

# 'Elite' trust business above all else

By Francesco Guerrera  
in New York

Business leaders heading to Davos for their annual dose of alpine networking might not realise it but their standing among global decision-makers is remarkably good.

Some of the world's biggest companies are reeling from the aftershocks of the credit crunch and some once-feted chief executives such as Merrill Lynch's Stan O'Neal and Citigroup's Chuck Prince have been ousted after their companies suffered multi-billion-dollar write-offs.

But when Edelman, the public relations company, asked 3,100 representatives of the "opinion elite" - college-educated, wealthy, well-informed individuals in 18 countries - which institution they trusted, their answer was: business.

The study, to be presented

at the World Economic Forum that opens tomorrow in Davos, found that business beat government and the media in the trust scales.

Only non-governmental organisations scored a comparable level of trust.

Edelman's "Trust Barometer" found that leaders of the future were even more trusting of business than their older counterparts. Respondents between the ages of 25 and 34 showed higher trust in business than the 35-64 cohort in nine of the 12 countries polled for this category, including the US, China, Japan and the UK.

Robert Bloom, a former US chief executive of Publicis, the advertising group, and author of the business strategy book *The Inside Advantage*, regards this "trust premium" as crucial for companies. "Trust is a very powerful emotional lever on customers," he says.

The Edelman study confirms this view: most of those polled said they would not buy products and services from a company they distrusted and, conversely, would take their custom to one they trusted.

Those aged 25-34 were more trusting of business than older respondents, the study found

But Edelman unearthed some disturbing trends for US companies. Despite being highly trusted on their home turf, US blue chip companies such as the oil group Exxon Mobil and McDonald's, the restaurant chain, found little sympathy among Europe's educated elites.

Exxon, for example, is trusted by nearly half of US respondents but only one in four British, French and German opinion-makers.

Even more worrying for corporate bosses is their poor reputation as communicators among western elites. Fewer than one in four Americans and only one in three Europeans said they regarded a chief executive as a "credible" spokesperson for the company - an indication that the Enron-era scandals and more recent examples of huge payoffs for ousted executives still weigh on the public's mind.

"There is an issue of pay and performance and of rewarding perceived failure," says Richard Edelman, the PR firm's chief executive. "In addition, I am not sure that chief executives are getting out there and tackling important issues such as the environment."

But, in their battle to regain public trust, chief executives will have to fight some unexpected enemies. When young US opinion leaders were asked to choose the most credible source for corporate information, a surprising 55 per cent mentioned Wikipedia. The free online encyclopedia, written by users with minimal editing, came out above traditional outlets such as television and radio, and even above much-trumpeted "new media" such as blogs and social networking sites. Only articles in business publications scored more highly.

For Mr Edelman, Wikipedia's status as a fount of knowledge on corporate matters is a function of the democratisation of modern media. "Wikipedia, just like Google, represents the vox populi," he says.

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## PepsiCo adds \$8m sparkle to clean water drive

### DEVELOPMENT

The drinks group teams up with actor Matt Damon and the Earth Institute in a global initiative, reports Andrew Edgecliffe-Johnson

PepsiCo will launch a partnership today with the Earth Institute at Columbia University and Matt Damon, the Hollywood actor, to bring clean water to communities

in Africa, China, India and Brazil.

The announcement is being made on the eve of the World Economic Forum in Davos as an example of the event's theme of "collaborative innovation". It will see the US soft drinks and snacks group inject management expertise and \$8m (£5.5m, £4.1m) in cash into two long-term water projects.

The Earth Institute will receive much of the funding, from PepsiCo's charitable foundation, while Mr Damon's H<sub>2</sub>O Africa charity will receive \$2.5m from

PepsiCo's corporate budget. The funds will be used to improve sanitation, access to drinking water and crop yields through irrigation.

Jeffrey Sachs, the director of the Earth Institute, said the initiative reflected a new approach to corporate social responsibility, moving beyond the charitable donations of the past.

"We want real engagement. It is not about the money per se: it is about the partnership. The value of these corporate partnerships is the expertise and global reach and management skills that can come from this," he said.

"Pepsi is dwarfing all our efforts in the last two years [but] it's not just a cheque," said Mr Damon, whose charity had raised "a couple of million dollars" since its launch in 2006. "I'm hoping this is a beacon everyone else succumbs to by irresistible example."

PepsiCo's previous efforts under the banner of "performance with purpose" have been focused on internal efforts to conserve water, recycle and become more energy efficient; advice to farmers in villages near its plants; and attempts to use its distribution skills in the wider community.

Indra Nooyi, PepsiCo's chief executive officer,

Millennium Development Goals", the United Nations' targets for tackling poverty, hunger and the spread of HIV/Aids by 2015.

Ms Nooyi, a co-chair of this year's World Economic Forum, said PepsiCo had appointed a senior executive to monitor progress for both projects over the next three years. "We've given [Prof Sachs] three years but we're going to sit on him the whole time."

Prof Sachs, interviewed on a visit to Timbuktu, said the involvement of PepsiCo, a big consumer of water, was an example of companies "playing to their strengths".

The Earth Institute's Millennium Villages project will also address issues such as roads, schooling and power, the lack of which had undermined other companies' isolated initiatives in the past, he said. "[PepsiCo] don't

have to do any of that."

Ms Nooyi said she had been encouraged to pursue the strategy by her 23-year-old and 15-year-old children.

"This is a movement the likes of which we've never seen," she said, adding that the company's recruiters had found that graduates were becoming more alert to companies' social policies and behaviour.

"It's offensive and defensive and it's the right thing to do," she said.

Mr Damon, whose charity helps provide wells on farms and sanitation in countries from Mali to Uganda, said the support of a large corporate partner meant that "suddenly the whole morass looks like an equation that has a solution".

The involvement of the film star would help spread the message about the urgency of providing clean supplies to the estimated 1.1bn people currently without access to safe drinking water, Ms Nooyi said.

"If Indra Nooyi says this is important it means squat, but if Matt Damon [endorses it] all of a sudden it reaches a much larger group of people in a more cost-effective way," she said.

Mr Damon agreed, saying: "You get a certain amount of celebrity capital and you can choose to spend it however



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