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Imagine if CEOs had a form of “crystal ball” that allowed them to anticipate “surprises,” manage risk, and better protect their company’s reputation; provided a workable framework for enhancing organizational trust and reputation; and provided meaning, definition and measurement to both the business and behavioral side of trust?

## OVERVIEW

While there may be a continuing and complex trust crisis in America, our research shows that there is a direct correlation between business performance and trustworthy behavior. Trustworthy companies have several advantages. Perhaps the most striking is the financial outperformance of “high trust” companies vs. their competitors, and the provision of value across all stakeholder relationships. What can’t be measured often gets overlooked. And now, perhaps more than ever, trust, which is absolutely critical in business relationships, needs measuring.

A 2008 paper written by the **Economist Intelligence Unit** entitled “The Role of Trust in Business Collaboration” concluded with the following statement: *“Even though best-practice corporate governance has been on the corporate radar for some time now, it seems that the trust element of governance, despite being so closely linked to ethics, has yet to become a business standard.”*

We believe that occasionally reality can’t be effectively reduced to a single metric, or two, or even three. That is true of trust. However, what can be defined and measured are various contributory components of trustworthy behavior in business—factors that we can all agree are definitely somewhere in the trust neighborhood. And when these factors are evaluated and aggregated, there are some encouraging results about companies that somehow seem to be “doing the right thing.” We may not be able to precisely measure trust; but that doesn’t mean we can’t rate it, test it, evaluate it, and above all—manage it.

## OUR PROCESS

In 2007 a small team from New Jersey established a goal to develop a rigorous approach to understanding and evaluating trustworthy business practices. We began to lay a foundation for a trust ecosystem, and Trust Across America™ was born. Through our professional relationships, LinkedIn group, and our radio show, we have spoken to dozens of academic and corporate experts and consultants across a wide range of specialized silos relating to organizational



trust- ethics, integrity, reputation, ESG (Environment, Social Governance), CSR (Corporate Social Responsibility), financial, accounting, and sustainability to get their feedback on this elusive concept of trust. From this collaborative effort, we have developed a methodology that we think approximates the most holistic and integrated definition and measurement of trustworthy corporate behavior to date. We named it FACTS™. It allows us to provide meaning, definition and measurement to both the business and behavioral side of trust.

We ran the FACTS™ model against historical public data for almost 3000 public companies from 1998-2010. Currently, fifty-nine companies meet Trust Across America's™ Gold Standard. This was the culmination of a two year collaborative research effort. The plan is to repeat the audit every year.

**FACTS™** is an acronym. It stands for:

Financial stability and strength  
Accounting conservativeness  
Corporate integrity  
Transparency  
Sustainability

In essence, our methodology analyzes close to 500 data points from three independent providers, and with equal weighting, arrives at a FACTS™ trust score for almost 3000 of the largest publicly traded companies.

**Silos are ... GOOD. We need hyper-narrow experts. But we also/equally need insanely great effort-incentives to get cross-silo co-ordination.**

**--Tom Peters**

## **DATA ANALYSIS**

Imagine if a business leader had data that allowed him/her to look at his or her internal performance and compare it to others in the same sector and industry. Trust Across America's™ FIDES™ software compiles our data and sorts it into sector and industry categories so that we can compare the trustworthiness of similar companies. We can sort the data by sector, industry and company size and, in a host of other ways. The possibilities are almost endless. Here are a few interesting observations from our most recent audit:



1. The single most trustworthy company received a combined “trust” score of 84 out of a possible 100 points. This company is in the same industry as BP Global. Not only does this represent an opportunity for an interesting comparative analysis study, but also a chance for this company to share best practices with industry peers and positively promote itself in the spirit of highlighting companies that are doing the “right thing.”
2. Fifty-nine companies scored above average in all data categories. This represents our group of Gold Level Honorees, companies with strong corporate culture and no obvious “weak links.”
3. Only twenty-six companies have a total trust score of 70 or better.
4. Of the top five percent of companies, many have very large market capitalization, while others are very small.
5. The top ten companies come from nine different industry groups.

## **OUR PLANS FOR USING THIS DATA**

The FACTS™ Audit provides the first holistic dashboard analysis of the trustworthiness of the largest publicly traded companies. It establishes a framework and provides C-Suite executives with a trust health checkup that highlights areas of both strength (leverage points) and weakness (vulnerabilities) within their own company and in their industry. The audit will be repeated every year, and the data will be incorporated into three main programs.

**Audits:** Available for purchase through our website.

1. 3000 detailed individual company audits including rankings of all companies in the industry with semi-annual updates
2. 3000 annual company snapshots
3. Sector reports and comparisons
4. Industry reports and comparisons
5. Custom reports as requested.

**Media:** A national publicity (print and broadcast) campaign has already begun to highlight our study results and talk about companies that are paying attention to all their stakeholders. Consider the value in being reputed as a trustworthy company, particularly at this time in our society when the media focus is on the “untrustworthy.”



**Quantitative and Qualitative Behavioral Analysis:** While our current model is based on quantitative data, we have the capability, through our strategic alliances, to delve deeper into a company's trust culture through behavioral and reputational assessments. This opportunity is available to interested companies upon request.

## **CONCLUSION**

Our process measures the trustworthiness of public companies in a holistic and integrated manner, combining both financial and nonfinancial metrics. It allows companies to leverage strengths and mitigate vulnerabilities. Consistent with the mission of Trust Across America™, we hope the results of our work will promote increasing dialogue on trustworthy business behavior, and a framework for companies to assess the trustworthiness of their respective organizations and make improvements.

By highlighting the companies that are the most trustworthy, the media attention may begin to shift from a "what's wrong" to "what's right" focus. By no means is our work done or conclusive. We welcome all input, assistance and advice.

***There are no excellent companies. The old saying "If it ain't broke, don't fix it" needs revision. I propose: "If it ain't broke, you just haven't looked hard enough." Fix it anyway.- Tom Peters***

Barbara Kimmel, Executive Director

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