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As part of the Café Insights series of interviews with insightful speakers, The Insight Bureau recently caught up with Philipp Kristian Diekhöner, Digital Innovation Strategist and Advisor, Author of *'The Trust Economy'* and Keynote Speaker on Transformation & the Trust Economy. I asked Philipp why he believes trust is the single most valuable competitive asset for companies



**Andrew Vine**

Hello, and welcome to another in the series of Café Insights. I'm Andrew Vine, CEO of The Insight Bureau. And today, I'm in conversation with Philipp Kristian Diekhöner. How are you??

**Philipp Kristian Diekhöner**

Great, thank you very much

**AV**

Quite often, I'm inviting people in who are visiting Singapore, but actually, you live here. You were brought up in Germany. You've lived in various countries. But now you've made Singapore your home, right?

**PKD**

Yes, as of 2013, actually. Nowadays, it appears as though I don't, given all the travel...

**AV**

...the travel that you do, of course.

**PKD**

Yes. I'm still very much here and this is home now.

**AV**

Well, Philipp, you're an innovation strategist. You've been instrumental in some very interesting new startup ventures in Asia, which you can tell us about. You're also an author and speaker on the area of innovation and trust in the new economy. So, tell us a little bit about what generally keeps you busy in addition to work?

**PKD**

Actually, for our advisory work, one thing is speaking about the value of trust and how the world's maybe going to work in the future. But much more important is that these kinds of platform businesses that create trust bridges between people like your Airbnb, Uber or your Tinder, or whatever else of an example you want to use. They're a new way of doing business altogether. So, my organization works with companies that want to build these kinds of business models where trust is pivotal in the middle. Those businesses are data-driven and every business that-- whether it's big clients we work with or startups, they all know that data is very important to their business in the future, and they want to find ways of using it in the best possible way. And right now, we work with big clients like Facebook, we work with big tech companies, but also with companies like in the Telco space and the media space.

There are different mandates. A lot of the tech companies want to figure out how to gain as much trust as possible so that they can use customer data to actually produce data-driven value propositions,

right? And these guys like Facebook, as an example, they're already doing this very well, but what they were lacking, it seems, was a strategic view on trust. How do you actually build trust? How do you measure it? How do you enhance it? And I think the tech industry is undergoing a massive change right now is that trust is becoming much more important to the business continuity that they need to achieve. On our corporate side, it's much more about people wanting to do interesting things with data, providing also propositions that are trusted. How do I build the most trusted product in the market? How do I build the most trusted service in the market? So, these are all topic that we then cover.

**AV**

You talk about the trust economy, but I think this is a phrase that would be quite new to people in a way, except that people are beginning to talk about how technology has blown pretty much everything apart. And we're having to think about how we communicate, how we lead our people, how we run our businesses in a completely different way, which is quite unsettling

**PKD**

It is and it isn't. It's got a bit of a back-to-the-future kind of thing. Trust has always been the core of the economy, just many people haven't thought about it that way. And now, technology has actually completely changed the way that we trust. It's changed the kind of people we trust. It's changed how we perceive trust. It's changed what it takes in order to make somebody trust something. But the essence of trust as being the foundation of business is still the same. It's just that nowadays, instead of a person, we might trust digital interface more. And the implications of that are that a legacy business can no longer rely on being the best in business. They need to have the best interfaces, they need to understand how trust is shifting away from certain things and towards others. And I think this is the exact queue for when you look at startups, right? When startups enter an industry with less expertise, with less funding, with less people, and they somehow manage to get trust on their side, in this case, the customer's trust. How do they do that? What is the essence to that? And how does a company that's maybe established prevent that from happening? Because in the end of the day, whether you like it or not, the most trusted companies, people, and also countries, win. So, trust is like that, endgame and competitiveness that...

**AV**

...well, I was going to say. You said it. It's going to be one of the most valuable competitive assets a company has. And I don't think people are thinking this way yet, but probably should...

**PKD**

No. If you look at stock markets, right, in the end, a stock is a reflection of how much trust people put in that. People always say, okay, there's a classic case of a tech company stock and a regular company stock. Regular company stock will have to do very, very significant things like quarterly earnings, reporting, have to show a certain EBITA every quarter because there's a sense of distrust that if that doesn't happen, the company won't perform as to investors' expectations. A tech company is given leeway for the next ten years

to make almost a loss or just break even because people have so much trust in that company's future performance.

So, trust is very much of the heart of how our economy works. Money is just a symbol of trust. And if you start thinking of it that way, then you start realising that best way to run your business and to maximise its value is actually to maximise trust strategically across that business. And this is sort of where the trust economy is unique because it's probably the first easy-to-use framework that actually allows you to think of trust in such a strategic way and actually execute strategy and execute things that actually make you, as a company, more trusted. And whenever you increase trust, you also increase value. Or to say it in reverse, think of the GFC, think of the Volkswagen scandal. Whenever trust leaves, value drains with that. So, there is this direct correlation between value and trust. And the more trust you have on your side, the more value you'll be able to get.

**AV**

How does this, do you think, change the way leaders need to lead? I mean, is that going to be a fundamental shift in the way we approach our employees and our companies?

**PKD**

I think if you look at the corporate world now, or organisations, they're based on distrust. It's basically, "You are guilty until you're proven innocent", which is the KPI model, right? You have these targets, until you achieve them, you haven't done your job. I think the way that corporate workplaces work, there's a lot of approvals, there's basically hierarchical top-down decision-making for the most of it, still, right? So, we're looking at a world in which distrust ruined-- kind of, in a way, ruled but it also ruins the value creation. Because at the end of the day, distrust causes a lot of friction, it wastes time, it causes bureaucracy to be necessary. When, in fact, the world is now moving towards a model where trust-first environments are thriving. Most of your online transactions, like in these communities - think of the Singaporean carousel marketplace - they're trust by default. So, the technology has actually invited us to make a trust-by-default kind of way of working normal again. And if you look at co-working spaces, this idea of kind of shared workspaces and sort of, this communal trust, is actually reviving.

So, I think there's a fundamental change that that has for leaders as well because leaders have always been measured by how much trust their people have in them. It's just that most of the time, leadership is constrained nowadays by distrust for workplace practices and processes. So, I think that when you remove those, the potential of a trusted leader is much greater, meaning that the moment that they actually have less barriers, their actual trust goes a lot further and allows them to be much more effective. This may be abstract, but in actual fact, we know that the best places to work, nowadays, according to the Best Place to Work Institute, are really characterized by one thing; and that's trust. So, anybody who has done this research actually comes to that conclusion, that trust is the most important factor in the new way of working.

**AV**

And many of the new technologies that are emerging now to change the way we do transaction - I'm thinking Blockchain, which is not so well understood at this stage - is something that people are scratching their heads and not really coming to terms with yet. It's going to be a completely new way of transacting banking or managing your records etc ... Tell us a little bit about how trust plays a role in that area.

**PKD**

So, I mean, you mentioned Blockchain, and people frequently talk about artificial intelligence. They talk about robotic process optimization, or processes automation, but there's all these things that come up. Technology is really a way of changing trust patterns. But a technology will never be adopted unless trust shifts towards it. So, in the book that I use the definition of innovation as, kind of, whenever trust shifts from an established solution to a new one. And ironically, things like Blockchain that are considered trust technologies have actually had a challenge in being trusted in what they do. So, there is a user interface challenge. People need to trust the technology to be easy to use, to be intuitive, to do what it does. And then, of course, Blockchain has also an interesting relationship with trust in that it actually automates a lot of the manual trust creating processes, right? The trust facilitation, the trust intermediation. Most crucially, what it does, it actually removes the intermediary in the intermediation. This is a bit of a brain twister, but it means that you can actually intermediate trust between individual parties without an intermediary in the middle.

This is why Blockchain can potentially be game-changing in the long run. But in order for that to happen, it needs to also be respected and trusted by the status quo. So, whereas in the past, the Blockchain world has always been a bit on the anarchy side, where it's about, "We're against the current system. We're going to do things differently," it actually needs to find its way into a mainstay banking kind of a financial services environment. Which is happening, but that is basically a conversation of trust, right? Can we trust this technology to take care of our financial global systems? Is it possible? Is it even desirable? Those are questions that every technology needs to answer. And those all relate back to trust, frankly.

**AV**

Well, we're at a time where there's so much new technology disrupting and, hopefully, improving our world. But we're not there yet in terms of really knowing for sure. There's a lot of apprehension, even fear, about what technology is going to do to our world. How do you think we should look at this? Should we be optimistic and embrace these new technologies without too much fear?

**PKD**

I think it's worth putting that into perspective. As of this day, our trust in technology has never been greater. We trust technology way too much at times. We trust Google Maps to lead us to places. We don't even second guess whether that's actually where we want to go, we just trust it. We trust Facebook Messenger and all those other apps more than we think we trust them because we give them all of our data, right? So, the idea is that we're already, by default, trusting technology a huge amount. And, obviously, when you look at

cybercrime and other sorts of bad things happening, that is being exploited big time. This is also a challenge when it comes to artificial intelligence. There is a chance that we will trust this technology way too much and we will basically hand over our lives to it, sometimes not even being sure as to what are the implications.

But on the other hand, you are right. The world is also ironically, paradoxically, moving into a scenario where people are trusting each other less. Maybe on a political level, we're seeing there's a lot of tensions. There is certainly apprehension when it comes to all this new technology coming into our lives. But the very simple way to look at it is that there are trusted things, and there are *trustworthy* things. But the way we think and talk about trust is not always reflecting that. For example, we think we distrust banks, but actually, we leave all our money there. So, the action that we take is we trust them enough to have our money there, but the talk track we use is that we say we distrust them. I think this is an evaluation that we must make a bit more obvious and we must be more aware of that trustworthy and trusted is not the same thing. Every technology is, to an extent, trusted. Not every technology is trustworthy. And we must discern between the two.

**AV**

Well, Philipp Kristian, you've given us a wonderful new lens to kind of look at the future of business. Thank you very much for stepping in and having a chat.

**PKD**

Pleasure's mine. Thank you very much.

**AV**

Terrific. Thank you very much.

Philipp Kristian Diekhöner is a Digital Innovation Strategist and Advisor and Keynote Speaker. He works with major client companies like Facebook, Microsoft, Telefonica and Aviva to deliver greater value through trust. He also is the author of a book entitled, *The Trust Economy, How Digital Technology is Transforming Trust, and Driving Social and Business Innovation*. He was elected a Kairos Society Fellow, a World Economic Forum Global Shaper, and was among 100 Global Leaders of Tomorrow invited to the 45th St. Gallen Symposium.

The Insight Bureau is appointed by Philipp to represent him for speaking engagements in conferences, client events and internal company briefings.

To learn more about Philipp Kristian Diekhöner's experience and insights, please visit:

<http://www.insightbureau.com/PhilippKristianDiekhoner.html>

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