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Credibility Lessons from Bernie Madoff
 March 31, 2009

With a down economy and buyers even more hesitant to take action due to scams such as the Bernie Madoff case, how can companies assure their prospects of their credibility and business ethics?
 By Michael Lovas

Bernie Madoff single-handedly delivered an agonizing kick to the knees of every organization that relies on trust. In other words, Mr. Madoff has made prospects across the country feel unsafe. And simply by association, you and your company are as guilty as he is.

It's simple psychology: Humans learn by association. All salespeople are associated with each other. And the crooks create an atmosphere of distrust, doubt, and skepticism that is extended to you merely by association.

Even in their local newspapers, consumers see evidence sellers can't be trusted. Headlines appear regularly exposing fraudulent selling practices in industries as varied as consumer electronics, autos, real estate, pets, grain, event tickets, transportation services, pharmaceuticals, retail, magazines, insurance, and investments.

Buyers are skeptical. They just don't believe what salespeople say, and who can blame them? Their doubt is justified in their minds. If dozens of aircraft were crashing every month, how safe would you feel flying?

Mr. Madoff has become a poster boy. He represents the rape of credibility for people who sell. In order to step forward and work through that mess, you must guide your organization through some specific activities to prove that you are honest, ethical, and responsive. You can no longer assume your target market will take your credibility at face value.

Establishing Your Credibility

The process leading to credibility can be boiled down to the following five steps:

1. Safety.
2. Connection.
3. Likeability.
4. Relevance.
5. Credibility.

Consider the first step. The most destructive result of Madoff's fraud is that it crushed the knees of salespeople. In so doing, it sent buyers plummeting to the most basic rung: safety. Thus, the first step—the only step—you can take now is to rebuild safety. If you can't make your prospects feel safe, it's likely you'll never get any farther.

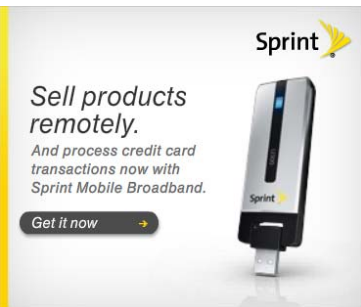
The strategy is to provide proof of contrast and distance yourself from Madoff (and similar disreputables in the news). Here are two of the most important steps you can take right now:

1. Provide transparency. Prospects and clients have seen the headlines. The smarter of them know Madoff surrounded himself with an opaque wall, not showing anyone what he was doing. Thus, they are not likely to take any more leaps of faith. You need to combat that attitude by becoming proactively transparent. Specifically, transparent about:

- How you make money. Fees, commissions, or what? Be specific about when and how you get paid.
- All fees and charges they'll incur. This even includes the little ones and the obscure ones.
- Client commitment. Outline your commitments in writing. This way you can graphically show your clients what they can expect from you.

2. Prove your credibility. It is no longer enough merely to be credible. These days, you must be able to prove and demonstrate your credibility. The most effective way to do this is to prove it before anyone questions it, and you do that in these ways:

- *Writing.* Publish books, articles, and white papers. In them, tell stories about specific situations in which you made appropriate and successful decisions. If you

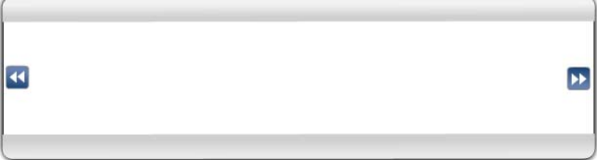


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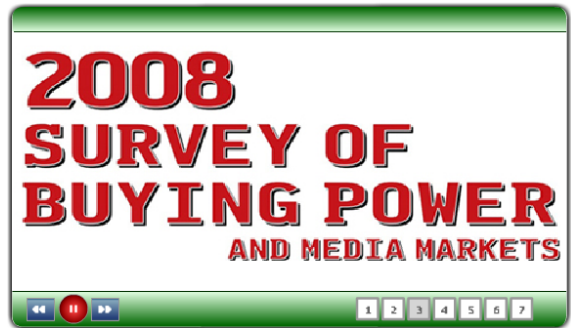
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can't write at a professional level, seek out assistance.

- *More writing.* Initiate a program to proactively contribute to industry blogs and discussion forums. Place yourself where your target market reads informally.
- *Speaking.* Book yourself to speak at every luncheon meeting for every organization you can find. Warning: These are very different from sales seminars, so if you're not trained in how to deliver a speech, get help.

To reiterate: The actions of Madoff and his ilk can and have cast a shadow on you, and how you respond to that dark cloud will determine your success in 2009. Focus on rebuilding a sense of safety by showing contrast between you and people like Madoff. This is your first step in a long-term process of reestablishing your credibility.

Michael Lovas is co-founder of the consulting and training firm AboutPeople (www.aboutpeople.com). He is also the author of nine books, most recently "Axis of Influence: How Credibility & Likeability Intersect to Drive Success." Contact him at michael@aboutpeople.com.

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