

Rebuilding trust: a roadmap to recovery

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When historians finally turn their attention to the recession that marked the end of the first decade of the new century, they'd do well to consult the Institute for Business Ethics. Every year it publishes a report into the public's attitudes towards ethics in business.

This year's results show that the conduct of banks linked to the financial crisis has damaged trust in all businesses not merely banks. Alarming, business is facing an acute crisis of trust among young people. The number of 16-34 year olds who believe that businesses generally behave ethically has plummeted by 14 percentage points in the last year.

As companies emerge from the downturn they will have to rebuild public trust as well as their balance sheets. The companies that recognise that the two are inextricably linked will win through.

Smart companies realise that winning is no longer about getting consumers to spend more, but rather making sure that consumers choose to spend their money with them. History shows that in tough times consumers often deepen their ties with brands they trust. Authenticity and integrity are no longer a "nice to have" and the brands that demonstrate this hold even more currency when consumer confidence has been dented.

The pre-takeover Cadbury, and Waitrose are prime examples. Both have recently made moves to cement their reputation for sustainable business practices at a time when ethical labour and environmental responsibility issues rank in the top three areas of company behaviour that the public believe need to be addressed, according to the IBE's research. Cadbury took Fairtrade to the mainstream with its Dairy Milk bars in July, whilst Waitrose has looked to sustainable fishing, sponsoring the popular End of the Line documentary.

Both initiatives were grounded in their corporate DNA as opposed to marketing bolt-ons. The moves successfully positioned Cadbury and Waitrose as companies that are investing in tough times to provide ethical products without the premium price tag. This is ultimately good for consumers, good for the environment and, importantly, good for business too.

So, in a period many companies are trying to do less but achieve more, what does the IBE's research tell us about the roadmap that winning businesses must follow to recover trust?

First, companies can show that they are in touch with the real world and public concerns around fair play by looking long and hard at pay and incentive structures. Companies need to ensure they encourage long-term sustainability and retain the best talent while discouraging excessive risk taking for short-term rewards.

Second, they can cultivate a company conscience that empowers employees from boardroom to factory floor to "do the right thing". Every business will claim to operate

according to a set of core values, but they are meaningless unless brought to life as criteria in performance reviews, reward and incentive structures, and confidential “whistleblowing” hotlines, such as the one we operate at Centrica.

Third, leading companies will be asking themselves whether they are doing enough to lift the lid on how they run their business and the challenges they face. This means getting better at opening up to show how they price their products and services, a concern for almost one fifth of consumers.

Centrica is starting its journey down this road to recovery by acknowledging customer concerns over the price of energy and creating greater transparency about the story behind the bill. The aim is to help customers feel in control by explaining what makes up their bill, showing them how to reduce it and, in the process, their carbon footprint.

To do this, British Gas, its retail arm in the UK, has launched a listening campaign. The company is inviting members of the public to join a customer panel which will have unprecedented access to the heart of the business. They will ask challenging questions and most importantly, report back publicly on what they’ve found. British Gas will listen carefully, answer questions honestly and do all it can to act on their feedback.

It will take time to build trust, and time will tell if this is a tipping point for public trust in business. Businesses can’t always expect the public to like what they do, but they can and must work harder to ensure their actions are understood. History will not judge kindly those who fail to do so.