

# The Trust Matters Primer

THE BEST OF THE TRUSTED ADVISOR BLOG VOL. 7

This ebook series is distributed to highlight some of the more provocative and insightful topics and conversations developed on the [TrustedAdvisor blog, TrustMatters](#). It's been a hot summer in our neck of the woods. The media has also been handling some hot topics, so it's no surprise that TrustMatters found a theme: how high the heat has gotten on the trust-based relationship between the media and its viewership. The media not only reports on trust issues; it inevitably influences those discussions, and in turn provokes its own trust issues. In this edition of the Trust Primer, Volume 7, we feature "[Abuse of Trust: Anatomy of a Breakdown](#)", "[Who Can You Trust to Rake Muck if You Can't Trust the Muckrakers?](#)" and "[CNBC Asks Experts How to Improve Confidence in Business: Hmmm...](#)" If you enjoy this ebook, you can [email it to friends](#) by following this [link](#). Better yet, [stop by the blog](#) and [join in the conversation](#). If you received this from a friend or colleague and would like to subscribe to this series, simply [click here](#).



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## CNBC Asks Experts How to IMPROVE CONFIDENCE IN BUSINESS: HMMM...

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[CHARLES H. GREEN](#) & [RICH STERNELL](#) ON TUESDAY, JULY 27, 2010 (POST #747)

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On July 22, the Gallup organization [released their 2010 poll](#) on US Confidence in Institutions. As Gallup headlined it, Congress scored an all time low (for all 16 institutions ranked, not just for Congress).

Barely beating Congress for lowest confidence ratings were, in order, HMOs (15<sup>th</sup> out of 16), Big Business (14<sup>th</sup>), organized labor (13<sup>th</sup>), and television news (12<sup>th</sup>). The Presidency, which also shows declines, still ranks 7<sup>th</sup> out of 16.

# CNBC Asks Experts How to Improve CONFIDENCE IN BUSINESS: HMMM...

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CHARLES H. GREEN & RICH STERNHELL  
JULY 27, 2010 #747

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So it was fitting that CNBC (that would be in the 12<sup>th</sup> out of 16 group) put together a three part special panel discussion on “Restoring Trust in Business” (that would be in the 14<sup>th</sup> out of 16 group). The panelists included [Gordon Bethune](#), [Bill George](#) and [Myrtle Potter](#) (representing the 14<sup>th</sup> out of 16 group), and [Christie Todd Whitman](#) (there wasn’t a category for ex-State Governors and Bush cabinet secretaries, but I’d hazard a wild guess she generally fit in).

Interestingly, there was consensus on the panel about how to restore trust in business.

Answer: It’s the government’s fault.

### How Good Shows Go Bad

Given Charlie’s [blogpost of yesterday](#) about the hazards of relying on those-who-summarize (including me), here are links directly to the show so you can make up your own mind.

The show—originally advertised (we recall) as “Restoring Trust in Business,” ended up after broadcast on CNBC’s website in three different sequences: “[Leadership in Government](#),” “[Leadership in Corporate America](#),” and “[Leadership and Trust](#).” As CNBC’s John Harwood points out at the outset,

the declining trends are long-term—since the 1970s, and particularly since 1994--and they apply across nearly all institutions. (See [Gallup’s historical data, here](#).)

The four leaders invited have some fine credentials. Bethune was a revered CEO in the airline industry, where it’s very hard to be revered by anyone. George was a successful CEO, and writes on leadership. Potter was a COO at Genentech, and Whitman ran the State of NJ and the EPA. Good choices to opine about how business can regain confidence.

Give CNBC credit. Not only did they tee it up right, but nearly half the questions they asked more or less rhymed with, “how has business lost confidence?” or “how can business and the markets regain confidence,” or “what must be done for Americans to regain confidence in business?”

We would expect that the first thing we’d hear from any one of these leaders on the subject of restoring confidence in their institutions would be a straightforward acknowledgment of what was lost, and a statement of responsibility for having lost it. Is that not unreasonable to expect of distinguished leaders?

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And indeed, every leader did get off at least one direct acknowledgment that business might have to improve itself—but having done the curtsey toward the question, the bulk of their comments were reserved for tax policy, government regulatory foibles, and flawed federal government policy.

Instead, here's what we got (we're paraphrasing: go ahead, [check our interpretation here.](#))

**Q.** *If you look at the data Hartman reviewed before for us, the congressional approval rating is low. Yet contrast that with the issues that got accomplished this year; various reforms—what is it that isn't connecting here?*

**Whitman:** You've seen a move in government away from policy to politics; everything's partisan now. (She then proceeds to attack Nancy Pelosi).

**Q.** *What do you think needs to be done to restore trust in business?*

**Potter:** Business needs to take responsibility for stewardship and its own governance. We can think of examples where that didn't happen. We also have to think carefully about how we're paying so we can drive innovation. Innovation used to drive the world from the US, but not now.

**Q.** *I'm interested in your view, Mr. George; you say the crisis wasn't caused by subprime or derivatives. Wasn't it caused by flawed leadership putting its own interests before its clients or its people?*

**George:** No question about that; we saw flawed leadership in Enron and all the companies that blew up back in 2003, we saw it on Wall Street. Most of those leaders and their companies have gone away. But *it is* about leadership in government. We need to emphasize policy not bickering; we need a jobs policy. I'd like to see the President step up to a rebuild America program.

**Q.** *In terms of business's relationships to government, why doesn't it seem to be working?*

**Potter:** Well everyone's feeling the crunch, but what stands out is jobs. Jobs are so critical to America feeling more confident about the country, and yet this chasm has to be closed between government and business.

**Q.** *What is your best advice to the administration on what can be done to restore trust and confidence in business and in Wall Street?*

**Whitman:** Clearly we need a rigorous regulatory policy, but we need to stop this gotcha attitude of blame-throwing in congress. The BP disaster turned

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into a criminal investigations instead of focusing on how to fix things. Clearly there was a problem on the regulatory side as well. We need to show respect for each other.

**Bethune:** You have to demonstrate some performance, not talk. No one in our government ever ran a business. The administration shouldn't have focused on health care or regulatory reform, but on jobs...business doesn't like uncertainty.

**Q.** *Most people don't expect as good a world for their kids as they had.*

**Whitman:** The main thing is we've got to do is get deficit spending under control.

**Q.** *One reason people don't have trust in business is that, at the height of the crisis, big financial companies took big bonuses and were bailed out: what's your take on that, Mr. George?*

**George:** Goldman didn't pay any bonuses last year. Trust is the fuel that enables society to run....but we need policies from government that create incentives. Goldman, JPMorganChase and are rethinking compensation to have pay for performance....investing in America....lower capital gains tax.

But that won't solve this jobs crisis. We've got to get back to investing in America.

**Q.** *What is your one piece of advice that would reassure people that the future is going to be better for them?*

**Bethune:** Tax policy; articulate it, make it pro growth, pro business, put cash to work, make the future clear in order to get confidence.

You be the judge, but let us suggest a simple headline.

When the institution that ranks 14<sup>th</sup> out of 16 shows up to talk about restoring confidence in their institution—given a decades-long decline—we ought to expect something more than a short-term political bashing of the 7<sup>th</sup>- and 16<sup>th</sup>-ranked institutions, a la the Sunday morning interview shows.

Business, heal thyself.

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## Who Can You Trust to Rake Muck IF YOU CAN'T TRUST THE MUCKRAKERS?

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[CHARLES H. GREEN](#) ON SATURDAY, JULY 31, 2010 (POST #751)

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Last week, some reporters at Bloomberg came up with a pretty aggressive headline: [Fallen Soldiers Families Denied Cash as Insurers Profit.](#)

National Public Radio was not far behind: their headline read: [Life Insurance Firms Profit From Death Benefits.](#)

Holy profiteering, Batman! Did BP pay Prudential insurance to kick them off the front page? This one is pretty juicy. You don't get much lower than the bottom-feeding off the bereaved families of those who made the ultimate sacrifice for their country.

# Who Can You Trust to Rake Muck

## IF YOU CAN'T TRUST THE MUCKRAKERS?

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JULY 31, 2010 #751

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As the NPR story puts it:

*Survivors of service men and women are told they'll get a \$400,000 life insurance payout. They don't. Instead, Prudential — which has a government contract to provide life insurance for military families — keeps their money.*

And as Bloomberg further explained, in a story about mother Cindy Lohman:

*"You can hold the money in the account for safekeeping for as long as you like," the letter said. In tiny print, in a disclaimer that Lohman says she didn't notice, Prudential disclosed that what it called its Alliance Account was not guaranteed by the Federal Deposit Insurance Corp., Bloomberg Markets magazine reports in its September issue.*

### Is That Really Muck You're Raking?

Now, Trust Matters readers know that I have been more than occasionally critical of untrustworthy behavior in the financial services sector. But something about this one just didn't feel 100% right to me.

I contacted a close friend who is a financial planner. "Is this as bad as it sounds?" I asked.

"Not really," she said. "Pretty much that's what happens to everyone. Someone dies, they really don't want the check showing up at the graveside service, or worse yet at a wake. Most families prefer to separate decisions about the distribution of money from the events memorializing someone's death."

She continued, "It just feels wrong to bury someone and then deposit a big check that was triggered by that very death. Creepy, basically. So the insurance companies, at least the ones I've seen, send you something that says you can have the money whenever you want, meanwhile we'll put it in an interest-bearing account. The interest rate may be well below market — the spread on funds is pretty much how insurance companies make their money in the first place -- but it's not unusual. And they're not in any big hurry to send benefits out to civilians either, as far as I know."

At this point, the plot wasn't exactly thickening—in fact, it was sort of thinning, as far as I could tell. Further articles suggested that the insurance company was not in a big hurry to tell people that they could get their money quickly, or that the interest rate was low, and that some of their actions could be interpreted as acting like banks. But this looked like a small print kind of issue, the sort of garden-variety obfuscation that we have come to expect from things like credit cards and insurance policies.

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---

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JULY 31, 2010 #751

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Bad? Sure, but suddenly all those headlines about veterans and the VA began to seem a little misleading. This wasn't about the VA, or veterans, at all. We weren't getting the whole picture, I feared.

### Well, Something's Getting Raked

Meanwhile, things were popping. Suddenly NY Attorney General Andrew Cuomo was [sending out subpoenas](#) about the scam. Defense Secretary Robert Gates [pledged to help the VA](#) in its investigation. The [VA itself](#) had already gotten into the action. And of course, congressmen had a (predictably outraged) opinion. Finally, there's talk of a class action lawsuit pending.

At this point, I was reminded of yet another sad tale in the news lately: that of [Shirley Sherrod](#). The lesson there, if you'll recall (I know it was way last week), was not to jump to knee-jerk conclusions about apparently valid information that turned out to be taken out of context.

Except the Sherrod story came from an [avowed right-wing vigilante](#); this story comes from Bloomberg News. I continue to believe there's a very, very big difference.

And yet: how to make sense of this? How could experienced reporters from a business network come up with a headline about veterans, loaded with

trigger-cues, but with a backstory that said nothing unique about veterans?

The answer started showing up a day later—from another business-savvy outfit not known for its radical politics, the [Wall Street Journal Marketwatch](#). Read for yourself:

*Randy Binner and Kevin Barker, life insurance analysts at FBR Capital Markets, questioned the [death benefit] outcry on Thursday.*

*"We find the very sharp and rapid regulatory response to this surprising and apparently unfounded," they wrote in a note to investors.*

*Accounts that life insurers offer to set up for beneficiaries are a long-established product feature that is optional for consumers, who can choose to take a lump sum in cash instead, the analysts said.*

*In fact, the practice is the essence of what insurers do everyday, they added.*

*"Investing funds ultimately due to customers in the general account to earn a spread over what is paid out quite simply describes the business of insurance," Binner and Barker wrote.*

# Who Can You Trust to Rake Muck

## IF YOU CAN'T TRUST THE MUCKRAKERS?

The Best of the Trusted Advisor Blog

---

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JULY 31, 2010 #751

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### How Much Muck Can a Muckraker Muck if a Muckraker Isn't Raking Muck?

Seems to me the worst case financial story here is another depressingly familiar tale of low-grade small-print-itis by the insurance industry. Hardly great, hardly trustworthy behavior—but far from the next great scandal either.

The much bigger story, I fear, is another mainstream news source failing to put a story into context.

I'm one who believes that incompetence offers a far better explanation for screwups than do conspiracy theories; this is not a Breitbart situation. Maybe the reporters just didn't appreciate that what they were seeing was insurance-related, rather than veterans-related. Though for a business news organization, that's not too great either. The big problem is, the results—lack of context—are in the same category as Andrew Breitbart.

So now who do we believe?

A couple key disclaimers: I am not an expert in insurance, or in the workings of veterans' affairs. I have not spoken to the Bloomberg reporter on the case. I could therefore soon have egg on my face, so I will be watching the weekend

news reports with interest to see if there's an angle I've missed, and if I owe a mea culpa I'll be on it quickly.

But one thing makes me think my gut may be right on this: Prudential [closed up strongly](#) on both Thursday and Friday. And whatever else markets do, I believe they price pretty well.

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JULY 31, 2010 #751

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FROM THE  
CONVERSATION ON  
THE BLOG:

*“Charlie, I am constantly dismayed about the waning attention span of the American public, the sad loss of comprehensive story coverage (ala The Christian Science Monitor) and the rise of “sound bites” masquerading as news stories and the basis for electing politicians. We accept sound bites as gospel and don’t want to be distracted by listening or reading more than one version of a news story.”*

—Comment by Barbara Garabedian

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[CLICK HERE TO READ \(AND JOIN IN\)  
THE REST OF THE CONVERSATION.](#)

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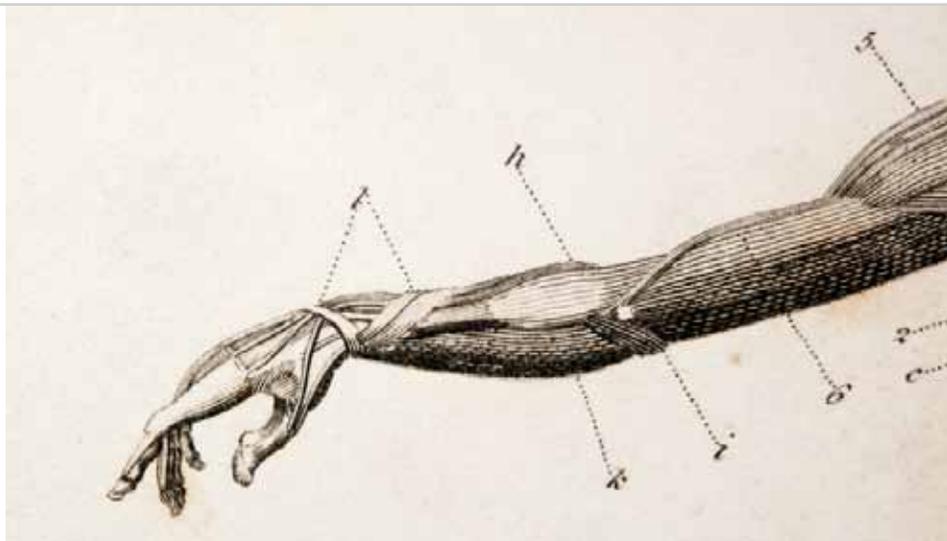
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THE BEST OF THE TRUSTED ADVISOR BLOG VOL. 7

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## Abuse of Trust: ANATOMY OF A BREAKDOWN

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[CHARLES H. GREEN](#) ON MONDAY, JULY 30, 2010 (POST #746)

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From this blogpost's title, you're probably assuming this is about the BP oil spill, or the SEC's settlement with Goldman Sachs, the recent financial legislation, or a new perspective on Bernie Madoff.

Instead, I want to shine a flashlight on l'affaire Sherrod. From a trust perspective.

For those of you outside the US, the bare narrative is this: Fox News played a videotape of a speech by a federal government employee, which appeared to be racist, and called for her resignation. In very short order, the government did indeed fire her, without checking on the facts.

# Abuse of Trust:

## ANATOMY OF A BREAKDOWN

### The Best of the Trusted Advisor Blog

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CHARLES H. GREEN  
JULY 26, 2010 #746

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#### The Shirley Sherrod Case

Those of you in the US, I'm not going to link here to any more background. The newspapers are full of it.

What I do want to suggest is to offer a case example of how trust breaks down, in the only terms that matter: yours.

Here is a link to [the original Fox video](#); the first 45 seconds are about this story.

Here is the [foxnews.com coverage of the video](#), on July 20—a quick read.

Now: most of you know what came next. But you almost certainly know it from secondary sources. Rarely, these days, do we actually get to make up our own minds from primary material.

We have an opportunity here to contrast punditry with original source material. Ask yourself what you know of the Army-McCarthy hearings in the 1950s. Google it a bit if you want. Then compare it with [the actual video, here](#).

In the same vein, may I strongly suggest that all of you seize this opportunity to view [Ms. Sherrod's original video in its entirety](#). It's not a light request: the

entire video lasts 43 minutes, and the 'hot stuff' is scattered throughout the middle section.

I still suggest you look at it. This is a teachable moment. But don't be taught by what you hear from the Wall Street Journal, or the New York Times, or the NAACP, or pundits of the right or of the left--the signal-to-noise ratio is huge. Instead, seize this opportunity to teach yourself.

I won't say anymore just now; I'll add my own comments in a few days.

There is a ton of learning to be had by each of us watching the original source material—at roughly the same time the opinion makers are all ossifying the official learnings.

There is to be had here learning about how we come to trust, who we trust, how much power we grant to those we trust, and the benefits and risks of trusting others.

So--if you can find time to watch the original, please share with us what you learned from it.

# Abuse of Trust:

## ANATOMY OF A BREAKDOWN

### The Best of the Trusted Advisor Blog

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CHARLES H. GREEN  
JULY 26, 2010 #746

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#### FROM THE CONVERSATION ON THE BLOG:

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[CLICK HERE TO READ \(AND JOIN IN\)  
THE REST OF THE CONVERSATION.](#)

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*“It is amazing to me how much individuals grant “trust by proxy” to news agencies who claim to be objective journalists but, in fact, are anything but and have their own agendas to promote. And then, having attributed this trust proxy to the news agency, act on the so-called information in a way that is irresponsible, because of specious assumptions related to the edited content (out of context and rearranged in a way that created conclusions totally out of synch with reality).”*

—Comment by Jeri Sessler

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THE BEST OF THE TRUSTED ADVISOR BLOG VOL. 7

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## SPEAKING ENGAGEMENTS

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*Charles H. Green, co-author of [The Trusted Advisor](#) (Free Press, October 2000) and [Trust-based Selling](#) (McGraw-Hill, December 2005) presents and speaks on the nature of trusted client relationships in business, with experience built from 25 years of consulting to the professional services industry. His presentations are rich with real examples, as well as drawing from current business events. He speaks effectively before any size group. Dynamic and literate, his talks are fact-based, provocative, and highly practical. [FIND OUT MORE](#)*

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## SEMINARS AND COACHING SERVICES

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### Does your firm suffer from:

- › Selling by telling, rather than selling by doing and adding value?
- › Client retention rates that you know could be improved?
- › Chronic project scope creep?

### Do your professionals feel:

- › Ill-at-ease with having to sell?
- › That building trust is vaguely incompatible with being profitable?
- › That most sales training feels manipulative?

*Helping people become trusted advisors is the core of our work. We customize client relationship strengthening programs for your firm by building from two basic templates: [Trust-Based Selling™](#), and [Building Trusted Advisor Relationships](#).*

*An integral part of seminars--as well as a key standalone service --is the ability to make the learning continue post-session. The single most powerful tool for making learning stick is coaching. [FIND OUT MORE](#)*

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### TRUST DIAGNOSTICS

*We believe that both people and organizations can become more trustworthy – if they have the right tools. And we believe that building trust builds business.*

*We offers services for diagnosing the trustworthiness of individuals and organizations, and the tools for increasing that trustworthiness. All are based on the work of Charles H. Green in the area of trust over the last 12 years, including the [Trust Equation](#) and the [Trust Principles](#).*

[FIND OUT MORE](#)

### TRUST ROADMAPS

*Where can the power of trust best work for your organization? Exactly how can you build more business by building more trust within and around your organization?*

*The Trust Roadmap™ is a tool for assessing the trustworthiness of an organization. Based on the four [Trust Principles](#), it highlights dimensions where your company or organization is already strong on trustworthiness, and areas where trust can be improved.*

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### TRUST WORKSHOPS

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*Lively, interactive, and practical, our workshop learning programs are based on real-life problems the participants bring to their sessions. Each program is a customized session for you based on our core programs.*

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### TRUST-BASED COACHING

*Trust coaching is executive coaching with a point of view. It’s based on the four factors of the Trust Equation, and works to help you or your executives gain confidence in selling, build trust-based relationships, and perform at your highest levels.*

*Our coaches combine coaching expertise with business experience, and are willing to challenge executives throughout the coaching process.*

*[Contact us](#) to discuss how coaching can benefit your team or organization.*

[FIND OUT MORE](#)

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## ABOUT CHARLES H. GREEN



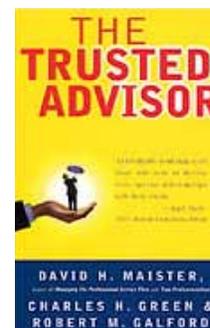
Charles H. Green is a speaker and executive educator on trust-based relationships and Trust-based Selling in complex businesses. He is author of [Trust-based Selling](#) (McGraw-Hill, 2005), and co-author of [The Trusted Advisor](#) (with David Maister and Rob Galford, Free Press, October 2000). Charles has spoken before a variety of industry and functional groups. An engaging and content-rich speaker, he has taught in executive education programs for the Kellogg Graduate School of Business at Northwestern, and for Columbia University

Graduate School of Business, as well as through his own firm, [Trusted Advisor Associates](#). His work centers on improving trust-based relationship and business development skills for businesses with complex service offerings. Business development, and on building profitable trust-based relationships.

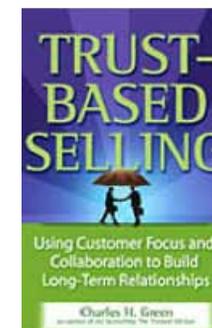
## RICH STERNHELL

Rich Sternhell retired from Towers Watson as a Managing Principal after a career of more than 30 years and is now an independent consultant.

## CHARLES H. GREEN BOOKS



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## Trust Workshops

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TRUST can be modeled.

Most importantly, TRUST can be learned.

Manage TRUST and unlock the key to success in business.

Join us for *Being a Trusted Advisor: Walking the Talk* to learn how to increase trust anytime, anywhere, with anyone.

A TRUSTED ADVISOR PROGRAM ON TRUST  
WASHINGTON D.C., SEPTEMBER 28<sup>TH</sup> & 29<sup>TH</sup> 2010

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Based on “[The Trusted Advisor](#)” and “[Trust-Based Selling](#)”, this program is ideal for:

- *Client Relationship Managers*
- *Account Managers*
- *Business Developers*
- *Sales Managers*
- *Consultants*
- *Team Leaders*
- *or anyone whose success depends on trust-based relationships.*

Don't miss this opportunity to increase your profitability through increasing your trustworthiness. [Click here](#) for more information.