



Trust & Transparency The New Corporate Currency

By Robert T. Whipple MBA CPLP

In just a few years, Trust and Transparency have moved from an also-ran position in the line up of the things that are important to US Corporate reputation to the number one and number two slots. This represents an unprecedented recent shift in the perceived importance of trust and transparency in organizations. Let's take a peek at some data.

In 2006, the top three items mentioned by respondents to the Edelman Trust Barometer Survey were:

- 1) Quality products and services 53%,
- 2) Attentiveness to customer needs 47%, and
- 3) Strong financial performance 42%.

By the 2010 survey, The top three items were:

- 1) Transparent and honest practices 83%,
- 2) Company I can Trust 83%, and
- 3) High Quality products or services 79%.

The astonishing thing is that financial returns dropped from number three on the list to number 10 in just 4 years. Note that "Financial Returns" in 2010 were still important coming in at 45% versus 42% in 2006. It is just that Trust and Transparency showed up as being far more important – nearly twice as important as financial returns in terms of what is important for a company's reputation. Put another way, without Trust and Transparency, good financial returns are not going to be sustainable.

For the past decade Richard Edelman and his team have surveyed people around the world. They interview about 5000 people a year. These are college educated professionals from 25 to 65 years old in the top quartile of income and who are savvy about domestic and world events. The data are then analyzed for trends and reported with detailed analysis. The study is about the things that are driving trust in all major countries. The focus of the survey is on three main sectors, Business, Government, and NGOs (Non-government Organizations).

For the business sector in the United States, these data ring out a signal that is loud and clear. Edelman put it this way: *"Trust, absolutely, is now a **product** for companies to pursue and pursue avidly. Why? Because it enables company performance and stock price to prosper. We see an interlinking of share price and trust."* He notes a dramatic

correlation between his Trust Barometer and the S&P 500 index over the past several years.

If your company is not measuring the level of trust and actively managing it, you are not focusing on the right things. Seek, through education, to understand these variables and how to obtain and maintain high trust in your organization. It is extremely powerful.

*The preceding information was adapted from the book **Leading with Trust is like Sailing Downwind**, by Robert Whipple. It is available on www.leadergrow.com.*

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