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Betting your bottom dollar on trust

TRUST IN resilience

BY SRIDHARAN NAIR

I don't think any CEO, or for that matter any layperson, would disagree with me if I were to say that being trusted is a powerful asset for a business. I'm quite certain, in fact, that they would vigorously agree. It makes good, logical sense that if you are in business, you would want your customers, employees, shareholders, the regulators, the man in the street and media to trust you, rather than the other way around.

We can relate to trust because we exercise it all the time in our everyday lives. Think about our willingness to pay more for organic vegetables because we believe this specially grown produce is better for us. And in my case, my faith in the UK retailer Marks & Spencer (M&S) when I was a trainee accountant in London many years ago, on its promise of no-questions-asked refunds for returned goods.

But when it comes to their own organisations, many business leaders struggle to place a value on being trusted that can be quantified or having a reservoir of trust. They might think that it's good to have, but practically impossible to measure. They most likely agree that trust is important but perhaps not urgent, especially not in a time of severe cost pressures, talent woes and depressed market sentiments.

But what if I were to say that there is a way to measure trust — and it does bring quantifiable and long-term financial benefit to your business? I firmly believe trust can be a tangible asset to a business that can grow your bottom line and that will see you through the difficult times.

Over the past few years, we at PwC have conducted research, run focus groups and talked to both leading experts as well as the everyday person on the topic of trust. Our question was: What makes up trust in a business? Can it be broken down into something measurable?

We found that trust could indeed be measured. In the minds of people, trust really boils down to three key elements. When considering if a company should be called trustworthy, people are looking for:

- Competence: Does the organisation do what it says it will do? People expect companies to be reliable and transparent. For instance, during bad weather, a fast food company should say upfront that its delivery will be delayed. If it is expecting a major delay, be forthright and say it may not be able to accept the customer's order. Fast food is supposed to be fast, after all.
- Experience: Over time, does the organisation continue to demonstrate that it does what it says it will do? People expect companies to be responsive, to listen to their feedback to make the necessary improvements, and to treat them as individuals. My M&S experience in the UK from two decades ago comes to mind again — it treated all customers well, consistently, even a bungling fresh-faced Malaysian.
- Values: Does the organisation have the right sort of values, which resonate with me?

People want brands to understand their needs, to display the right values and to care about the impact their activities have on society. Clothing retailers that source their cotton from fair trade suppliers are increasingly in demand because they are not seen to be exploiting cheap labour and because their products will benefit small-scale farmers/workers.

All of this proves that there is a very specific set of criteria that form the opinions people have about businesses and organisations. That's the first piece of evidence that shows why businesses should care about trust and trust-building.

The next piece really revolves around the impact that being trusted (or otherwise) can have on your bottom line. After all, this is what keeps many business leaders awake at night, especially in these volatile times.

Many of us can immediately call to mind the damage that happens to a brand when people lose trust — think of a recent vehicle emissions scandal as one example. But what of the opposite? What's the positive financial impact of having existing trust of customers, employees and investors?

The first is customer loyalty. To quote the World Economic Forum's Leadership, Trust and Performance Equation Project, trust drives 22% to 44% of overall customer loyalty. Research shows that organisations with loyal customers are twice as likely to exceed the forecasts of financial analysts.

Then there are your employees, often your most prized asset. *Fortune*'s 100 Best Places to Work study found that top-ranked companies that were more trusted by their people experience up to 50% less staff turnover than their competitors. Looking at the results over the past 10 years, higher trust scores and profits are actually correlated.

In the face of all this evidence, you may wonder what (if anything) businesses and their people can do about their level of trustworthiness. Is it possible to purposefully and methodically build your reservoir of trust with the stakeholders that matter to you?

The answer is, of course, "yes". And I don't think it has to be complicated because trust is an age-old concept, one that is at the root of any successful relationship. Often, I've found that the steps to create trust can be simple, and are the same whether applied to our personal or professional lives.

First, we have to consistently behave in a trustworthy manner. Second, we need to hear (and not just say that we "listen" to) our stakeholders. Third, we should be clear about the values our organisation espouses. Yet, many leaders may struggle with keeping this consistent across their organisations, and perhaps that's because trust-building hasn't yet been part of their business agenda.

My parting point is this. Beyond the fact that being trusted or trustworthy can bring your business immeasurable benefit, there is a more ethereal reason — where matters [that touch] the heart come into play.

Think of the numerous tales that have gone viral of Good Samaritans on the road, strangers helping stranded fellow road users change their tyres. While these are simple acts, today we are so used to being cautioned against road rage and carjacking that hearing there are still people who only mean well is heart-warming, to say the least.

These stories resonate with all of us. The fact is, in today's climate, there seems to be a real lack of faith in institutions — all over the world and closer to home in Malaysia. Yet, there is a deep desire in all of us to be able to put our faith in something.

So, why can't businesses be that something?

My challenge, then, to corporate leaders and those in business is really to bet our bottom dollar on trust-building, because it does make a difference. In my book, at the end of the day, it's the only thing that does matter. E

Sridharan Nair is PwC Malaysia managing partner and a firm believer in the role of business in trust-building. The next article in this Trust in Resilience series will give deeper insight into how an organisation's trustworthiness can be measured and linked to its business strategy.