

## Trust Rules

Nine principles for a better balance  
between rules and trust

***hypegia*·phobia**  
the fear of responsibility

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# 01

## Hypegiaphobia

KPMG Netherlands organised a dialogue session on 24 June 2008 about how to find a better balance between rules and trust. The objective of the dialogue was to search with the participants for concepts and best practices for solving problems, not with new rules and regulations but with greater trust and responsibility, where the various parties are given more leeway and where the natural reflex to come up with new rules is turned in for leadership on the basis of trust.

That day we presented our whitepaper entitled Hypegiaphobia, originally a Greek term for the fear of taking responsibility. One of the participants contributed to the discussion in a less than standard way. She picked up this whitepaper and started to read out loud the disclaimer on the back, in which KPMG covers itself in legal terms regarding the information in the booklet.

No further comment was needed.

After all, she was right: whoever calls for more personal responsibility must take the lead. On the back of this publication – a follow-up to the first whitepaper – you will not be able to find a disclaimer. This incident teaches us several things, such as that taking personal responsibility does not always come naturally and that we need to be open to criticism from the outside, and also that we need to learn along the way.

The activities that we have undertaken in recent months in the context of this project convince us that managing on the basis of trust is not just necessary but also possible in many segments of society. It is seldom easy, but various parties have shown that it is possible. We have found dozens of cases that teach us how trust can be won, and a number of these we wish to share with you in this publication. We also outline the common features of the approach taken in these cases, in the hope and confidence that they will inspire other parties also.

# 02 Our society wants more scope for trust and personal responsibility

If rules and regulations did not exist, society would not function properly. Not a single bridge or highway, for example, would get constructed, simply because no taxes would be collected or, rather, not enough taxes. The financial markets would not function because the mutual trust that these require could not be offered. Let it be clear: we are not using this whitepaper to plead for the abolishment of rules and regulations. They are absolutely necessary. We do, however, plead for dealing with the rules in a less forced fashion, for creating more sensible rules and, where necessary, for avoiding or even abolishing rules.

Our meetings and individual conversations with various parties – ranging from politicians, executives

and entrepreneurs to regulatory officials, auditors and compliance officers – prove that this is a shared wish. Officials are hindered by the way rules and regulations inhibit all personal responsibility. Frustration and incapacity are sometimes the result. The hinder has varying backgrounds. Here are some of them.

## **Entrepreneurship and creativity are slowed down**

Many entrepreneurs and top executives experience the current compliance climate as one in which the need to be in control has become excessive. The fear of not complying with laws and rules dominates, so that new ventures, promising innovations and out-of-the-box thinking do not get a serious chance. Many executives, supervisory directors and accountants

actually admit being driven by fear and do whatever it takes to prevent getting blamed for failure to comply with laws and regulations. There is a fear of sanctions or of damage to personal reputation. For the same reason, contracts are worked out to every detail. Whatever may be disruptive or upsetting is by definition avoided, despite the fact that disruptive situations can lead to great creativity.

### **The strategic value of information is lost**

Information flows within organisations grow tremendously, fed as they are by advanced technical possibilities, the call for transparency and the demands of the legal and regulatory setting. This volume of information is no guarantee, however, that people have access to information that is relevant to their

work or for capitalising on market opportunities. Even more so, voluminous information flows are experienced in practice as unmanageable, so that many people no longer make use of it.<sup>1</sup> The result is an unworkable situation in which information is simply getting pumped around because such is mandated, rather than because it is information that is relevant to the user. So strategic decisions that really matter are taken on the basis of information that is not even included in these systems.

### **New generations do not allow themselves to be led by structures and rules**

As soon as an incident takes place, politicians are inclined to immediately pass new rules or regulations. After all,

this is proof of forceful intervention. In political circles this is called 'incidentalism'. Incidents invariably get great attention and lead to emergency debates, and nothing seems to go right anywhere in the 'inquisition democracy'. Incidentalism seems to have taken control of our politics – of both parliament and cabinet. The relationships between politicians and civil servants are getting forced as a result, and complex problems often appear to justify complex solutions that in practice cause all sorts of problems in administrative organisations.

<sup>1</sup> An example of this is the number of notifications in response to the Dutch Prevention of Laundering and Funding of Terrorism Act. The number of notifications of suspect transactions is so high – because no one wants to be accused of having failed to report such transactions – that the relevance of the notifications, and thus the effectiveness of the law is threatened.

# 03 Trust Rules

During the Olympic Games of 1968, Richard Fosbury was declared mad by many when he introduced the 'Fosbury Flop', a completely new way of high jumping. Until that time the high jump always involved flinging one leg across the bar first. The rest of the body then followed sideways. Instead, Fosbury jumped backward: first the head and then the curled back and legs. In that way he cleared a height of 2.24 metres, which was good enough for a gold medal. Nowadays everyone jumps using this technique.

What does this teach us? Perhaps that in order to solve a problem, you sometimes need to turn it completely around before the direction to the solution reveals itself. In another KPMG publication, public administration expert Paul Frissen asserts, for example, that the gap between citizens and politicians – which is always complained about – is not a problem at all: "[In the Netherlands] ... politicians and citizens are in fact too close to each other. Politicians react hysterically to what happens in society and thereby reinforce the unjustified image of the government as a problem-solving machine. Instead, solving a problem should first and foremost be a responsibility of society itself."<sup>2</sup>

Turn the problem around for a change, that is the message. This applies as

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<sup>2</sup> Leiderschap in de publieke sector, meer dan oneliners, KPMG publication, 2008.

much to the subject of this whitepaper. Even more: it takes guts and vision in this time of increasing litigation to choose a way where trust has the upper hand. Rabobank has seized the construction of its new headquarters to introduce a new work style among its employees, just like Interpolis did earlier: a work style in which numerous things are handled in unconventional ways. All under the title “Unplugged”. In the words of Rabobank this means “getting rid of unnecessary rules, of fixed places and times, dealing better with knowledge, collaborating more and taking more personal responsibility. With a single focus: the client.”<sup>3</sup>

Our quest demonstrates that numerous persons and organisations in the Netherlands have had the guts lately to “unplug”, often with

considerable success. You will find a selection of this in the cases presented in this paper.

Below we list the main principles that arise from these cases.<sup>4</sup> Hardly surprisingly, there turns out to be a considerable overlap of the success factors for creating more room for trust and, directly linked to that, for taking more personal responsibility. The leadership element is explicitly found in nearly all principles, which makes clear that this is the key element for picking up the challenge successfully.

We call these principles Trust Rules. They are rules to organise trust, to be able to trust: with the objective of coming to a situation where ‘trust rules’ – where the noun has turned into a verb.

We have formulated nine Trust Rules:

1. Make contact personal
2. Define common goals
3. Set the right example
4. Build trust with sensible rules
5. Share responsibility and trust
6. Stay on course and keep calm, even when things go wrong
7. Rely on informed trust, not on blind trust
8. Be mild on misunderstanding but crush abuse
9. Dare to experiment and learn from experience

<sup>3</sup> Unplugged, Rabobank working paper, 2007.

<sup>4</sup> These principles are not intended to be complete. They are meant as a source of inspiration, as something to hold onto in our personal quest. The Trust Rules are arranged in a logical sequence where possible. Building trust starts with developing a relationship and setting goals and rules; then comes implementation; the final elements are transparency, enforcement and learning.



Mutual trust between parties is only possible when the parties have a face and when they know each other's backgrounds. The right interactions and interfaces contribute to that.

## Trust Rule 1

# Make contact personal

Energy company Essent felt the need several years ago to manage more on the basis of trust. An unusual action in that context was the assignment that it gave to a journalist. He was asked to write down the life stories of the individual managers, which they then shared with each other. The result was that people got to know each other better and to understand their respective backgrounds and life stories. It turned out to be a worthwhile initiative to develop greater mutual trust.

The principle that greater depth in a relationship builds trust can be applied at all levels of trust. After all, trust can only grow when people know each other or are at least willing to get to know each other. It's for good reason that the principle 'know your customer' is a widely used point of departure in the financial world. In addition, in

aviation it is technically possible to fly on autopilot, but it is the physical presence of a person in the cockpit that elicits trust.

This aspect is quite relevant for auditors or regulatory officials. The auditor who does not first get to know people during a company visit or to inquire thoroughly into the company's doings should not be surprised if his findings meet with resistance. After all, he has not invested in personal contact as a breeding ground for trust.

The opposite of such personal contact is anonymity. This is fatal when it comes to trust. People who are reduced to a number, whether as customer, employee, citizen or neighbour will tend to duck away, hide, escape or even lose themselves because they do not feel they are being taken seriously.

Obviously it is not possible for people to know every detail of each other under all circumstances, but that's not actually necessary. What is important is creating the right interactions and interfaces in different situations that make it possible for trust to grow.

A good example of this is insurance company Interpolis. To claim damages, a customer no longer has to submit receipts and bills and to complete forms. Instead, the damage must be reported by telephone. This personal contact makes it more difficult for the notifier to perpetrate fraud. Interpolis is no longer anonymous but has gained a human voice.

### Practical tips:

- Regulatory authorities could make use of relations managers. Such officials do not personally engage in oversight activities but are responsible for the quality of communication between the authority and the object subject to supervision.
- Have employees of different organisations that need to work together join colleagues from the opposite organisation for a day so that can get to know each other's domains.
- Ensure that managers or directors get to know each other's life story or background.
- Realise that it is not the duration but the quality and intensity of personal contact that counts when it comes to building trust.

## CASE

## Essent Customer Relations

### Employees set the goals

According to a study among employees of the Customer Relations department of Essent New Energy, one third of them lacked motivation. They sensed a lack of openness and respect, plus the means and facilities to do their work properly. This was no basis for sustainable success, so management decided to change course. It meant a transition to a completely different leadership style, one based on trust.

The conversion was initially a painful and cumbersome process with tough personal confrontations. A project was started under the title Z!N, in which employees, selected on a voluntary

basis, were given the chance to change the management style and culture of the entire department.<sup>5</sup> Nowadays each team sets its own performance measures and targets and determines the authorities and facilities that it needs. The result: more laughter, and communication among colleagues being far more open and direct. The staff talks with much more respect about management and vice versa. The targets that the teams formulate are 10 to 20 percent higher on average than the old manipulated 'targets' that only came about after a real battle. Performance is better than ever before.<sup>6</sup>

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<sup>5</sup> The Dutch word "zin" has various meanings, such as "sense", "mind" and "liking". The exclamation point in the middle relates to the urgency of the project.

<sup>6</sup> A. van Huffelen and K. Cools, "Het einde van de hiërarchie", Het Financieele Dagblad, 29 September 2007.

## Key messages

Managers respect staff members and offer them the room to achieve corporate and personal goals according to personal insight and without being pushed: without detailed control mechanisms, and with only a few simple rules to prevent unpleasant surprises.

This form of leadership draws employees who are ambitious and want to take personal initiative. Don't fall into the trap of immediately pulling

the reins when an error occurs. Such a natural reflex produces the opposite result: more fear, distrust and especially evasive conduct and petty games. Putting trust in people even when something goes wrong is instead a sign of power that creates respect.

Management on the basis of trust must be built up step by step and in the right sequence, according to the hierarchy of trust. "Do not start by

leaving the till open or expecting on the first day that everyone will set his personal targets twenty percent higher. Instead, allow room in small steps."<sup>7</sup>

This concept is scary. You need to let go of what you have learned and experienced during a lifetime. It also means accepting that errors will occasionally be made and that someone might one day abuse the trust given.

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<sup>7</sup> See note 6.

Common goals bind parties and contribute to trust. If the common goal is clear, fewer rules are needed.



## Trust Rule 2

# Define common goals

Taking personal responsibility is only possible when there is clear communication about starting points, targets and expectations. This is particularly crucial when rules are not a central element to mutual cooperation. After all, the rules no longer operate as a common conceptual and working model. So something else is needed.

This 'something else' is a framework of common views as to goals and responsibilities. Essent New Energy speaks in this context of rules for living. The parties must consciously structure this framework by entering into discussion with each other and understanding their various living environments, for example in workshops (see also Trust Rule 1 in this

context). A framework then arises that allows each party to take responsibility. This demands that the framework is absolutely clear and not open to different interpretations.

Equivalency is essential in this context, both inside and outside organisations. Experience shows, for example, that legislation improves insofar as the legislator conducts himself as a partner of equal standing to the object of legislation: the law is then experienced by both parties as appropriate.<sup>8</sup> Growing distance and a legislative process that is conducted according to a clear hierarchy will give rise to the feeling of being constrained by a tight corset. Regulation that is based on high trust makes it possible

instead to keep greater distance, in the actual regulatory activity, between the regulator and the party subject to regulation.<sup>9</sup> This is only feasible if the common goal – the public interest, but also efficiency or lower cost – is clear to all.

Definition of common goals stimulates trust. In this context it is better to talk of 'want' than 'must'. A compliance officer, for example, must make clear that he is not responsible for ensuring that the organisation sticks to the rules, but that this responsibility lies with the managers and employees themselves. This too will only be realised if the intent of the rules and procedures is clear to everyone.

### Practical tips:

- Force yourself to define the common goals with the various partners.
- When welcoming new employees, spend plenty of time on the mission, goals and values of the organisation.
- Keep a sharp eye on ensuring that common goals always prevail above personal goals.
- Treat the formulation of common goals not as a one-time exercise, but as a process that requires constant attention.

<sup>8</sup> In the spring of 2008 KPMG organised three sessions with civil society players to prepare an arguments chart for a regulated society. One of the issues that arose from the discussions was the distance of the legislative branch to the object of legislation. (See also [www.hypegiaphobia.nl](http://www.hypegiaphobia.nl).)

<sup>9</sup> Such is the intent of the Dutch Authority for the Financial Markets, which moves in that direction, as evidenced by 'Customised Regulation' (KPMG/AFM meeting in Amsterdam on 6 February 2008, Compliance: The Value of Culture).

## CASE

## Interpolis

### Away with receipts

Insurance company Interpolis initiated in the 1990s a reversal from distrust to trust. Controls and procedures had gained the upper hand over the organisation and started to overshadow the provision of services. A decade later trust predominates, in the relationship with insiders as well as outsiders.

Take insiders: the open office – only flexible workstations, including at management level – is a means to give employees the trust, the freedom and the responsibility to structure their work according to personal insight. The underlying thought is that an inspiring work environment leads to motivated and responsible employees. A good example is the absence of a cashier in the company restaurant: employees nowadays pay with their personal electronic wallet.

A key element here is that everyone, from high to low, must participate. This means no fixed offices for corporate

officers and directors either. Initially this met with resistance, some people reasoning that you can't do away with hierarchy just like that. But that is not the case: the status is abolished, not the hierarchy.

Take outsiders as an example: Interpolis views the policy holder as its equal and does not reason from a position of power when handling a claim. To claim damages under a policy it is no longer necessary to submit receipts; all the policyholder has to do is to telephone Interpolis and explain what has happened. Accountability has become secondary. This way of working is much more efficient. After all, 1 percent of people cheat, so why should you bother the other 99 percent with unnecessary procedures? The fact that clients must tell their story live on the telephone turns out to be a perfect filter against abuse, for the claim figures are favourable compared to other insurers.

## Key messages

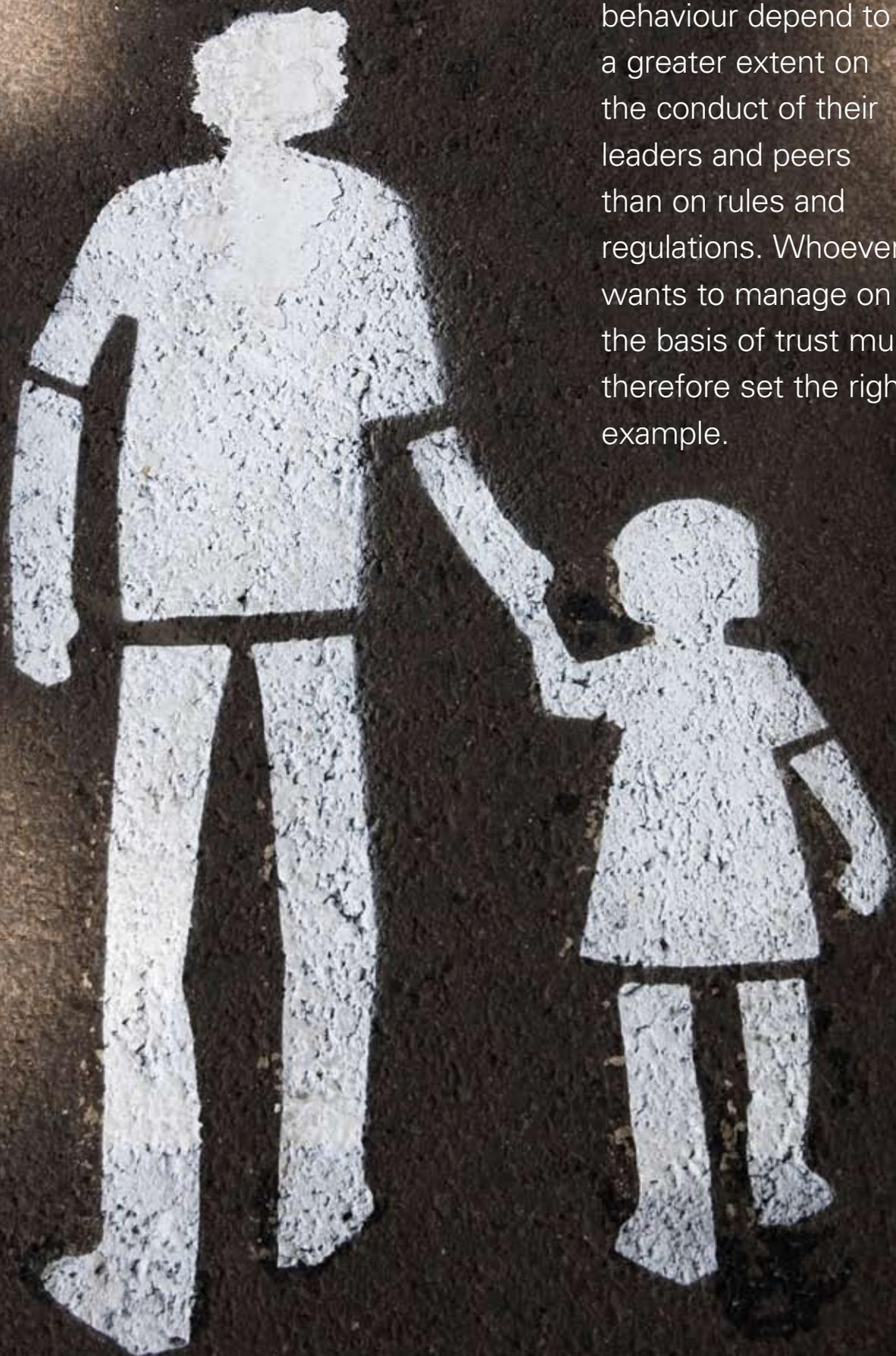
Personal contact is important when working on the basis of trust. People then turn out to be far more conscious of their moral responsibilities and less likely to perpetrate fraud.

The host must trust his guests. Otherwise he will have no clients left. With trust a company can be successful. It proves to be an excellent alternative to planning and control.

Responsibility and trust are communicating vessels. Trust only comes about when a culture is created where people accept their responsibilities.

A concept such as a claims procedure without receipts may not be just a stunt, for it doesn't work that way. Trust must be the universal principle everywhere within your organisation.

Leadership must have the guts to leave the beaten track. The Supervisory Board of Interpolis initially was hardly in favour of the plan for the new office. However, it still went ahead.



People let their behaviour depend to a greater extent on the conduct of their leaders and peers than on rules and regulations. Whoever wants to manage on the basis of trust must therefore set the right example.

## Trust Rule 3

# Set the right example

Good example leads to good conduct. Of course this is rather a cliché, but it is also a simple truth. This is why this aspect deserves attention. The way managers or colleagues behave strongly impacts how the rest of the organisation behaves. The way government organisations, politicians and civil servants behave reflects on society and on citizens. The way companies behave reflects on the parties that they deal with, such as customers, shareholders and suppliers.

Exemplary conduct is an important source of mutual expectations; it is a basis that others can rely and lean on. A leader who sets the right example can give out a strong signal, particularly in a situation where trust is lacking, allowing the spiral of distrust that has set the tone to be broken. But consistency is essential. A regulatory authority that pretends to trust those that it regulates while restraining its own staff will give rise to questions.

A management team that says that it trusts its employees while it engages in mutual infighting puts out the wrong signal. A government organisation that claims to stand for integrity but gets into the news with political power games undermines its own authority.

Interpolis is a forceful example once again. The open office with flexible workstations only, which this insurance company introduced in the 1990s, was a revolutionary model to establish trust, freedom and responsibility for its employees.<sup>10</sup> They were given the freedom to structure their work the way they judged best. But that only works when the Executive Board also follows this principle and is willing to part with its own executive chambers. Thus happened. The hierarchy was not disbanded this way, but the status symbols.

Exemplary conduct is often found in seemingly trifling matters, where

a small investment can have major impact. In a negative sense there is the classic case of the managing director of a construction company, who insisted that his employees never take any tools home for private use, while he was known to regularly load equipment in his car himself. Or the executive who decides that he is the exception to the rule, allowing himself to smoke in his office and thus placing himself above the law. Employees will then reason: "If the boss can, we can too."

In reverse, a good example also has a powerful effect. Take, for example, the male manager who refuses a female employee a pay increase because she resists his advances. If top management then takes appropriate measures against this manager, it will be unmistakably clear to other employees what is and what is not acceptable.

### Practical tips:

- Take the whole management team along to see 'The Smartest Guy in the Room', a documentary about Enron, or offer them a similar experience.
- Do away with separate parking spaces for executives, or give similar signals about the equal status of all employees.
- Show your own weaknesses and shortcomings.
- Be consistent when solving dilemmas. Justifying difficult choices also has an exemplary effect.

<sup>10</sup> This concept is steadily finding more adherents, including Rabobank.

CASE

## Employee Insurance Agency UWW Integrity based on trust

The Integrity Bureau of UWW applies an unusual philosophy. Whereas similar agencies fit rules into codes of conduct and guidelines to define within their organisation what constitutes correct behaviour, UWW instead chooses to make trust the key guiding factor.

Codes of conduct and other regulations are only formulated in broad terms, and their interpretation is left to middle management. In the philosophy of UWW, rules are never intended to solve problems. Translated into concrete terms, this means, for example, that there are no hard and fast norms for private telephone calls or for surfing on the Internet. It is left to the manager

to judge whether excesses occur that call for corrective action, and an appeal is made to the employee's own sense of proper behaviour. This implies a great personal responsibility and calls for good managers who can clearly explain to their staff why they act in a given way in specific cases. When this philosophy was introduced, it was 'mainly management that got stressed'.

Actual experience has been quite positive. Fewer rules turn out to lead to an organisation that shows more professional conduct. Both in the Netherlands and abroad there is interest in how UWW does this.

## Key messages

Communication is essential. If a manager has to consider the specific situation rather than being able to refer to a set of rules, he will then feel forced to explain exactly why and how he comes to decisions. Open and honest communication is thus of eminent importance throughout the organisation. This requires high quality middle management.

Making an error is no reason for shame, these things happen. That is not to say that you cannot issue a serious warning, but it is no reason to get rid of someone. And if you do so anyway, then you must be able to communicate it loud and clear to everyone involved.

Trust calls for rules. This is no paradox.  
What matters is making good rules that are  
also implemented properly. And having the  
guts to eliminate rules based on a vision on  
the relationship between rules and trust.



## Trust Rule 4

# Build trust with sensible rules

Our discussions and meetings on this subject tell us that aversion to rules comes from their profusion, impracticability and lack of clarity. There is no broadly supported wish to abolish the majority of rules or to completely revise them. Everyone understands that rules are essential and fulfil an important social and public function – provided that they link up with the environment of the person for whom they are intended. If this is not the case, then the rule becomes fiction. A famous example of this is the introduction of the metric system in the US (metres, grammes, litres, etc.): perfectly set out in law, but never implemented. To prevent such issues, it is essential to keep the quality of the rules at a high level. The Dutch Ministry of Justice offers help in this area in the form of the Table of Eleven.<sup>11</sup>

Working on the basis of trust calls for rules: an unequivocal set of agreements on how the trust relationship is worked out. Such agreements may not be a paper tiger but are preferably brought to life through lengthy and spirited discussions.<sup>12</sup> Furthermore, the rules must be customised. General rules for specific problems are seldom accepted.

These agreements form a framework on how the parties involved should conduct themselves. The Integrity Bureau of employee insurance agency UWV has shown that this does not need to be based on a strictly formulated code of conduct but on personal conviction. While many similar agencies structure rules in codes of conduct and guidelines, to

communicate within their organisations what constitutes proper conduct, UWV chooses for trust as the key factor.

Codes of conduct and other regulations at UWV are only formulated in broad terms, and their interpretation is left to middle management. For example, there are no hard and fast rules for private telephone calls or for surfing on the internet. It is left to the manager to judge whether there are excesses that call for corrective action, and an appeal is made to the employee's own sense of proper behaviour. Such a framework allows and requires a great deal of personal responsibility.

### Practical tips:

- Try to cluster existing rules and tie these clusters to a principle.
- Conduct a survey among employees about the number one rule that they feel can be done away with.
- Prepare a code of conduct for managers and staff with, on every left page, a principle that is worked out in detail on the right hand page by managers and staff themselves.

<sup>11</sup> The Table of Eleven contains a list of analysis factors that are key to the compliance with rules.

<sup>12</sup> In the business community there is the expression: "A code is nothing, coding is everything."

CASE

## The Commander's Intent

### The higher goal uppermost

The Commander's Intent is used to express the higher purpose behind a plan. It is explicitly applied in military commands. The idea is to keep the goal in mind even in complex environments and not to get bogged down in mechanical behaviour.

This concept, which was invented by the American army in the 1980s, is applied within the Dutch military forces. In the words of army commander General Bertholee, in a KPMG publication: "When issuing an assignment, it is essential to be perfectly clear about the purpose of the assignment and reticent as to how it is executed. We practice this principle – assignment-directed command – will full consistency,

as evidenced by our operational commands, which always explicitly formulate The Commander's Intent. It is fully embedded in our military doctrine, which is primarily a thinking pattern that governs us in our actions."<sup>13</sup>

Within a heavily regulated environment such as the armed forces, such a crystal-clear statement about the intended outcome of an operation is essential for the goal to be kept in mind. In the chaos and complexity of the operation the original plan – which has often come about in a bureaucratic setting – can disappear out of sight or turn out to be worthless. But the intent of the operation does not change and is everyone's responsibility.

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<sup>13</sup> Leiderschap in de publieke sector, meer dan oneliners, KPMG publication, 2008.

## Key messages

This concept stands or falls with good leadership, where leaders demonstrate their responsibility for ensuring the right frameworks and underlying conditions.

Such leadership includes the assurance that people are adequately educated and trained, that they have access to the right equipment, that they are attuned to each other, that they know exactly what to expect of each other.

Letting go is only possible when you share standards and values and have a common thinking pattern.



Trust is gained when you first give it. So make absolutely clear agreements about the 'what' and ensure that people can themselves fill in the 'how'. And appeal to their creativity and self-adjusting capacities.

## Trust Rule 5

# Share responsibility and trust

Trust is a default. It is there so long as the opposite is not proven. But that doesn't mean that no action is needed to allow trust to grow or to stimulate it. What needs to be done to structure it heavily depends on the situation.

To structure this process it is important to distinguish clearly between the 'how' and the 'what'. There must be no dispute about the common goals: the 'what' is not subject to debate between parties or employees. The 'how' is a totally different matter. In today's complex society with modern technology and shifting relationships, this aspect can no longer be captured in a blueprint. The issue of 'how' is all about daring to put trust in the creative force from below.

This has direct parallels with, for example, the way operations are run in the armed forces, where the

concept of The Commander's Intent is applied. The 'what' is very clearly identified in every command. But the 'how' is decided in the field; there you can only work on the basis of trust. After all, you cannot regulate and control everything in advance. People are personally looked upon to make choices and assessments and to take decisions. This only works because the framework of The Commander's Intent is central to all training and education that military personnel receive. It means that every military officer must take personal responsibility for his actions: 'lock, stock and barrel'. Retreating or hiding from leadership is unthinkable in that setting.

An underlying issue in the various cases that are built on trust is that the 'how' is partly left to people themselves. By giving them plenty of responsibility you force them –

with a soft touch – to pick up that responsibility. Residents of Roombeek, the neighbourhood in the city of Enschede that was destroyed in the fireworks disaster, were allowed to decide themselves how their community was to be rebuilt. The same applies to the way the Shared Space Concept was implemented. It turns out that people usually conduct themselves with respect for the common objectives in such a setting. Note: we are not talking about passing the buck, but of sharing responsibilities.

In some cases assigning responsibility is simply not possible. Someone who is not prepared to collaborate in achieving a goal will also not be prepared to accept responsibility. In such a case adequate control and enforcement is essential.

### Practical tips:

- Use the Wiki concept to unlock the creativity of a group of people.
- Define a process that clearly indicates to what extent creative contributions from below are accepted.
- In assigning responsibilities discuss explicitly the consequences of the way they are handled.

CASE

## Shared Space Concept

### Eye contact rather than traffic signs

In the Shared Space Concept, an idea of traffic expert Hans Monderman, it is possible to handle traffic flows safely and efficiently without rules.

The concept enjoyed publicity in the media through the construction of a roundabout without a single traffic rule. The absence of traffic signs, stop lights and road markings turns out to stimulate politeness and common sense on the part of all motorists, as they become part of the social and cultural context.

In the classic traffic view the aim is to minimise the perception of risk. This is why there are road crossings where pedestrians can cross safely –

after which no motorist will let them cross anywhere else. Motorists who stay perfectly between the white lines and stop for red lights cannot cause accidents, so they drive as fast as possible, largely on autopilot. The Shared Space Concept turns these reflexes around: risk is introduced through the absence of rules, leading people to be more attentive and careful. In a residential neighbourhood, children are thus in fact used as traffic speed reducers, which feels unnatural.

However, more than one hundred cities and villages – ranging from London to Drachten – show that it works. The number of accidents drops, and throughput capacity grows.

## Key messages

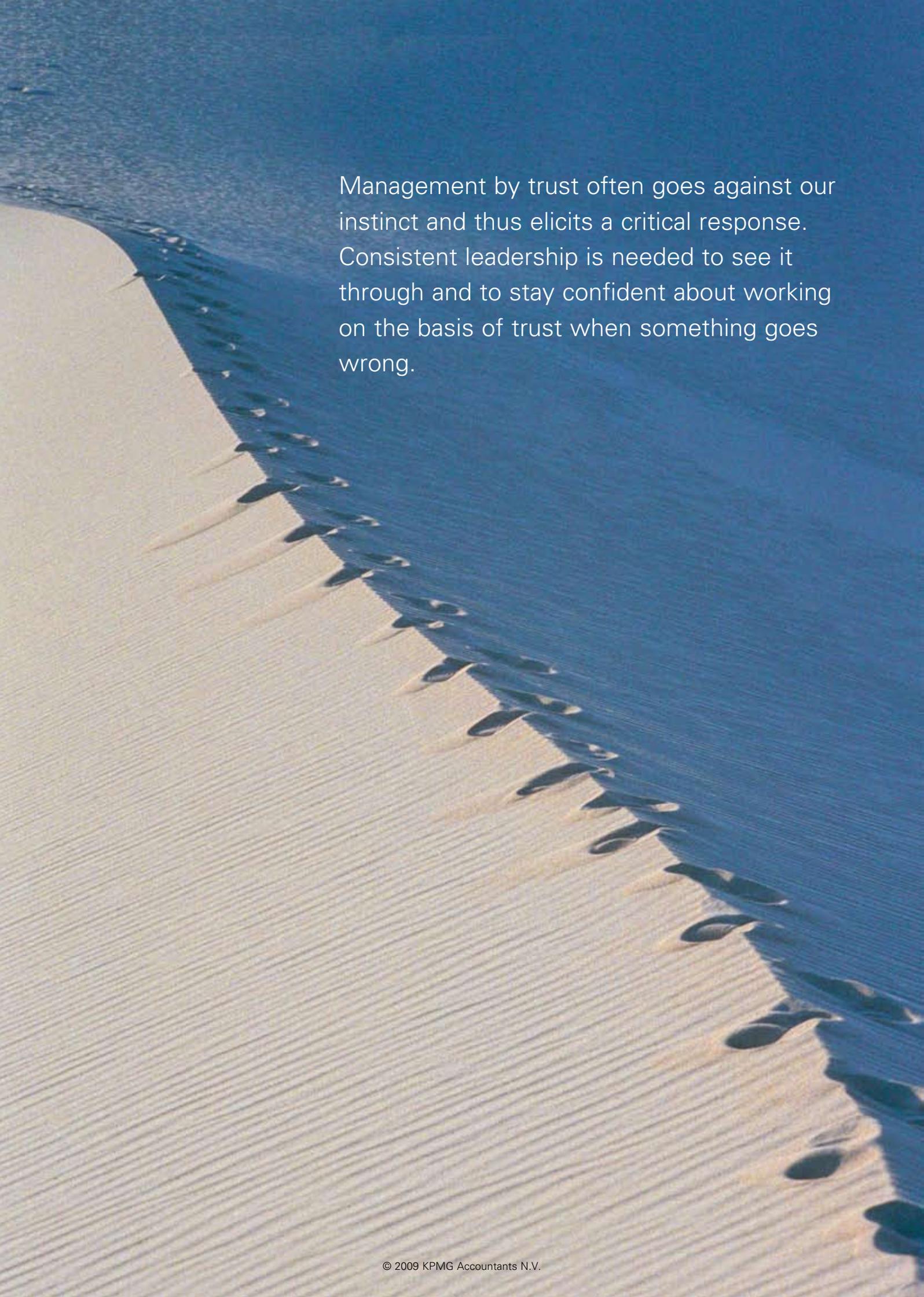
It takes a lot of courage to embrace such unorthodox solutions. Both the conceiver of the concept and the public officials who are responsible acknowledge that they slept poorly just before the introduction.

Citizens had an equal voice in the layout of their neighbourhood during the development of the concept. They

were given clarity in advance as to how far their contribution would reach.

Incidents and accidents will occur here, too. It is important then to stick to the essence and not to yield to the pressure to introduce a traffic rule after all. Otherwise the concept breaks down.

The introduction of such trust concepts must go step by step. For example, the idea of leaving the tree felling licence system to personal responsibility did not get passed in the municipal council of Ooststellingwerf (one of the municipalities that is implementing the Shared Space Concept).

An aerial photograph of a vast, golden sand dune. A series of footprints, cast in the soft sand, leads from the foreground towards the ocean on the right. The ocean is a deep, clear blue, and the sky above is a lighter, pale blue. The lighting is bright, creating sharp shadows for the footprints.

Management by trust often goes against our instinct and thus elicits a critical response. Consistent leadership is needed to see it through and to stay confident about working on the basis of trust when something goes wrong.

## Trust Rule 6

# Stay on course and keep calm, even when things go wrong

Whoever wants to manage by trust must overcome resistance. It happened to the Dutch Tax Administration director Jenny Thunissen when she argued for horizontal regulation, to traffic expert Hans Monderman when he proposed abolishing all traffic rules at certain locations to improve traffic safety, and to former Interpol director Piet van Schijndel when he proposed no longer requiring clients to submit receipts when claiming damages.

Management on the basis of trust often goes against people's instincts. In the case of the Monderman's Shared Space Concept – a traffic concept that is based on road users taking personal responsibility – children are in fact used as traffic speed reducers, rather than traffic signs and prohibitive measures. Understandably, such a concept can fall on deaf ears and meet resistance.

Still, these concepts each turn out to function well. It teaches us that management by trust takes perseverance. Whoever introduces a new concept must be prepared for cynical and disapproving reactions and a flood of practical objections. Only a person who leads with consistency and stands firm can deal adequately with this.

Certainly in a political setting this aspect is tremendously important. A politician or top official must not react to every detail and must be able to say 'no' to the call for rules or control measures when such a call is exaggerated or does damage to overall policy.<sup>14</sup> This prevents a spiral of further regulations and the consequent decline of personal responsibility.

This aspect plays especially in a political environment due to the

fact that politicians are always held accountable for their actions. There is always tax money involved, and the next electoral campaign can lead to short-sightedness and the impulse to score.

What matters is structuring the legislative process and the response to incidents in such a way that justice is done to the reciprocity of a relationship between parties. Accountability can then be picked up in the right way. If something goes wrong or threatens to go wrong, the discussion is not about the error but about how the error can be repaired and how repetition can be avoided. This is according to the saying 'an error can always occur, just as long as you learn from it'. In other words, the leader may not immediately pull in the reins as soon as something happens.<sup>15</sup>

### Practical tips:

- In the role of leader, tell stories about trust to convince people around you.
- Introduce a cooling-off period after an incident to avoid the pitfall of incidentalism. Take the time to find out the real causes.
- Make clear to everyone that errors, violations and abuse of trust are bound to happen. This prevents awkward discussions when they do occur.

<sup>14</sup> Leiderschap in de publieke sector, meer dan oneliners, KPMG publication, 2008.

<sup>15</sup> A. van Huffelen and K. Cools, "Het einde van de hiërarchie", Het Financieele Dagblad, 29 September 2007.

CASE

## The Tax Administration Regulation that you deserve

Horizontal regulation in essence comes down to the tax authorities focusing on cooperation up front, instead of auditing in arrears. The Tax Administration in the Netherlands departs to a certain extent from its traditional reviews such as tax audits and reverts to agreements with companies – via covenants or intermediaries – as to how issues that have tax consequences are dealt with.

Mutual trust is essential in this. The Tax Administration relies on companies raising tax issues or obstacles as soon as these arise. And companies rely on the Tax Administration not bothering them unless they fail to stick to the agreements.

One of the benefits of horizontal regulation is that problems get tackled

at the moment they arise: today's tax issues are addressed today. In the old situation it could take five or six years before there would be certainty tax-wise. A traditional tax audit will only take place if a company clearly fails to adhere to agreements made.

Within the Tax Administration and the Customs Authority there are several initiatives in this field right now. There is no fixed ending goal; the development approach is being explored on an ongoing basis. In this way, the Tax Administration wants to give creativity a chance on either side. The pace is decided in part by how much the parties involved can handle, because it involves a totally different way of working, with a totally different mindset.

## Key messages

Creating a different mindset among tax officials, taxpayers and politicians is essential, but this takes time. Some regard the concept as hopelessly naïve, so it takes plenty of courage to see it through.

Tax inspectors must enter into discussion with taxpayers on an equal

basis, not from a position of power or superiority. This requires a mental change.

Total transparency on both sides is essential. Companies must provide insight into their tax issues. The tax authorities must shed full light on what their audit strategy looks like.

Whoever does not adhere to agreements will be dealt with severely.

There is no fixed grand design for the future of horizontal regulation. The intent is to discover along the way what works and what does not.



Ultimate trust is blind trust. But we do not need to close our eyes to reality. Informed trust means that there are checks that show whether trust is justified and whether there is optimal transparency on either side.

## Trust Rule 7

# Rely on informed trust, not on blind trust

Working on the basis of trust requires clear communication about how the trust relationship will be shaped and about sanctions in case that trust is violated. Disruptions of trust are, after all, sometimes inevitable. As soon as trust is put to shame, sanctions follow, and it will be difficult to restore the trust relationship in the same way. To make this nonetheless possible, a situation of what we call informed trust must arise, in which both sides communicate in all openness and honesty about dilemmas and errors.

The best example is to be found in the case of horizontal regulation at the Tax Administration in the Netherlands.<sup>16</sup> Under such regulation, the tax authorities rely on companies presenting their fiscal issues or obstacles as soon as they arise. And companies rely on the tax authorities not bothering them unless they fail to stick to the agreements. This, however,

calls for complete openness and honesty in communication on both sides. Companies must provide insight into their tax issues and into how they keep control over their tax affairs; the tax authorities must shed full light on what their audit strategy looks like. Communication is also needed in cases of doubt. If either party falls short in this concept of informed trust, then the whole concept breaks down, making it difficult to glue the pieces together again.<sup>17</sup>

This aspect is also evident in the developments at AFM, the Authority for the Financial Markets in the Netherlands. What it terms 'customised regulation' clearly leads to greater distance – fewer audits, more reliance on company self-assessments – while there is at the same time the desire to get underneath the skin of organisations that are subject to regulation.<sup>18</sup> This is

realised by communicating clearly and openly with each other about roles and responsibilities on the basis of equality.

We see a similar development to high-trust regulation in the compliance charter that OPTA and KPN have recently signed. This charter describes the principles and indicators that an effective KPN compliance programme must meet with regard to the telecom law. As soon as KPN is able to demonstrate the effectiveness of this, OPTA will then maintain greater distance and apply a milder sanction policy.

Transparency in accountability is essential in all this. In that regard it is best not to go too far with the 'measuring is knowledge' creed. After all, giving one's trust is a pseudo-exercise if it calls for overly detailed reporting.

<sup>16</sup> Interview with Theo Poolen of the Tax Administration management team in KPMG's white paper entitled 'Hygeiaphobia. In search of a balance between rules and trust', 2008.

<sup>17</sup> Pieter Hiihorst in De Volkskrant of 8 April 2008: "Informed Trust: In every field you can distinguish between front runners, hangers on and freeloaders. Management administration expert Arthur Ringeling believes that government should treat each of these groups differently. Meat-packers that lead the way and have a good quality control system get the freedom to decide themselves how they will guarantee the well-being of animals. They are audited only sporadically. Meat-packers that make a mess of their business operation, the freeloaders, must comply with very specific requirements with regard to animal well-being. They will get visited by auditors time and again. Not until they demonstrate that they have their affairs in proper order can they be placed under the same regime as the front runners. In that way the freeloaders get bothered by the government frequently and the front runners hardly ever."

<sup>18</sup> From a speech by AFM director Theodor Kockelkoren on 21 November 2007, 'Ich bin ein compliance officer': "The AFM will, for example, encourage companies to give attention to the culture within the company: to what extent does this advance not only the commercial goals but also the goals of the law? Insofar as institutions succeed in taking more personal responsibility, the AFM will also maintain greater distance from these institutions. We call this 'customised regulation'."

### Practical tips:

- In accountability reporting on the operation of hard controls, also include soft controls.
- Consider carefully up front how the mutual communication about working method and errors should be structured.
- Prepare scenarios about different ways in which trust can be abused.

## CASE

## Ministry of Transport and Public Works

### Monitoring hard and soft controls

The Ministry of Transport and Public Works has introduced a model to be able to examine the state of its integrity policy. This model, commissioned by the Directorates for Integrity and Audit Services, is fed on an online and real-time basis each year and contains operational data (hard controls) that are fed by the departments themselves, plus cultural aspects (soft controls) that are entered on the basis of an employee survey. The data entered also include information regarding the assessment by the outside world of the Ministry's image and its internally managed recording systems, such as with regard to reports of actual and potential integrity incidents.

The model is being introduced in phases. In the initial phase the application is primarily aimed at questions regarding operational aspects (the cultural model is still optional). Then, based on experience gained in 2008 and 2009, the application will be gradually extended to cover the entire Ministry (both operational and cultural aspects).

The Integrity Management and Control model consists of four layers, with each layer in turn consisting of a number of cells. The core of the model measures the culture within the department. The two surrounding layers measure the integrity policy as conducted within the

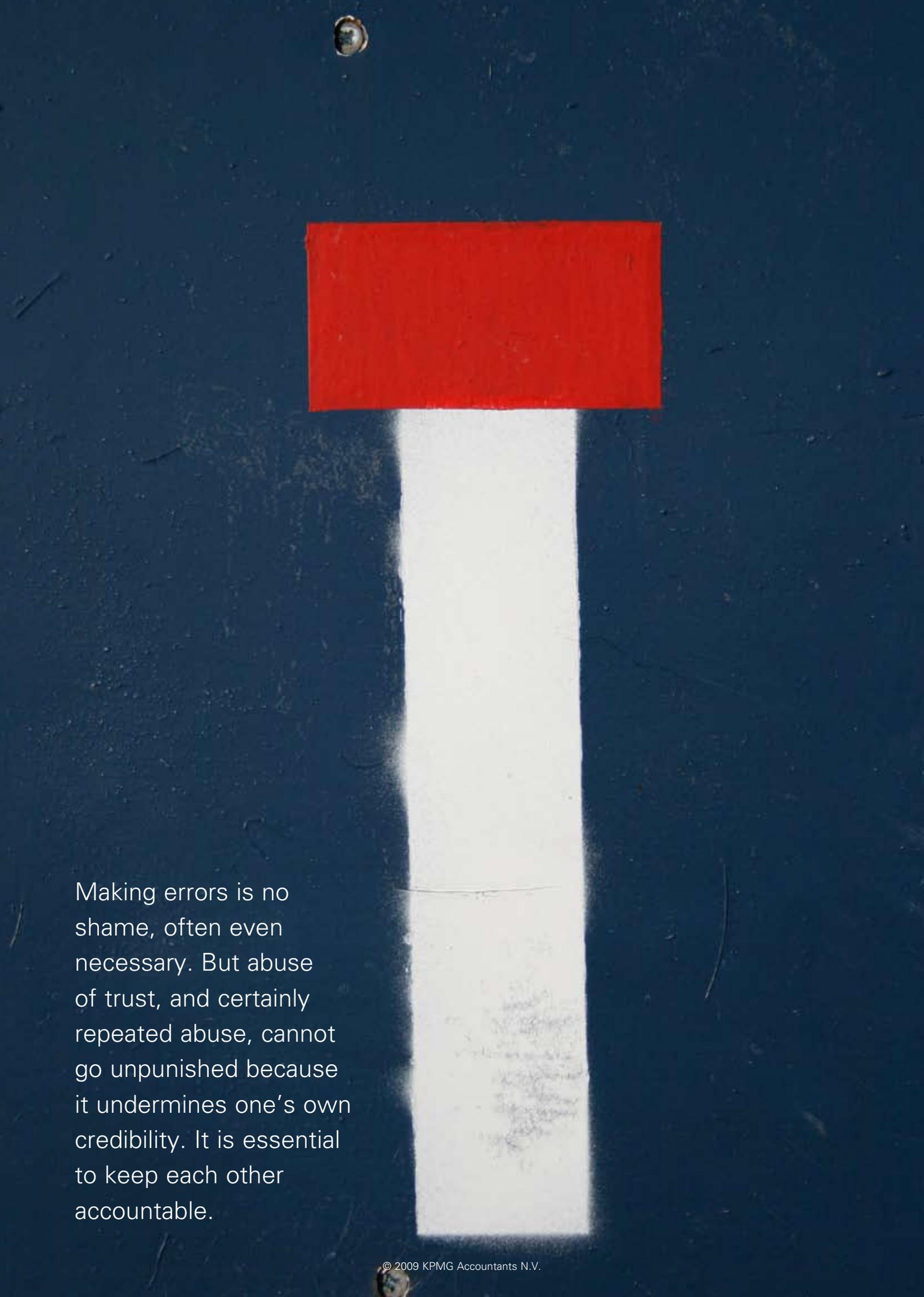
department and the quality (presence and effectiveness) of the business processes. The outer layer measures behaviour, image and incidents.

With the introduction of this model the departments are able to measure themselves in a uniform manner, to prepare analyses regarding policy as conducted, and to implement any improvements, thereby complying with the legal and other demands that are imposed on the Ministry.

## Key messages

Soft controls are measurable and serve as an effective management tool. Each departmental unit can set its own priorities based on the specific results for the department.

The measurement results provide output for policy-based choices regarding follow-up actions. The focus lies not so much on the accuracy of the figures at a given moment but on the development in terms of integrity that the separate departments and/or the Ministry as a whole go through.

A dark blue background with a vertical white stripe running down the center. At the top of the stripe is a solid red rectangular block. The background has a slightly textured appearance with some minor dust or scratches.

Making errors is no shame, often even necessary. But abuse of trust, and certainly repeated abuse, cannot go unpunished because it undermines one's own credibility. It is essential to keep each other accountable.

## Trust Rule 8

# Be mild on mistakes but crush abuse

Openness and dependability are the ideal ingredients for trust to grow. But they are also the precise aspects that often fall short in practice, both inside and between organisations. They are aspects that are regularly preached but not often put into practice.

When rules are exchanged for trust, it is especially important that people can accost each other on things that do not go right. Management on the basis of trust and personal responsibility means that you cannot directly fall back on exact definitions and rules. Based on personal conviction and organisational values, each person must therefore be able to explain why and how he/she comes to an assessment. This requires more thinking, more customisation, more and more personal assessment. Management by trust is not management based on the idea that a person has to do something, but instead that the person wants to do something.

In practice people seldom have the courage to accost each other on things that do not go right. They do not really speak their mind, do not say what they think. But this is a key condition. People often beat around the bush and fail to tell the painful truth. A good manager knows, for example, that he sometimes has to go counter to his own or someone else's interests; he also knows that this is only possible when there are honest feedback mechanisms.

Such feedback must work from both sides: making errors must be possible. That is not to say that you cannot give a stiff warning, but an error is no reason to mete out a harsh punishment. And if you do so anyway, then you need to communicate this in all clarity to those involved. This contributes to openness and accountability.

Tolerating misconduct is fundamentally wrong, for it leads to loss of credibility and thus of trust. Enforcement is therefore an important condition to ensure that people take their responsibilities. This may sound like a paradox, but it isn't. After all, if you have the feeling that you are the only passenger in the bus with a valid ticket – because tickets are seldom checked – you then feel like an idiot. If enforcement is properly carried out, then collective habits will change and people will assume their responsibility.

A good example of this premise is the concept of horizontal regulation, where taxpayers who take the lead in discussing tax issues are rewarded

with fewer audits. However, violation of agreements means falling back into the old audit regime.

Note that we are not talking about a bit of trust and a bit of mistrust. This doesn't work. Trust is a very fundamental choice. But it also calls for consistent enforcement. Such enforcement must occur out of an intrinsic motivation: you don't accost someone because you have to or because a rule has been violated, but in the first instance because an interest has been damaged or a value neglected.

Sanctions, by the way, do not need to be strictly financial. A good example of this is the self-scanning cash register in a company restaurant. This works because it is quickly evident to onlookers when someone walks off without paying. The risk of being accused for all to see holds people back from misuse. When organising trust it is wise therefore to make good use of this type of self-corrective processes.

### Practical tips:

- Introduce a clear rule about errors. For example, the agreement that errors are allowed so long as you learn from them, or the one-error norm where a second error leads to hard sanctions.
- Communicate in a personal way about issues that do not go properly, not by email.
- Search for a balance between punishment for violation of rules and reward for compliance.

CASE

## Roombeek

### Giving trust to earn trust

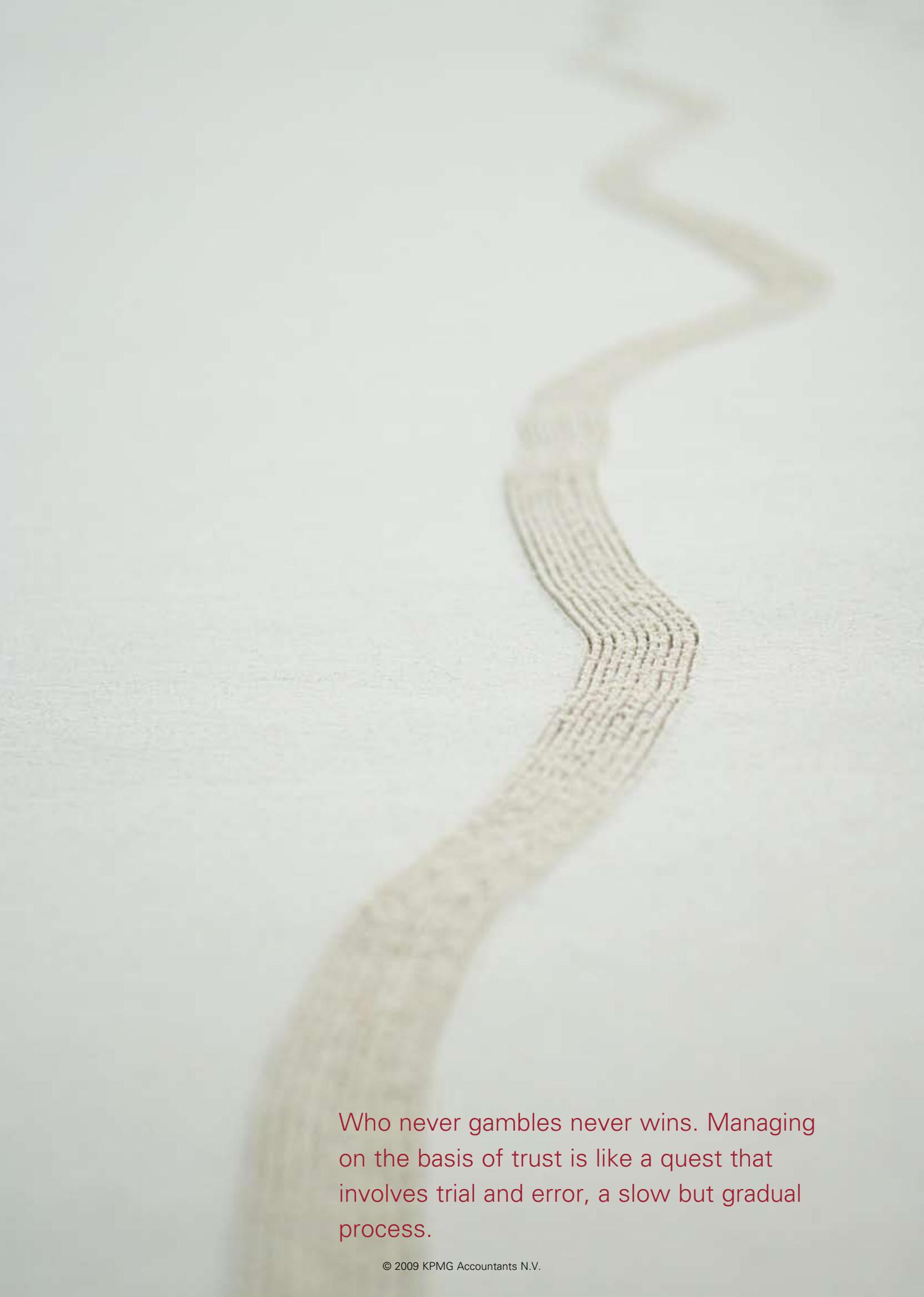
On 13 May 2000 the Dutch city of Enschede was jolted by a tremendous explosion when a warehouse loaded with fireworks caught fire. The warehouse was located right in the middle of the Roombeek district, and over 200 homes were completely destroyed. The firework disaster not only caused havoc to the entire district but also damaged the trust that residents and businesses had in the local government. How could such an unsafe situation have been allowed to exist? City residents rightly expect from the public sector that it protects them adequately.

This repair of trust is a remarkable case. A programme office with management from outside was assigned the responsibility for the reconstruction effort, and the key to this process was that residents were actively involved in the reconstruction from its very beginning. This process was clearly not just for show as residents had considerable say in it. This led to full support for the way the neighbourhood was rebuilt.

## Key messages

Empowerment works. To repair trust, you must give trust – by thinking in a positive way about the other. The underlying assumption is that people will accept collective responsibility.

Empowerment only works when there is enough energy and speed. In this particular case it was essential to place the programme outside the sphere of city government. This prevented bureaucracy.



Who never gambles never wins. Managing on the basis of trust is like a quest that involves trial and error, a slow but gradual process.

## Trust Rule 9

# Dare to experiment and learn from experience

Google has the reputation of being an extremely successful company that keeps blazing new trails with pioneer innovations. Many of these innovations arise from the 20 percent free time that the company gives its employees to engage in whatever captivates them. Experiments regularly yield new products. Sometimes they are a success, and at other times they are taken off the market again within a few months.

This is also evident from the cases in this publication. It takes guts to allow new concepts, but also to allow errors and keep adjusting the concept

endlessly. There is no blueprint for what the end result will look like. A typical example is the Frisian municipality of Ooststellingwerf. The municipal council had accepted the traffic concept of Shared Space and, following proven success, expanded it to other areas. But when the proposal came to apply the same approach to permits for the felling of trees, the council hesitated. Or take the Tax Administration: experiments are going on in various sections of the organisation related to horizontal regulation, without a clear view of where this will end. People learn from day to day what is and what is

not possible, but here too it is a very gradual process.

All this requires specific competencies in the way leadership is given. It takes flexible trust. A leader must be prepared to enter an uncertain situation because of a higher end and out of the conviction that it is possible to learn and adjust along the way. On the one hand this takes flexibility, on the other hand there must be focus on a goal. Such flexible trust is probably one of the most important talents called for in today's leader.<sup>19</sup>

### Practical tips:

- Give employees a fixed number of hours per week to experiment.
- Apply success stories about trust in a specific area to other areas also.

<sup>19</sup> Robert E. Quinn, De brug bouwen terwijl je erover loopt, Schoonhoven: Academic Service, 2004.

CASE

## Materiality for audit purposes

### A question of own responsibility

When auditing a set of financial statements, an auditor determines the level of accuracy, also called materiality, with which the audit must be conducted. A material error is one that can impact the decision of a reader relying on the financial statements.

Setting the materiality level is not easy, however. Every reader of a set of financial statements has different requirements. A tax inspector will want to know whether the profit or loss is stated accurately, a bank wants to be sure that the assets are not overstated, and a supplier wants assurance that the company can meet its obligations.

It is up to the auditor to decide on the materiality level. There is a great

need for rules in this area, particularly at this time when auditors are in the public spotlight, run great liability risk and are under external regulation. After all, according to the thinking, rules can help decide how materiality is determined. However, that is still not the proper way. It would release auditors from making their own assessments. The need for rules is quite understandable in today's environment. However, it is and will continue to be the responsibility of auditors to do this themselves, making use of relevant tools. Sometimes it is difficult, also within KPMG, to explain this personal responsibility even to individual auditors.

## Key messages

Personal responsibility is indispensable and cannot be replaced by rules and ready-made algorithms. It is essential to put this message across. This requires proper discussion.

Much expertise, experience and training is needed to be able to take such personal responsibility.

Personal decisions must be properly documented so that they can be justified to third parties.

# 04

## Management by trust fits the spirit of the times

Growing public short-sightedness. An advancing claims and alibi culture. Ever higher surveillance towers. A highly flammable political environment. Is it possible in such an environment to have trust play such a large role? In spite of all this, we believe so. Not only do the cases in this whitepaper show that things can be done differently, there are also growing signals that there is a desire for a different approach.

This is visible, for example, in the Dutch coalition agreement of the current Balkenende cabinet, where trust and cooperation are key elements. Contrary to previous cabinets, it was decided to formulate a programme based on six pillars and seventy-four goals. This breaks with the tradition of identifying the principles by department and acknowledges the commonality.

It is also visible in the fact that a growing number of officials at the top of organisations operate from a positive view of human nature. This is incredibly important. Whoever wants to manage on the basis of trust must believe in the potency of trust.

We also sense a willingness to search for new roles and responsibilities. This is visible, for example, among regulatory authorities and inspectorates. They wish to work in a different way, even though this demands significant cultural change in these organisations. Instead of thinking in black-and-white terms, employees must act on the basis of respect and credibility. Some may experience this as a loss of status. But actually it means enrichment.

It is therefore an excellent moment to show leadership and courage and to start working with concepts and methods that operate on the basis of trust.

# 05 Outline of the Hypegiaphobia project

## Justification for the project

Organisations wish to be – or must be – in control of a multitude of risks and make great sacrifices to achieve this goal. The positive effects of this are a clarification of tasks and responsibilities and improved accountability. Nevertheless this development also raises two questions:

- Are the high investments in risk management effective, and do they really lead to a lower risk profile?
- Does risk control overshoot its goal and produce undesirable effects, such as reduced entrepreneurial spirit, increasing litigation, a culture of fear and adverse effects on the competitive position?

KPMG Netherlands sees these developments occurring in actual practice, and this was reason in early 2008 to search, along with other parties in the social and economic community, for a new balance between rules and trust. We do this under the name Hypegiaphobia, an

originally Greek term for the fear of taking own responsibility, because we believe that this is where the problem lies.

## The goal

The goal of the project is to contribute to a better balance in society between rules and trust.

## The activities

KPMG organises various initiatives in this context.

### *Publication of whitepapers*

In the spring of 2008 we published a whitepaper with our thoughts on the subject and interviews with leading persons from various backgrounds.<sup>20</sup> This paper ended with an appeal to the various social and economic players to offer more room for personal responsibility, and served as a prelude to various debates. This next led to this new whitepaper, which contains suggestions for possible solutions.

<sup>20</sup> 'Hypegiaphobia, In Search of a Balance between Rules and Trust', KPMG whitepaper, 2008.

#### *Development of arguments chart*

In collaboration with De ArgumentenFabriek (The Arguments Factory) and a large number of experts on what we refer to as the regulated society, we developed an arguments chart that features the advantages and disadvantages of the current regulated society. With this chart KPMG aims to present a theoretical context to answer the question: "How do we organise trust?" The chart, which was used as input for a variety of meetings, is included on the next two pages of this whitepaper.

#### *Organisation of meetings*

Through November 2008 KPMG organised various meetings in order to search together with various civil society actors (executives, supervisory directors, politicians, regulatory officials and accountants) for a new balance between rules and trust. Much attention was given to making the various thoughts concrete and testing the principles for this whitepaper.

#### *Other initiatives*

KPMG facilitates not just the discussion on this theme. We do more.

We develop learning materials for professional schools and universities so that the workforce of the future is already familiarised during their schooling with subjects such as integrity, culture and ethics, and so that it creates a personal value system already in an early stage. This learning material is being developed in collaboration with a number of leading educational institutes.

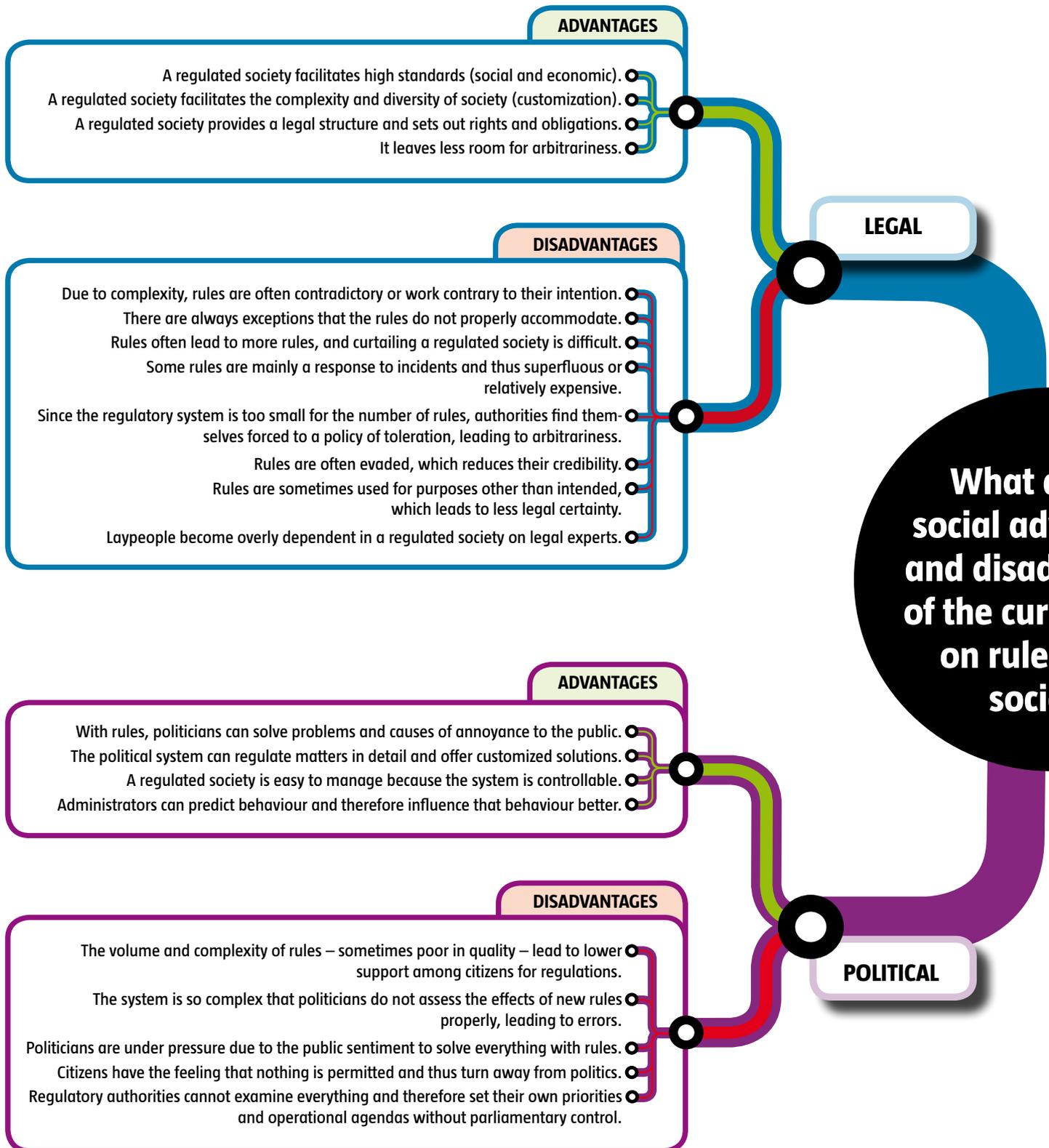
Aside from that, we make tools available to make culture, integrity and ethics measurable and open for discussion within organisations. Supervisory directors, for example, can apply these tools in exercising their supervisory role.

We are also in discussion with our KPMG colleagues abroad and with international regulatory bodies,

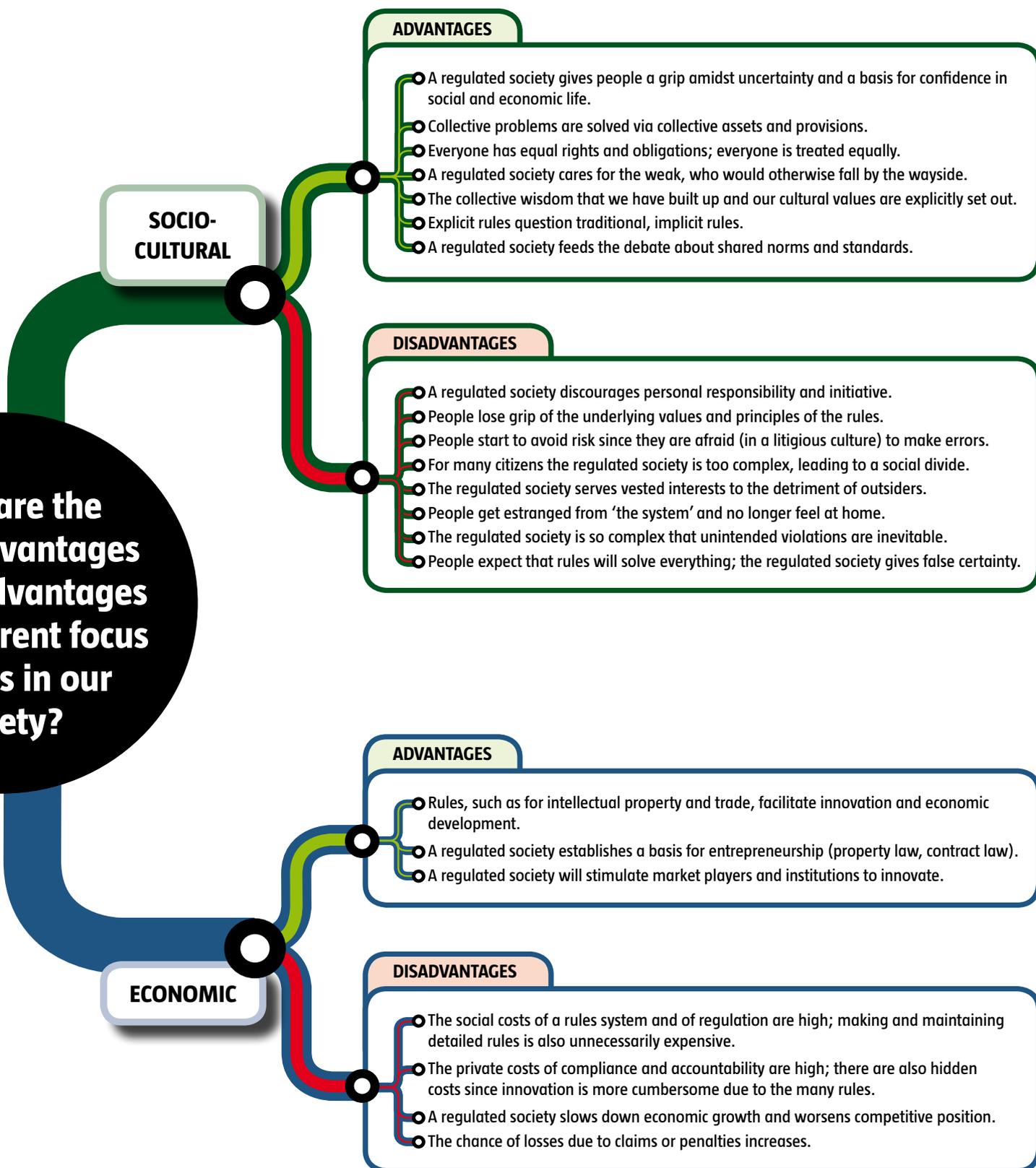
realising that this subject is relevant not just within our national borders.

For more information on the project go to [www.hypegiaphobia.nl](http://www.hypegiaphobia.nl).

By a regulated society we mean a society that is heavily based on – or burdened by – explicit rules. Following meetings that we held with experts in the field of regulated society we have identified the advantages and disadvantages of such a society.



This information map is part of KPMG's programme on hypegiaphobia. This term, which stands for the fear of taking own responsibility, KPMG takes initiatives to search, along with other social partners, for a new balance between rules and trust. More information can be found on [www.hypegiaphobia.nl](http://www.hypegiaphobia.nl).



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“Too many rules stifle initiative, whereas a culture of trust is not only more enjoyable but also offers more room for entrepreneurial and creative activity. Obviously there will be moments when trust is betrayed. My advice: count to ten and then analyse the situation. If trust is indeed betrayed, then hard intervention is necessary. For if you tolerate abuse, then the system will absolutely break down.”

Prof. Dr. Philip Wallage RA has worked with KPMG since 1990. He has served as partner of the firm with the Department of Professional Practice for twelve years. He is also associated with the University of Amsterdam as Professor of Auditing. In that capacity he contributes regularly to professional and academic journals. In addition, he fulfils a number of administrative functions both within and outside the accounting profession. As such he sits on the Committee for Graduation Criteria for Accountancy Programmes, is a member of the Supervisory Board of AMS B.V. and a member of the Netherlands Institute for Corporate Governance.

“Trust is not a new magic charm. But this juncture in time, when the call for more rules is strong, calls for a fundamental debate and, I expect, different business models and different ways to establish trust. We view it as our social task to take part in this debate.”

Prof. Dr. Muel Kaptein has worked since 1991 as management consultant in the field of business ethics, integrity and compliance. He is a director at KPMG Forensic & Integrity, a unit that guides organisations in the measurement and improvement of their hard and soft controls. In addition, he is a Professor of Business Administration at the Rotterdam School of Management of Erasmus University. He conducts academic research for measuring the compliance level of organisations and the optimal structuring of trust, rules and culture. He contributes regularly to leading academic journals and is a member of the board of the Erasmus Institute for Monitoring & Compliance.



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“KPMG has spoken with many people: politicians, regulatory authorities and especially employers. The conclusion is: the more rules, the less business; the more trust, the more fun doing business. The burden that regulatory pressure causes is a burden that is felt across the board.”

Prof. Dr. Edo Roos Lindgreen RE has worked at KPMG since 1996 and has been a partner with KPMG IT Advisory since 2000. He advises government agencies and the corporate community about optimal application of ICT and on control and security of computer systems. He is a member of the Management Team of IT Advisory and of the Shareholders College of KPMG Netherlands. In addition, he is a professor of IT & Auditing at the University of Amsterdam.



## Colophon

### About KPMG

KPMG Netherlands offers services in the fields of audit, tax and advisory.

We work for a broad group of clients: major domestic and international companies, small and medium-sized enterprises, nonprofit organisations and government institutions.

The complicated problems faced by our clients require a multidisciplinary approach. Our professionals excel in their own specialist fields while, at the same time, working together to offer added value that enables our clients to excel in their own environment.

In doing so, we draw from a rich source of knowledge and experience, gained worldwide in the widest range of different organisations and markets.

We provide real answers so that our clients can take better decisions.

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