

Being seen as a trustworthy company is more important
than ever — but what does it take to build that trust?

CREDIT FOR CREDIBILITY

MOST PEOPLE THINK OF BUSINESS IN PURELY ECONOMIC TERMS, BUT BECAUSE IT IS BASED ON transactions between human beings, business is also a highly social activity. Homo sapiens has not changed much over the past 25,000 years. Before any transaction can take place, we still ask the fundamental questions of “can I trust you?” and “are you one of us?” That makes trust the social currency of business. Thus when economists define the preconditions for economic growth as the ability to specialize and the ability to trade, they overlook a more fundamental precondition — a *willingness* to trade.

Trust qualifies you as a desirable business partner, and the currency of trust increased in value over the latter part of the 20th century as the functional differences between the

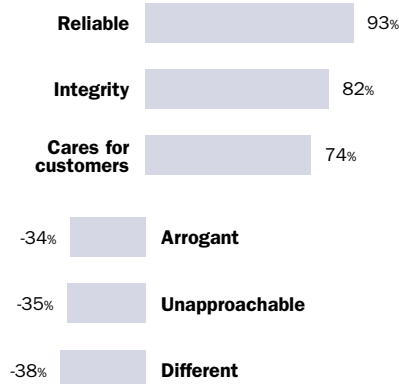
BY JONATHAN KNOWLES

goods and services on offer from competing providers have become harder to identify. If a number of competitors all pass the test of “are you competent to provide the products and services I require?” then the final decision will be made at least partly on the basis of “whom do I trust the most?” And while the turbulence that has characterized the early years of the 21st century has boosted the importance of being perceived as a trustworthy business partner, living in uncertain times has also significantly altered the attributes people ascribe to being “trustworthy.”

The BrandAsset® Valuator (BAV) database maintained by Young & Rubicam represents a valuable resource for exploring the meaning and dimensions of trust. The U.S.

THE FOUNDATIONS OF TRUST

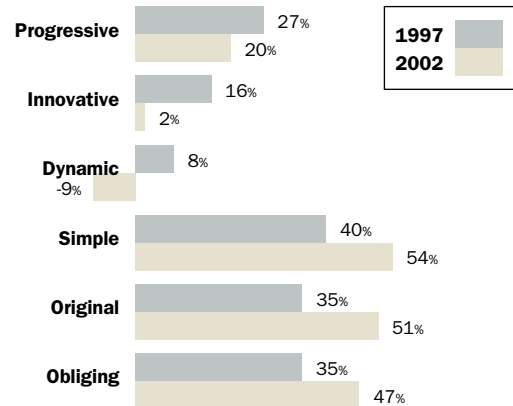
Reliability, integrity, empathy and familiarity are four of the dimensions on which trust is built



Data represent 1993–2002 averages
Source: BrandAsset® Valuator database for the U.S.

CHANGING TIMES

But the dot-com bust and recent financial scandals have altered the importance of other attributes



Source: BrandAsset® Valuator for the U.S.

section of the BAV database represents over 10,000 records covering 3,000 brands based on around 100,000 consumer responses over a period of nearly 10 years. Each record contains the consumer ratings of the brand on 48 image attributes — one of them being “trustworthy” — and a number of brand constructs such as familiarity, relevance and esteem.

Analysis of the database reveals that trust is positively correlated with “reliability,” “integrity” and “empathy.” (See chart above). Perhaps as revealing are the attributes that are *negatively* correlated with trustworthy. They express distance (such as “unapproachable” and “arrogant”) and unfamiliarity (“different”).

Querying the BrandAsset® Valuator database on a time series basis reveals two things — first, that the above observations have remained constant over the past ten years; and second, that there have been a number of significant developments in the relationship between trustworthy and other image attributes. The fallout from the dot-com bubble and from the financial manipulations at other “dynamic” businesses such as Enron, WorldCom and Tyco is now clearly reflected in customer attitudes.

As depicted above, there has been a marked weakening over the past five years in the correlation between trustworthy and three attributes describing the vision of companies: “progressive,” “innovative” and “dynamic.” On the other hand, a number of image attributes increased their positive correlation with “trustworthy” over the period 1997 to 2002. These include ones that express the decency of companies (“kind and “obliging”) and their authenticity (“simple” and “original”).

The BrandAsset® Valuator database also reveals a strong link between trustworthy and “reliable,” “cares for customers,” “leader” and “straightforward” across the product, service and corporate contexts. But some interesting differences can be discerned between and among those categories. (See box on next page.)

What does all of this have to do with running a company? The wealth-creating potential of business requires that business managers know how to both demonstrate and detect trustworthiness. Unfortunately, the culture at many organizations encourages types of behavior both internally and

ONE SIZE DOES NOT FIT ALL

Some image attributes can be more important in specific contexts

- ✓ **For corporate brands**, “trustworthy” also connotes “high performance,” “up to date,” “progressive” and “intelligent” to a far greater extent than for service or product brands.
- ✓ **For service brands**, “trustworthy” is highly correlated with “friendly,” “obliging” and “social.”
- ✓ **For durable product brands**, “trustworthy” connotes “tough,” “up-to-date” and “innovative.”
- ✓ **For non-durable product brands**, “trustworthy” is associated with “healthy,” “kind” and “simple.”

THE SIX Cs

If you want to build trust you must focus on your company’s performance in these fields

- Clarity.** How clearly the message is delivered is often as important as the nature of the message itself.
- Consistency.** Under promise and over deliver.
- Culture.** Live up to you value statements.
- Come clean.** Small print in annual reports or customer contracts generates suspicion.
- Caring.** Hire only people with a positive attitude towards customers and co-workers.
- Community involvement.** Trustworthy companies care about the vibrancy of the communities in which they operate.

externally that jeopardize the perceived trustworthiness of both the individuals and the organizations they represent.

A reputation for trustworthiness is hard to gain and easy to lose. Viewed from a short-term perspective, the behaviors are required may appear idealistic and rather uncommercial. They may involve passing up opportunities for short-term

most virtues, the key is in deeds rather than words. The starting point is a review of your current practices from the perspective of the four dimensions of reliability, integrity, empathy and familiarity. The first goal is to eliminate behaviors that may be damaging your perceived trustworthiness; the second is to identify behaviors that actively promote your trustworthiness. The “Six Cs” in the table

RELIABILITY, INTEGRITY, EMPATHY AND FAMILIARITY — THESE ARE FOUR OF THE DIMENSIONS ON WHICH TRUST IS BUILT.

profit that would leave you richer but less desirable as a business partner in the future. Recognizing the social basis of business and the importance of a reputation for trustworthiness will confirm the basic self-interest in acting in a trustworthy fashion.

What practical steps can business managers take to build a reputation for trustworthiness? As with

above can provide a quick checklist of the areas that most firms need to examine.

Trustworthiness cannot be manufactured or bought off the shelf. It is the product of being the kind of business partner that you yourself would want to deal with. And it is a form of social capital every bit as important to a business as money, it’s financial equivalent. ■