Putting trust-building into practice

by **Cheah Chor Sooi**

CONTRARY to common perception, trust – a vital element of business – is a tangible asset that can be measured. However, is there's no one way to measure it because what is deemed as "the best way for a company" might not work as well for another.

Nevertheless, "trust profiles" can be created to provide an idea of the respective trust levels of companies, according to PricewaterhouseCoopers (PwC) Malaysia managing partner Sridharan Nair.

Similarly, companies can do the same by creating their own "trust profiles" to quickly identify areas where more focus is needed.

"The basic principles that can be adopted include integrity, walking the talk, ethics and a code of conduct," he tells *FocusM*. "So my suggestion is for companies to ensure those values are embedded in their corporate culture, as well as to create a trust-building model that corresponds to their purpose and business goals as a guide."

On this note, Sridharan draws the notion that trustworthiness and authenticity are inextricably linked. To him, authenticity is crucial to earn the trust of stakeholders.

"To me, what really defines authenticity is purpose," he explains. "For instance, if trust-building is only viewed as a public relations or marketing initiative for financial profit from the outset – and not built upon the desire to do what's right – it won't be long before the company is called out on its thinly-veiled attempt to engineer trust."

External and internal trust

The reality is building trust can be a tedious journey – not something that can be achieved overnight. A company has to be consistent in its quest to embrace authenticity to gain long-term trust.

Very broadly, Sridharan says that CEOs should take the lead by engaging each and every employee to be ambassadors of their organisations rather than leaving it entirely to their PR/marketing department to fulfil such role.

"For instance, a company may strive to solve every customer's complaint within two hours as part of its mission," he rationalises. "But it makes a difference when the CEO actually sits down with the operations team to test out their efficiency in solving issues."

Sridharan praises global fast food chain McDonald's as a fine example of corporations that encourage leaders to go down to the ground to understand the detailed aspects of operations.

For instance, restaurant managers at McDonald's are sent to the Hamburger University to undergo training where they do taste tests and learn about proper food storage and heating systems among other operational aspects.

Back home, many McDonald's restaurant managers started their careers as crew members. "Having ketchup in their veins is what they've been trained to do since day one," observes Sridharan. "It's an incentive for employees to perform better when they have leaders who understand what it's like to work the fryer during peak lunch hour."

In a similar context, internal trust – or trust among employees – can be earned if they are allowed to have a say in the company's strategic direction by challenging "old ways of doing things" or "things the bosses are comfortable with".

"Consider the employees who can vouch for you because they feel trusted," reckons Sridharan. "This will ultimately push customers to organically spread the word about their good experience with your company among their own networks."

Road to perfection

In the quest to build their trust reserves, companies must first acknowledge that they are not perfect and that there are challenges which they need to overcome, according to Sime Darby Bhd's group chief sustainability officer Dr Simon Lord.

This is more so as stakeholders are increasingly looking for a balanced view of how companies are performing. Therefore, a company should always engage stakeholders not only on its successes, but also about the challenges it is facing.

"More importantly, companies should also talk about what they are doing to address these challenges, and continue to keep stakeholders informed of any updates," Lord says.

The basic principles of trust include integrity, walking the talk, ethics and a code of conduct, says Sridharan

Companies should have a clear strategy on how they would leverage social media platforms to meet business objectives, says Lord

For example, there are efforts underway to ensure that Sime Darby's downstream executives are adequately briefed and empowered to have discussions ranging from commercial to sustainability-related issues with key customers.

Recently, the conglomerate's global customer solutions teams met in a two-day workshop to do a reality check on whether it is actually putting its customers first (which is one of the winning mindsets it strives to develop in enhancing its relationships with stakeholders).

"Stakeholders appreciate timely information," Lord points out. "Proactive measures build trust as they know that the company is open."

In fact, an open relationship with stakeholders goes beyond promoting trust but also a sense of shared ownership and responsibility towards collective issues.

For instance, as part of Sime Darby's on-going efforts to ensure sustainable development surrounding its plantation operations, it visited Liberia recently to meet with representatives of the 21 communities living around its plantations to understand their concerns and also to explain the conglomerate's position on operating as a responsible plantation company.

"By being able to see the bigger picture together enables both the company and its stakeholders to identify potential areas of focus, collaboration and solution," Lord justifies. "The interactive nature of social media means companies can be closer while able to respond faster to its stakeholders."

While this is invaluable in building trust, it also raises expectations. As such, companies should have a clear strategy on how they would leverage technology and social media platforms to meet business objectives.

In Lord's view, disclosures and posts on these platforms must be carefully structured and balanced to ensure that factual accuracy and content integrity are maintained.

"The key factors to building trust therefore are the consistency and responsiveness of companies in their engagements with stakeholders," he cautions. "Companies need to be able to respond in a timely manner whilst ensuring the engagement is genuine and balanced."

PwC Malaysia will be staging its second Building Trust Awards on Sept 6 to recognise companies that are making efforts to build trust. Conceived in 2015, the Building Trust Awards assesses how companies perform in their corporate reporting as well as how they are perceived in the eyes of their stakeholders (ie customers and investors). FocusM

- **Trust**-building goes beyond a public relations or marketing initiative

- **Companies** must have clear strategy on how to leverage social media for trust-building

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Trust-building guide from ground zero

STEP ONE: Establish that the board and management agree that trust is essential to business and be committed to the cause

This sounds easy on the surface. But to be fully committed, the board and management team will need to appreciate that trust is an asset with tangible benefits. Likewise, they must recognise that the repercussions of losing trust can be immeasurable.

Being fully committed also requires an understanding of what the company is committing to the stakeholders, planning to focus on or the parts of business that can be tweaked to meet the desired business goals.

STEP TWO: Measure the state of trust

One cannot manage what one cannot measure. While most people still think trust is an intangible quality, it is actually quite the opposite. There are various approaches and ways to measure a company's state of trust.

Find one that sits well with one's organisation and create the desired trust profile which will help the company to:
- Understand the current trust level;
- Ascertain the trust levels associated with different stakeholder groups;
- Spot which business parts are delivering based on trust and which aren't; and
- Identify gaps to tackle

Additionally, set up trust targets. For example, where the organisation needs to focus or prioritise its efforts. Or to define value creation to the business if these targets are achieved (the value must be both financial and non-financial).

STEP 3: Create a trust-building model that is suited to one's business

- Match the company's trust profile back to its business goals;
- When a company can have its purpose established, the culture, internal values and behaviours will follow, which enhance the legitimacy of its trust-building efforts;
- Knowing the stakeholders (what drives the employees versus customers or investors versus the regulators) and prioritising their needs; and
- The approach should be flexible and scalable in the sense that it should run parallel with the type of industry the business is in or the cultural/social make-up of its stakeholders.

STEP 4: Commit and Implement

Most organisations and their leaders need to have the following basics in place:
- Ensuring the board, management and staff espouse good old fashioned values such as integrity and ethics;
- Being transparent about the business;
- Delivering on promises to customers and other stakeholders; and
- Implementing actions that have been identified as part of trust-building.