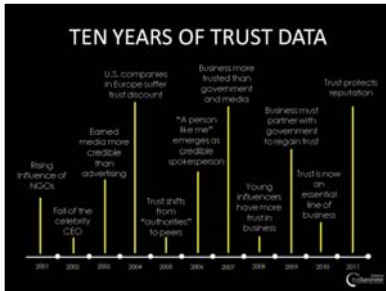


Session: "Who Do We Trust?"

Robert Phillips

Many in this room are familiar with Edelman's Trust Barometer. The 2012 edition,



due out in January to coincide with the World Economic Forum in Davos, will be the company's thirteenth. This is now a deep and insightful, twenty-three country survey that allows us to reflect on global events through this essential prism of Trust. We can see how the historically four great institutions of Government, Media, NGOs and Business track over time. We can analyze the data on both a macro and a

series of micro levels. I think it is fair to say that Edelman properly understands the nuances of Trust.

We all know that Trust matters. Trust offers a protective coating for companies and for brands. Trust also helps determine the frequency of messaging. Trust matters because companies that are trusted are four times more likely to be believed than those who are not. Trust pays commercial dividends.



We live in a truly complex and inter-dependent world, where 'trust' exists in a near-perpetual state of fragility and flux. This fragility of trust, however, and the clear shift from a shareholder to a stakeholder world, provides a unique opportunity for the PR community. We should *celebrate* complexity. We should *re-equip* ourselves to face this complex future. We should seize the moment and take this chance to lead.



2011 has been a momentous year in the Trust stakes:

S&P's downgrading of US debt is just one of many starting points. Whether this represents a crisis of Trust, a crisis of confidence or just a crisis of US politics – the 2012 Barometer data will no doubt offer insight.

Riots on the streets of London likewise indicate a crisis of Trust in society. Nothing can be more visceral than watching the trust in political institutions simply burn away on our TV screens.



Trust in Media can surely not emerge unscathed – in the UK at least – by the crisis that has engulfed News International and News Corp (*disclosure: an Edelman client*). Nor has this crisis been contained within the institution of media: widespread allegations of police corruption abound. Trust in traditional institutions is eroding.

All this may seem somewhat parochial, when considering the current crises in the Euro zone – from questions about the publication of un-believable, if not fraudulent, national accounts, to a cadre of political leaders who seem bewitched to understand whether to save the economies of the region or their own political fortunes.



Meanwhile, back in the USA, we have politicians driving the economy to the edge – paralyzing progress in return for scoring political points. Who would you trust there to 'do the right thing'?

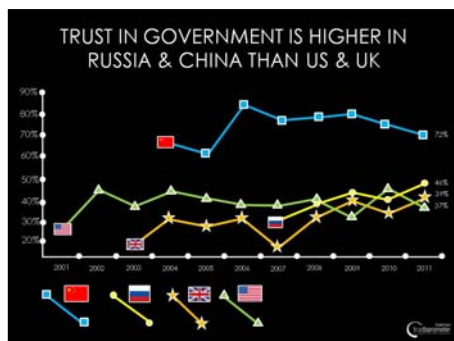


In Japan, a tsunami provoked a nuclear crisis and, in turn, a political crisis too. No riots on the streets of Tokyo, though. But instead the sixth Prime Minister in five years and reverberations felt as far afield as Germany, who pulled the plug on its nuclear energy programme.... in turn, sparking a crisis of Trust in Government, from Business. We live in a truly inter-connected world.

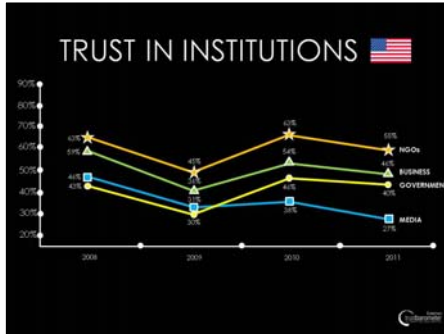
The Arab Spring will, in time, provide a Trust Case Study all by itself – asking questions from the role of Social Media to the issue of whether ‘dictatorships’ can ever survive in a democratizing world where we seem to trust one another more than we now do authority figures. But Tahrir Square is not just about Egypt or Mubarak, nor is the Arab Spring just about the Middle East. Tahrir Square is emblematic of a new, and more youthful, world order. There is, without doubt, a Tahrir Square moment waiting to happen for a business or a brand.



We should not get too carried away on the euphoria of events in North Africa and the Middle East. To be ‘authoritarian’, if you follow the data, does not mean you



are not trusted. Consider relative Trust levels in China to those in the West. Consider Trust in Business – or in Government – in the UAE to that in Europe. As with so much of our lives these days, we need to look east, not west – and to re-evaluate our prejudices and our understanding. The West is the receding empire. The sun rises in the East.



While 2011 may seem like a watershed year, the data may tell us otherwise. Every season has its blips and bumps. We saw this with the ‘issues’ that surrounded BP and Toyota, to quote just two examples, some twelve months ago. Look at the UK Trust data over the past ten years and you will see an Iraqi double-dip, affecting trust in Government more so than trust generally. In fact,

despite these events, for the most part Trust remains essentially stable over time: although we have seen some volatility – notably the fall in Trust in the USA last year, crashing from the Obama peak in 2010 – here in Europe we remain essentially mixed about Trust: a healthy dose of skepticism abounds, contrasted with the previously optimistic Americans and the more Trusting of those nations in the East.

But when we elevate ourselves beyond the everyday – and try and paint a macro picture of Trust, one thing is abundantly clear: ‘perfect’ trust is simply no longer attainable. We have always known that Trust is there to be earned, not bestowed, and that earning trust has never before been as tough and as danger-strewn. Trust takes years to build but can be lost in a matter of days. The BP experience is a sobering one: in a stakeholder world, BP lost touch with all of theirs.

To add to the complexity, we now live in an age of disbelief, as well as one of complexity. This quote from the Wall Street Journal’s Peggy Noonan, following the death of Osama bin Laden, is apposite: *“Here is the fact of the age. People believe nothing. They believe everything is spin and lies. When people believe nothing, they believe anything”*.



Noonan's sobering words throw down the ultimate challenge to the communications professional. Never trust us, perhaps, for we are nothing but spin and lies? Or trust us, because we can help fill the void; we can help navigate the complexity; we can celebrate this complexity in all its dimensions.

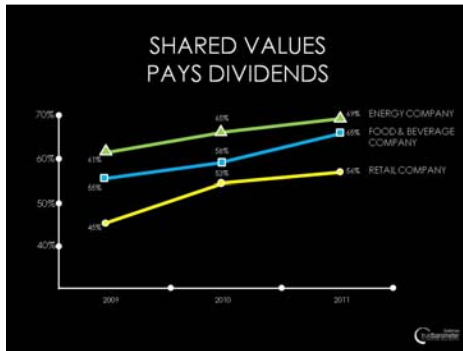
This latter point is my challenge to this conference. If we fail to embrace and celebrate this new complexity then we are not deserving of people's trust. Equally, in order to answer the question 'who do we trust?', we have to properly understand the macro dynamics which are driving this new complexity.

I think there are six key considerations here.



First, there is **the shift from a Shareholder to a Stakeholder society**. A few years ago, Trust Barometer data would tell us that a company would be trusted if it maximized financial return for its shareholders. Now, 'financial returns' has tumbled from tenth to first of key considerations. Trusted companies are those who consider the interests of multiple stakeholders. Will Hutton was right when he called it back in 1995. And Milton Friedman was wrong when he (infamously) claimed that the social responsibility of business is to maximize profits. This is no longer enough. Today's value is about shared values – just as today's definition of an engaged world (the Edelman take on Public Relations) is about advancing shared interests in an inter-dependent world.





In this context, it is no surprise to see those companies which not only talk Shared Values but walk-the-walk also, rising high in the Trust stakes: Look at Wal-Mart; or PepsiCo with ‘Performance with Purpose’; Unilever with its Sustainable Living Plan; GE with ‘Eco’ and ‘Healthy Imagination’. Companies such as these not only understand that Trust is earned from multiple sources but also that sharing the values

and activating for a common good is a clear trust-builder. Investor Relations remain vital. But they are not the only relations a company has.

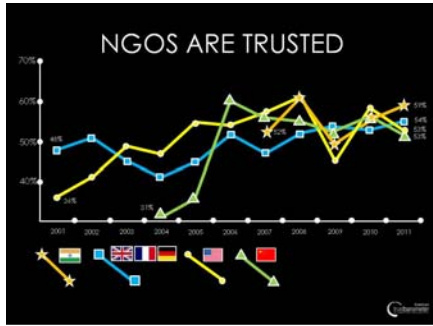


The second macro trend recognises **the oscillating fortunes of governments**. In a democratizing Social/Digital world, we no longer

trust Governments to ‘do the right thing’. Whereas once Governments provided something of a trust certainty, no longer is this the case. You only have to look to the predicaments of Obama or Merkel, to Greece or to Ireland, to get a sense of



how this now plays out. Trust is complex and fragile because one of the great Trust institutions – Government - is crumbling, most notably in the West. Recent (Gallup) data from the US is beyond sobering: the Federal Government currently ranks lowest among 25 industries – and the fall from grace is catastrophic: from 41% positive in 2003 to 17% positive in 2011; from 35% negative in 2003 to 63% negative in 2011.



Third, we are witnessing **the continued rise of Civil Society and of Citizenship**. Over the twelve years of the Barometer’s findings, we have seen the inexorable rise of Trust in NGOs, perhaps filling the leadership and ‘principles’ void created by Government and Business. In 2011, for the very first time, we saw the confluence of Trust in NGOs across the US, China and Europe. NGOs have long

led the field in ‘Who Do We Trust’ – a paradox, for sure, given that these are often un-elected and non-accountable, single-issue organisations.

In his inaugural address (which, to many, now seems a lifetime ago), Obama spoke beautifully about a ‘new era of citizenship and responsibility’.



We should look to our fellow citizens for trust and to be trusting. But the trending rise in peer-to-peer trust that we saw in the first decade of the twenty-first century has begun to dip and fall away. Maybe because we have come to realise that five hundred friends on Facebook or a thousand followers on Twitter are not in fact friends at all? Maybe because that trusted medium has now become mainstream and

therefore subject to the Trust deficit from which mainstream media suffers. The naked truth is that we trust our peers less than we did a few years ago, even though Facebook contends that a friend’s recommendation makes a consumer three times more likely to purchase. ‘New’ media is heading the same way as ‘old’ media, as it, itself, enters the mainstream.



Fourth, possibly as a result of the first three points, we are seeing the **continued dispersion of authority** within our connected world. Old pyramids and hierarchies are crumbling and being replaced by flatter structures. We are seeing this in business, where the employee is gaining a greater share of voice and, some may say, this is translating into the democratizing

force that the Arab Spring properly represents.

Of course, PR people have traditionally prided ourselves on our ability to shape and control narratives. But with every month that passes, it becomes clearer that citizens are taking over – becoming the co-authors (at least) of their own narratives – whether in Tahrir Square or in the shopping mall. Some of the hype and hyperbole of Web 2.0 is now being realised. Power has shifted from old media to new; from the centre to the edge. Sina.com’s Weibo microblog – the Chinese equivalent of Twitter – now has over 200 million users. The web 2.0 genie is out of the bottle, no matter how much the Chinese government worries about it.

So, governments, businesses and organisations have to engage with – and take seriously – a world of varied, discordant and at times hostile voices in a range of traditional, hybrid and purely social ‘media’ settings. There are good conversations to be had. But participation is required. As Noonan pointed out, silence will only be filled by rumour and invention.

Fifth, the demand for **Transparency and Accountability** is fundamentally altering the shape of Trust. This is not just about how companies – and indeed governments - report; it is actually about how they *behave*. ‘Open, honest and frequent communications’ regularly tops the poll for companies that are most trusted. Companies and (political) leaders who are not clearly accountable will be trusted less. Leaders need to be candid. They must be open about the difficulties they face and the improvements they make. They need to embrace a new humility – no longer presuming to know best or be defensive with critics. And, in

business, they need to better align their successes or failures with their pay and rewards. Executive compensation is a vital consideration in the trust stakes.

Sixth – and finally - **the convergence of everything** only serves to increase the complexity – and thus the fragility also. We see Corporate and Brand coming together; the merger of Profit and Purpose; the new Partnerships of Government and Business. These are the new realities, as well as the new complexities – all of which underline the inter-dependency of everything. We cannot broadcast in silos any longer; we have to *share* in communities; we need to build mutuality if we are to earn trust.

There is a final point to be made on Technology. Many make the repeated mistake in believing that ‘technology’ is driving the new trust landscape. This is only partially true. It is not about whether we trust twitter, trust Facebook or trust those who ask us to opt-in on our mobile devices. It is much more about how technology is driving deep behavioural change - the access to information is now, after all, enshrined as a fundamental human right – that is, in turn, leading us to better understand the role of shared purpose, shared values, shared interests. I would argue that a failure to understand the behavioural dynamics of technology represents a failure to understand trust and influence at all.



All these dynamics at play, however, are in fact GOOD NEWS for the PR profession. We get complexity and the multiple stakeholder universe and always have. For many years, we have grappled with the inter-dependency of, say, Corporate Reputation and Public Affairs – and their relationship, at a most basic level, with a company’s license to operate. We have long understood the role of the NGO community in shaping corporate thinking and policy – and the new social contract that has emerged between business, government, NGOs, and the wider civic society. We have come to understand that we can no longer *sell, sell, sell* branded consumer goods without a responsible thought (and action) around that brand’s environmental footprint and its ethical supply chain.

So why is this a point of competitive advantage for the PR community? For a start, the ad agencies just don't get it. Far from celebrating complexity, they are trapped in a legacy world of reductive thinking. They seek to explain the complex through the simple – the short film or the clever tag-line. In today's complex world, this exquisite minimalism is no longer enough.

The Digital guys don't 'get it' either. They are, in my view, obsessed with technology, eyeballs and channels – an amusing paradox given that these were ones kings of the wild frontier. As with the ad guys, they lack the content and the gravitas in some of the areas that are so central to inter-dependent thinking – the Public Affairs and Civic Society dimensions, for example. This content shortfall extends to the management consultants also: their flow charts speak to process; their outreach is limited; their narratives incomplete; their contacts restricted.

Hence our moment in time: the chance to lead. To do this, and to be truly trusted advisors, we must shift from the old model of Public Relations to the new ecosystem of **Public Engagement**. That's what we, at Edelman are calling it. *Public Engagement* is about meaningful participation in a continuous conversation. MEANINGFUL. CONTINUOUS. PARTICIPATION.



This shift places new burdens upon us: it demands we hire different people; take different approaches; develop bigger, better programmes and platforms; acquire different and diverse skills; and adopt different behaviours. We, ourselves, must embrace the notion of radical transparency. We must rid ourselves of the dreadful monickers of spin. We must distinguish between the publicists and the consultants and be more disciplined about how we define ourselves. We must shun those who flirt with dubious ethics and dubious political regimes – and re-visit, once again, the key issues of measurement and 'value'.

Trust in PR (or PE) does not derive from counting press clippings or by figuring out what 'value' might look like in advertising equivalence terms. We must make ourselves accountable for *business* outcomes – building deeper communities; increasing trust; changing behaviours; delivering commercial success. New social media analytics enable us to rapidly distil actionable intelligence and to directly track our work back to programme objectives – measuring engagement, understanding trust and assessing impact in a timely and linear manner.

Above all, we must follow the same rules of what builds trust in any business or



brand: great quality products and services – the stuff we are meant to offer our clients everyday; Open and transparent communications – the way we should, from now, always work; and a company I can trust – ensuring that trust itself is part of *our* professional DNA. It is only when we can apply these principles to our own businesses that we, ourselves can be trusted.

The prize is, in many ways, the Holy Grail that we have sought for so long. **We can – and should – operate as a strategic management function.** We can – and should – be the discipline of choice for today’s leaders, business or governmental. We *know* how to catalyze employees. We *understand* the art of co-creating products and services with citizen-consumers; we *get* the need to co-operate with civil society, to negotiate with regulators and to meet the expectations (still present) of financial markets. We can – and will – build new narratives that not only make sense of this complex world, but ones which serve the interests of all stakeholders, for common good.

Make no mistake. The perpetual fragility of Trust lies before us. Leadership – for us as it is for our clients - in a low-trust era is hard. It is conditional. But it is not impossible. We, the PR industry, should rise to the challenge. We should trust ourselves to do it.