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WHY BUILDING TRUST SHOULD BE A CORPORATE PRIORITY

By Kristina Tober & Jim Bennett

OVERVIEW

It's not enough to be the best at your business anymore. No matter how great your product or esteemed your expertise, to earn business today your customers want to feel that you are a "Trusted Advisor."

In his more than 45 years of consulting and executive management, Jim Bennett, a Senior Advisor to HighPoint Associates, has seen a significant shift in client and customer mindsets. "Clients want to know that you and your company's interests are deeply aligned with theirs and that you are highly motivated by their success. They want to know they can count on you to listen to their issues and not just rush to offer a solution."

Regardless of your business or what you're selling, trust has become a core, if not the most imperative, ingredient in business strategy. For example, private equity firms aren't just offering capital. They're promising a team of seasoned advisors who you can entrust to deliver the funds, relationships and counsel to take your company to the next level. Health care products and services companies like Henry Schein, Inc. promote themselves as "trusted advisors" with a "portfolio of practice solutions"[i] rather than just suppliers of drugs, equipment and software. Automotive component manufacturers aren't just selling a single widget, but promise customers a solution-oriented product to address a broader system need. No matter the industry, regardless of what's being sold, clients want advisors they can trust.

But why trust specifically?

Business has always been about building relationships with customers. The fact is it costs less to keep a customer than to get a new one. You will spend 4 to 7 times more developing new business than procuring the same business from an existing client.[ii] Likewise, your chances of selling to a current client are 60 to 70 percent, versus only 5 to 20 percent with a new one.[iii]

"When it comes to business relationships, trust is the essential currency of exchange," explains Jim. "If one person trusts another, he is more willing to do a deal with real impact, despite known risks, or enter into a long-standing advisory relationship. If I know a company will stand by me personally in addition to its product, I'm more likely to invest in their new product or service.

"Ultimately, your ability to retain and grow your relationships (and ensure profitability) is directly related to the level of trust you build."

The realities of trust

If trust is so critical to successful client relationships today, why is it that so many companies fail to recognize trust as a competitive advantage and have no operational sense of how to build it? Worse yet, their efforts to instill trust often fall short with disingenuous attempts at creating intimacy and credibility.

The good news is that the elements of trust can be specifically understood and integrated into your business practices. Jim Bennett has led numerous trust-focused workshops and training sessions across mid-size and multi-billion dollar corporations in the professional services, consumer and industrial products and financial sectors. From this work, he is convinced that trust building is not just a skill to be acquired by an individual service provider, but one that can and should become a core part of any corporate strategy.

"It takes more than a successful product to make a great company," explains Jim. "Whether you're selling a product or service, a company that is committed to its stakeholders, that has its interests entrenched with those of its customers and demonstrates this time and again, is ultimately going to be more successful. Trust building is a competitive differentiator, affecting performance parameters at all levels and functions."

This month's edition of *HighPoint InSights* explores the Elements of Trust and Jim's innovative approach to institutionalizing it.

A SIMPLE FRAMEWORK

First, let's look at the core equation for trust building, developed by David Maister, Charles Green and Robert Galford and laid out in their landmark book *The Trusted Advisor*. Jim Bennett believes the Trust Equation offers a simple but powerful framework for understanding the elements of trust.

Specifically, the Equation posits that trust is based on where you stand with respect to four components: credibility (C), reliability (R) and intimacy (I) that together can be negatively impacted by how self-oriented (S) you are (i.e., how you and your company's motives line up with your client's).

$$T = \frac{C+R+I}{S}$$

The trick to building trust is learning how to leverage the Trust Equation.

The Elements of Trust

According to Maister, Green and Galford, **credibility** is the most obvious element in the equation and takes time to establish. You build credibility by knowing everything about your client, their business and marketplace, and by repeatedly demonstrating technical expertise and sound logic.

Too often, Jim explains, we over-emphasize technical expertise and forget to address the emotional subtleties of credibility. "It's not just having content expertise, but how you act and talk about the content," he adds. "Are you forthright and honest or do you exaggerate? Does your firm bring creative ideas, passion and energy to improve client performance? Do you make sure your customer is not just buying your products, but actually investing in the right products to improve their business?"

According to Maister, Green and Galford, "The best service professionals excel at two things in conveying credibility: anticipating needs and speaking about needs that are commonly not articulated."

Reliability, like credibility, takes time to demonstrate and is most affected by the consistency of your performance. What is your track record in delivering what the customer asked for on time and on budget? Do you continue to meet their expectations time and again, and in the "fit and feel" your customer prefers?

"Taking the time to anticipate and adjust your approach to your client's habits, routines, even quirks assures your client that you understand not just the business needs, but expectations as well," explains Jim.

Intimacy is the purely emotional component in the equation, and the most common point of failure, warns Jim. Intimacy stems from who you are. He asks, "Are you able to be genuine and honest, and get to the deeper questions behind an issue? Do you treat your client like a human being with needs and fears, not just as a manager or customer? Are you a true discussion partner on both professional and personal issues, willing to challenge your client and get beyond the obvious and "acceptable" topics while respecting boundaries?"

Efforts to enhance credibility, reliability and intimacy are futile if the client sees your interests coming before theirs. Maister, Green and Galford call this element **self-orientation.** Ask yourself, do you put your client's interests ahead of your own and your firm's? Are you in it "just for the money" or, less venally, just to close the deal or sell your widgets?

Look at successful product recalls as an example. Manufacturers that demonstrate a desire to do whatever it takes to address the issue and make customers feel safe versus simply fix the problem, gain the trust and loyalty of their customers. A stalwart example of this is how Johnson & Johnson handled its Tylenol crisis in the 1980s. Not only did they pull their capsules from the market, they waited to return product to shelves until sufficient tamperproof packaging was available. Because they put consumer safety before their bottom line, they established a basis for trust with their customers. Contrast that with the contentious automotive recalls of the last several years where the public and regulators have seen nothing but self-orientation from manufacturers.

"Does your client's best interest become a priority institution-wide?" asks Jim. "A good example is a bank that not only markets itself on putting the customer first but empowers its employees to make decisions that demonstrate it; for example, giving bank tellers the authority to reverse fees."

The more you align your interests and definition of success with your client's, the greater your chances of building trust. "It gets down to simple mathematics," adds Jim. "With self-orientation as the Equation's denominator, the more self-motivated you are, the lower your chances of building trust. Even if you score well in all of the other three elements, high self-orientation will always compromise your total score."

MAKING TRUST OPERATIONAL

Trust building can be inherent in a company's culture, but more often than not Jim sees the need for companies to make trust operational.

"It's not enough to commit to building trust on a theoretical level or list it in your mission," Jim explains. "Consider trust building like any other management discipline that needs to be built into your strategic plans."

It starts with testing the impact and relevance of the trust elements on your business, then making a corporate-wide commitment to implementing the cultural, product and systemic changes to go with it – everything from how you pitch new business, manage client relationships to organizing logistics, managing product complaints, and empowering customer service.

Best Practice: Starting at the Top

As with all important and far-reaching company initiatives, the process of making trust operational is by far the most successful when it is led by the CEO and the top management team. As an example of such leadership, Jim cites the experience of a Northeast property & casualty company with a broad range of insurance products for both commercial and personal lines. With the personal leadership of the CEO – and encouragement of the Board – the process began as a fundamental strategy review kicked off by several dozen interviews with the company's independent agents.

From this feedback, it was clear that the key to a distinctive strategy was the level of trust with both the agents and their customers, the insured. These policyholders wanted agent advisors they could trust to recommend coverage tailored to their specific circumstances. Agents ranked trust in an insurance company as the key influencer in choosing among competing carriers. They coveted a relationship with an insurance company that delivered on every element of the Trust Equation – both for their clients (for example, the reliability of great claims service 100 percent of the time) and their own small business (for example, an intimate knowledge of the agency's history, people and profitability, and an overriding commitment to their success before the company's economic interest).

As the strategy journey unfolded, the Trust Equation became a guiding framework. When it concluded, each element of the Equation was explicitly embedded in the company's mission (both internally and on their public website). Implementation of the new strategy included the development of strengthened functional processes, the redesign of training programs, and a new internal and external communications strategy. For example, the company now regularly surveys its agents on each element of the Trust Equation, calculates an overall score, and publicizes the results (comparing them to prior periods) across the agent network.

THE CORE TACTICS TO BUILDING TRUST

Regardless of the level of sponsorship within a company, Jim notes that the trust building process always gets down to blocking and tackling front-line changes in mindset and skills. To appreciate how a firm can accelerate these institution-wide, we asked Jim to provide us with a brief overview of some of the methods and practices he offers in his trust framework training and workshops. These skills resonate across industry lines and have been taught by Jim to a wide range of clients.

He explains, "To make trust building operational you must start by shifting mindsets and understand the strategic relevance of good dialogue. Then it's all about building and practicing the foundational skills necessary to align the trust equation to circumstance."

In his workshops, Jim employs extensive role-playing to help individuals grasp the mechanics behind trust building. Whole sessions are focused on skill development. For example, learning what makes a good question and then testing that through role plays. Mastering proven techniques like demonstrating empathy, nailing the opening of a meeting, and synthesizing and summarizing during a conversation. And most importantly, learning how to best prepare for every interaction.

Shifting Mindsets: Sitting in your client's shoes

It's not enough to convince your client you understand their business and have the skills to solve the problem. "Learning how to build trust starts with a shift in mindset and often a willingness to show some vulnerability and not know all the answers right off the bat," Jim explains. "It applies to selling products as well. Demonstrate your willingness to forgo a sale if doing so is in the customer's best interest."

You need to sit in your client's shoes and truly understand where they are coming from. Start by showing genuine caring. Listen and closely watch your client's behaviors and emotions. What does their body language tell you about how they feel on a certain topic of conversation?

For example, your client has been given a directive to cut costs by 20 percent. It's easy enough to break down the costs and propose a solution, but that's not all your client needs. You need to demonstrate an appreciation for how hard these cost-cutting measures can be to them professionally and personally. What are the implications to the people they have hired and mentored? What elements of the business does the client feel most passionate about and least willing to give up? Are they worried about their own job security as well as the department?

Remember and acknowledge that, just like you, your client has needs and fears, and wants security and predictability. There is an innate desire to make a contribution beyond them, to develop and grow as a person and professional. Your client is afraid of a situation that can get beyond their control and, worse yet, of being irrelevant. Only when you understand the context can you be most helpful. Raising the level of intimacy can allow you to understand what solutions resonate best with your client and their organization.

Jim advises, don't just offer solutions. Start by asking your clients how you can best support them. When you commit to dialogue and really listening, your client sees genuine curiosity and sincerity. You also create an avenue for finding opportunities together, not just problems.

The value of dialogue and questions as the "secret sauce"

Good dialogue engages a client far more than assertions and provides an opportunity to leverage every element of the Trust Equation.

By focusing the conversation on the client, you lower your self-orientation. You are giving the client "air time" to tell their story and talk about what's behind an issue. You're allowing the client to define the problem and keeping yourself from offering hypotheses or solutions before really understanding their needs. Better yet, it's an ideal opportunity to show some vulnerability: "Boy, I'm stumped here. Can we revisit a couple points?"

More importantly, by asking questions you demonstrate to your client your reliability and credibility; you are there to listen, not jump in and offer a solution. You are consistently present and able to see the problems and create solutions to your client's desired "fit and feel."

Think about it from a product perspective. You sell a single component for your customer's braking system. Instead of asking your client how many components he needs to meet demand, ask "Are there any areas in your system you think you could improve?" The question versus statement allows you to not only demonstrate a concrete understanding of the business, but to create an opportunity to get more information about where you might be able to sell another product.

Likewise, questions allow you to dig deeper than the obvious and expand the boundaries of conversation. As Jim has seen proven time and again, "Personal elements are far more compelling than pure business aspects."

Of all the elements of trust, intimacy is where most individuals fall flat. Fortunately, by framing business-related questions in a more personal manner, you are able to not only get the factual answers you need, but also build rapport and gain a broader perspective.

For example, Jim suggests asking an open-ended question like: "What keeps you up at night?" versus "What are the main issues with your strategy?" The first probes your client for feelings and emotions, not just substance. Through those feelings and emotions, you open the door to intimacy.

"Without a doubt," asserts Jim, "An artful, question-based dialogue invariably has a positive impact and is an undeniably effective method to building trust."

What makes a good question?

For Jim, it's as simple as brief, bold and open-ended. Questions should be simple, limited to 15 words or less and focused on a single subject. A good question gets to the heart of an issue, addressing the realities of a situation, problems and opportunities, goals and implications, realities and client will. It will get beyond simple substance to feelings and emotions.

Over the years, Jim has developed a unique approach to help corporate teams understand how to develop trust-building dialogue. His method provides a loose outline for how to let the client's context and objectives guide the focus of the dialogue, consequently building conviction and motivating the client to take action.

For example, asking your client fact-based questions can quickly get boring, whereas starting with a problem/opportunity question can foster richer dialogue and get to why the client is seeking help. Instead of "What are the main issues with your strategy?" try asking your client "Why will a better plan solve the problem?" Likewise, instead of jumping in to assess the issues and their ramifications, ask your customer an implications question: "What happens to your business if this product doesn't appeal to your target market?" This gets the client focused on the potential consequences of inaction or action and opens up opportunities and credibility for you.

You will learn more about your clients and their issues when you create dialogue that gets them thinking for themselves. For example, good goal questions help you together determine what outcomes your client really wants to achieve, while a will question can test your client's conviction and courage (e.g., "This could get a lot of resistance – are you up for it?").

From theory to practice

"Building trust in any relationship comes down to sincerity," concludes Jim. If you care about the success of your client and his organization, and take the time to understand his needs and concerns – putting aside your own ego and firm's interest in the process – you lay a foundation for not just one engagement but a long-standing relationship that ultimately leads to mutual profitability.

Any company that aligns its interest with its customers, makes trust building a corporate commitment, and is willing to forgo short-term profitability to ensure consumer safety and satisfaction, sends a clear message that they can be trusted to deliver more than just a product.

The Trust Equation neatly packages the elements that go into building trust, but it's the behaviors and skill sets with which you and your enterprise approach your clients and consumers that will solidify long-term success.

[i] www.henryschein.com

[ii] *The Trusted Advisor*, by David H. Maister, Charles H. Green and Robert M. Galford.

[iii] *Marketing Metrics: The Definitive Guide to Measuring Marketing Performance* (2nd Edition), by Paul W. Farris, Neil T. Bendle, Phillip E. Pfeifer, David J. Reibstein.

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