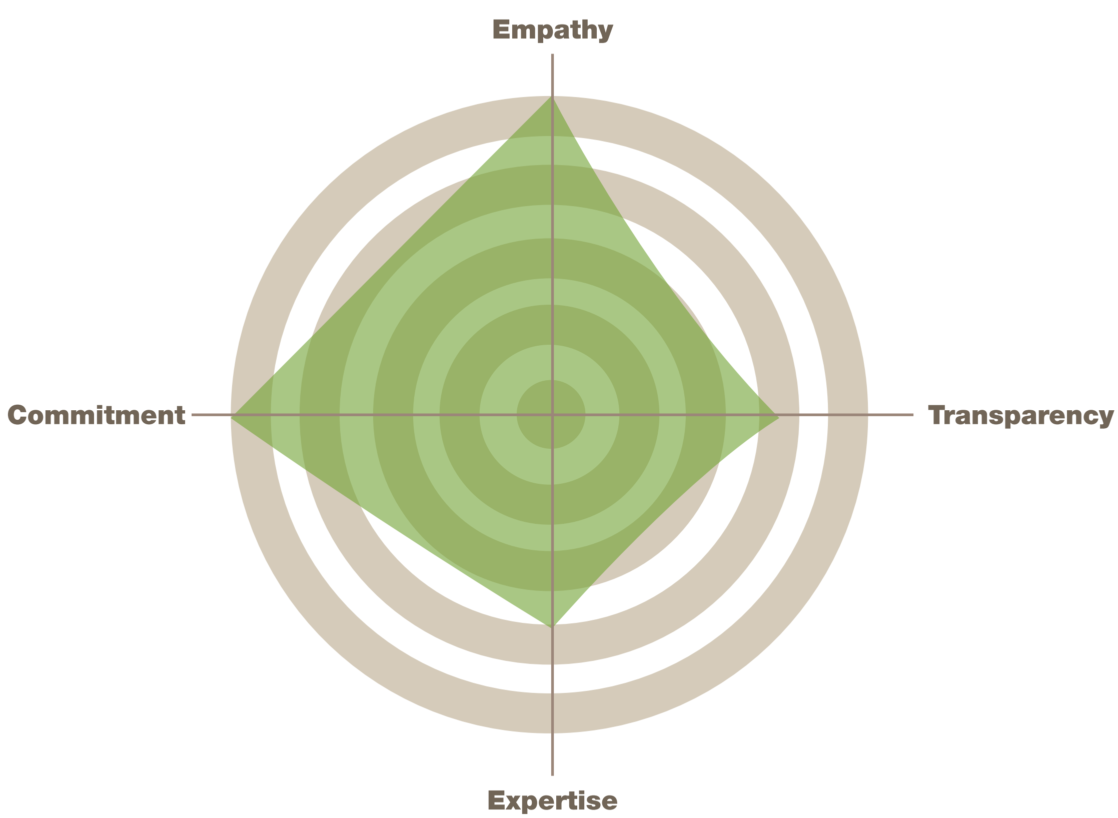


Commitment is demonstrated through the involvement of senior leadership; a company in crisis should dispatch a leader with the authority to make decisions. As I mentioned earlier, most companies have no problem demonstrating expertise. But transparency in communicating that expertise—clearly and devoid of legalese and jargon—is crucial, because if listeners think the company is holding back or hiding relevant information, trust is lost. The fourth and rarest element is empathy. Refusing to apologize, deflecting blame, or failing to appropriately acknowledge loss of life, serious injuries, or even major disruptions are reactions that can damage a company's reputation, regardless of whether or how much the company is at fault.

In crisis, empathy and commitment help foster a positive outcome

Several years ago, with 30,000 drivers on the roads on a daily basis, we were experiencing numerous accidents and even fatalities. We were in the process of launching new initiatives to significantly improve safety when one of our trucks struck and killed a local celebrity. Our safety record was suddenly a front-page story. Our immediate response was to connect with the victim's family. Ensuring their care was our first priority. We took responsibility for the tragedy, and we worked to turn the negative situation into a positive outcome by vigorously overhauling our safety program. We established an annual award for an employee who exemplifies the practice and promotion of safety—and for several years, the victim's widow attended the

Waste Management Trust Radar



ceremony and presented this award. We succeeded in materially enhancing our safety record, and we made safety a core responsibility of everyone.

Besides protecting against the future loss of life, the company's display of empathy and commitment to changing practices for the better helped mitigate what could have been a major black eye to our reputation. Through our response, we demonstrated how a crisis can turn into an opportunity for improvement. Ten years later, we are still giving out that safety award.

Build trust through smaller events and daily operations

Some crises are large-scale—the loss of life, an environmental disaster—but trust cannot be built solely in response to major events, and it is not limited to external constituencies. Waste Management has actively pursued the four trust builders in day-to-day operations as well, both outside and inside the company.

We had been planning the rollout of an expensive new financial management system, which our IT department had been building along with a vendor supplier. In the end, the new system collapsed—however daily operations were ongoing and had to be supported. Senior leadership responded swiftly with the decision to maintain and update the current system, replace key IT personnel, and settle a lawsuit with the offending vendor. We launched a full-scale effort to educate our employees with regular updates that explained the crisis, what was being done to support the current system, and the wisdom behind keeping that system. And lastly, we acknowledged and rewarded the hard work of the IT department employees we retained. Today, under new leadership and renewed commitment from employees, the IT department enjoys the trust and confidence of the company and is moving forward with new products and services which were not previously possible.

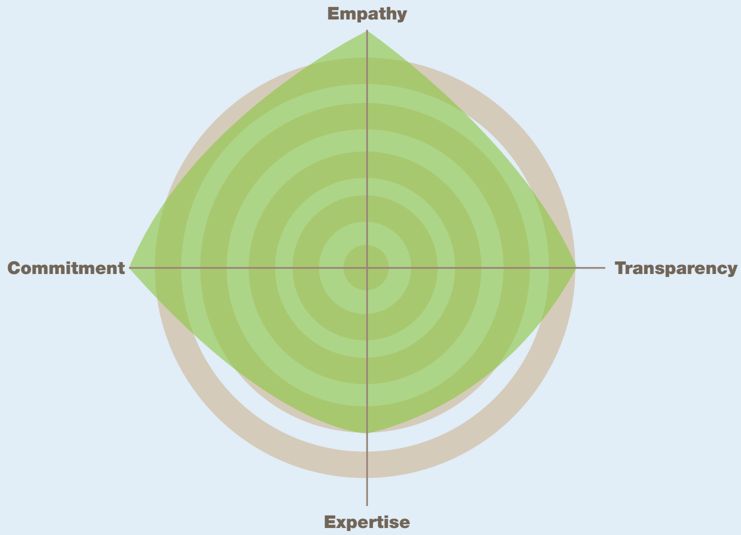
The questions executives should ask

Each crisis—large or small, whether the company is at fault or not—has the potential to cause significant and permanent reputational damage. Executives should recognize that the business decision of prioritizing actions will always be rooted in the deep-seated values and culture of the company. Too often, senior executives focus on the legal perspective or the bottom line—"What will happen if we do this?" or "How much will this cost?" These are important considerations, indeed, but to protect the company's reputation, executives should focus first on different questions—"What is the right thing to do for our employees, customers, and other stakeholders?" and "How can we best demonstrate our concern for those people most impacted by the crisis?"

Of course, senior executives cannot be expected to contemplate these questions during a crisis if the company's values are not already integrated into business strategy. It is before the crisis begins that the hard work of establishing the right mindset (strong values and a duty to

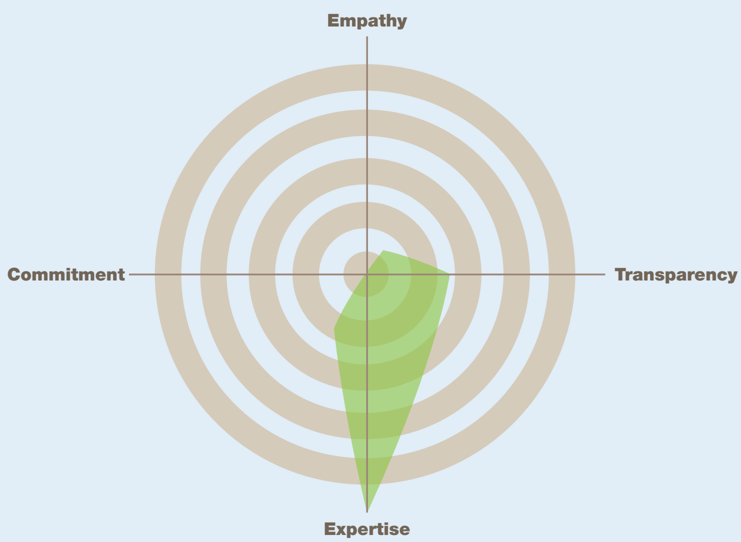
Best practices:
Southwest Airlines

When Southwest Airlines suffered its first crash and fatality at Midway Airport, the CEO himself flew to Chicago to handle the situation. His first act was to visit the wounded in the hospital. Before a regulatory agency could launch an investigation, he announced that he'd assigned 45 safety experts to investigate the accident. He even took flying lessons to better understand the conditions in which the crash occurred. The personal involvement of the CEO, the prioritization of the wounded, the willingness to share information with stakeholders, and the proactive investigation encompassed all four elements of the Trust Radar.



What not to do: Toyota

In January 2010, a flaw was revealed in the accelerator pedal mechanism of a wide range of Toyota vehicles. The company responded sluggishly: eleven days after the recall of more than 2 million vehicles, Toyota issued a press release stating that a simple metal bar would fix the problem. Toyota may have identified an easy solution, but it was clear that they viewed the problem as an engineering problem foremost. The company demonstrated a lack of commitment by dispatching the U.S. head of sales to handle the situation; Akio Toyoda, Toyota's president and grandson of the company's founder, only came to the United States after more than a month and a formal request from Congress. The company's lackluster, expertise-focused response did not mollify their customers—who wanted to see commitment, transparency, and empathy—and left Toyota's reputation for producing quality cars seriously bruised.



care) and aligning it with the company's business strategy and persona must be accomplished and then maintained.

What kinds of procedures and processes does your company have in place that will allow it to build and nurture trust with customers, employees, and other stakeholders? The Waste Management mindset assumes trust is earned and that it is easily lost—along with the company's reputation—when the response to a crisis does not include all components of the Trust Radar. By instilling each day's decisions with the values of empathy, commitment, transparency, and expertise, companies will be better positioned to respond appropriately when any crisis occurs.

About the author

Zack Lowe, Ford Scholar at the Ford Center for Global Citizenship at Northwestern University, serves as Vice President and Chief Security Officer for Waste Management as well as a strategic partner in compliance and risk initiatives. Before joining Waste Management—a Fortune 200 company with 50,000 employees—Zack served for 30 years in the Federal Bureau of Investigation in a variety of executive capacities and retired as a member of the Senior Executive Service.