

Author Talks: Sandra J. Sucher on the power of trust

Trust is the most powerful force underlying the success of every business—but it can be shattered in an instant.



In this edition of *Author Talks*, McKinsey Global Publishing's Raju Narisetti chats with internationally recognized trust researcher and Harvard Business School professor Sandra J. Sucher about her new book, *The Power of Trust: How Companies Build It, Lose It, Regain It* (PublicAffairs, July 2021). Based on two decades of research, Sucher and coauthor Shalene Gupta examine the economic impact of trust, and the science behind it, to prove that trust is built from the inside out. The result? A new understanding of the business, economic, and societal importance of trust and how to regain it once lost. An edited version of their conversation follows.

What problem are you trying to solve for with this book?

Business is facing a trust crisis. The 2021 Edelman Trust Barometer showed that business was actually the most highly rated institution, and it garnered 61 percent trust. Government, for example, was at 53 percent. But as business people, if we step back and say, "How do we feel about 61 percent of respondents saying they trust us," it's not such a great score. And so trust is when we are willing to enter into a relationship of vulnerability with someone—or an organization—that has power over us.

There was a great study of NCAA basketball players, and what the study found was that the team that had the highest trust in its coach had the

highest number of wins, and the team that had the lowest trust in its coach had the lowest score. What this adds up to is a question for business, which is how does a company gain trust? Shalene Gupta and I wrote this book to try to help people understand how trust is built and how to regain it if it's lost.

Trust in the COVID-19-era workplace

How has the pandemic impacted trust?

I think that there are two dimensions on which things have gotten more focused: the first is companies' responsibilities for safety. This is kind of a new topic, so unless you're in extractive industries or something where there are big machines wandering around, and people in them, it's not something that companies have had to worry about before. But now what you see on every website is, "Here's how we're keeping our employees safe. Here's how we're trying to keep our customers safe."

This is a new and ongoing responsibility that really is at the heart of trust, because people are trusting their lives with companies, whether they're the customers or the employees. The other thing that's going on is that people have started to think more about their relationship to work. We actually are at a point where we need to knit organizations back together.

And I would probably ask three questions: first, I'd want to know what COVID has felt like for the people inside my firm, and I'd want to find out what their experience of COVID has been. I'd want to know how well they thought we'd done as a company at actually managing the COVID challenge on their behalf and others. And I'd want to know what kind of areas they think we could do a better job in.

On the internal versus external trust challenge

One of the basic principles that we found about trust is that trust is built from the inside out. It's almost impossible to imagine a company being able to be trusted by its customers if it's not trusted by its employees. Like any other business process, there are steps you have to follow in order to truly regain trust. All of these go against the normal playbook in



Shalene Gupta

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companies attending to legal matters first, and really not attending to these trust issues. It’s not that the cost and liability issues related to a scandal aren’t huge; it’s more that regaining trust is a different goal, and if you want a different outcome, you have to work a different process.

The first step of the process is to take responsibility for the harm you’ve created and to apologize for it. So I apologize, myself, to all the lawyers in the room who are screaming at this point, “Don’t do that!” But in fact, trust has a moral domain, and one of the most important elements is peoples’ ability to take responsibility for the impacts that they cause. That’s one of the foundation elements on which we trust companies and other individuals. So the first thing you have to do is to actually say, “We did this thing, we know it’s wrong, and we’re so sorry for the problems that we caused.”

The second step—and this gets hard—is to fix accountability for what was wrong. Now, this is a place where most companies pull back and they say, “Well, you know, it was those people down at the bottom who did these things.” But peoples’ demand for fairness is that they know the companies are hierarchies, and they reasonably, in a moral sense, hold the person at the top of that hierarchy responsible for what happens on his or her watch.

Now, there’s actually some interesting research that says that you can punish CEOs and get the same effect, like take away some compensation. But what

people care about is that the person who is responsible—really responsible—for what goes on be held accountable. And then the third step is a long-term strategy for trying to fix what caused the breach in the first place.

So it’s these three steps: apologize, fix accountability, and manage the long-term foundation issues that created the breach in the first place.

Which trust-building stories work best?

One tactic, and it was surprising to me, was the role sustainability reporting can play in getting a company’s story out. Now, some companies are really good in their sustainability reporting, at saying, “Here’s the strategy, here are the things that matter, here are the stakeholders we’re trying to satisfy, here’s measurable progress that we’re making, and here are things that we still need to do.”

The other is to remember that the first audience is inside the organization. If trust is built from the inside out, the people who really need to understand what you’ve done, and what you’re doing to make good on what happened, are the people inside the company.

So even if none of this got to the outside, if you have a credible story, and data to back it up, about the issues that you found and what you’re doing about them, and the positive things that have come out of that, that will go a very long way to helping people juice the company back into some state where it can regain trust on the outside.

The case for taking a stand—or not

On weighing in or staying out of it

There are a couple of dimensions of trust. One's just competence. No one's going to ever trust a company that's not good at what it does. But there are three dimensions in the moral domain that people care about greatly. They care about the motives of a company—which is whose interests are they really serving. They care about whether the company uses fair means to achieve its goals. And they care deeply about the impact that the company has, the real impact that people see on the ground regardless of what the company says.

So let's think about how companies make these judgments about whether or not they're going to get involved in something. The first thing that we know is that there will always be backlash from the disappointed group—particularly because these are moral questions that are largely being debated. On the one hand, you try to do the best that you can to satisfy the interests of people who think differently about the topic. But for some of these issues, like voting rights and Black Lives Matter, at the end, it's a moral judgment on the part of the company where you know that you're going to tick some people off, and you may even suffer some legislative setbacks and new taxes that could be levied on you because people are ticked off with what you've done. Nonetheless, trust is a domain of who we want to be as a company, right? And it's those defining moments that help a company.

That does not mean that companies need to weigh in on every single issue. Number one, there are too many, and number two, only some of them either touch their heart or are ones where people expect them to take a stand. So I think the first thing to say is, "Is there a place where I feel I should be making a stand?" It's one place where I think the boards can actually be helpful, if they can be open minded about weighing what is really going on. The bottom line is that, because these are moral calls, there are going to be people who disagree.

On global organizations and regional issues

Global companies always have this question about what's the same and what's different, and I think that's also true with this dimension of trust. And I think that if a [regional] issue hasn't bled over to other countries where you are doing business, it is important to let everyone [in the organization] know about it so that they are prepared if asked about it.

So first you solve [the issue] at the country level: you work inside the firm to make people understand what it is that you've done so they won't be surprised if they get asked. But you also have a good reason for saying this is why we think [the issue] is limited to this one country, and this is why we don't think this is an issue for us globally.

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