

Trust – the real brand battleground

Levels of trust in public institutions and corporations have never been lower. Yet trust is fundamental to any brand. How does this affect professional services firms?

By Geoff Dodds of The Business Development Practice

The earliest manifestations of the word “brand” were all about trust. In a risky world of unbranded merchandise, the brand conveyed a guarantee of consistent quality. Brand was not just about conveying recognition. It was about the customer having the security of a consistent experience.

The tradition continues today. Some of today’s most successful brands, such as Virgin and Tesco, have managed to build unprecedented levels of trust that allow them to transcend sector boundaries. The John Lewis Partnership may not be the sexiest retailer, but it regularly tops consumer favourability polls because of its high level of trust. Lloyd’s of London, in spite of its scandals of the 80s and 90s, has survived as the most trusted brand in its category.

Yet, trust is under fire all around us. Our levels of trust in institutions, corporations, politicians, even the church, are pitifully low. The 2007 Edelman Trust Barometer reports that just 38% of people in the developed world trust government, 37% trust the media and 38% religious institutions. In the UK, we are much less trusting – government 16%, media 19%, religious institutions 27%.

Trust in business has recovered slightly in 2007, to 47% world wide and 44% in the UK. But I don’t feel we can take too much heart from data that show we are trusted by under half of the population.

So – how important is this? What does it mean for brands? What can organisations do to build and retain a position of trust?

How much does trust matter?

Most people would agree that it matters. But in the professions people seem to expect that trust will be taken for granted. After all, isn’t that what being a professional is about? So they focus on other things, such as becoming “better known”.

This is risky. If we all realised quite how important trust was, we might spend more time thinking about it. And in doing so we would realise that attaining a position of high trust involves much more than simply being a professional.

According to the Edelman Trust Barometer, of those people who don't trust an organisation:

- 80% won't buy their products and services
- 70% will criticise the company to people they know
- one third of those will do so on the internet
- 50% will refuse to work for them

These are big numbers. Although perhaps the greatest surprise is the implication that 50% of people who don't trust an organisation might still consider working for it. Work that one out.

Clearly, there's a huge negative economic impact from a lack of trust. But according to Stephen M.R.Covey in a book called "The Speed of Trust", it goes further than that. He argues, convincingly, that there is a positive economic impact that accrues from increased levels of trust. His premise is based on the fact that higher trust in business leads to greater speed and thereby lower costs (figure 1).

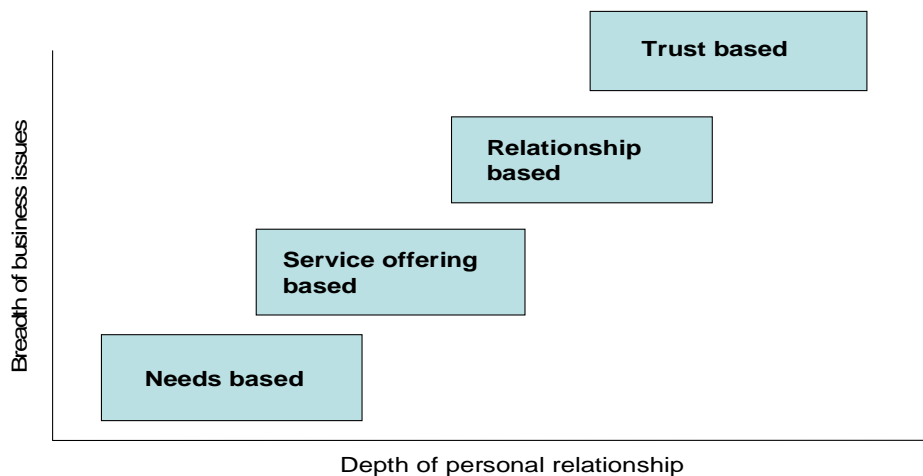


Looked at another way, according to Professor John Whitney of Columbia Business School, "Mistrust doubles the cost of doing business".

In addition to falling trust levels generally, some businesses start out with a trust deficit because of where they are located or because of the industry they are in. Countries such as the USA, China, Iran. Industries such as energy, management consulting, insurance. So if you're an insurance company from China, don't hold your breath.

What is clear is that in professional services, given the size and importance of the average purchase, trust is a fundamental. According to Maister and colleagues in an excellent book called "The Trusted Advisor", there are four levels of professional relationship (figure 2).

Four types of relationship



The deeper the relationship, the broader the range of issues on which the client feels confident to consult the advisor. The highest level is the trust-based relationship.

What's trust about?

It follows that, if we are to deal with this issue, we need a better understanding of it. So what is trust?

To quote from Covey:

“Simply put, trust means confidence. The opposite of trust – distrust – is suspicion. When you trust people, you have confidence in them – in their integrity and in their abilities. When you distrust people, you are suspicious of them – of their integrity, their agenda, their capabilities, or their track record. It's that simple.”

Trust can't be measured in purely rational terms. It has a large emotional component to it (as do brands). Neither is trust an absolute. It's probably best thought about as a kind of bank account. You can make trust deposits and trust withdrawals. And like any savings (at least in my personal experience), it generally takes a long time to build, but can be destroyed in seconds.

Trust isn't something you can claim. It's acquired through a continuous process of earning and deserving. Trust is a combination of two things – **competence** and **character**.

Competence is about credentials, performance, track record. Character is about integrity, transparency, good intent.

So, on the competence side, your customers are likely to ask questions such as:

- do they have the necessary expertise?
- do they deliver on their promises?
- are they consistent, reliable, accountable?
- is their product and service quality consistently high?
- are they responsive to customer needs and complaints?

The character questions are more difficult to answer:

- are they fair, honest, open, truthful, transparent?
- do they appear to be secure and solid?
- do they treat people personally?
- do they appear to care about their customers?
- do they care about their employees?
- do they genuinely care about the wider world, the community, the environment?

Increasingly, customers in all sectors are looking behind the rosy brand façade and asking about the character of the organisation behind the brand. Increasingly, customers **expect** their suppliers to be competent. That's just the entry point. More and more, **the difference lies in character.**

How can you build a position of trust?

Whether you are building a new client relationship or the long term reputation of your corporate brand, the principles are the same. It is likely to take a long time. And it requires equal attention to each side of the trust equation – competence and character.

Guaranteeing competence is relatively straightforward. It requires clear demonstration of your expertise and micro-management of all the touch-points in the customer experience. It requires particular focus on the main drivers of your brand, whatever they are. And it requires an understanding of the trade off between trust and cost. Not easy, but fairly straightforward.

Guaranteeing competence can also be done quite quickly. Just think how fast the on-line brands such as Amazon, Google and EBay have built a reputation for competence.

But what about character? Have they yet managed to establish their credentials on that side of the equation?

Demonstrating character is much harder to pin down. For a start, it involves a greater element of emotional judgement. It requires congruence between what happens inside and outside an organisation. It requires commitment to a consistent set of values and transparency of operation. And increasingly it requires high ethical standards and real commitment to corporate social responsibility.

But character goes further than that.

Maister and colleagues take the definition of trust to another level (figure 3):

$$\text{Trust} = \frac{\text{Credibility} + \text{Reliability} + \text{Intimacy}}{[\text{Advisor}] \text{ Self-interest}}$$

They argue that one of the biggest determinants of whether you should trust someone is the degree to which they are interested in themselves and their own agenda as opposed to you and yours.

For a professional, this is a critical point. Truly acting in the interests of the client, rather than in your own or in those of your firm is a real sign to the client that you are to be trusted.

So, according to their equation, the lower your self-interest, the more you are likely to be trusted.

“Trusted advisor” to “professional friend”?

How far can a trusted relationship go? Can we aspire to “professional friendship”?

Arguably, the people you trust most in life are your friends. Real friends differ from other people. A friend is interested in you. Friends want you to succeed; they know you really well; they care about how you feel; they’re with you for the long haul; they’re straight with you; they drop everything when you need help.

That’s why you trust them.

In business, the word “friend” goes too far for some. It implies a level of personal intimacy that is inappropriate to a commercial relationship. True. But the qualities of a friend are almost the same qualities as are needed to build trust in a business context.

“Professional friendship” may feel a little uncomfortable, but it’s exactly the kind of aspiration a professional service provider needs in order to achieve a relationship based on trust. A brand that feels like a “professional friend” would certainly be in my top three.

What to do about it?

It seems rather disingenuous to attempt an answer to this question. Surely a person is either trustworthy or not? Doesn’t the same principle apply to an organisation? How can you possibly craft a position of trust?

To some extent this is true. The trust placed in an organisation should be a direct reflection of the trustworthiness of its leaders. But if we review what has been said about the components of trust, it ought to be possible, at the very least, to list some of the questions that leaders can ask to assess whether they are doing enough to earn trust.

Credibility

- is there absolute clarity internally and externally as to what we stand for (and what we don’t)?
- do we have compelling evidence of delivery against our promises?

Reliability

- are we doing everything in our power to deliver what we promise and to satisfy our customers?
- do we have objective measures of customer satisfaction?

Intimacy

- have we the processes in place to ensure that we stay close to our customers?
- do we take time out regularly to listen to their views and needs?

Character

- do we have an agreed set of organisational values that are true to our culture?
- are the values fully understood, lived by leadership and staff and embedded in our systems?

Self interest

- do we put the interests of our customers and our staff first under all circumstances?
- would our clients and staff agree?

The last point is not meant glibly. It is hard for any leadership team to answer all of these questions objectively. It's far too easy to believe one's own publicity. The application of rigorous and objective research and metrics is essential to give a true picture. An organisation's "trust bank" should be as auditable as the firm's other assets.

To sum up

Trust is fundamental to our brands and it's under threat. Creating a position of trust is hard and takes time. Losing it is easy and can happen overnight. Understanding what drives trust is critical. In today's business world, it goes beyond competence and into the very character of the people who run the firm and do the work, day in, day out.

That makes trust the real brand battleground.

Trust us. We're consultants.

Contact us

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