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The Green Rule of Corporate Diplomacy: Business 3.0? [1]

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Green is not just a color. Culturally, green can have contradictory meanings within its spectrum of usage. It is often associated with slang for money or ‘green with envy’, while the opposite end of its range of meaning is closely related to the Old English verb *growan* or “to grow” [plant life], or more relevant today, sustainable practices and formation of trust.

Any one of these cultural definitions alone does not adequately encompass all the meanings of green as it pertains to Corporate Diplomacy. Here, just as the color green is created in the Subtractive Color System by mixing yellow and blue, an alternate image of green applicable to businesses can be developed by blending the concepts of ‘Innovation’ and the ‘Golden Rule’.

Variations of the Golden Rule appear world-wide throughout many cultures, tribes, and religions, dating back to ancient times. Its English version is commonly linked to Jesus of Nazareth in the Biblical book of Matthew, “Do unto others as you would have done unto you”.

Trust goes hand in hand with the Golden Rule; typically we trust those individuals we know well and who also treat us well, such as neighbors or family members. When transitioning from the living room of one’s home to the board room and then venturing into the consumer market, one sees trust is equally as important in forming meaningful relationships and consumer confidence.

Edelman, the leading independent global Public Relations Firm, released its 2010 Trust Barometer in January 2010 and was a focal point of discussion recently in a USC seminar course on Corporate Diplomacy. This study documents a major shift in global opinion that should revolutionize the way business is conducted world-wide (see Methodology).

For the first time in the ten-year history of Edelman Annual Trust Barometer Reports, trust and transparency are ranked as being more important to corporate reputation than the quality of the products and services provided. In fact, 54% of people in the United States trust business and an average of 60% in most BRIC countries (Brazil, Russia, India, and China). These factors of trust and transparency far outweigh the importance of financial returns, which is now listed by respondents at the bottom of all criteria.

It should not be a complete surprise that the ranking of financial returns shifted 180 degrees since 2006. Perhaps this is due to the downturn of the global economy, as approximately 70% of respondents believe business and finance companies will revert to their old habits when the financial crisis is over.

However, is it really the economic downturn, as identified by respondents, which changed the way people think about business? Why have respondents identified their ability to trust a company is currently of highest importance? There are many schools of thought that identify catalysts, which range from downward trending economic forces to a return to core family values. They also include an upward trend in global environmental awareness and populations well informed on global issues. Whatever the reasons, executives should recognize this shift as an opportunity to get their foot in the door, gain trust, and increase their social capital so they may draw upon it in the future.

Perhaps it is beneficial to analyze trust at the individual company level in order to understand this future benefit. On March 2, Gallup released results from their poll entitled, "Americans, Toyota Owners Still Confident in Toyota Vehicles". Amazingly, while a March 4 Reuters article noted that a total of 7.2 million recall notices were issued in the United States with more than 50 United States crash deaths attributed to mechanical problems, 74% of Toyota owners say they have not lost confidence in Toyota, 82% believe their cars are still safe, and 79% would buy another Toyota!

This is a paramount example of brand loyalty and trust. There is no doubt Toyota accumulated consumer trust during the past fifty years of their existence. Toyota demonstrated this in a recently aired apologetic commercial, framed in the beginning and end by black and white scenes reminiscent of car dealers from fifty years ago, and highlighting the perception of safe, reliable, high quality vehicles with a focus on core family values. While Toyota may lose some sales in the coming days, it seems its future as a company has not been completely destroyed and potentially will be saved by this element of family trust.

Well, what if a company does not have a historical reputation with an abundance of social capital? This corporation may be lucky enough to get its foot in the door early enough to take advantage of consumer psychological biases, which mandate a consumer change its behavior when trying a new product. Both the status quo bias and endowment effect must be overcome by the consumer. Such required psychological change is primarily due to the fact people largely overvalue benefits they currently posses relative to those they do not. So, the sooner a company enters the market and positions itself, the better.

In addition, new companies or existing businesses that wish to increase trust should look to innovation, not as a starting baseline, but as the focus for corporate culture. Trust is built among individuals through having innovative corporate diplomats practice cutting edge corporate diplomacy continuously. Such leaders must have an intuitive global mindset and executive skill-set which include a mutual respect and understanding of others, an ability to listen, understand, and adapt to foreign cultures, as well as have knowledge of emerging trends in sustainability and social media.

These qualities are necessary to possess in order to build trusting relationships and meet public expectations. The central strategy of a business should be rooted in these traits ultimately generated from the Golden Rule. Here is thus coined the "Green Rule", or the business practice of using the Golden Rule to promote *green* sustainable growth both in society and in the company, while simultaneously generating a *green* profit.

Microsoft is among the corporations leading the way in this Green Rule movement. In January 2010, Microsoft created a new position entitled 'Director of Innovative Social Engagement'. Time will tell if these job types are simply a passing trend or if other companies will jump on the Green Rule bandwagon for the long haul after fully recovering from the current recession.

Generation 2.0 of Government and the Web has succeeded in making information sharing and collaboration coexist both online and in public-private partnerships that have also been solidified into mainstream global culture. Business 2.0 features characteristics of Generation 2.0 incorporating social networking into its current campaigns.

Looking to the future, Web 3.0 will unfold with further web personalization ingrained in many aspects of life. It is inevitable this will lead to the creation of Generation 3.0 of business as well where businesses will take a broader approach and fully affect the lives of consumers. This budding age promises to have evidence of Green Rule components such as trust and full spectrum innovation as practiced by proper corporate diplomats.

Corporate desires strictly for a return on an investment will fade as companies begin to listen to and further focus on consumer desires of fulfilling meaningful relationships and promoting the greater good. Companies will find when they meet these consumer demands they are actually likely to see a return on an investment in the long run. Companies must rethink business strategy in order to be successful in the coming days in Business 3.0.

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