WALL STREET JOURNAL BESTSELLER

THE Four Factors OF Trust

HOW ORGANIZATIONS CAN EARN LIFELONG LOYALTY

Ashley Reichheld WITH Amelia Dunlop

WILEY

Praise for *The Four Factors of Trust*

"Great Place to Work has measured trust by surveying over 100 million working people over the last 30 years. Without trust there is no engagement, satisfaction, loyalty, or happiness. In this book, Ashley and Amelia have built a trust bridge between the employee and customer experience that will create a durable outsized competitive advantage that benefits organizations and humanity."

—**Michael C. Bush,** CEO, Great Place to Work

"It's no secret that trust is on the decline around the world. Yet trust remains more important, even vital, than ever before. It is, in fact, the one thing that changes *everything*—a force-multiplier for inspired performance and greater well-being in everyone around you. Whether you're in the C-Suite or on the factory floor, you can lead in creating and extending trust to others. Ashley and Amelia's terrific book will show you how."

—**Stephen M. R. Covey,** author of *New York Times* and No. 1 *Wall Street Journal* bestsellers *The Speed of Trust* and *Trust & Inspire*

"*The Four Factors* has cracked the code on trust. This dynamic team articulates the critical role cyber plays in both securing and recovering trust, bringing to life the challenges faced by cyber alongside pragmatic suggestions to ensure a measurable, predictable, and actionable approach to building trust."

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"Trust is easy to destroy—and too many of us believe that it's hard to create. But in fact, a deeper understanding of trust shows this to be wrong. *The Four Factors of Trust* provides data-rich, actionable solutions. If you want to build a fearless organization with long-lasting trust and loyalty—for consumers and employees alike—this book will show you how."

—**Amy C. Edmondson,** Novartis Professor of Leadership
and Management, Harvard Business School,
and author of *The Fearless Organization*

"Trust is one of the most critical—and essential—issues facing organizations today. With trust, anything is possible. Without it, everything is difficult. *The Four Factors of Trust* reveals a new, research-based framework and measurement tool for earning trust from customers, employees, investors, and other stakeholders. Reading these groundbreaking insights, and showing respect, patience, and commitment, will be invaluable for CEOs and frontline supervisors throughout any organization."

—**Henrietta Fore,** Chairman of the Board and CEO,
Holsman International

"I often say that strong trust is forged from positive, consistent experiences first imagined through high expectations. With the stellar team, deep data, and helpful anecdotes that have shaped this book, I certainly expected to experience a helpful toolkit for evolving trust and I was not disappointed. I trust that any reader equally keen to elevate and evolve their brand will be delighted."

—**Suzanne Frey,** VP of Product and Chief Privacy Officer, Google

"We all know the importance of trust, but few of us really understand how to earn it. Thankfully, Ashley Reichheld and Amelia Dunlop are here to help. In this remarkably readable, well-researched, and actionable book, they reveal what it takes for individuals and organizations to establish reliability, transparency, capability, and humanity."

—**Adam Grant,** author of No. 1 *New York Times* bestseller
Think Again, and host of the TED podcast, WorkLife

"Today's winning companies put people and purpose first. Creating trust within a company is a critical component to being successful in that endeavor. In *The Four Factors of Trust*, Reichheld and Dunlop share with clarity and brilliance the best practices for gaining trust, and even share the methodology you can use to calculate your organization's 'trust score.' This powerful book is an essential tool for everyone working on transforming an organization."

—**Hubert Joly,** senior lecturer at Harvard Business School,
former Chairman and CEO of Best Buy, and author of *The Heart
of Business: Leadership Principles for the Next Era of Capitalism*

"What drives trust, and how do the most trusted organizations earn it from customers and employees? The answer is more complicated than you imagine. Deloitte's Ashley Reichheld and Amelia Dunlop unravel the mystery, and make building trust simpler, in this vital and pragmatic book."

—**Daniel H. Pink,** author of *New York Times* bestsellers *The Power of Regret* and *Drive*

"Read this important new book so you can help your organization measure and manage trust—one of the most vital ingredients for building relationships that are worthy of loyalty."

—**Fred Reichheld,** creator of the Net Promoter® Score and System, and author of *Winning on Purpose: The Unbeatable Strategy of Loving Customers*

"Reichheld and Dunlop have crafted a compelling data-driven narrative that delves deep into the intricacies of trust. Packed with rich case studies, this book breaks down the complexities of what it means to build trust as an organization with wisdom and humor. Don't miss it."

—**Sandra Sucher,** Professor of Management Practice at Harvard Business School, and author of *The Power of Trust*

"Nothing is more important to business success than building trusted relationships with all your stakeholders. Every organization can benefit from reading *The Four Factors*, a thoroughly researched, comprehensive guide for creating a deeply rooted culture of trust."

—**Amy Weaver,** President and Chief Financial Officer, Salesforce

The Four Factors of Trust

The Four Factors of Trust

How Organizations Can Earn Lifelong Loyalty

Ashley Reichheld with
Amelia Dunlop

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For our families

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Introduction

Learning to ride a bicycle is an act of trust. We trust that pumping on the pedals will create enough momentum to carry our weight forward. We trust that whoever is encouraging us will hold on to the back of our seat just long enough for us to gain confidence. We transform ourselves into a person-who-knows-how-to-ride-a-bicycle from a person-who-does-not by trusting the people around us, trusting the two-wheeled machine, and trusting our own ability. And then we feel the sweet thrill of accomplishment just long enough to ride our brand-new red bicycle into the rosebush, whose thorns break our fall. Our lives are full of moments where trust is easily given, even more easily lost, and then painstakingly rebuilt, sometimes at great cost.

As leaders, we have seen this cycle play out too often in organizations where trust is quickly given and quickly lost. It turns out that humans are effortlessly good at losing trust and really bad at rebuilding it. We know this from personal experience, but more on that later.

This is a book about building trust. We are passionate about the topic of trust because it creates the types of relationships we want to build, the type of organizations we want to belong to, and the type of world we want to live in.

We are passionate about the topic of trust *because it creates the types of relationships we want to build, the type of organizations we want to belong to, and the type of world we want to live in.*

We aren't going to try to prove to you that trust matters. We *trust* that you get that already from your own personal and professional experiences where you have gained and lost trust—where you have fallen off and gotten back on your own red bicycle. Instead, we want to offer something different. We want to offer clarity about what you can actually *do* to build trust as a leader for your organization, and the impact that can have on other stakeholders in society.

Our goal is to help leaders measure trust, predict trust, and act in ways that build trust because we believe that trust is the path to loyalty.

There are as many ways to measure trust, benchmark it, score it, and put it on an index as there are definitions of what trust actually is. There are measures of social trust, customer trust sentiment, and trust that makes for good public relations campaigns, to name a few. Pew, Edelman, and Gallup are all noteworthy institutions that have studied and written about the loss of trust. We'll share some of their conclusions too. However, much of what has been written previously looks through a rearview mirror to help explain why trust broke down *after the fact, after the bicycle rider landed in the rosebush*. Our aim is to help organizations to move *forward*.

We wanted a measure that was both meaningful and actionable in approaching how trust impacts human behavior—something that would help leaders of organizations not just to understand trust, but to build it leading to positive outcomes. We couldn't find that measure, so we created our own.

Whether you are reading this because you are curious about the topic of trust, you are a leader in an organization wrestling with how to grow trust with your customers or workforce, or you are an academic deeply committed to the field of trust, we hope that you walk away with an understanding of the following:

- The components of trust, what we call the Four Factors, are correlated with measures of loyalty, including Net Promoter Score (NPS), and are the path to building loyalty. You can—and should—measure trust with customers as well as workers.
- Trust leads to meaningful financial outcomes for organizations.
- We can both predict trust based on actual behaviors and predict those behaviors based on trust scores.
- Using these predictions, we can take concrete steps towards building the trust we so badly need in our organizations and society at large.

In the fall of 2018, we were both part of a leadership team that set an aspiration to Elevate the Human Experience (EHX or HX for short). At the time we thought the aspiration was lofty and undefined, but worth striving for. Now we believe that we elevate someone's experience when we acknowledge their intrinsic worth as a human and do everything in our power to help make their experience just a little bit better. We knew from the very beginning that you can't elevate anything if people don't trust you. If we could understand what builds trust, we could create individual experiences for customers, workers, and partners that increase trust and create better, elevated experiences over time.

We have spent hundreds of hours and millions of dollars with our research team studying *one question*:

How do you build trust?

We conducted almost two dozen in-depth interviews with trust experts. We have collected over 200,000 survey responses with customers and workers across nearly 500 brands. We conducted in-depth focus groups with fifty workers—with a particular emphasis on female workers and hourly/gig workers. We have spoken with organizational leaders who have excelled at building trust. We have worked with organizations directly to help them on their journeys to build trust. And we have studied famous and not-so-famous stories when trust was won or lost. We wanted to know: Why do customers trust a brand and become loyal to it? What actions make trust endure through difficult times? How do we build a culture of trust from the inside out, starting with our own workforce? What are the tangible long-term benefits of that trust? But first, before we get to these questions, let's define what we mean by trust.

What Is Trust?

Most people fall back on the "I know it when I see/feel/hear it," definition of trust. Or people cite a specific moment when they felt trusting. Even if you can't "see" trust, its presence or absence drives so much of the difference between a good experience with an individual or an organization and a bad one.

Here is how we have come to define trust: Trust is the promise of a meaningful, mutually beneficial relationship between two or more people. At a fundamental level, trust is what happens, or doesn't, between people and between organizations made up of people. And, critically, trust is the essential bond an organization has with all its humans—customers, workforce, and partners.

Trust is the promise of a meaningful, mutually beneficial relationship between two or more people.

Trust is built in moments of vulnerability. Sandra Sucher, a Harvard Business School professor who has published widely on the topic of trust, describes trust as the "willingness to make yourself vulnerable to the intentions and actions of others."[1] Most organizations and leaders seek to replace vulnerability with contracts, detailed terms and conditions, and other processes and legal vehicles for ensuring target outcomes are met. The less we trust, the less we are willing to make ourselves vulnerable, the more legal replacements we need and the more complicated our lives become. Customers and workers are subject to these contracts, and the balance of power sits with the organization, rather than with the individual. This makes trust for the individual even more important.

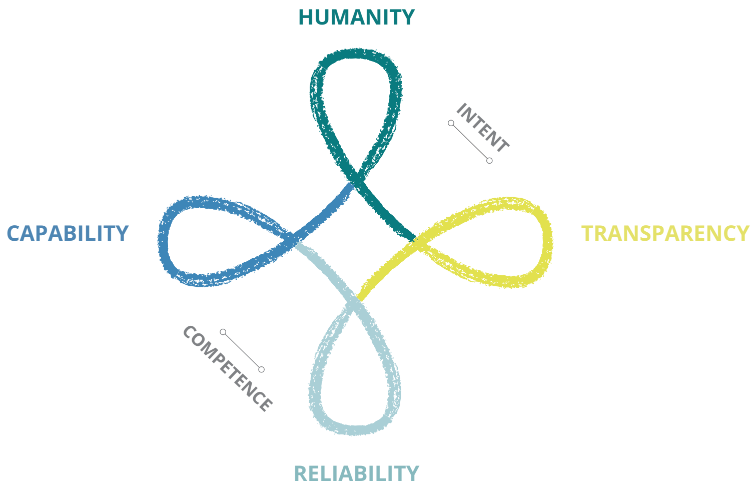
In business, trust means people engage an organization with a sense that their interests are being honored alongside the organization's interests. For example, customers believe the software they download from a trusted organization will be safe; when they download software, they are making themselves vulnerable (to malware, hacking, or unwanted apps) but trust—driven by previous experience—makes this choice more straightforward. Workers trust that their relationship with their organization means they'll be respected and appreciated *in addition* to being paid. Thus, they make themselves vulnerable psychologically and financially because they trust the organization to act in their interests as well as its own.

Trust always comes down to a relationship, no matter how fleeting. Some relationships are transactional. Others endure. It can be the relationship we have with ourselves (as in, I trust my future self to make good decisions). It can be the relationship we have with a single person, such as a colleague at work. And it can be about the relationship we have to entire groups of people in an organization.

Because people bring their messy human selves to work, lack of trust in one relationship affects trust in another. In this way, trust in our relationships impacts our general outlook on life. We see this in the effect intimacy has on trust. For example, the data from our research show that workforce participants overall trust "my employer" more than "business in general."[2] It's easier to understand something, and create a positive relationship with it, when you are close to it.

We trust a friend to consider our interests, treat us fairly, and offer respect—behaviors that honor our **humanity**. We trust an organization can deliver its promised products or services—we call this **capability**. We trust someone at work to be straightforward and honest, which means valuing **transparency**. And we trust the brakes on our bicycle will work as well today as they did yesterday, a kind of trust driven by **reliability**. We call humanity, transparency, capability, and reliability the *Four Factors of Trust*. We depict them as intertwined in an infinite loop, because each factor relates to the others and trust overall is only as strong as the weakest factor. (See Figure I.1.)

Taken together, these are the Four Factors that help us build trust before it is broken, and especially after it is broken.



Humanity and Transparency signal intent; Capability and Reliability signal competence

Figure I.1

Who Are We to Write a Book on Trust?

At this point, you are probably wondering: Who are we and why should you trust us? Good question. Ashley and Amelia (the "we" in this book) are trusted friends, colleagues, and collaborators who share a vision and a passion for elevating the experience of being human. We are both principals at Deloitte, the world's largest professional services organization, wives, and mothers. Neither of us are academics. Ashley has a degree in social psychology and gender studies. Amelia has degrees in sociology, moral theology, and business. Ashley's superpower is her curiosity and drive to solve problems, especially in the face of adversity. Amelia's superpower is her authenticity to show up with equal parts head and heart. When she is not at work, Ashley is most likely to be found with her partner and twins, building Lego at home or in her workshop, building the next pirate ship sandbox. Amelia is most likely to be found with her husband and three children on some new adventure or "experience," learning to parasail in Key West or fly fish in the river delta that divides Argentina from Uruguay.

For Ashley, experience is literally in the family, as she is the niece of Fred Reichheld, the author of *The Loyalty Effect* and the creator of the Net Promoter Score (NPS). For Amelia, best-selling author of *Elevating the Human Experience: Three Paths to Love and Worth at Work*, her journey has led her to explore the issue of human worth and love in the workplace. Together, Ashley and Amelia believe that while it is hard to do business without trust, it's *impossible* to elevate the human experience without it.

It's no secret to our teams that we started out on the wrong foot, with what we now would call a "trust deficit." We simply did not see things the same way and had different working styles. Ashley tends to approach her work with unbounded energy and enthusiasm, often back at her laptop at 6 a.m. working on the next challenge. Amelia feels and thinks deeply and needs space away from her laptop (preferably in the sun) to reflect and come back with a fresh perspective. Early on, well before the idea of ever collaborating on something as significant as a book on trust came about, Amelia felt that Ashley would push her too hard when she needed more time to breathe (picture a series of enthusiastic texts and emails in the morning before coffee). Ashley felt at times that Amelia was unavailable and frustratingly disengaged (picture those texts and emails going un-responded to for a day or more). Looking back on it, our working styles resembled a yin-yang or left brain–right brain duality.

While neither one of us can point to the exact turning point, both of us agree that building trust took showing up **reliably**, communicating with each other **transparently**, and demonstrating our **humanity** in ways that showed vulnerability. We never doubted each other's **capability** in the workplace, so there was a base of confidence in our skills as professionals. The story of our personal relationship is one of using the Four Factors of Trust to build a more trusted and enduring partnership and friendship. And while we work on it every day, it has led to this collaboration and this book.

Why Should You Care about Building Trust as Much as We Do?

There are three reasons why we believe you should care about learning how to build trust as much as we do:

- No matter how you measure it, trust is at an all-time low.
- Building trust is one of the most powerful ways to shape human behavior and elevate experience.
- Building trust leads to meaningful, long-term results.

The stakes for understanding trust have never been higher. Trust is on the decline. People today are less trusting of business, government, and brands and their products or services than they were twenty years ago.[3] What's driving this decline? Polarization in politics, social dislocation, changes in economic status, disruption in working life, the toxic side of social media, and reduction in social capital—all these forces have conspired to create suspicion and distrust.

High-performing organizations already know that building trust drives human behavior and leads to better outcomes. NASA focuses on humanity by sending their astronaut teams into the wilderness to struggle together, to be vulnerable together (to each other, to the elements), and ultimately to achieve together.[4] By forcing early and extreme vulnerability, NASA has learned that trust can be forged quickly and deeply, a requirement for ensuring teams work well when orbiting the planet 254 miles away from any other human beings.

And building trust drives results. We have seen in our research that customers who highly trust a brand are 88 percent more likely to buy from that brand again; 62 percent will buy almost exclusively from their trusted brand. And 79 percent of employees who highly trust their employer feel motivated to work (versus just 29 percent who feel motivated when they don't trust), and the majority of highly trusting employees (71 percent) aren't actively seeking other employment opportunities.[5]

What You'll Find in This Book

Part I: What You Need to Know About Trust

Chapter 1 introduces the Four Factors of Trust, including how they impact human behavior. We share a new measure for trust that organizations can use to understand what actions to take to build—or rebuild—trust.[6] We will also share how we tied trust to financial outcomes that matter most to organizations.

Chapter 2 examines some of the questions we wrestled with as we worked to create a more effective measure of trust. We talk about why expectations matter, how trust is fragmented, why trust is difficult to measure, and why it's so challenging to build.

Chapter 3 describes the link between trust and loyalty, and why you need to build trust to earn loyalty. We'll show you how to make choices to build trust, as well as where and when to take action when trust is threatened. We'll also share the story of how *The Wall Street Journal* intervened to build trust with their constituents.

Chapter 4 uncovers *how* winning organizations are winning trust, every day. We reveal the shared characteristics of the most trusted organizations and the relative importance of the Four Factors in different organizations. We illustrate data-based insights with stories of three different types of organizations who prove that building trust into a brand accelerates returns: "Humanity Leaders," like Cleveland Clinic; "Competence Leaders," like Energizer; and "Trust Winners," like Marriott International.

Chapter 5 will look at who still has work to do in the domain of trust. We will share data on the gap between how much brands believe they are trusted and how much their customers actually trust them. We'll also discuss the "Distrusted" cluster (brands with the lowest composite trust scores) and "Ambivalent Neutrals" (those organizations that are neither trusted nor mistrusted). We'll discuss brands in the same categories like the WNBA and Edward Jones, which have been able to build trust while others struggle to do so.

Chapter 6 examines the demographics of trust across workers and customers. We will discuss how lived experience—including identity—shapes trust, illustrated with stories from our own lives. We'll also share which customers and workers are more or less likely to trust, and how expectations and agency contribute to our willingness to trust.

Chapter 7 illustrates the virtuous circle of trust that organizations can create with the humans that matter most to their organizations—their customers, workers, and partners. We'll share stories of how companies, like American Express and Delta, work together to build trust.

Chapter 8 shares what we still don't know about trust, what we hope to learn next, and some of the things that surprised us along the way.

Part II: The "How-to" of Trust

Chapter 9 outlines how you can get started building trust both as an individual and as an organization. We will share how we are personally growing as leaders incorporating trust into our leadership philosophies and how we are applying what we learned to our own organization.

Chapters 10 through 15 are the how-to manual for creating and maintaining trusted relationships. These chapters will address challenges and principles for building trust at select organization domains, including:

- Executive Leadership
- Sustainability and Equity
- Marketing and Experience
- Talent and Human Capital
- Operations and Technology
- Cybersecurity

The **Conclusion** answers the question "How can trusted brands change the world?" It is our ambition to build trust to help organizations grow while also enabling them to elevate the experience of the humans they touch. We discuss who is accountable for building trust, and how trusted organizations can be a powerful force for good.

We know from personal experience that losing trust is easy and building trust is hard. We hope this book will give you practical guidance to help build trust in the individual and organizational relationships that matter most to you.

Part I

What You Need to Know About Trust

CHAPTER 1

The Four Factors That Drive Trust

In this chapter:

- The Four Factors of Trust
- The HX TrustID is born

David Kirby is an Associate Director of Strategy and Business at Ford Motor Company's Enterprise Connectivity group. He has devoted many years of his career to the topic of trust. David routinely kicks off workshops with an exercise that goes like this. First, he asks participants to write down their definition of trust. He doesn't give any further instruction, just a Post-it Note and two minutes to write. Then he has each person read their definition out loud. Someone might say, "Trust is making yourself vulnerable." Someone else might note, "Trust is currency." Or "I know it when I feel it." If there are ten respondents, David typically receives ten different definitions. He gets a few chuckles and knowing-but-uncomfortable glances as each person realizes that, as a team, they don't have a common definition for something as fundamental as trust. Then David hands them a new Post-it Note and asks them to write down their definition of reliability, which is one of the Four Factors of Trust. Same drill, two minutes. This time person after person says the same thing: "Doing what you say you are going to do." People struggle to define trust, but they are really good at defining the core components of trust, like reliability.

As our team set out to build a new, better way to measure trust—one that leaders like ourselves could act on—we knew we needed to understand the underlying factors that drive trust. And after 500-plus hours of intensive research, a thorough study of hundreds of pages of business and academic literature on trust, and countless regression analyses, we broke trust down into four components, what we call the Four Factors: humanity, transparency, capability, and reliability. It's much easier to answer the question "Does the organization demonstrate empathy and kindness towards me?" than it is to articulate the nagging feeling that something doesn't seem quite right.

The Four Factors of Trust

We have said that trust is the promise of a meaningful, mutually beneficial relationship between an organization and its stakeholders. And, at the individual level, we adopt Harvard professor and noted trust researcher Sandra Sucher's definition that trust is our willingness to be vulnerable to the actions of others because we believe they have good intentions and will behave well toward us. We believe the question for leaders who want to build trust is: What drives people's willingness to make themselves vulnerable?

At its core, trust is built when organizations make good promises, and when they deliver on those promises. We call these, respectively, intent and competence.[7] We demonstrate intent through being **transparent** and **human**. We demonstrate competence by being **capable** and **reliable**. These are the Four Factors of Trust.

In our research, the Four Factors describe nearly all of the variation we see in stated trust scores—79 percent—which means they are decisive in a decision to trust.[8]

The Four Factors are also *highly* descriptive of human behavior. On average, customers are **2.5 times more likely to perform positive behaviors**, such as defending or promoting the brand, choosing the brand, purchasing more, and spending more, when they rate the Four Factors highly. Predicting behavior to this degree is significant because it enables people to understand how to lead with the kind of behaviors that build trust and elevate experience. We can also quantify the impact of that behavior change (See Figure 1.1.) For example, across all of the industries we studied, **when an organization is able to move a customer's humanity score from neutral to high, the customer is nearly twice as likely to defend the brand against criticism, 1.7 times more likely to promote the brand on social media, and 2.6 times more likely to spend more with the brand versus the competition.**

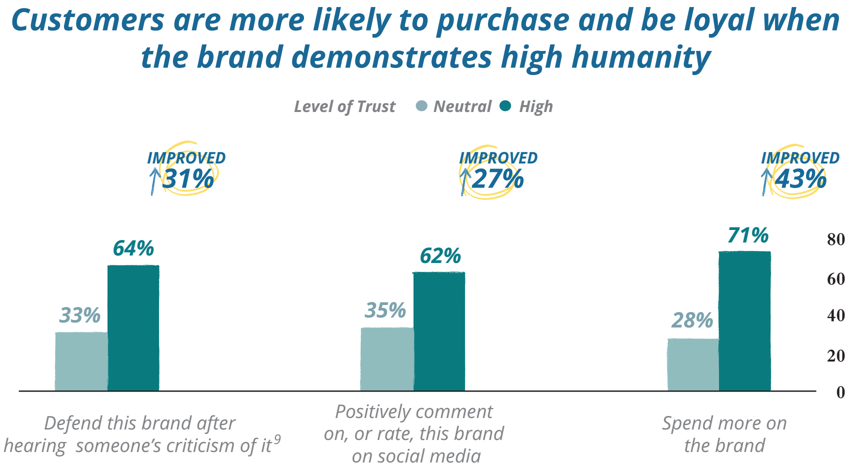


Figure 1.1

And while the relative importance of the factors may differ among industries (more on that in the chapters to come), the Four Factors themselves remain consistent across industries and types of stakeholders—customers, workforce, and partners. We can say with confidence that the Four Factors are the primary drivers of trust.

Humanity means an individual or an organization demonstrates empathy and kindness toward their customers and other stakeholders, treating everyone fairly.

Most customers and workers surveyed universally agreed on humanity's importance to building trust, regardless of demographic or industry.

In the decades of trust research that we have built upon, many have argued that, in order to be trusted, organizations must be benevolent, with a disposition to do good. Benevolence can also mean "generously giving," which seems not quite descriptive of the full range of business activities (corporate philanthropy notwithstanding). It's especially tricky to relate benevolence to the revenue and profit goals of business. We chose humanity because, by definition, humanity is the quality of valuing humans, marked by compassion, empathy, and consideration. Brands scoring high in humanity value people (and for some brands, extension of human needs like their environment) beyond the transactional relationship of trading money for products or services.

In our research, humanity is especially important in driving consumer behavior in the healthcare and the travel and hospitality industries—two industries that center on in-person interactions with frontline workers. We see this illustrated in the contrast between trust scores of nurses and doctors. Nurses are the most trusted profession and have been for years.[10] Doctors are also trusted, but they score fourteen points lower than nurses.[11] The difference is due to their different roles and behaviors in a typical healthcare system or hospital. Think back to when you were younger, going to see the pediatrician (or perhaps, your child's most recent visit to the doctor). Nurses are taught to be transparent and open, to feel and exhibit compassion for patients, not only in terms of medical treatment but also patients' physical and emotional comfort. They spend twice as much time in patients' rooms. From patients' perspectives, nurses supply about 87 percent of care time, doctors closer to 12 percent.[12]

Even the most compassionate and friendly doctor is in an environment that counts three nurses for every physician. These doctors simply have less time to spend building relationships and empathizing with their patients—or giving out stickers to pediatric patients—based on sheer volume of appointments in a day.

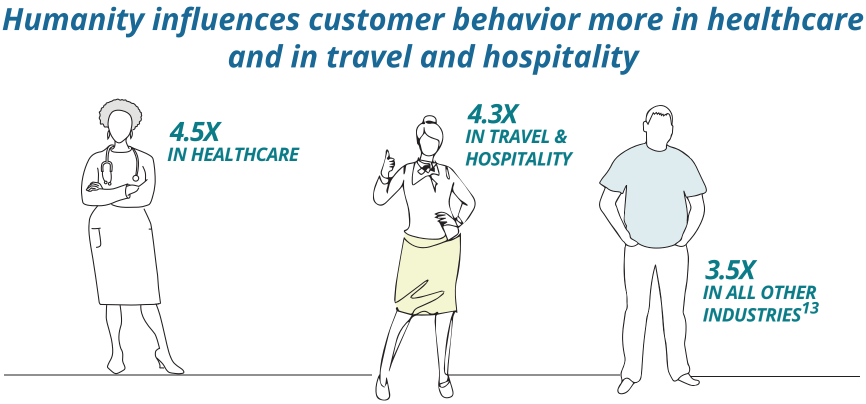


Figure 1.2

What is the benefit of humanity? (See Figures 1.2 and 1.3.) When an organization exhibits a high degree of humanity, a **customer is 2.8 times more likely to stick with that brand through a mistake, and a worker is one and a half times more likely to defend their employer after hearing someone's criticism.**

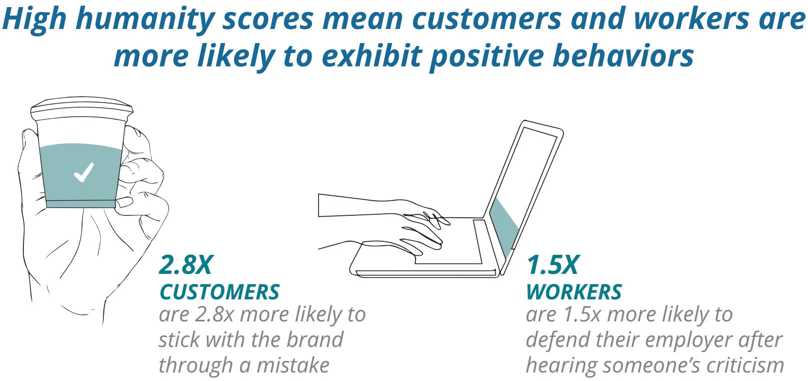


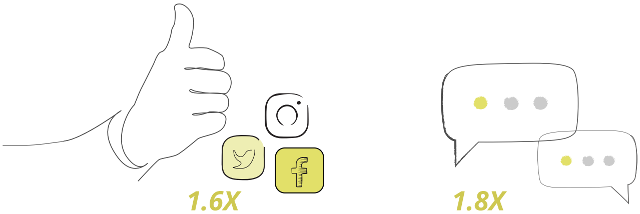
Figure 1.3

Transparency means an individual or an organization openly shares information, motives, and choices in plain language.

The key to transparency for an organization is to reveal information relevant to the customer's decision whether to engage (not, for example, to reveal confidential information). This is not the same as the eighty-page software user agreement that only a lawyer could love. Transparency means giving people the right information at the right time through the right channels. David Kirby calls this "relevant transparency" and gives us the example of a farm-to-table restaurant whose animals are "humanely raised and processed"—a commonly understood term—while sparing diners the transparent but unappetizing details of humane slaughter. Transparency is an important driver in most of the customer behaviors we tested. Typically, where there are much more complex or complicated services and products, a customer will rely more heavily on transparency. For example, transparency is highly influential in insurance and banking, where complex financial instruments and arrangements might lead consumers to mistrust organizations. Laying out information and intentions clearly and truthfully increases customer confidence.

What is the benefit of transparency? (See Figure 1.4.) When an organization exhibits a high degree of transparency, **a customer is 1.6 times more likely to promote the brand on social media, and a**

High transparency scores mean customers and workers are more likely to exhibit positive behaviors



1.6X
CUSTOMERS
are 1.6x more likely to promote the brand on social media

1.8X
WORKERS
are 1.8x more likely to positively review their employer on a public website

Figure 1.4

worker is 1.8 times more likely to positively review an employer on a public website, such as Glassdoor or Fishbowl.

Capability means an individual or an organization delivers quality products, experiences, and services.

This factor is about the core abilities of an organization—whether it has the means to meet the expectations of its customers, workforce, or other stakeholders. For example, an auto company must be capable of manufacturing cars that meet its promises of safety, speed, comfort, and price—among others. Capability is the top driver of loyalty across all sectors we studied, but arguably capability is table stakes. If you don't have a product or service that meets a target need, there is no market. For example, you're not going to get into a vehicle you think will crash, and you're not going to go to a restaurant if you think you'll get food poisoning. Delivering against capability is a baseline requirement.

What is the benefit of demonstrating capability as an organization? (See Figure 1.5.) When an organization exhibits a high degree of capability, a **customer is 2.8 times more likely to choose the brand over competitors, and a worker is half as likely to look for a new job.**

High capability scores mean customers are more likely to exhibit positive behaviors, and workers are less likely to exhibit negative ones

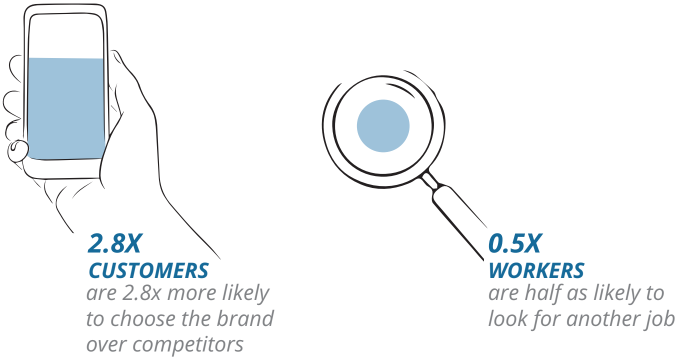

2.8X
CUSTOMERS
are 2.8x more likely to choose the brand over competitors
0.5X
WORKERS
are half as likely to look for another job

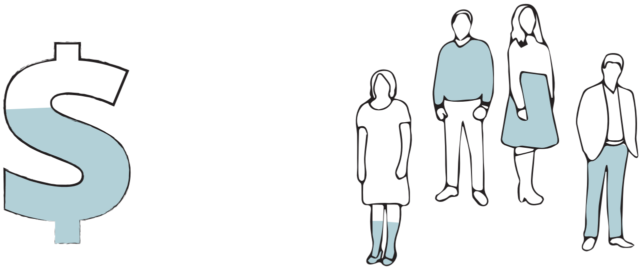
Figure 1.5

Reliability means an individual or an organization consistently and dependably delivers upon promises made, time after time.

Organizations that are capable but not reliable have trouble getting consumers to trust them. The delivery company FedEx built a brand on its ironclad guarantee to deliver packages "absolutely, positively" on time. Reliability is especially important for consumer product companies, where customers have an abundance of choice.

What is the benefit of reliability? (See Figure 1.6.) When an organization exhibits a high degree of reliability, a **customer is nearly four times more likely to spend more on the brand (compared to a competitor's similar product or service), and a worker is one and a half times more likely to recommend their employer to a friend, family member, or colleague.**

High reliability scores mean customers and workers are more likely to exhibit positive behaviors



3.8X
CUSTOMERS
are 3.8x more likely to spend more on the brand (compared to a similar product or service)

1.5X
WORKERS
are 1.5x more likely to recommend their employer to a friend, family member, or colleague

Figure 1.6

The HX TrustID Is Born

Breaking trust down into the Four Factors makes it possible for us to start to build a new way to measure trust to help companies elevate the human experience (HX). We call it the HX TrustID, pronounced HX Trust "ID" (we also like the double meaning of "trust-ed," get it? Are you trusted?)

When we set out to create this new metric, we identified three key objectives. We wanted the metric to be **simple**, **meaningful**, and **actionable**. Learning from the success of other measures, we knew simplicity would be key to adoption. It had to be easy to understand and for leaders to implement in their organizations. The metric also had to be meaningful. For us, this means it had to be tied to outcomes—both behavioral and financial. Finally, it had to be actionable. Once leaders recognized the simplicity and importance of the Four Factors, we wanted them to know how to act quickly.

We'll get into the details of how we made the metric meaningful and actionable in a bit, but first let's start with making it simple. As is often the case, building something that is simple but powerful is not, as it turns out, simple. In fact, it took us nearly two years to develop and prove out the HX TrustID measurement system. And, knowing that trust evolves quickly, we plan to continue to test and evolve our model in the months and years ahead. (See Figure 1.7 for a visual timeline.)

With simplicity as an objective, we designed our trust measurement to have four questions to yield a composite trust score for each audience (for example, customer or worker). As you read the questions below, we encourage you to think of a brand you love, use regularly, and refer often to friends. Consider how you would answer these questions, from strongly agree, to neutral, to strongly disagree. (If you are up for it, you could also read the questions again with a brand you dislike in mind.)

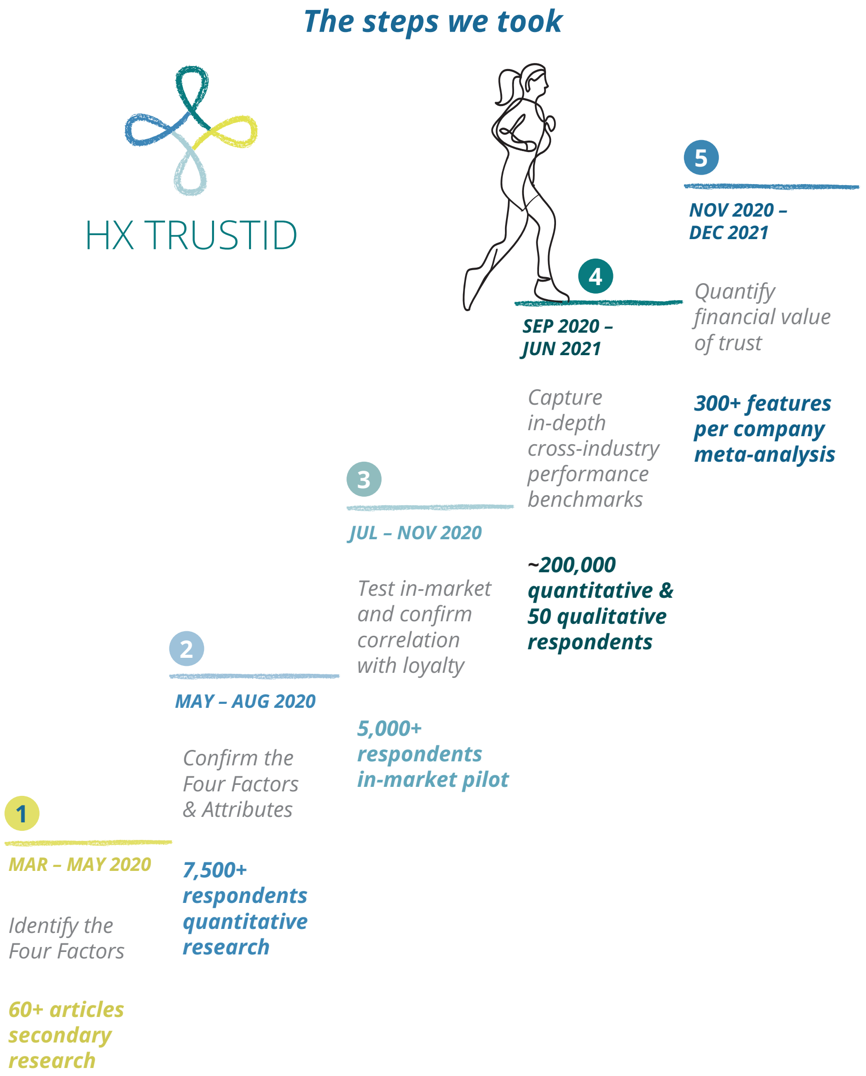

The steps we took
HX TRUSTID
1
MAR – MAY 2020
Identify the Four Factors
60+ articles secondary research
2
MAY – AUG 2020
Confirm the Four Factors & Attributes
7,500+ respondents quantitative research
3
JUL – NOV 2020
Test in-market and confirm correlation with loyalty
5,000+ respondents in-market pilot
4
SEP 2020 – JUN 2021
Capture in-depth cross-industry performance benchmarks
~200,000 quantitative & 50 qualitative respondents
5
NOV 2020 – DEC 2021
Quantify financial value of trust
300+ features per company meta-analysis

Figure 1.7

Customer HX TrustID Questions

- **Humanity:** [Brand] demonstrates empathy and kindness towards me, and treats everyone fairly.
- **Transparency:** [Brand] openly shares all information, motives, and choices in straightforward and plain language.

- **Capability:** [Brand] creates quality products, services, and/or experiences.
- **Reliability:** [Brand] consistently and dependably delivers on its promises.

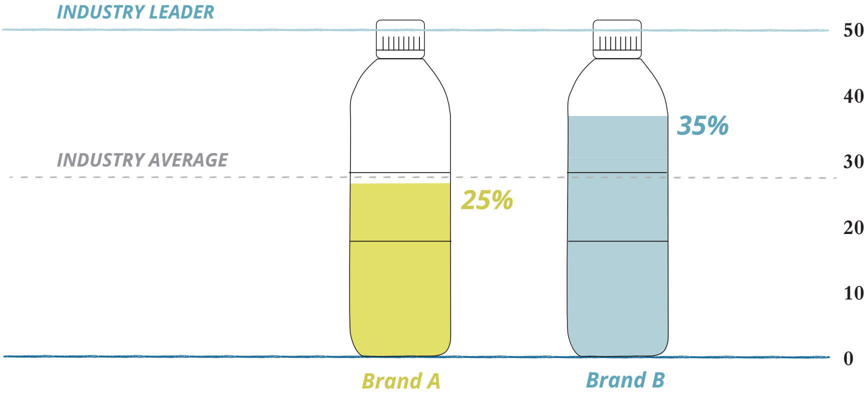
And now do the same for your current or most recent employer. How would you answer these questions?

Workforce HX TrustID Questions

- **Humanity:** My employer demonstrates empathy and kindness towards me.
- **Transparency:** My employer uses straightforward and plain language to share information, motives, and decisions that matter to me.
- **Capability:** My employer creates a good work experience for me and provides the resources I need to do my job well.
- **Reliability:** My employer consistently and dependably delivers upon commitments it makes to me.

Then, to get to an organization's customer or worker overall HX TrustID, we subtract the percentage of "disagree" responses from the percentage of "agree" responses for each factor.[14] This effectively subtracts the biggest critics from the biggest superfans to get to a "net" percentage of customers or workers who trust an organization. Note that this also removes the "neutrals"—respondents who neither agree nor disagree for each statement. Our research demonstrates that neutrality, or indifference, tends to blur the results of what is happening for an organization, making it more difficult to take action. By removing "neutral noise," we can more clearly see how high and low trust drive behavior.[15]

For each dataset—customer or worker—we then take the average across the Four Factors to get to a composite number. This is the HX TrustID for the organization.[16] (Note that we weigh each factor equally because our research shows that the most trusted brands score well across all Four Factors.[17] We'll discuss this more in Chapter 4.) In the example shown in Figure 1.8, the customer HX TrustID for Brand A is 25 percent. In this case there were sixty respondents who "agreed," thirty-five who "disagreed," and twenty-five who were "neutral." In simple terms, a net twenty-five out of one hundred consumers believe that the company should be trusted. We can then compare that to other HX TrustID composite scores for organizations in the same industry. In this example, twenty-five is one point below the industry average and twenty-five points behind the industry leader.



We can evaluate HX TrustID scores for a brand relative to competitors

Figure 1.8

At this point, you might be wondering how such a simple set of questions is powerful enough to measure, predict, and act to build trust. Is there sufficient analytical rigor behind them? Here are the steps we took to build and test our measure—to make it not only simple but meaningful, and actionable.

Step 1: We started by conducting a meta-analysis of research from a variety of sources in the business world as well as in the academic world. With the goal of simplicity in mind, we started with the hypothesis that both competence and intent were critical to building trust. This is how we narrowed down to the Four Factors: capability and reliability to represent competence; humanity and transparency to represent intent.[18] We also identified potential variables underneath these categories to be tested further in quantitative research. This would allow us to understand what actions organizations can take to build trust for each factor.

Outcome: We identified the Four Factors

Step 2: To ensure our metric was *meaningful*, we set out to understand the relationship between trust sentiment and human behavior. We launched our first quantitative study with 3,000 customers and 4,500 workers.[19] We ran a series of multi-linear regressions to determine the degree to which each target behavior (for example, purchase or usage) correlated to overall sentiment of trust between customers and brands and between workers and their employers.[20] We kept it simple, and our statistical results were even better than we expected. As we noted above, the Four Factors described 79 percent of the variability we saw in stated trust.[21] We also noted the ability of each of the Four Factors to predict behavior (refer back to Figures 1.3–1.6)—the measure is highly meaningful.

Finally, we focused on making it *actionable*. With a variety of nuanced competence and intent variables, we ran another set of multi-linear regressions, this time to determine the degree to which different attributes contributed to each of the Four Factors. For example, if responses to the Four Factor question reveal that an organization is low on humanity (that is, empathy and kindness), we can now go one step further to see what is driving that low humanity score (for example, the brand fails to quickly resolve issues with safety, security, and satisfaction top of mind). These are the trust-building actions that will most improve humanity, and we tested a wide range to understand the drivers of each factor. We call these attributes. (You can find a full list of worker and customer attributes in Appendix A.)

Outcome: We confirmed the primary drivers of trust—the Four Factors—as well as the top four attributes that influence the scores of each of the Four Factors (for a total of sixteen attributes or trust-building actions).

Step 3: At this point, we felt confident in our new measure statistically, but we wanted to ensure that it worked just as well in the "real world." Specifically, we wanted to ensure that the questions were easy to use, to confirm the relationship between trust and loyalty, and to check the efficacy of our measure. To do this we partnered with a leading global airline that regularly surveys customers post-flight to understand passengers' likelihood to recommend based on their experience. The airline added the Four Factors question alongside their existing questions. The simplicity of the measure made this easy to do and it took little to no time investment to get approximately 5,000 responses. Our analysis from this effort confirmed efficacy (we saw a strong correlation between target behaviors such as likelihood to recommend and trust), ease of use, as well as a linear relationship with loyalty (in other words, as trust increases, so does loyalty and vice versa). The Chief Customer Officer was highly complementary of the work, stating, "For years we've been measuring likelihood to recommend, but I think the HX TrustID score, at a time like this, is far more relevant."

Outcome: We found that the HX TrustID was relatively easy to use in market, while proving out the correlation with customer behavior and with loyalty specifically.

Step 4: We had proven the viability of the HX TrustID both statistically and in the "real world." Now it was time to further refine the attributes underlying each factor and to understand key nuances across important categories, such as industry, demographics, and worker type, to name a few. To do that, we collected almost 200,000 customer trust scores and behavioral data for nearly 500 brands across over 10 industries.[22] To gather longitudinal data, we conducted qualitative research with fifty workers and conducted two additional worker studies twelve months apart, totaling 11,000 respondents.[23] We tested multiple definitions for each of the Four Factors. We then moved forward with those factors that are the most highly predictive of behaviors, and therefore the most meaningful. This is why we landed on slightly different definitions for customers and workers, as you read above. And we evaluated the relationship between customer trust and worker trust (more on this in Chapter 7). We also continued to make the Four Factors more actionable by testing which attributes or trust-building actions matter more, depending on the context—for example, the industry, and for customer versus workforce trust (more on this in Chapter 8). At the same time, we began using the HX TrustID with our own teams in our organization and working with clients not only to continue evolving and confirming our measurement platform, but to understand how to intervene to build trust. We spoke with more than fifty C-suite teams and conducted six pilots in market. We also set out to evolve our measurement systems to move from measurement to prediction, and we worked closely with *The Wall Street Journal* to test those results. We'll explore that in depth in Chapter 3.

Outcome: We built an in-depth understanding of trust at the brand level and by industry. We also created performance benchmarks to help leaders understand the relative performance for their organizations. We continued to vet the HX TrustID using more and more data, underscoring the significance of the measure.

Step 5: Next, it was time to take "make it meaningful" one step further, proving that the Four Factors influence not just human behaviors, but also organizational performance. Companies live or die based on their ability to generate profitable growth. And we knew that building trust would only be valued as meaningful if we could demonstrate the connection to financial performance. This time we focused on the following question: **What were the differences in outcomes between those organizations with higher versus lower customer HX TrustID scores?** To do this we launched a new study, one that took over a year to complete, where we used our benchmarking dataset[24] and added publicly available financial performance data at a brand level.[25] After careful evaluation, we selected total shareholder return for publicly traded organizations in our dataset as our proxy for the kind of outcomes that organizational leaders care about.

As we expected, organizations with high HX TrustID scores outperform their peers, *by a wide margin*. Specifically, organizations with a high customer HX TrustID score outperform their peers by up to four times in terms of total market value.[26] In addition, our model shows that when organizations across industries move their composite customer HX TrustID score by one point, say from a 40 to a 41, they amplify their **expected shareholder return by 4 percent**. In the financial services sector, shareholder return grows by 22 percent![27] Furthermore, these expected returns only grow as trust grows. If a company moves their score from 60 to 61, their expected shareholder return increases by 6 percent. Now we were really excited, and we hope you are too. Our research and analysis demonstrated that our new measures were predictive of trust for both customers and workers ***and*** correlated with meaningful financial outcomes.

Outcome: We can demonstrate that trust, as measured by HX TrustID, is a powerful driver of financial value for organizations.

Organizations with a high customer HX TrustID score outperform their peers by up to

4x in terms of total market value.

At this point, we felt confident that we had a metric that was simple, meaningful, and actionable. But now we had new questions: Could knowing your trust score help a leader *actually* build trust? And how was our measurement system for trust different from other measures already in wide use like Net Promoter Score? In the next chapter, we will share some of the biggest challenges we wrestled with in building a new measurement system for trust.

The essential, data-driven blueprint to build trust in your organization.

Did you know that trusted companies outperform their peers by up to 400%? That customers who trust a brand are 88% more likely to buy again? And that 79% of employees who trust their employer are more motivated to work (and less likely to leave)?

The importance of trust is at an all-time high—just as our inclination to trust is at an all-time low.

Building trust is your single greatest opportunity to create competitive advantage. With new data at its core, *The Four Factors of Trust* gives you practical guidance to measure and build trust in the relationships that matter the most—with your customers, workforce, and partners.

Trust ultimately comes down to just Four Factors: Humanity, Capability, Transparency, and Reliability.

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1. Create better business outcomes by understanding how trust affects human behaviors
2. Measure your company's trust score—revealing strengths, deficits, and opportunities to (re)build trust with key stakeholders
3. Design actionable strategies to improve trust with your customers, workforce, and partners
4. Build trust and earn loyalty through every business function from marketing to operations to talent experience

With compelling stories from leading organizations—and practical applications in Marketing & Experience, Cybersecurity, HR, Sustainability (ESG), and Operations & Technology—*The Four Factors of Trust* will enable you to create the relationships you want to build, the organizations you want to belong to, and the world you want to live in.

ASHLEY REICHHELD, a Principal at Deloitte Digital, works with clients across industries to help them to reimagine their brands and experiences. Building trust is the greatest opportunity for competitive advantage. So Ashley created HX TrustID™ –a groundbreaking tool to help companies measure, predict, and build trust with their customers, workforce, and partners.

AshleyReichheld.com

AMELIA DUNLOP, Chief Experience Officer at Deloitte Digital, helps organizations solve their toughest problems using human-equity-centered design to build empathy and trust with customers, workers, and partners. She is the author of *The Wall Street Journal* bestseller, *Elevating the Human Experience: Three Paths to Love and Worth at Work.*

AmeliaDunlop.com

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