



BOARD STUDY:

The Worth of Trust - Part 2: What the Chairs Said

BASIL TOWERS, 2022

This paper sits alongside the longer [Board Study](#). Its purpose is to show how the interviews conducted with board Chairs while researching The Worth of Trust informed its recommendations.

1. TRUST IS EARNED

The Board Study begins with a critical distinction: between trust and trustworthiness. Trust can only be earned and maintained by a company that behaves in a way that is worthy of it. Rather than focus exclusively on trust, we should focus on trustworthiness because the former is a symptom of the latter.

The Chairs were clear that they believed their role was to track and test the extent to which their business is earning valuable trust. They told me that they want to understand:

- *The ways in which their company earns trust through the decisions, actions and behaviour of the business*
- *The extent to which the organisation has the culture, systems, and ability to maintain a consistent level of trustworthiness*

They also said that they wanted to understand:

- *Practices that are not central to, or even undermine, the stated purpose, culture and beliefs of the business*
- *Errant behaviour and practices that run counter to the core purpose of a business*
- *When errors that occur are in fact systemic mistakes and so are a sustained trust risk*
- *Where there are areas in which trust is breaking down, or could soon do so*

All of the Chairs expressed a weariness of over-exaggerated claims, spin and greenwashing. They wanted leaders to moderate their language and ambition, to limit their aspirations to things that can be achieved and evidenced, and so reduce the risk of disappointing their stakeholders.

2. FOCUS ON FOUNDATIONAL AND COMPETITIVE TRUST

The Chairs told us that business performance is only as good as *“the level to which the business is trusted or perceived to be trustworthy”* by the stakeholders on whom it depends. In the Board Study, I call this “foundational trust”: the minimum viable level of trust that a business must have.

But the Chairs also noted that trustworthiness has a greater value than this. They saw trust as *“a source of difference and advantage”*: differentiating a business from its competitors in the eyes of key stakeholders, and giving it a competitive edge in areas like *“taxation, regulation, and recruit[ing].”* In the paper, I describe this as “competitive trust”.

Both are critical. Foundational trust is a pre-requisite. Competitive trust is a company’s advantage.

3. FOCUS EXPLICITLY ON QUESTIONS OF TRUST AND TRUSTWORTHINESS (NOT MERELY IMPLICITLY)

Most of the Chairs I spoke to currently address trust implicitly. By this, I mean they believe that they usually consider issues related to trust by addressing the specific things that earn trust, such as purpose, performance, customer satisfaction, social value, and so on. However, the word ‘trust’ itself rarely features. “It’s certainly never discussed in any boardroom that I’ve been into,” one Chair told me. The occasions in which trust is treated explicitly tend only to be when trust is at risk, such as after a reputational crisis.

‘Trust can only be earned and maintained by a company that behaves in a way that is worthy of it.’

SEE PART 1: [Board Study, The Worth of Trust, Making the Implicit, Explicit](#)

However, the Chairs did see the value of considering trust explicitly outside of times of crisis. As one Chair put it: *“if we recognised it for what it is more explicitly, we would understand the value and we might think more about what we need to do to create the trust that earns that value.”*

They also feared the consequences of not doing so. A common concern was the danger of damaging behaviour that could occur if trust is only treated implicitly. *“Trust is an asset that needs to be treated positively,”* one Chair told me, and *“treating it negatively could create the wrong behaviours, a command-and-control culture and a reliance on process”*.

This doesn't mean that trust should be discussed ad nauseum: some trusting relationships are more important than others, and these are where boards should focus their attention. *“A large company has multiple touch points with multiple stakeholders,”* one Chair told me.

Where explicit consideration is valuable, the Chairs shared a common desire to have more *“reflective”* and *“richer”* conversations than they are currently having, subjecting questions of trust to deeper consideration.

Questions that they proposed as being worth discussing included:

- *Do we understand the value of trust?*
- *What do we need to do to create this value?*
- *Will a given action build the trust we need?*
- *What is our risk appetite for losing trustworthiness?*

As we saw above, the Chairs felt strongly that considerations of trust should be grounded in action and real behavioural and cultural change. Trust must not be abstract; it must be actionable.

When it is, Chairs were positive that an explicit focus on trust would have a considerable impact. Various, they told us that the board would not be *“self-satisfied”*, that it would be more likely to address *“difficult grey areas”*, and that it would encourage executives to think more deeply rather than *“shoot from the hip”*.

4. EXPLORE THE SOURCES OF TRUST FROM THE GROUND UPWARDS

To understand trust, you must understand it in the specific. Chairs told us that debate is only of value when focused on either foundational trusting relationships or those that support competitiveness.

Today, they felt their boards did not have sufficient insight into stakeholders' realities, agendas and needs and so were unable to understand where foundational and competitive trust lies.

Given their high workloads and limited capacity, they believed that their companies struggle to see trusting relationships from external stakeholders' perspectives. They also thought that trying to reduce the concept of trust to a single datapoint can't work: *“there's never a good proxy,”* one told me.

The solution, they said, was *“dialogue”*. *“Find out whether they consider you trustworthy,”* said another. They wanted to hear the unfiltered perspectives on what truly shapes trust in their business.

“if we recognised it for what it is more explicitly, we would understand the value and we might think more about what we need to do to create the trust that earns that value.”

“Trust is an asset that needs to be treated positively”

SEE PART 1: Board Study, The Worth of Trust, Making the Implicit, Explicit

To do that, they knew they needed the insight of those closest to their external stakeholders: those operating “*at the coal face*”. And they also wanted to hear from external parties and experts who could give them insight into “*societal changes*” and a resultant shift in “*expectations*”.

5. PUT A VALUE ON TRUST IN ORDER TO PRIORITISE IT

As noted already, the Chairs were consistent in their belief that boards should only discuss trust in the context of its value. Some trusting relationships are worth more than others and boards must apply a “*prioritisation*” in order to determine where to focus their efforts.

In order to prioritise, Chairs suggested the following topics for board discussions:

- *Which mutual trusting relationships are important to the business?*
- *What is the value of losing foundational and/or gaining competitive trust in each case?*
- *Are the factors that will build trust in these relationships understood and addressed appropriately by the business?*
- *Would the business win more if we actively pursued earning more trust in these relationships?*

The Chairs noted that they struggle to connect trust to specific outcomes. For this reason, they would like to see and test metrics or indicators that could help them quantify the impact of trust where it is critical to successful performance. As one Chair put it: “*You’ve got to say where would [trust] translate? Is it: less customer attrition? Is it pricing to margin to profit? Is it better employees?*”

6. THE ROLE OF THE BOARD

The Chairs saw the board’s role in trust as one that combined overseeing, advising and decision-making. Alongside the executive, they told me that the board should own trust and that it sits within their existing mandate, agenda and ways of working. One Chair put it simply: “*this must start at the board.*”

The Chairs told me that the ways in which they could contribute were:

- *Focusing on what needs to be done to crystallise trust’s value*
- *Helping leaders and managers reconcile the loss of short-term value while promoting long-term value*
- *Questioning and assessing the organisation’s ability to earn the trust needed to execute the strategy*
- *Setting the tone from the top, signalling trust’s importance to the business and focusing managers on why it matters*
- *Setting an appetite for how much trust a company can lose*

The Chairs then proposed the following ‘exam questions’ that should guide board discussions:

- *Are our purpose and strategy aligned with our culture and consistent with our goals?*
- *Is our purpose believable and are we delivering on it?*
- *Does the trust we have today help us execute our strategy?*
- *Does it free or constrain us?*
- *Does our market offer and fit strengthen or weaken trust?*
- *Does our culture help us earn valuable trust?*
- *Do our people understand that trust is earned through how we conduct ourselves?*
- *Do our stakeholders believe that we live up to and keep our promises?*
- *Do we know the cost of not being trusted and how we can mitigate or manage the risks?*
- *Are our leaders and managers trusted by our people and vice versa?*
- *Do we have the mutual trust we need to exercise governance and oversight?*

“*You’ve got to say where would [trust] translate? Is it: less customer attrition? Is it pricing to margin to profit? Is it better employees?*”

SEE PART 3: Board Study, The Worth of Trust, *Considerations for the Board*

- *Do our leaders and managers foresee events that may undermine trust and are they transparent about them?*
- *How can we hold the executive to account for ensuring the business earns the trust that matters?*
- *How could we be more explicit in considering the implications for trust when making appointments?*

7. THE ROLE OF CORPORATE AFFAIRS

The Chairs believe that the Corporate Affairs function has a critical role to play in contributing to board discussions and decisions on matters of trust. Specifically, they wanted the function to provide an inside-outside view: an objective voice, surfacing external perspectives, in internal decision-making. *"I think the role is to make sure that we are all constantly reminded of the importance of reputation and trust in every single decision we make,"* said one Chair, *"and, from time to time, to show us the scorecard."*

The Chairs suggested the following roles for Corporate Affairs professionals, in addition to their core roles:

- *Ensuring the board never forgets the importance of trust when making decisions.*
- *Helping to establish the sensitivity of the business model to trust and whose trust, beliefs and relationships matter*
- *Helping the board understand how material trust and trusting relationships are earned, sustained and lost and recovered*
- *Telling the board and the business the truth as it is perceived externally*
- *Helping build and sustain the leadership and management capabilities that earn trusting outcomes*
- *Providing a cautionary voice when the business is exaggerating, over promising and under-delivering*

It should be noted that the Chairs considered these *"aspirational"* for a function that is commonly regarded as immature, though full of potential.

Most Chairs want to see the function achieve a better balance between *"helping get us out of trouble"* and helping the business achieve its strategic, commercial and operational impacts. They don't just want Corporate Affairs professionals to help them with what they say; they want them to challenge what they think and how they act. Though, as with any other function, it is important that the function does not overstate its importance and virtue: they are part of the team, not somehow above it.

"I think the role is to make sure that we are all constantly reminded of the importance of reputation and trust in every single decision we make," said one Chair, *"and, from time to time, to show us the scorecard."*

SEE PART 3: [Board Study, The Worth of Trust, Considerations for Corporate Affairs](#)

THANKS

All the above is, by necessity, a summary of fourteen fascinating interviews with Chairs and Partners at some of the world's most respected firms. I would like to thank them for such generosity, sharing both their time and their considerable wisdom.

For further information please contact advice@tie-stone.com or visit our [website tie-stone.com](http://www.tie-stone.com)