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Teneo Insights

Trust in the Era of COVID-19

How Businesses Should Plan to Recover Trust
in the Medium Term and Post COVID-19

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“Everybody has a plan, and then they get punched in the mouth,” was former world heavyweight boxing champion Mike Tyson’s take on the established trope of military theory which can be traced to the rather less famous nineteenth century Prussian Field Marshall Helmuth von Moltke.

Until recently there were few things more vicious and deadly known to man than an uppercut from ‘Iron Mike’ in his heyday, but the global COVID-19 pandemic has created a new reality for all of us, through a global, invisible silent killer with a likely duration closer to Moltke’s era as captured in Leo Tolstoy’s *War and Peace* than three rounds in a heavyweight title fight. Throughout history, the dual constant has remained that events will derail any plan - but also that leaders, in both politics and business, will be judged for posterity by their response, and how they adapt.

As the debate around how and when to reopen economies rages, in the absence of a global co-ordinated response plan, what are the considerations that business leaders need to address? At the most fundamental level, this is a judgment call on weighing commercial and litigation risk versus risk to reputation and trust.

There is plenty of established academic research and real-world examples that prove that trust is a vital intangible asset for business: it lowers

cost and barriers to access for talent and financial capital, the burden of regulation, and ultimately it also drives commercial growth and sales. In large parts of Asia, at the leading edge of COVID-19 lockdown response, between 30 to 50% of consumers surveyed say they have changed their choice of primary grocery provider since COVID-19; as restrictions on movement have eased, up to 50% of those consumers in China have not switched back.¹

At its most basic, trust in specific businesses through the lens of their COVID-19 response is going to be framed in terms of how businesses have looked after their employees and their families, their customers and their communities. This is the acid test of ESG strategies and commitments to stakeholder capitalism, happening in double quick time.

While there are countless general, macro surveys on consumer confidence, economic recovery projections and what general attitudes to business in a post COVID-19 world will look like, in reality there is so much volatility in public attitudes, that ‘it is too soon to say,’ to paraphrase Zhou Enlai, Communist China’s first premier, when asked about the lasting impact of the French revolution shortly before his death in the 1970s. That is not to say that leaders should not be thinking about cementing, repairing or rebuilding trust in their organisations now, to secure future success.



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¹ McKinsey – reimagining food retail in Asia after Covid19 (April 2020)

Trust: Three Different Perspectives

1. Sensitivity to trust? Where and how can trust affect your business? What can it do or not do because of how much it is trusted to do the right thing? For consumers, this might be a forgiveness for short term supply interruptions or service failure based on past experience, for governments, it may be whether they are likely to apply stricter regulation or heavier taxation, due to mistrust of a company's intentions, or partner with them (e.g. the NHS working with Apple and Google to develop a NHSX COVID-19 contact tracing app). The existential decision of whether to reopen too quickly – and jeopardise public health – or too slowly and risk further commercial disbenefit, sits firmly here.

2. Visibility of trust? Who trusts a business, and for what? Are its actions today laying land mines for trust in the future? For instance, airlines refunding customers for flight cancellations only in vouchers, to protect their own cashflow, or major events organisers rescheduling events too soon to protect their own revenues at the risk of public safety. There is also plenty of academic research to suggest that consumers are more likely to forgive a perceived lapse in core competence of a hitherto trustworthy company than a clear breach of integrity or values.

3. Capability for trust? Does a business have the right capabilities needed to maintain its reputation for ability? Does it have an established culture in place to facilitate decision-making that will be seen as possessing integrity? This will be reflected in fair treatment of people, customers and suppliers. How engaged are a business' employees, even those who may have been furloughed? The experience of the

2008 Global Financial Crisis – where banks admittedly had more agency for the problem than businesses have for COVID-19 - shows that consumer trust was highly sensitive to whether business elites were seen to have 'shared the pain' on appropriate pay and rewards. And crucially, do existing ESG frameworks and strategies withstand the COVID-19 acid test?

Another key consideration which many businesses are alive to is that in responding to a crisis unprecedented in both its impact and duration, the team managing frontline crisis response should be separated from that planning the approach to recovery on the other side. Both to avoid burnout but also to create strategic and management capacity.

Fail to Prepare, Prepare to Fail

The process for planning recovery needs to begin with a current assessment of state of play on employees, customers and investors, across a trust matrix. That means modelling through options on the likely shape of economic recovery, and choices on what a business operating model may look like to manage this 'new normalcy.' That should also include a frank assessment of vulnerabilities in the commercial model, and balancing threats to long term trust with decisions on commercial and legal risk. It needs to incorporate a prioritisation and hierarchy of business moves, with clear stage gates. And finally, there needs to be a mechanism for stress-testing a strategy against audience insights, from government and regulatory audiences, to employees and consumers.

The toolkit to inform these strategies will vary by business – from running a 'back to business' strategy against existing economic models, to consumer

insights, qualitative stakeholder feedback, and snap or pulse employee polling. And like everything in the post COVID-19 world, the planning process can and should run to collapsed timescales.

One thing is certain – the pandemic will pass, just as the ‘Spanish Flu’ pandemic of 1918 did before it. And there will be a reckoning in retrospect for those businesses and governments that have been perceived to do the right thing throughout – with clear winners and losers. So, planning for life on the other side needs to start now.

(And as a footnote of hope for the resilience of humanity – maybe we should look to James ‘Buster’ Douglas, who despite being ‘punched in the mouth’ and sent to the canvas by Iron Mike Tyson in the 8th round of their title fight in 1990, got back to his feet to fight back and stop the undisputed heavyweight champion of the world in the 10th round).

Additional References

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