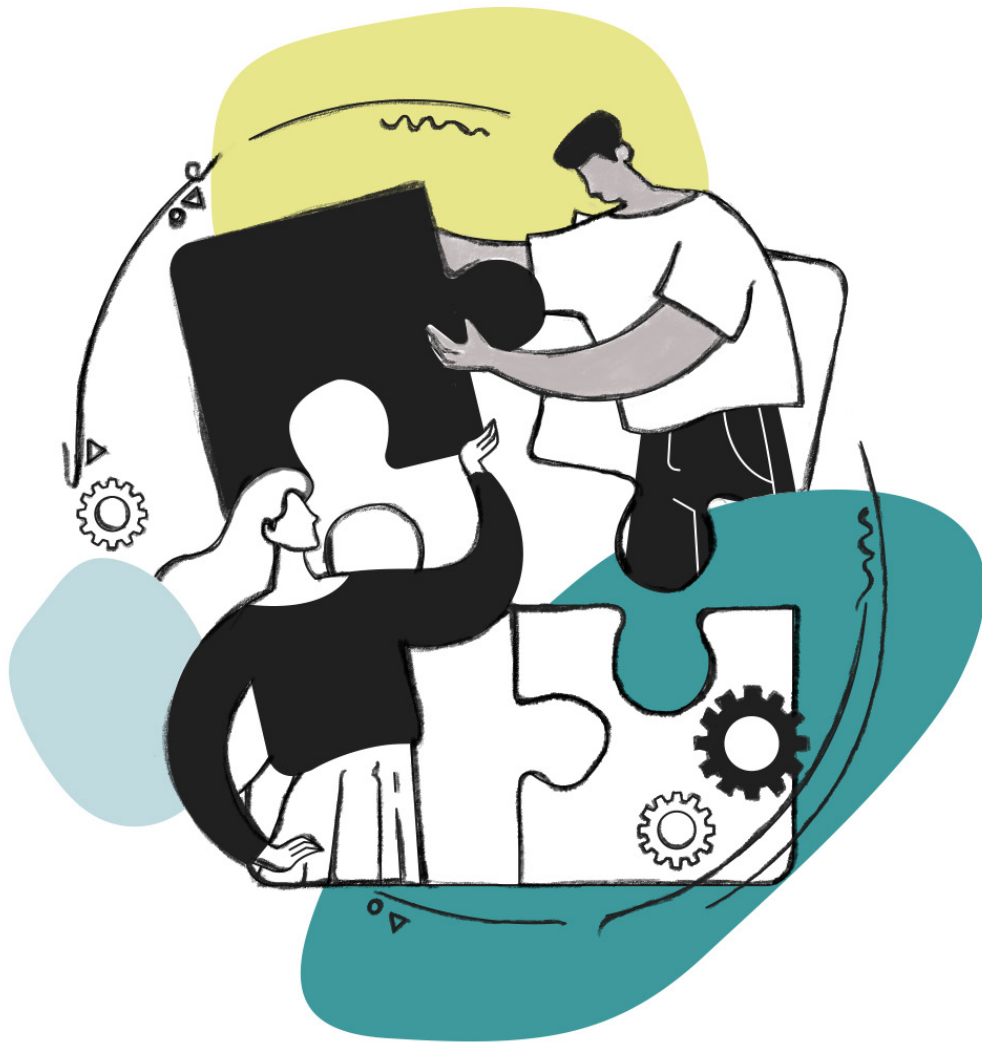# Deloitte.

Building trust in supply chains:
Why humanity matters more than ever

Faced with growing consumer expectations and rapid technological change, company leaders are struggling to find and hold onto the talent they need to help fix things; in a recent MHI-Deloitte survey, supply chain executives ranked hiring and retaining qualified workers as their number one challenge. Yet, our research finds many supply chain organizations are performing with high reliability in this difficult environment.[1] The secret to their success? Building trusted, more human relationships with their internal stakeholders.

Our research highlights the business impacts of trust and provides insights into solutions that can help organizations enhance trust. We have found:

- The most trustworthy companies outperform their peers by up to 400% in terms of total market value.

- Customers who trust a brand are 88% more likely to buy it again, and employees who trust their employer are more motivated to work and less likely to leave.[2]

In our most recent study, we hypothesized that trust is a powerful driver of performance throughout the supply chain ecosystem. To explore the connection, we surveyed roughly 1,500 supply chain executives, managers, and front-line employees across industries, with a focus on planning, sourcing, procurement, logistics, and distribution functions. We asked them to rank their organizations' performance relative to competitors' in terms of reliability, speed, agility, asset efficiency, and innovation and used these rankings to segment the companies on a best- to worst-in-class scale. Then, using our TrustID trust measurement system, we asked front-line employees about their trust in the companies' supply chain leaders, and we asked all respondents in supply chain roles to gauge their trust in non-supply chain departments such as sales and marketing.[3]

6ˣ

We found that the best-in-class supply chain organizations are, on average, six times more trusted than their lowest-performing counterparts.

We found that the best-in-class supply chain organizations are, on average, six times more trusted than their lowest-performing counterparts. One of the largest trust gaps turned up in front-line workers' ratings of leadership's "humanity" (its kindness, empathy, and fairness) where we saw a sevenfold difference in scores between highest- and lowest-performing organizations. Similarly, we observed a significant trust gap among supply chain departments regarding how they view other internal department's "humanity." What's more, the highest-performing suppliers we studied were more than three times as likely as other companies to prioritize employee development and growth. In short, if you want to create a reliable and effective supply chain, treating the people in your organization with humanity is key.
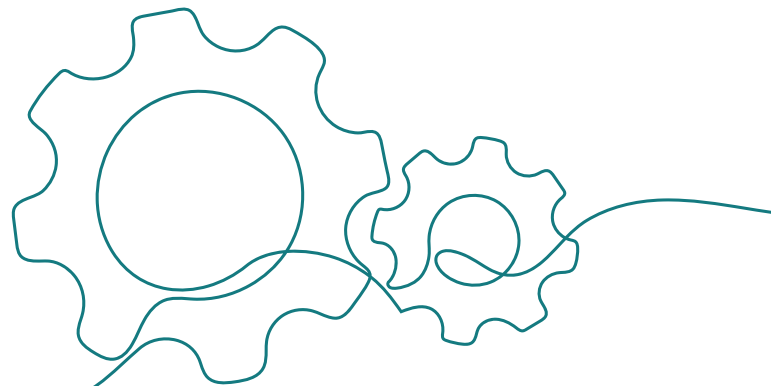
The humanity advantage

We know from many of our other studies that humanity matters. Employees who give their leaders high scores on humanity are 2.6 times more motivated to work. However, we were surprised by the significant role that humanity plays in supply chain relationships, especially those within the organization itself (such as the relationship between front-line workers and corporate supply chain).

We expect that demonstrating humanity will grow in importance over time as more Gen Zers enter the workplace. In separate research on younger generations' trust, we found that one-third of Gen Z say they don't feel cared for at work; at the same time, those who *do* feel that leadership demonstrates empathy and kindness are 3.3 times more likely to look forward to coming to work and are less likely to plan to leave their job.[4]

HUMANITY MATTERS

↑**2.6ˣ**

Employees are 2.6x more motivated at work because of **humanity**

3.3x

Gen Zers *who feel cared for at work are 3.3x more likely to* **look forward to coming to work** *and are* **less likely to have plans to leave their job**

While employees of any generation appreciate expressions of humanity at work, our research suggests that this is more important for Gen Z and other younger workers than it is for older generations. As Gen X and boomers retire and younger workers sweep in behind them, expressing humanity will become increasingly important in attracting, motivating, and retaining talent. And given the striking impact of humanity we see in supply chain ecosystems, there will be a premium on expressing humanity in these organizations.

Consider this case: A transportation firm our organization advises planned on deploying predictive maintenance technologies across its customer network. These smart-connected sensors and associated artificial intelligence systems are designed to notify technicians when a machine in the field needs attention and provide maintenance recommendations.

Initially, the front line was skeptical of the technology, viewing the implementation as just another "grand plan from headquarters" and worried that their input on design would be ignored. They were so concerned, in fact, that they indicated they wouldn't trust or even act on the system's recommendations—which could derail the whole program.

The solution the Deloitte and client teams devised was straightforward: Demonstrate humanity by showing the front line that it was valued and respected. The teams visited each facility and conducted daylong workshops to brainstorm with the technicians on how to design the system with their needs and expertise in mind and wrapped up with team-building dinners for all participants. The teams then continued to connect with the front lines in one-on-one meetings and office hours several times a week, incorporating their feedback and ideas into refining the predictive maintenance models.

These efforts paid off. One of the biggest initial skeptics of the program, a seasoned maintenance manager, explained, "The turning point for me was when I said, 'I understand that working with this technology isn't your team's problem' and they responded, 'Your problems are our problems.' This is the first time a team from [leadership] showed they really care about the field's input and really wanted us to be successful." In follow-up surveys, 100% of the maintenance managers surveyed said they were benefiting from the predictive maintenance solution, and it's on track to deliver nearly $100 million in annual savings for the company.
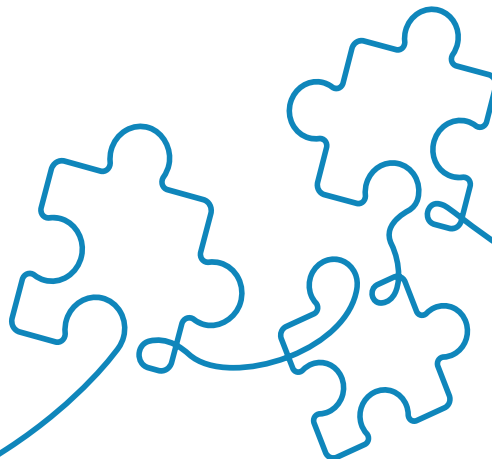
What leaders should do

The implications of our findings are clear: To achieve or maintain their best-in-class standing, supply chain leaders should double down on enhancing humanity.

To build humanity, treat all stakeholders fairly and with kindness, empathy, and respect. As we've shown, this is particularly true in dealing with internal departments and the front lines. In addition to the direct benefits of treating employees with humanity (such as increased employee engagement and retention rates), focusing on humanity is tightly linked to better reliability. When employees give their supply chain departments high humanity scores, they are 3.7 times more likely to also give their supply chain departments high scores for reliability, a measure of how well supply chain departments consistently and dependably deliver on their promises.

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As the global supply chain continues to experience disruptions, building trust in supply chain organizations has never been more important. The greater that workers trust, the greater their engagement, motivation, and loyalty and the better the organization will likely perform. By enhancing trust, lower-performing organizations can become more competitive and best-in-class companies can reinforce their advantage. As it turns out, kindness really is differentiating.

Contact us

Ready to build trust in your supply chain? Let's discuss how you can create better supply chain relationships by demonstrating humanity and kindness in the workplace.

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The chief experience officer at Deloitte Digital, *helps* organizations solve their toughest problems using human equity-centered design to build empathy and trust. She is the author of *Elevating the Human Experience: Three Paths to Love and Worth at Work* and co-author of *The Four Factors of Trust*.

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A senior manager at Deloitte Consulting LLP, Laura leads TrustID in Supply Chain. She helps large organizations digitize and transform their supply chains with an approach that is anchored in the four factors of trust.
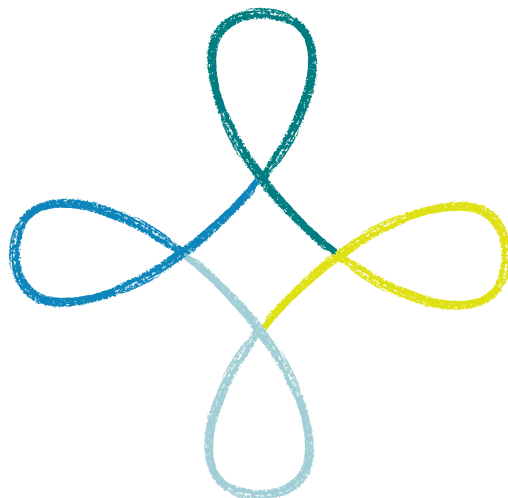
Endnotes

1. Mark Solomon, "Labor shortage, retention top list of supply chain concerns," *FreightWaves*, March 23, 2023.

2. Ashley Reichheld and Amelia Dunlop, "4 questions to measure — and boost — customer trust," *Harvard Business Review*, November 1, 2022.

3. Deloitte, HX TrustID Workforce Survey, 2022.

4. Amelia Dunlop and Michael Pankowski, "Hey bosses: Here's what Gen Z actually wants at work," Deloitte Digital, March 28, 2023.

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