

Analytic Services Webinar | Recorded September 28, 2022

# Why Trust Makes Innovation Happen

Featuring Ken Moore, Kate Wilson, and  
Alex Clemente

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# Why Trust Makes Innovation Happen

**PRESENTER:**

**Ken Moore, Chief Innovation Officer, Mastercard**

**Kate Wilson, CEO, UN Foundation's Digital Impact Alliance**

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Analytic Services**

**MODERATOR:**

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*Harvard Business Review***

## Overview

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In today's economy, trust and innovation go hand in hand. Three-quarters of consumers say trust is important when buying a product or service and eight of ten executives say that having customer trust makes it easier to innovate. Most executives believe that customer trust improves customer loyalty.

Organizations that are leaders in trust focus on the basics of understanding customers, communicating transparently, working collaboratively with all stakeholders, building trust in every interaction, and having a partnership mindset. They then put this trust to work in driving innovation to create new products and services that solve customers' problems. Innovation is the lifeblood of trusted organizations.

## Research Summary

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Alex Clemente summarized findings from a recent Harvard Business Review Analytic Services (HBR-AS) global survey on business innovation among more than 1,800 executives. A complementary global consumer survey included more than 10,000 responses.

The survey's objectives included identifying innovation leaders, capturing best practices, uncovering challenges and barriers to innovation and trust, assessing the value of trust in innovation and in the customer experience, and identifying where businesses and consumers are aligned or unaligned on attributes of innovation and trust.

## Key Survey Findings

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### **1. The survey identified the top drivers of and barriers to innovation.**

The top drivers of innovation are improving product quality, building customer loyalty, and increasing profitability. The top challenges are day-to-day time demands, organizational silos, lack of an innovative culture, legacy technology, and resource constraints.

### **2. The Business Innovators Index shows gains from the pandemic have held but progress has slowed.**

Examining trends showed a significant acceleration of innovation from 2019 to 2020 in response to the pandemic. The Index largely held steady in 2022, reflecting an easing of the urgency to innovate, but innovation in 2022 was still above the 2019 level.

### 3. Leaders are more likely to prioritize innovation, but do not align with consumers on the most important types of innovation.

Using the Business Innovators Index, organizations were categorized as innovation Leaders, Followers, or Laggards. Leaders are prioritizing innovation. The gaps between the Leaders and the Followers and Laggards are noteworthy.

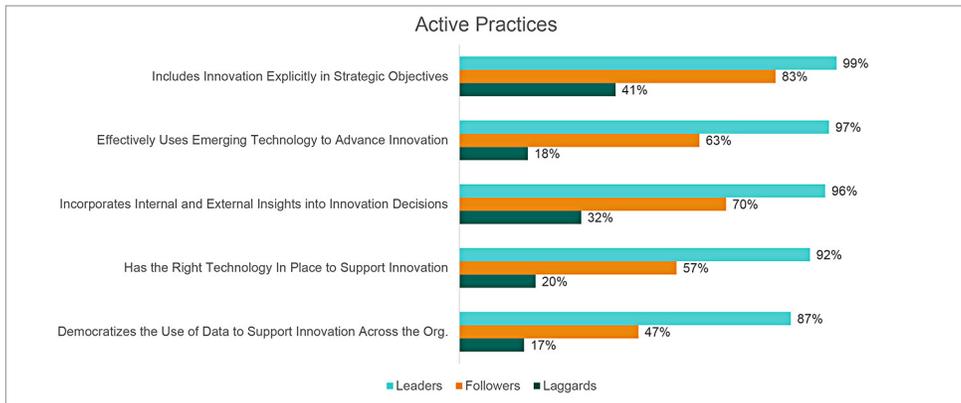


Figure 1: Leaders are much more likely to prioritize innovation

However, businesses have pronounced differences compared to consumers on innovation priorities. Businesses lack a focus on top consumer priorities, including low pricing, ensuring customer health and safety, and ensuring data privacy. In contrast, businesses are focused on responding to customers in real time, though consumers see much less value in that.

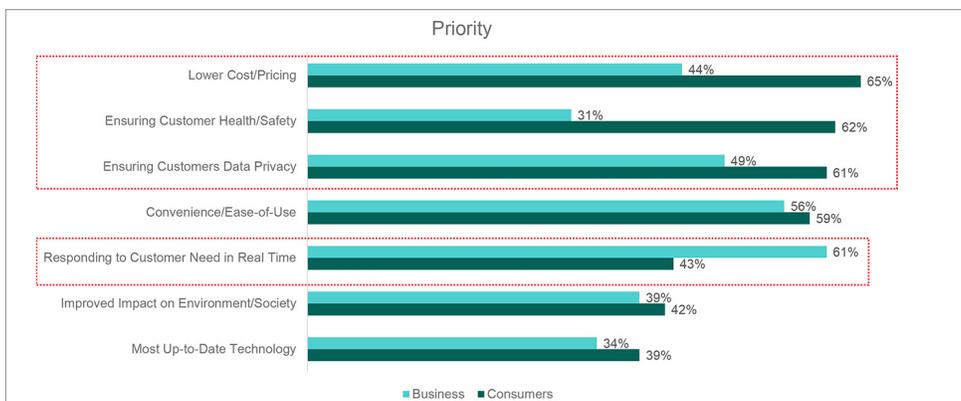


Figure 2: Business and consumer prioritize different types of innovation

**4. Trust is vital to building customer loyalty and retention, but organizations are not committing sufficient effort to earn trust.**

A majority of consumers (75%) say trust is important when buying a product or service. Nearly as many executives (71%) say customer trust improves customer loyalty. While trust appears important to both businesses and consumers, there is more work to do. In fact, only one-fifth of executives say their organizations conduct a trust assessment—a key metric to determine effectiveness—of either employees or customers. Even among the Leaders, only 38% formally assess trust, which still bests the Followers (only 22%) and Laggards (just 10%).

**5. Leaders place more emphasis on the “softer” elements of trust, while consumers care about employee wellbeing.**

Leaders prioritize the softer elements of trust. While Followers and Laggards focus on reliability and competence, Leaders differentiate on ethical values, open and honest communication, moral behavior, and purpose.

Businesses and consumers are more aligned on trust issues than on innovation, but there are noteworthy differences. Businesses overwhelmingly focus on reliability, which consumers view as less of a priority. In contrast, consumers place a premium on the health and safety of employees as an element of trust, which is not shared by businesses.

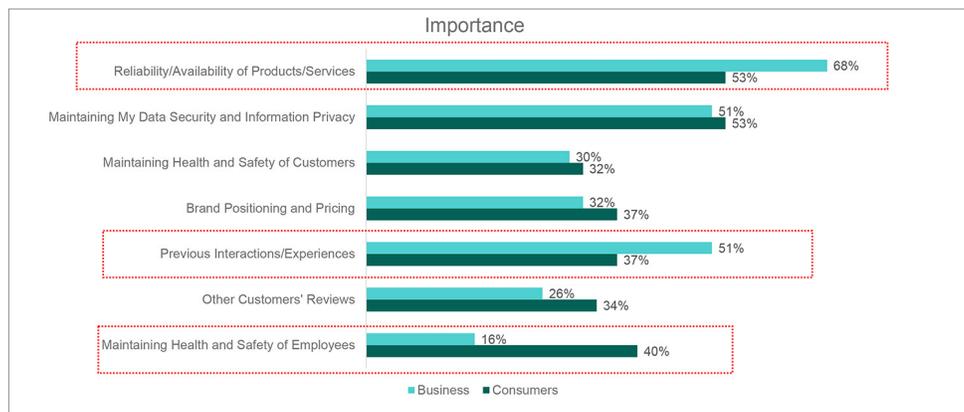


Figure 3: Businesses and consumers mostly align on trust issues

## **6. Key Recommendations coming out of this survey:**

- Understand your customers
- Innovate to win trust and win trust to innovate
- Be transparent
- Don't underestimate softer components of trust
- Treat building trust like any other operational opportunity or challenge
- Build trust at every layer of the organization
- Diagnose broken trust accurately before trying to rebuild it
- Position yourself as a partner, not a vendor
- Never take trust for granted

## **Discussion: Key Takeaways**

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Ken Moore, chief innovation officer at Mastercard, and Kate Wilson, CEO of the UN Foundation's Digital Impact Alliance, shared their perspective on innovation and trust in general, in the financial services industry and in other areas affected by digital transformation.

### **Innovation is driven by an organization's desire to broaden its product and service offerings and serve different markets.**

Organizations grow by expanding vision, which leads to innovation in order to offer new or different products and services, sometimes to new or different customers. Mastercard exemplifies this as it is actively pursuing new opportunities beyond its traditional cards network. Serving new customer segments with differentiated products and services demands innovation.

*“For us, innovation isn't just a ‘nice to have.’ It's an absolute competitive necessity, because our mission and our ambition has, as a company, evolved significantly from where it started.”*

*— Ken Moore, Mastercard*

**Focusing on customers’ current and future needs spurs innovation.**

Solving problems for customers and partners is a foundation of innovation. Addressing today’s needs and anticipating what is on the horizon is vital. Applying emerging technologies, such as artificial intelligence, blockchain and crypto, and advanced telecommunications, spurs change.

As an example, an evolving concept about what constitutes money is driving companies like Mastercard to think more creatively and deal with a broader array of assets and currencies.

**Looking to drive global digital transformation requires focus on the four Ps: products, pricing/procurement, people, and processes.**

The UN Foundation’s Digital Impact Alliance, focused on global digital transformation and improving citizen services through digital delivery, looks to the four Ps of innovation in pursuing its mission.

FOUR Ps OF INNOVATION	
<b>Products</b>	Leveraging global collaboration to build a digital public infrastructure requires new types of product innovation. Addressing these real challenges involves bringing disparate stakeholders together, whether it’s the UN bringing countries together or companies working with customers and partners to solve problems.
<b>Pricing and Procurement</b>	Innovation in digital delivery is changing the way goods and services are bought and sold and is leading to new pricing. Open source innovation is a powerful trend.
<b>People</b>	Put the right people in place so that the organization can tap into human capital and ensure that people are unleashed to drive change.
<b>Processes</b>	Re-architect business processes to deliver services quickly, safely, and securely. A notable example is Estonia, which shifted to online education in 24 hours when the pandemic hit because they had the foundation of a digital public infrastructure.

*“The speed and pace of innovation, the need for digital services, and the requirement that those digital services are delivered safely with citizen data protected have changed dramatically.”*

— *Kate Wilson, UN Foundation’s Digital Impact Alliance*

**Organizations looking to build trust as an innovation strategy need to understand customers and recognize the importance of ESG.**

Organizations of all kinds can build trust through a deep understanding of customer needs, combined with the competence and values to deliver services reliably. By anticipating customers’ future needs and leveraging technology and economics, organizations use that earned trust to innovate.

ESG plays a central role in trust today, as inclusivity, diversity, and sustainability are part of the proposition that companies put forth to all stakeholders, especially employees. Organizations that hold themselves accountable with public ESG targets enhance trust with their stakeholders. As ESG evolves from the boardroom throughout the organization, it affects how companies design, build, and service products, prompting innovation for today and in the future.

*“You are what you measure, so we’ve embedded many of these principles that establish trust with our customers and establish trust with our employees, and we codified them.”*

— *Ken Moore, Mastercard*

**A partnership mindset is critical to building trust.**

A partner—more than a vendor—offers competence and reliability, mixed with transparency. This partnership mindset builds stronger trust.

The UN Foundation's Digital Impact Alliance works closely with global stakeholders on the ground, in contrast to traditional development approaches which focus on donations. This partnership mindset builds trust in all directions: with those who invest in the foundation's work and those whom they partner with to build digital infrastructure for all.

*"We believe that they [partners] are the guide, have their own destinies, and our work is basically to support them in realizing their aspirations."*

*— Kate Wilson, UN Foundation's Digital Impact Alliance*

A genuine partner concedes limitations and makes a public record when making an error or missing a target. Acknowledging opportunities for improvement further enhances trust with customers and employees. Another tactic is to engage employees as partners when establishing ESG targets, giving them a stake in the future of the organization.

### **Measure trust to assess the effectiveness of trust-building initiatives and to establish its value.**

Following the mantra of demonstrating value by measuring, organizations can and should measure trust. The most effective ways to quantify trust include customer sentiment analysis and employee surveys.

*This webinar was originally presented online on September 28, 2022.*



**Ken Moore** is chief innovation officer at Mastercard and a member of the company's management committee. He leads the Mastercard Foundry organization, inclusive of R&D, Digital Futures, Product Lifecycle Management, and Experience Research & Design teams. In this role, Moore is responsible for the company's innovation agenda including incubating and bringing new products and services to market, unlocking the potential of emerging technologies, and anticipating changes in the needs of customers.

He joined Mastercard in 2016 as executive vice president, Mastercard Labs where he led the teams to create new products and experiences in digital payments, financial inclusion, and commercial. He extended Mastercard's partner ecosystem through the creation of its global startup engagement program—Start Path—which helps innovative later-stage startups scale.

Prior to joining Mastercard, Moore held roles of increasing seniority at Citi, Accenture, and Misys. He has over 25 years' experience in international financial services across both retail and corporate banking and has worked extensively throughout the US, Latin America, Europe, Asia, and Africa. He has held executive leadership roles in product management, technology delivery, business development, strategy, and innovation.



**Kate Wilson** believes that digital technology products, new technology policies, and updated business model practices are required to make transformative change in the lives of the under-served and decrease the growing digital divide. Wilson joined DIAL in February, 2016 as its CEO to accelerate the pace at which this vision can be achieved. She has committed the past 26 years to bringing diverse stakeholders together to find common ground in business, technology, and policy, holding leadership roles in both the corporate and non-profit sector.

Prior to DIAL, Wilson co-founded and led the Digital Health Solutions Group at PATH, the Seattle-based international health organization. During her eight years there, Wilson designed and led several global projects, working in both Africa and Asia, most notably those including the use of digital technology to improve the delivery of immunization services and health information systems for universal health coverage. Prior to PATH, she held diverse senior roles in the commercial software sector and inter-

national trade. At Microsoft, Intel, and General Electric, Wilson held roles in ICT product development and launch, strategic planning, and business development, including launching Xbox Live in Europe and leading worldwide deal negotiations with telecom providers.

Wilson holds an MBA and an MA in Southeast Asian studies from the University of Michigan, Ann Arbor, and a B.A. in International Relations from the College of William and Mary.

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**Alex Clemente** is the founding managing director of Harvard Business Review Analytic Services, an independent research unit within Harvard Business Review Group, that conducts research and comparative analysis on management challenges and emerging business opportunities for corporate sponsors. Clemente is a senior global publishing executive, with 30+ years-experience in digital and print content sponsorship and advertising markets worldwide, having developed business content for sponsors on six continents. He was previously the associate publisher of *Harvard Business Review* in charge of global commercial operations and sales, and prior to that, senior VP of sales and marketing for *CFO Magazine*/The Economist Group based in New York, and senior director of international advertising for *USA Today*, also based in New York. He is a member of the Harvard Analytics Staff Consortium, a former board member of the International Advertising Association of New York and the Newspaper Advertising Sales Association of New York.

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**Julie Devoll** is editor for special projects and webinars at *Harvard Business Review* and director of marketing and communications for Harvard Business Review Press. In her role as marketing director, she is responsible for the marketing and PR strategy and execution for all HBR Press books and authors. In her editorial role, she programs webinars and events including identifying thought-leaders and creating content that adds value for Ad Sales clients, HBR subscribers, and webinar participants. Devoll graduated from Stonehill College with a BA in English and a minor in Mass Communications and Journalism.

## SPONSOR PERSPECTIVE

### **Trust is the currency of innovation.**

It's only with trust that we can progress confidently into the unknown. Whether iterating on existing solutions or inventing totally new ways of doing things, we need the trust of employees, stakeholders, and consumers to take the journey with us.

In this year's Business Innovators Index, which has for two years explored innovation best practices among world-leading companies, we sought to explore the complex interdependency between innovation and trust. We found that a culture of innovation is built on a foundation of trust among employees. That a license to innovate is granted with trust and transparency between stakeholders. And that commercial success depends on securing consumer trust in your organization — its products and services — and your brand.

We innovate to build trust and we build trust to innovate. Sixty-five percent of consumers prioritize innovation for customers' health and safety and 61 percent prioritize innovation for data security and privacy. Three fifths (59%) of consumers prioritize innovations to ensure convenience and ease of use. And 42% prefer innovations that have a positive impact on the environment and society. Businesses surveyed by Harvard underestimate the importance consumers place on these issues by up to 31 percentage points, but innovation leaders are more closely attuned to what consumers want than those found to be followers or laggards. Our 2020 Business Innovators Index likewise showed that understanding what customers want and need is key to success.

At Mastercard, trust is our business. We're setting a higher standard for commerce, protecting user data and giving agency to consumers and businesses. We're securing the digital ecosystem to protect all participants from risk, fraud and loss.

Trust is our business; innovation is our passion. We're leaning into emerging technologies, from artificial intelligence to blockchain, and we're supporting select cryptocurrencies on our network to empower frictionless payment experiences and choice. Meanwhile, we're supporting the global growth of open banking to create a more level playing field for innovation — because a rising tide lifts all boats.

We recognize that more diverse voices and inclusive spaces lead to deeper engagement, better creativity and greater commercial success. That's why we foster empathy and transparency between colleagues and stakeholders to unlock the potential in one another. We call it The Mastercard Way.

I hope the findings of this report prove inspirational to our partners, customers and organizations globally as we innovate to create the next economy together — fuelled by the currency of trust.



**Ken Moore**  
Chief innovation officer at Mastercard

