

TRUST AND REPUTATION

A blog extract

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Trust and Reputation. One and the Same?

I woke up yesterday morning to the dulcet tones of Bill Clinton's erstwhile Labour Secretary on the BBC; "To start with, it actually helped that they were British. We listen to the accent and think that they are just more intelligent than us! But their reputation has badly suffered. They have lost a lot of public trust. After all, this is not the first time that BP have had serious safety and environmental problems in North America."

As a Brit who loves America, I recognise the piece about Americans going all mushy about the old English accent! But this is not to diminish the seriousness of the situation in the Gulf of Mexico and the very negative consequences for the environment, the livelihood of many thousands of people and the future of the oil industry. The thick clouds of the Gulf disaster will need to carry a very strong silver lining in terms of improved environmental consciousness for these negative consequences to be mitigated.

The Labour Secretary struck a chord in his linkage of the notions of trust and reputation. It has been coming up a lot recently in discussions with organisations. Are trust and reputation the same things? If not, what is the overlap and relationship between the two? Is there a causal relationship between them?

We know that reputations are hard won. They are valuable assets for organisations and individuals. Good will is a major component of corporate balance sheets. And reputations are built for certain characteristics. Helen Mirren has a strong reputation for brilliant acting (and a classy British accent!), Tesco for first rate execution, 3M for innovation, Barack Obama for exceptional rhetoric, so the list goes on. Sometimes those reputations are for being trustworthy, but they are generally for a whole range of characteristics other than trust. Where trust comes in, I would argue, is in the nurturing and sustaining of a strong reputation; this is essentially a trust-building process.

Take a look at when reputations suffer and are lost, a painful process caught by Shakespeare in the words of Othello:

"The purest treasure mortal times afford is spotless reputation; that away, men are gilded roams or potted clay."

As reputations wane, so does trust. As Robert Reich stated above, a loss of public trust in BP comes with their tarnished reputation for safety and environmental protection. The UK has recently seen reduced trust in politicians as their reputation for probity has suffered in the recent expenses scandal. Candidates for the leadership of the UK Labour Party are now saying that the Iraq decision led to an unravelling of trust as the Labour Party's reputation for principled decision-making suffered. And we could even go back to the writings of Edmund Burke in the early 1770's who argued that the growing abuse of power in the American colonies by King George and his ministers was leading to a collapse of trust!

In other words, organisations and individuals earn and retain our trust in their reputations, and without this trust, those reputations fall away.

And for me, it is to Charlie Green's four Trust Principles that we should best turn to guide the process for building and sustaining trust in a reputation:

1 FOCUS FIRST ON THE CUSTOMER

A local story. I had problems in a recent cold snap with my car brakes. I booked the car into a local garage and set out on a snowy, icy morning, only to slither to a helpless halt on the first corner. Most other drivers ignored me, some hooted and some shouted out unintelligible advice, while I sat there

immobile. A large van stopped and a group of young men who spoke no English and an older guy who spoke some, jumped out, took a look and dived under the car with hammers to free up my frozen brakes and I was on my way again. "We used to see this every winter morning in Poland." I asked where they were working and went to have a chat with them later in the day. I found they were builders and inquired about them. All the reports were of outstanding care and attention. So it wasn't difficult to put them on the tender list recently for some big building work at our house and they won the competition hands down. We are delighted with the service they are giving us.

Every single encounter we have with them, including the first one when they had no idea we might be possible customers, reinforces our trust and confidence in their reputation for outstanding domestic building work. They sold by doing, showing reliability in spades!

2 TRANSPARENCY

When working for a large consultancy a few years ago, we hit a critical moment in negotiating the potential terms for a significant deal for a global client. This would involve a very different pricing model for us. Very radically for us, we opened our books to the client (this took quite some persuasion of our leadership team!) and established a shared understanding that led to a mutually beneficial deal.

Our striking transparency strengthened our growing reputation for straight talking, client-centred consulting.

3 LONG TERM PERSPECTIVE

A colleague of mine has been working for a global organisation for some time. A couple of years ago he was asked to do something that he could have done but not quite to the quality his client was used to, and he knew others who could do the job better than him. So he introduced them in his place. He has since carried out a number of other assignments for the same client.

By taking a long term perspective, his client trusted even more his hard won reputation for doing, above all, what was in the right interests of the client.

4 COLLABORATION

One conclusion about the recent financial services crisis is that some of the banks became too focused on the interests of a narrow group of stakeholders in their pursuit of profit, losing sight of their previous client-based model of which collaboration with a wide range of stakeholders was a key ingredient. They thereby lost our trust in their espoused reputation for looking after the interests of all their customers, many of whom will suffer for a number of years from Governments' fiscal adjustments.

This need for intense collaboration - with regulators, customers, suppliers, politicians, environmentalists and local people - also defines the trust-building process that BP need to mount now to salvage their reputation. As Peter Firestein elegantly argues in Trust Quotes 4 (17 March 2010), it is aggressive, proactive engagement that is needed after a reputational slip. "There is a short list of companies who have come out of disasters with stronger reputations than they had before. In all cases, they did so because they were able to identify with those who were angry with them. They actively participated in the aftermath to the disaster."

Reputation and trust are pretty similar but not quite one and the same. Organisations and individuals have reputations for a whole range of characteristics other than trust. Where trust comes in is in the process by which organisations and individuals build and sustain confidence in those reputations so that they can be the source of lasting value. And by focusing on the four Trust Principles of putting the customer first, transparency, a long term perspective and collaboration, that process can work extremely well for you.

With all good wishes for your reputation enhancing work!