



The power of trust in a digital world

360 by Deloitte

The last few years have tested, and changed, the way in which we live, work, and move; our relationship with government and employers; and, in some cases, led to a revolution in the way we interact with one another. Organizations continue to evolve their strategies in order to operate in an increasingly digital world. But with the rise of misinformation, cyberattacks, and waning trust throughout institutions, it's imperative to ensure trust is built into every interaction with stakeholders. Mike Cherny, senior lead for the Deloitte Centre for Trust, and Sandra Sucher, internationally recognized trust researcher and co-author of [The Power of Trust: How Companies Build It, Lose It, Regain It](#), discuss how you can put the concept of trust to work across all your organizational strategies.

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Participants:

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MC Good morning, and welcome back. I am thrilled to be kicking off day two of 360 by Deloitte with a topic that I am passionate about: trust. My name is Michael Cherny, my pronouns are he and him, and I'm the senior lead for the Centre for Trust here at Deloitte Canada. I've had the privilege and pleasure of studying this concept of trust and the future of trust, and support clients across the country and around the world in operationalizing trust as an asset for how they do business and how they run this country.

An important moment I want to take before we dive into this day is to acknowledge that I am currently situated on the traditional territory of the Mississaugas of the Credit First Nation, the Anishinaabe, Chippewa, the Haudenosaunee, and the Wendat peoples, and I'm also on Treaty 13 territory. There are many Indigenous people who continue to reside on this land, and because we're in a virtual environment, I encourage everyone attending to also acknowledge the land that they are currently situated on across Turtle Island.

As a settler, I would also like to thank the First Nations for allowing us to live and work on their land and for sharing in their teachings around trust with me throughout my journey. It's been an honour for me to learn from you.

Now, a few notes about the session today. There will be simultaneous translation offered throughout; there's a separate link for that. We will also have a Q&A period at the end of the session. To send in your questions, and I please encourage everyone to do that, see the Q&A window on the right side of your live stream screen. Just type in your questions and click on Save and don't wait for the end to send those—send them throughout.

I would be remiss to start this discussion without answering the elephant in the room: why trust is so important. Well, when I first began this work with the team, we were focused on the notion that organizations were ready to put purpose above profit. But what we had never anticipated was that only six months later, a global pandemic known as COVID-19 would strike. And so, as a result, we have been tested and changed in the way that we live, the way that we work, the way that we do both simultaneously from our home offices.

Our relationships with government and our employers and employees have shifted dramatically. The way we work, the way we shop, the way we celebrate, have all been revolutionized. But with the rise of misinformation, cyberattacks, and waning trust throughout institutions, building trust into every interaction with every stakeholder has become increasingly important. Now, here at Deloitte, we've been on a journey to finding the future of trust for just over two years now, and COVID highlighted for us the importance of understanding how stakeholders, folks like you and I—as employees or employers, suppliers, customers, and citizens—engage with organizations and government, and how trust is built and lost in that interaction. It led us to define four human dimensions of trust that are our scorecard and upon which our expectations of trust are built.



Those four dimensions are physical trust, emotional trust, digital trust, and financial trust. And here with me today to explore the digital trust dimension in more detail is Sandra Sucher. Sandra is a professor of management practice at Harvard Business School, and an internationally recognized trust researcher. *The Power of Trust: How Companies Build It, Lose It, Regain It*, that she co-authored with Shalene Gupta, is her third book.

At Harvard, Sandra studies how organizations become trusted and the vital role that leaders play in the process. She's authored 110 business cases—of which I've probably read around 50 of them so far—technical notes, video interviews, teaching notes, and, of course, the three books. Sandra's on the advisory board of the Edelman Trust Institute and has collaborated with us since day one at Deloitte on TrustIQ™, a proprietary tool that measures key elements of trust in major corporations and public sector organizations. A business executive for 20 years before joining Harvard, Sandra was a senior executive at Fidelity Investments and In-Fashion Retailing, and she also served as the chair of the Better Business Bureau.

Sandra is a key advisor on our journey, and we've invited her here today to talk about trust, to share examples from around the world and how it translates through all of these dimensions, with a particular focus on the digital realm.

Now let's dig into how you can put the concept of trust to work across an organization. So, without further ado, Sandra, welcome.

SS Thank you.

MC You famously said to me when we first met, "We always have to start a discussion on trust by defining it." I don't know if you remember saying that to me.

SS I do not.

MC So, let's start easy, eh? It stuck with me, at least. How do you define trust for organizations and make it something that can be put to work across the organization?



SS Yeah, so, Michael, thank you so much. Every time I hear about those 110 business cases, it's kind of like, did I do that? You know, there's always this weird moment when you're being introduced where you have to kind of say, "Gosh, that sounds pretty good. I would like to know that person." So thank you, I'm delighted to be here and to talk with you all about trust.

So, if Michael's passionate about this, I'm passionate as well, and here's why. Trust really makes a difference; it's probably the most powerful force in business. And historically, we've always treated it, I think, as kind of a nice-to-have but without any sense that we could do something about it. So wouldn't it be great if we could all be trusted by our customers, our employees, our investors, and the like? And so I set out to do some research to try to figure out, I call it giving trust a spine, to try to make it something that's operational that a business person like myself, like you, could do something about.

So here's a definition of trust: Trust is a willingness to be vulnerable to the intentions and actions of others. So now, that's, you know, when I've read that, that's an organizational behaviour definition of trust. There's a big literature on trust in terms of our academic literature. And so the key idea for businesspeople is this notion of trust as vulnerability. So, we trust organizations to do things that we can't do for ourselves. And because we then—when we trust, we give organizations power over us—we start to worry about trust, kind of in a moral domain and not just sort of can people do what it is that we had hoped that they'll do for us.

So if you think about trust as vulnerability, it helps you start to understand that if you're going to work on trust, the person whose perspective on this matters is your stakeholder. So, you know, it's great that you feel you are trusted. It's kind of not the point. Trust is a judgment that other people make of us, and so it automatically puts the shoe kind of on the other foot and you have to start saying, "OK, I've got stakeholders. I wonder whether or not they trust me, and if so, how much and for what?"

So that's the definition of trust. I think one other comment is that if you think about trust as vulnerability, it also explains why trust is kind of a hot concept right now. So, people don't just think trust, they feel trust. And when they're disappointed in the company, they're not just disappointed, they are betrayed. And so that makes this a particularly important terrain to get your arms around. Because if people are going to feel something about your business, you're going to want to help make sure that those feelings are positive ones, and to figure out what to do if they're not. So that's a definition.



MC I appreciate that. I always say trust can make or break a strategy. And I think especially when we're talking about the digital realm, we often talk about innovation, right? So how do we start innovating more and more, especially as we're making our way out of the pandemic? A question for you then on that is: Do you believe that trust removes the fear from innovation, or does it help to almost spur adoption instead?

SS Yeah. So, I would say that trust is a precursor to being willing to let a company innovate in your space, right. And so, I study a company—I'm writing a case about it now, my 111th case—and...

MC Look forward to reading it.

SS Right, right, right. And this is—so, we're in virtual and we'll all here talking about post-pandemic reality. This is a fintech company in Kazakhstan—a funny place to go study anything, quite honestly. And a colleague of mine had first discovered this company. And so, just very briefly, in 2014, there were some problems with the currency in Kazakhstan and at the time this organization was really pretty much just a bank. And you know, customers started lining up outside the physical bank to get their money out.

And the, you know, I didn't even know that there was such a thing as a modern-day run at a bank because this is something I think about historically. And so the CEO of the bank, he decided to do some pretty unusual things and very much around the notion of trying to become trusted at this moment of distrust. So, the first thing he did is he made sure that they weren't charging any fees or commissions for withdrawals. He said, "People are worried about their money; we're not going to put a barrier up between them getting money out."

He also made sure that there were no limits on the amount that people could withdraw. And so, what they did is they literally flew planes with cash around Kazakhstan to the various branch offices to make sure that people could get their money. And so the senior leaders, with the exception of this guy—I'll tell you why in a minute—were outside, they were serving coffee and tea to the people as they were waiting in the cold winter in Kazakhstan to help them get their money out.

So, the CEO went on TV and he showed us this—he said the reason that there was a run on the bank is that there was a rumour that he had made off with the cash from the bank.



So, he showed a picture of the kind of social media saying that, he said, “I’m here. We’re giving you your money.” And, you know, within 72 hours, the run on the bank was done. About 10% of their deposits were withdrawn, but no more than that.

And so, it was at this point that this guy said, “You know what? We don’t want to just be profitable,” which they were, “we want to be loved. We want to be the kind of place where people can depend on us as a business and know that we’re there for them.” And so they set out to develop, it turns out, a suite of products. So, they’re a pretty interesting business at this point. They are a fintech, meaning a bank; they have a digital payment platform that they created. They built a marketplace and they also have what they call govtech, which is a way that you can interact with the government, pay your taxes, and do other kinds of things.

And so, as they started to build this, they did one thing that I think is a really interesting tactic for dealing with trust among customers, and they started to really try to work with the Net Promoter Score®. So they said, “How do we know if we’re trusted? Trust is a judgment other people make of us.” And so, it turns out that they ended up setting up a separate department for this that didn’t have anything to do with product development.

And he said, “I didn’t want them to have anything to do with product development, because then they’d start worrying about how hard it is to fix things.” And so they listened to 40 thousand calls a month. They called their customers, their clients, who have had an interaction. They asked them one question: Would you recommend Kaspi—and if so, why, and if not, why not?

They then had a team of people whose job it is to record these calls, interact with the customers and categorize them, shoot them out to the product areas to work on. And then the way he got people to kind of go this path, is that he took some of these calls and he played them in meetings. He played them first with his senior leadership team and then with each of the groups and then another 100 people. They’re not a very big organization. And at the end, there wasn’t much of a debate. “OK, this is a good way for us to understand what other people think of us.”

And I’m telling you this story for two reasons—one I’ll get to in a minute—but the main point here is that you can do something about trust, right? So there are two stories. One is you can manage, you know, a trust breach in a way that shows that you care about other people and not just yourself. And make it very clear through the policies that you set, the way that you respond, that their interests matter to you. And then you can make that an ongoing part of the way that you do business. And so, that’s the way that I think, as businesspeople, we can give trust a spine. So it becomes more than just an aspiration. This is a way that we actually and actively say, “Who are the stakeholders that matter to us? What kinds of things are we doing with them and how do we know whether or not they trust us?”



So, that's the sort of long story. The shorter story is that the CEO here, Mikhail Lomtadze, he has a saying, and he says that, "Customers will only trust your next product if they trust your current product." And so, you know, he has been able to grow, literally, each of the—you can imagine all the different technologies involved in the things that I just talked about—a payment platform, marketplace, govtech, and fintech. And each time, the only reason that he thought they had permission to proceed is that people liked the prior product.

And so, that's how innovation connects with trust.

MC Interesting. The permission to innovate, that's such an interesting way to look at it as well. There's so much to unpack there, Sandra. I mean, we talk often about trust being human, right? It's as you said, it's not just you broke my trust, you betrayed me, but why would I want to bank with you? Why would I want to use your products? I find it an interesting question to ask in terms of where does it become a line of necessity? I need to bank somewhere.

We often talk in Canada, in some industries—especially those that are more of a monopoly—that it's choosing the less of the evils. But there's also that I want to bank with you. I trust in your strategy. I trust you're going to protect my information, which we often talk about in the digital world as well. And I think it's so interesting because there are organizations, and especially, you know, we did a study years ago, back in 2019, that ranked different industries and found that social media companies and technology—fintech, no, more of the tech space, especially emerging—was one of the least trusted. It's actually at the very bottom of the list with mining.

And yet, you know, I looked last week in the news and a very prominent social media company announced the new digital wallet. And my hypothesis as soon as I saw that article was, I don't think there's going to be tremendous adoption because I don't think that they have the trust of the users at the moment to go beyond what they deem to be the necessity into this new space of innovation and adoption of technology. I find it very interesting, your example from that Kazakhstan organization that really put in the work to build trust into action.

Now, curious to get your thoughts. We often debate, internally especially, around Net Promoter Score, and it was really the—that was the kind of catalyst for the birth of TrustIQ. I was a big proponent, and certainly the whole team was, to say, "You can't just focus on your customers." as well. So, curious of your thoughts. You know, we talk about balancing the needs of all stakeholders—how have they navigated that? Or have you seen any organizations do that in a really successful way?



SS So, that's an excellent point. And with respect to just briefly the monopoly issue. So at this point, 10 million of Kazakhstan's 18 million people use their super app.

MC Wow!

SS So you can be a monopoly and operate in the best interests of the people who depend on you. The fact of market power, that's a fact. How you treat your market power, that is a choice. And so, I think that it's just—it was a great reminder, because trust is vulnerability when we trust the organizations to do things we can't do for ourselves. So by definition, and we're in some space where it is that we have to trust organizations, but how people choose to use the power that we cede to them? That's where the management philosophy and values really show up in whose stakeholders you care about and not.

So, you asked about a company that does a good job in managing other stakeholders. And let me just say that managing trust is a process of managing and really figuring out how to prioritize and balance conflicting stakeholder interests.

So, you know, the world would be a great place if all I had to worry about were my customers, right? If I didn't have investors who cared about what I was doing and how I went about making money, and how much money I made if I didn't have employees with a huge stake, and whether or not I was going to be doing business in a way that they could be proud of, and the public, right? So we have the government officials, we have suppliers, and so trust is a multi-stakeholder game. And the art form here is actually trying to figure out how it is that you understand the perspective of these different stakeholders and figure out what to do in light of it.

So, here's an example of a CEO in a company, Honeywell, and the CEO was Dave Cote during the Great Recession in 2008 and 2009. So, like any other global manufacturer, Cote's business was going down in different markets at different rates and different products, and he knew he was going to have to take some kind of pretty major cost reduction in order to balance off the fact that he has actually a lot less revenue coming in. And so, he thought about obviously—the biggest pool of money available to any company at any given point in time is their payroll. And so the question was, what does he do about that?

And so, Dave Cote had spent two decades at GE, and he had already gone through two major recessions and had seen what happens when you do a big layoff, and he didn't like what he saw. But nonetheless, and so he decided to do furloughs. So they were between one and five weeks, and it depended—how long it was depended on the business and



the business that you were in. So this was not, we're all sharing pain equally—that's not a particularly business-like approach. It's like, OK, let's adopt this and only do as much as we need to. He did a ton of things to reduce costs before he took the furlough.

But here's the logic that he used. He said, if we're going to come out of the recession in good shape, the group that we really have to prioritize is our customers.

Because if our customers aren't satisfied with what we've done for them and what they think we can do, we are not going to be able to emerge from this recession in good shape. He said, but then, so we'll prioritize customers first, but then we have these other two groups that we need to balance. We've got investors and we've got employees. He said investors would just as soon we take the quick hit and do a layoff, and employees would just as soon that we actually give up on profitability altogether during a recession.

And he said, I'm basically not willing to do either of those two things, so I'm going to have to make everybody a little bit less happy than they would be otherwise, but at the end of it, I know that we're going to come out of this recession looking pretty good. And he took care of one other stakeholder group, his suppliers. And he actually had each of his divisions put in advance orders with suppliers, and they basically said, "Look, as soon as business picks up, here's the order you can expect from Honeywell."

And so, suppliers are hurting during the Great Recession, so now he's got four different groups that he's balancing. They come out of it in truly remarkable shape. They end up with total stock returns between 2009 and 2012 that were literally 20 points on top of their nearest competitor. But the bigger issue is that they had an intact workforce, they had products that they could deliver, they had suppliers delivering the components that they needed, which we're all very sensitive to right now, and investors actually, really, as you can tell, supported this.

So, that's what it looks like to manage trust. Another example, where you're taking the interest of all these different groups and really using a judgement about sort of what it is that you want to do for them and how much you can do to make sure that people are the least hurt possible and who do you support.

MC Well, and incredibly relevant throughout COVID as well. I mean, I certainly—I had you in my mind, especially last summer, as I was advising organizations about trust through the pandemic. When we talked about the workforce and how do you manage the costs? How do you look at your suppliers and, frankly, keep them afloat, especially during that time? And you know, every second word that I hear these days is, you know, supply or supply chain. It's front page at every newspaper around the world: supply chain issues, supply chain issues. You can't, you can't forget about your suppliers as well.



SS Yeah. Yeah.

MC One of the things I think about often as well is how trust—and this is, you know, a lot of conversations I have with CEOs or boards—trust is built in every moment. And they say, “Well, how is that possible?” Well, I go buy a coffee in the morning and, I’d say, I walk into a coffee shop that prides itself on being, you know, sustainable or giving back to the community, looking at alternative sources, or, you know, plant protein, all that good stuff. And I go and I order a coffee and I say, “Can I get some almond milk in that?” So, great, it’s going to be an extra dollar.

In that one moment, my trust is broken. Not because, you know, I can’t afford the extra dollar for my coffee, but because if that’s not aligned with their strategy, they’re not living their purpose. And that, to me, is a moment where my trust is broken. That’s such a small example, and you take large examples like cyber breaches where, you know, data starts becoming leaked. And I say, “OK, well, I trust you with my data. I trust you with my identity. Now how are you going to handle that?” If you say, yes, we pride ourselves on being a trusted organization with, you know, robust plans and strategies, if you’re not living that every day in every interaction, trust will continue to be broken.

So, you know, when organizations—and we look at digital trust, especially now, stakeholders, regardless of company size, lack of face-to-face interaction. It’s becoming really difficult to form strong relationships that are so critical to building trust, especially because it’s human. What advice would you have to all the folks on the line in terms of how they can start to look at trust differently in the digital realm and how to build it in a very sustainable way?

SS I’d still—I’d say two things. The first is a generalizable principle about trust. How it works based on our research, is that trust is built from the inside out, right? So, we usually think about trust as reputation. Reputation is a view that other people have of us. And what we have found in our research is that actually that reputation is built on the work of people, and it’s people who produce the work that create the reputation. So, let’s take an example of getting your COVID vaccination.

So here’s a moment when we are all tremendously vulnerable to the pharma companies that produce the vaccine and how that has worked. And as they do that, you know, we’re thinking about trust in some very particular ways. We’re worrying about whether or not they have our best interests at heart, and we’re in particular thinking about all the hands that that vaccine went through when it went through its process: the people who designed the vaccine, the remarkably intricate process of pharmaceutical manufacturing, and the distribution.



And you want to think when you're vulnerable in that way, that every hand that touched that process actually felt pretty good about the company it worked for, right? That these were people who actually were living their purpose, as you said, and who were being treated in a way that allowed them to trust the organization that they were working in. And so that was how we end up with the vaccines that work, where we—actually no side effects, someone tells us about that in advance—and where we begin to have some confidence that this is going to work.

But you can also see in this example that trust is in the eye of the beholder. So different people have different reasons for trusting. And so, I don't know about the debate over this in Canada, I can certainly, you know, report from the United States that the debate over vaccine efficacy, safety, is very robust. And that's because different people trust for different reasons. So if you're asking how to build trust in an environment where you're not actually in touch with people, you nonetheless need to have an engagement process that allows you to begin to understand what people are thinking about. And then you need a process to actually recover lost trust, and that, as you and I know, is a whole separate question.

MC And we'll get to that as well. I agree—I mean, the vaccine discussion, the pandemic in general, certainly highlighted, especially in Canada what I've seen, and ignited a huge conversation on trust, conversations around health equity, and I think more recently the credentialization of our vaccine. That's opened up a world of complexity and trust is underpinning all of it. I mean, I certainly spend a lot of my time these days focused on stakeholder communications. You can have the most trustworthy organization or trustworthy plan for vaccine distribution; if you're not effectively communicating that in a way that meets your stakeholders where they are, you won't be building trust. And so what does that mean—and start to unpack that with my clients.

I want to turn our attention—we have a question that came from the audience. If you choose as an organization to reduce FTEs and dramatically impact the culture and trust, how long does it take for you to recover the trust of the teams in general?

SS So there's actually some research on that, and a good question, a very business-like question, which is if I'm going to take a hit, how long a hit is it? It turns out that people who look at the financial effects of layoffs have estimated with data that it takes about three years for you to recover from something like a layoff. And that's because layoffs are a genuine trust killer, right?



MC Sandra, how do they define “recover”? Because in my view, I would think that in that period of time, you lose the passion, the innovation, the momentum that might exist with your current workforce that’s working together, or does it help to provide a reset? You know, I wonder if there are short-term, long-term implications of that that have actually been measured as well.

SS Yeah. So you’re exactly right. And so, what happens is that all of that loss of momentum on innovation, people’s unwillingness to come and work for you as an organization, the loss of specialized knowledge the people had. You didn’t know some guy worked on a project that all of a sudden when he’s gone, that project’s not going to be completed. Productivity goes up because people are afraid of losing their jobs; safety and quality goes down.

So there are a whole series of things that are known about the effects of layoffs. And quite honestly, if I were in a business, I would do pretty much anything I could do to avoid doing it. So the measure that these researchers used was actually profitability. And they compared the profitability of companies that had done layoffs with ones that had not done layoffs. Same industry, using comparable factors of analysis. And what they found was that you have about a three-year profit overhang where, because of all of these disparate effects throughout your organization, you’re going to struggle more than someone who didn’t do a layoff.

So—so it really was one of the most surprising parts to me of that literature because, you know, as a businessperson, I certainly was involved in that when we were at Fidelity, and so I’m no stranger to executing these. And it was surprising to me that for something that we do with such little—not little consideration, but relatively little—consideration, because it’s a standard practice, that it actually is so damaging.

MC Yeah. And I think if I remember correctly, you published a great article in *Harvard Business Review* on that.

SS Yeah.

MC And you’re the, you know, it was sort of during the pandemic, because obviously sitting back you’re watching this all happen and I can only imagine you’re yelling at your screen saying, “Don’t do that! Don’t do that! It doesn’t make sense. You’re going to regret it.”



SS Yeah.

MC I do recommend everyone check that out as well.

SS Yeah, we also have an article that I suggest, it's called "Layoffs That Don't Break Your Company." And it's an article where we pulled together this research and we show you company examples and build out a strategy for how to think about workforce change under different conditions.

MC Yeah.

SS Yeah.

MC Thank you for that. Another great question that came to you from the audience, and certainly very topical as I hear this also—it's another key word—every day, around climate change. So how does a company get stakeholders, employees, investors, etcetera, to trust that their net-zero climate change statements are genuine and not just platitudes to appeal to stakeholder expectations?

SS Yeah. So, climate change is a really hard issue to be judged on because you're basically asking people to look into kind of a black box of records that you keep, data that you measure, comparisons that you use, investments that you do, and essentially to trust you, right, that these things are going to add up to some consequence that you say is net-zero for the environment. And I think that if I were working on that particular issue, I'd use the principle that a colleague of mine talks about. He calls it operational transparency. And it's a way where you start to show to people how is it that you're actually doing these things.



So not what am I measuring, but how am I measuring and how am I determining that the consequences of my actions actually are as I say they are? And so, if you could help your stakeholders understand some of the how and not just the what, I think that that would actually help them begin to understand why you're confident in making those statements. Because, you know, that's really a question of your motives. Are you just sort of saying this because you think it sounds good, or do you actually believe what you're saying in a way that's credible?

So—and most of the people who are making these statements do have a foundation for making them, but it's a question again, I think, of building trust through letting people see some of the how it is that you've come to your conclusion.

MC Yeah, and I agree wholeheartedly. I mean, a lot of what I'm seeing as well is organizations are coming out and saying, "Yes, we have net-zero climate change statements, initiatives, promises, but we have no details on that yet. Stay tuned. We'll release our details in two years." And two years feels like a very, very long time to individuals. And it is. You know, a lot can change in two years. Obviously, two years ago, we never imagined the world to be the way it is now. And I see that to be, you know, and certainly from my expertise around trust, not a trust builder. You know, you don't really get any kudos points for putting a statement out; it's more so now, OK, show me the action behind it.

SS Yeah. Definitely.

MC That's where the tangibility comes in.

Cyberattacks are absolutely prevalent. Ransomware, cyber breaches, data released on the dark web. We've seen insurance costs increase. I personally, in some of the organizations I work with, over 150%. I think generally the trend is over 100% over the next few years. It's become a matter of if, not when, a breach will occur. And so my question for you is: based on your work, and I know you've done quite a bit around how to structure an apology, what makes a good statement? Obviously we're talking about statements here—how should or could an organization respond if a privacy breach occurs and customers or other stakeholders lose trust as a result?



SS So the first rule is you should respond sooner than you think you should. So, I was looking at one very large data breach in the United States, and it was two weeks after the company felt that it had kind of its ducks in a row, they understood what had happened, that they said, “Well, now we’re in a position where we can communicate.” That is not a way to build trust because no one knows what’s happening during that two-week period of time. And if news reports are coming out about your breach, then you all of a sudden have created an opening for people to lose trust with you because why aren’t you talking with them about these things?

So timing matters just to begin with in how it is that you think about this. And then, you know, as Michael said, there is like a science to apologizing, and I’m going to tell you three tips. You can use these at home with something where you’ve messed up as well as in business, and it’s pretty foolproof. So here’s the formula. The formula is—the first part is that you have to acknowledge the harm and say you’re sorry.

Now, for most businesses, that is ruinously difficult to do. We’ve got lawyers helping us, and I believe that this has got to be a collaboration between you and your legal council and your boards about how it is that you apologize. But nonetheless, you have to acknowledge that harm that you created has occurred and that people have suffered as a result and that you’re sorry for what you’ve done. And so that starts to rebuild trust because then people go, “Oh, OK, they live in the same world I live in. They know they’ve done something wrong and they’re telling me,”—and use these words—“I’m sorry.” So don’t say “We deeply regret,” don’t, you know, I’ll come to a second sort of thing you shouldn’t do.

So, the first thing is you do have to acknowledge harm and apologize, and you have to do that way sooner than you think you should. And as businesspeople, you know, that goes against the grain. But if you’re trying to build trust, rebuild trust, that’s a goal unto itself. And so, the trick here is how to balance that goal against some of the other things you’re trying to limit like liability and other concerns.

The next part of the explanation—the next step is—so it’s acknowledge and apologize. The next step is explain. So people want to know, well, what went wrong and how did it go wrong? And here, cyber is particularly tricky, right? Because on the one hand, you don’t want to say so much that you open yourself up to hackers kind of coming in and going, “Oh, OK, that was the back door they used. I get it, OK! I can do that too.” And on the other hand, you do have to say what happened in words that people understand.

So, I was reading another apology, and it said that a bad actor came in. And I’m thinking, no, it’s a criminal, right? You don’t need to kind of make that—like, you don’t need to use kind of common folk language around this. You’re not a politician. This is an illegal act that someone’s done. They’ve taken information that they don’t have a right to. So, a criminal came in. And then they say, “And, you know, we really let ourselves down.



We didn't live up to our high standards for how hard we're working in order to make sure this doesn't happen." And quite honestly, the explanation is not about you, it's really about the perspective of the other person.

And so, as I read this particular situation, it was like, a criminal came in, they found an access point that we had not discovered ourselves, and they were able to access our data, your data, because of that.

MC And if we're thinking about the same example that happened recently, this bad actor was also a 21-year-old...

SS Right.

MC ...that gained access to 50 million individuals or individual data points.

SS Right, right.

MC That seems like quite an egregious, you know, breach in a lot of ways.

SS Right. And the people, the news accounts around this breach, basically said—and the hacker himself, he said, "Their security is terrible."

MC Yeah, it wasn't hard.



SS He said, “I should not have been able.” He was using, you know, software that’s available on the web to allow him to go in and to make continued attacks. So, you acknowledge and you say you’re sorry, you explain. And then you have an offer of repair, right? So the last step of this is people really need to hear what are you going to do to try to make this better?

And here, in particular around cyber, it looks like it’s really important to make sure that people understand, number one, what it is that you’re doing. So, in this particular case, they talked about linking up with a well-known firm that works on these issues and with a good consulting firm to help them deal with that. And I think that if you knew those companies, that would be reassuring. But most people will not. And so, you have to describe the nature of the work that you’re going to be doing and what it is that you’re trying to do actually in terms of the steps you’re going to follow to try to make sure this breach doesn’t happen again.

And so, the offer of repair. And the other thing in cyber that’s very hard is you do have a moment where you need to tell people, “Here are things that you can do in order to protect yourself and your data.” And it’s really important here to make sure that the balance is on the stuff you’re going to do to try to make sure this doesn’t happen again. Because when I went into the affiliated websites, the big message was, “Here are the ways that you can protect your data,” and I’m thinking, “Well, but you guys exposed my data—I didn’t do that.”

MC It wasn’t my password that caused this.

SS Right. Right, exactly. So, I can change that every two months, every two weeks, but if you’re going to have some back door that someone can get in through, you know, that’s your problem and not mine. So those are the steps. Acknowledge harm, say you’re sorry, explain about what happened, and then make an offer of repair. And I think the overall message here is that no one really cares at that moment how you feel. So this particular stream of apologies was full of—we’re humbled, we’ve worked 24/7 to try to get on top of these things, this was the most disappointing event we’ve ever experienced in our lives.

And if someone has just done something to betray my trust, I don’t care about them. End stop. So there are some things that you say inside an organization to acknowledge how you’re all feeling, but you don’t necessarily need to or should share those on the outside, because they’re not particularly persuasive.



- MC** And the message that really comes through is, “Hey, Mike, don’t forget to update your password because we had this giant breach. But, don’t worry, we’re taking care of it,” without the additional details.
- SS** Right, right. So, I must say that for those of you who are managing this issue, it is complicated. And particularly the notion about how to explain what went wrong in terms that are clear but not obviously providing openings. But, you know, the classic mistake here is the statement, “Mistakes were made.” Sort of the passive, I don’t know who made them and I don’t know what they were. That’s why the explanation matters, but it does appear to be quite thoughtful work needs to go into that piece of it from a cyberattack.
- MC** Thanks, Sandra, very helpful. Very tangible ways to move forward. Now, we’ve got lots of questions coming in, and some that are focused around the future of work. And I know there’s a session later today that also captures that, but I do want to dig into these a little bit. So, some of the questions that have come in: what are common trust issues due to a remote work experience, and especially any advice that you have for leaders to be aware of with their teams as they navigate this going forward.
- SS** So, I think that, um, the remote environment, when you think about it, it depends on how you structure your time with your organization and the people in it. So, if Michael and I were having a conversation right now with the two of us on a screen—this is the way I work with my co-author—we can see each other, we can talk with each other. It’s not as great as being in person, but it’s actually pretty good. I think where it gets complicated on screen is when you have multiple people and you have to figure out exactly who is talking and how to manage that.
- So I have a colleague at HBS, at Harvard Business School, and he said he found that when he was on Zoom, he always tried to use speaker mode to allow the person who is speaking for their face to get big so that people can actually see who it is that’s engaging, and that that helped him. Because we teach in large groups, like 90 students. And so, if you’re doing that online, you know, that gets pretty hard to do. In a classroom, you can manage that, but online it’s hard. So I think there are literally some Zoom techniques. But I think we shouldn’t—I think that what I’m afraid has sort of gotten lost in all this talk about the future of work and being online, is just how important these one-on-one discussions are, and the fact that that hasn’t gone away even though you’re using a different medium to have them in.



And so—so, you know, I think that that would be kind of the first piece of advice that I would give, is just to make sure that you do that. And then when you're working with a group, that you have a handle on the technology that allows that to work pretty well. So I don't know how particularly profound that is. I have some other thoughts, but those are sort of the most immediate ones that come to mind.

MC No, appreciate that, Sandra. And in particular, in another follow-up question that came through on that, you know, we talk about leaders. Leaders showing up, leading from the front, you know, leaders eat last. There's lots of talk about leaders and lots of books on advice for leaders, but nothing that really captures this time that we're all existing in. And so, is there anything in particular that you would share for how leaders can build trust in this time? How they should show up? I mean, we know how they should apologize now and make good from their mistakes, but how do they perhaps lead in this time in a very trustworthy way? Any advice on that?

SS So, of course I have advice. And I think that right now, leaders need to demonstrate that they do understand the world that their organizations are living in. So, you know, if I have any advice to people, it would be to cascade down like a series of conversations right now. The first conversation would be with a direct report: how has COVID been for you? What's your personal experience been at this moment in time?

Then the second question is, how have we done in managing these issues? Grade us on a scale of 1 to 5, what worked, what didn't? And the last is, you know, what's one particular thing that we can do that would make your life easier and better for you as someone who works and who we care about?

And so, I feel like if people made those kinds of, you know, connections, and I'm talking the senior leader having those conversations, with that person's direct reports, you then can start to get a sense that this is not just something that "we're all in together," we're actually having really human conversations about what it means to be at this point in time. And then if I were a senior leader, I would have much more information on which to figure out what to say. Because right now, I think people are kind of—with very good intentions—sort of making it up, you know. And so, I feel like this is—you know, I'm so glad you're pressing on this, because this is such a particular point in time to manage around. And I think like any other point in time in management, first you need to get your arms around well, what's different now? And in order to get your arms around that, you have to start talking to people and figure out how it is that they see the world. So that's how I would think about that.



And then, you know, you do all the things that managers and leaders are really good at. But I would want them equipped with much more information than they have right now about what's going on.

MC Agreed. I always think back to this book that I remember reading in school, and it's probably, I don't know, middle school even, called *Generals Die in Bed*. And I always said to myself, "When I grow up, I don't want to be the leader that, you know, dies in bed, essentially." And I think COVID is a great example of that. And leading by example, as simple as that sounds, is one of the number one pieces of advice I give to CEOs—lead by example. If you are bringing your workforce back and that is your mandate, be back yourself. If you're saying work remotely, then work remotely yourself.

SS Right.

MC You know, really showcase that leadership. And... sorry, go ahead, Sandra.

SS I was just going to add one thing to that because I heard a story that may be helpful here. You also do need to set norms for how it is that you expect people to behave at this time. So, I heard a great story about a senior leadership team—and a member of the team was refusing to wear a mask and refusing to get vaccinated. And the leader, this was a good performer, it's not like the guy was a jerk, and the leader eventually had to tell him, "Well, then you just can't come to meetings with us when we meet in person because you're putting other people too much at risk by the decisions you're making. You're free to make those decisions, but we're not going to therefore allow you to expose other people to harm just because you've decided that's how you want to behave."

And so, that's like a particularly kind way to treat, like, a mandate. But I feel like that, at this point in time, is another challenge for leaders, is that leaders don't actually that often have to engage with people on exactly how they're behaving in certain dimensions. And so that is another thing that's quite different now.

MC Yeah. It's a lot more of an operational action that's required.

SS Yeah.



MC I always go back, you know, we talked about the four dimensions, four human dimensions of trust: physical trust, emotional trust, digital and financial. And we've talked a lot about digital trust today, but you can't ignore the others. And I think as leaders, the more you understand how those four interplay in your decision-making, how you can push and pull and lean in on certain things or be aware of experience because you understand these four dimensions, the more wholesome your kind of decision-making can be.

The time has flown, Sandra. Thank you so much. This has been a phenomenal conversation. You can understand why we are so passionate about this topic. Thank you to everyone for sending your questions in. Next on the agenda is a 10-minute networking break followed by our first breakout session stream. You can visit the Resource Centre to get access to Future of Trust materials, and watch for the link to the TrustIQ survey that I mentioned to get your own personal results. And that will be located on the home feed. Thank you again and enjoy the rest of the day.

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