The Leadership Challenge
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Chapter 2: Credibility is the Foundation of Leadership

PUTTING IT ALL TOGETHER: CREDIBILITY IS THE FOUNDATION

Honest, forward-looking, inspiring, and competent: these are the characteristics that have remained constant over more than twenty years of economic growth and recession, the surge in new technology enterprises, the birth of the World Wide Web, the further globalization of business and industry, the ever-changing political environment, and the expansion, bursting, and regeneration of the Internet economy. The relative importance of the most desired qualities has varied somewhat over time, but there has been no change in the fact that these are the four qualities people want most in their leaders. Whether they believe their leaders are true to these values is another matter, but what they would like from them has remained constant.

This list of four consistent findings is useful in and of itself—but there's a more profound implication revealed by our research. Three of these four key characteristics make up what communications experts refer to as "source credibility." In assessing the believability of sources of communication—whether newscasters, salespeople, physicians, or priests; whether business managers, military officers, politicians, or civic leaders—researchers typically evaluate them on three criteria: their perceived *trustworthiness,* their *expertise,* and their *dynamism.* Those who are rated more highly on these dimensions are considered to be more credible sources of information.

Credibility is the foundation of leadership.

Notice how strikingly similar these three characteristics are to the essential leader qualities of being honest, competent, and inspiring—three of the top four items selected in our survey. What we found in our investigation of admired leadership qualities is that more than anything, people want to follow leaders who are credible. *Credibility is the foundation of leadership*.

Above all else, we as constituents must be able to believe in our leaders. We must believe that their word can be trusted, that they're personally passionate and enthusiastic about the work that they're doing, and that they have the knowledge and skill to lead.

We also must believe that they know where we're headed and have a vision for the future. Adding *forward-looking* to what we expect from our leaders is what sets leaders apart from other credible individuals. Compared to other sources of information (for example, news anchors), leaders must do more than be reliable reporters of the news. Leaders make the news, interpret the news, and make sense of the news. We expect our leaders to have a point of view about the future. We expect them to articulate exciting possibilities. We want to be confident that our leaders know where they're going.

Even so, although compelling visions are necessary for leadership, if the leader is not credible the message rests on a weak and precarious foundation.

Leaders therefore must be ever-diligent in guarding their credibility. Their ability to take strong stands, to challenge the status quo, and to point us in new directions depends on their being highly credible. Leaders must never take their credibility for granted, regardless of the times or their positions. If leaders ask others to follow them to some uncertain future—a future that may not be realized in their lifetime—and if the journey is going to require sacrifice, isn't it reasonable that

constituents should believe in them? To believe in the exciting future possibilities leaders present, constituents must first believe in their leaders.

Because these findings about the characteristics of admired leaders— people we would willingly follow—have been so pervasive and so consistent, we've come to call this "The Kouzes-Posner First Law of Leadership":

If you don't believe in the messenger, you won't believe the message.

Credibility Matters

At this point, some people might well say, "So what? I know people who are in positions of power, and I know people who are enormously wealthy, and I don't find them credible. Does credibility really matter? Does it make a difference?"

It's a legitimate concern, so we decided to study the question of whether or not credibility mattered. But rather than ask about the credibility of "top management" or "elected officials," we decided to ask questions about people closer to home. We asked people to rate their immediate managers. As part of our quantitative research, using a behavioral measure of credibility, we asked organization members to think about the extent to which their immediate manager exhibited credibility-enhancing behaviors. In our studies we found that when people perceive their *immediate manager* to have high credibility, they're significantly more likely to

- Be proud to tell others they're part of the organization
- Feel a strong sense of team spirit
- See their own personal values as consistent with those of the organization
- Feel attached and committed to the organization
- Have a sense of ownership of the organization

When people perceive their manager to have low credibility, however, they're significantly more likely to

- Produce only if they're watched carefully
- Be motivated primarily by money
- Say good things about the organization publicly but criticize it privately
- Consider looking for another job if the organization experiences problems
- Feel unsupported and unappreciated

This evidence of the significant impact of leadership credibility on employee attitudes and behavior certainly provides clear dictates for organizational leaders. Credibility makes a difference, and leaders must take it personally. Loyalty, commitment, energy, and productivity depend on it.

Credibility goes far beyond employee attitudes. It influences customer and investor loyalty as well as employee loyalty. In an extensive study of the economic value of business loyalty, Frederick Reichheld and his Bain & Company colleagues found that businesses concentrating on customer, employee, and investor loyalty generate superior results compared with those engendering disloyalty. They found further that disloyalty can dampen performance by a stunning 25–50 percent.[7] Loyalty is clearly responsible for extraordinary value creation. So what accounts for business loyalty? When they investigated this question, the researchers found that "The center of gravity for business loyalty—whether it be the loyalty of customers, employees, investors, suppliers, or dealers—is the personal integrity of the senior leadership team and its ability to put its principles into practice." And what's true for bricks-and-mortar companies is just as true for the clicks

companies. “In fact, when Web shoppers were asked to name the attributes of e-tailers that were most important in earning their business, the number one answer was ‘a Web site I know and trust.’ All other attributes, including lowest cost and broadest selection, lagged far behind. Price does not rule the Web; trust does.”

What Is Credibility Behaviorally?

The data confirm that credibility is the foundation of leadership. But what is credibility behaviorally? How do you know it when you see it?

We’ve asked this question of tens of thousands of people around the globe, and the response we get is essentially the same, regardless of how it may be phrased in one company versus another or one country versus another. Here are some of the common phrases people use to describe how they know credibility when they see it:

- “They practice what they preach.”
- “They walk the talk.”
- “Their actions are consistent with their words.”
- “They put their money where their mouth is.”
- “They follow through on their promises.”
- “They do what they say they will do.”

The last is the most frequent response. When it comes to deciding whether a leader is believable, people first listen to the words, then they watch the actions. They listen to the talk, and then they watch the walk. They listen to the promises of resources to support change initiatives, and then they wait to see if the money and materials follow. They hear the promises to deliver, and then they look for evidence that the commitments are met. A judgment of “credible” is handed down when words and deeds are consonant. If people don’t see consistency, they conclude that the leader is, at best, not really serious, or, at worst, an outright hypocrite. If leaders espouse one set of values but personally practice another, people find them to be duplicitous. If leaders practice what they preach, people are more willing to entrust them with their livelihood and even their lives.

This realization leads to a straightforward prescription for leaders on how to establish credibility. This is “The Kouzes-Posner Second Law of Leadership”:

DWYSYWD: Do What You Say You Will Do

This commonsense definition of credibility corresponds directly to one of The Five Practices of Exemplary Leadership identified in the personal-best cases. DWYSYWD has two essential elements: say and do. To be credible in action, leaders must be clear about their beliefs; they must know what they stand for. That’s the “say” part. Then they must put what they say into practice: they must act on their beliefs and “do.” The practice of Model the Way links directly to these two dimensions of people’s behavioral definition of credibility. This practice includes the clarification of a set of values and being an example of those values to others. This consistent living out of values is a behavioral way of demonstrating honesty and trustworthiness. People trust leaders when their deeds and words match.

The classic study on credibility goes back to C. I. Hovland, I. L. Janis, and H. H. Kelley, *Communication and Persuasion* (New Haven, CT: Yale University Press, 1953); and early measurement studies include J. C. McCroskey, “Scales for the Measurement of Ethos,” *Speech Monographs* 33 (1966): 65–72 and D. K. Berlo, J. B. Lemert, and R. J. Mertz, “Dimensions for

Evaluating the Acceptability of Message Sources," *Public Opinion Quarterly* 3 (1969): 563–576. However, even further back, Aristotle (384–322 B.C.), writing in the *Rhetoric,* suggested that Ethos, the Trust of a speaker by the listener, or what some have referred to as "source credibility," was based on the listener's perception of three characteristics of the speaker: the intelligence of the speaker (correctness of opinions, or competence), the character of the speaker (reliability—a competence factor—and honesty—a measure of intentions), and the good will of the speaker (positive energy and favorable intentions toward the listener). These three characteristics (competence, honesty, and inspiration) have consistently emerged in factor-analytic investigations of communicator credibility (D. J. O'Keefe, *Persuasion: Theory and Research* [Thousand Oaks, CA: Sage, 2002]). Another contemporary perspective is provided in R. Cialdini, *Influence: The Psychology of Persuasion* (New York: Collins, 2007).

F. F. Reichheld with T. Teal, *The Loyalty Effect: The Hidden Force Behind Growth, Profits, and Lasting Value* (Boston: Harvard Business School Press, 1996), 1.

F. F. Reichheld, *Loyalty Rules: How Today's Leaders Build Lasting Relationships* (Boston: Harvard Business School Press, 2001), 6. See also F. F. Reichheld, *The Ultimate Question* (Boston: Harvard Business School Press, 2006).

F. F. Reichheld and P. Schefter, "E-Loyalty: Your Secret Weapon on the Web," *Harvard Business Review* 78, no. 4 (July-August 2000): 107. See also Bain & Company and Mainspring, "Bain/Mainspring Online Retailing Survey" (joint survey of 2,116 online shoppers in the categories of apparel, groceries, and consumer electronics) (Boston: Bain & Company, December 1999); and Reichheld, *Loyalty Rules,* 8. For additional information on Web credibility, see B. J. Fogg and others, "What Makes Web Sites Credible? A Report on a Large Quantitative Study," *Proceedings of ACM CHI 2001 Conference on Human Factors in Computing Systems,* v. 1 (New York: ACM Press, 2001), 61–68. For more insight on customer focus and business results, see F. F. Reichheld, *The Ultimate Question* (Boston: Harvard Business School Press, 2006) and the discussion and blogs at www.theultimatequestion.com and www.netpromoter.com.