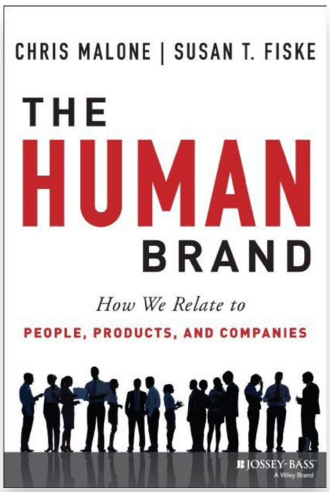

The Human Brand

THE SUMMARY

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Introduction: Back to the Future

Social psychologists have deduced that primitive humans were forced, in their struggle for existence, to develop a primal, unconscious ability to make two specific kinds of judgments with a high degree of speed and sufficient accuracy. What are the intentions of other people toward me? How capable are they of carrying out those intentions? Today we judge others almost instantly along these same two categories of social perception, which are known as warmth and competence.

A person who demonstrates both warmth and competence inspires feelings of trust and admiration within us, motivating us to seek a continuing relationship with that person. One who displays competence in the absence of warmth, however, tends to leave us feeling envious and suspicious, while someone we perceive as warm but not competent stimulates feelings of pity and sympathy. A person who exhibits low levels of both warmth and competence often provokes feelings of contempt and disgust.

Survival for our distant ancestors depended upon their ability to quickly judge others according to these criteria. Humans have come to dominate the globe using this deeply programmed social circuitry, painstakingly developed and tested for ages through the harsh, unforgiving process of natural selection. This, the original real-life game of Survivor, still shapes all our social interactions today.

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We are merely the latest in a line of thousands of generations to inherit this time-tested ability, and we apply it in all our relationships, including those involving commercial transactions. We engage with brands and the companies behind them on the same basis of warmth and competence because, no different from people, companies and brands have the capacity to stir up these hardwired primal passions. We experience feelings of affection and admiration for brands and companies that do well by us, and we feel insult or even rage when we believe that those companies have treated us badly.

We truly live in a global village, one in which social networks, bloggers, online reviews, and crowds of protesters can be roused at the drop of a hashtag. The one time small community concern that “everybody in town might know by weekend worship” has evolved into “everybody on earth might know by tomorrow morning.” Social networks have ensured that the threat of “instant karma” is now feared by even the world’s largest corporations. Social media isn’t so much changing the rules of business as it is restoring those rules to their natural order of social accountability. They make it clear that long-lived business-as-usual practices will have to change or die.

With the waning of the Middle Ages of Marketing (the age of mass everything), the Relationship Renaissance constitutes a rebirth of pre- industrial values, of an age in which customers can again insist on personal relationships with their product and service providers. For all businesses, large or small, a consistent focus on building personal relationships with customers will be an essential ingredient for lasting success in the decades to come.

The companies that are succeeding these days are those who have already stopped trying to manipulate us according to the old Middle-Ages-of-Marketing rules. Instead, they are creating shared value with us through the new rules of the Relationship Renaissance. These are the companies that present themselves as human. They are responding to our natural desires for honest and direct relationships, reflecting the character of all commercial relationships prior to industrialization.

The unchanging compass to our success in the future lays buried deep in our past. It has been obscured by 150 years of industrialization that has fostered an over reliance on measures of competence at the expense of more genuine concern for others. The revolutions in digital, mobile, and social technologies are taking us back to the way the human species has always prospered, from intimate relationships built on trust and loyalty. We have always been driven more by warmth than by competence in all of our human interactions. The sooner we gain a better grasp of the social science behind this simple truth, the better off we all will be.

With a deeper, fuller understanding of how warmth and competence affect us all, you’ll understand better how you are perceived, and you may even expect better of the people in your life, including those who stand behind the products and services you buy.

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Chapter 1: Warmth and Competence

Decades of social science research have shown that within the two broad categories of warmth and competence perception, detailed dimensions of how we perceive others can be measured and interpreted to reveal the predictable patterns of emotions and behaviors that result from them. Warmth is judged by assessing whether one is kind, friendly, and good natured; whether one appears sincere, honest, moral, and trustworthy; and whether one possesses an accommodating orientation and is perceived as helpful, tolerant, fair, generous, and understanding.

Next, we assess people's overall level of competence to understand how successful they would be in carrying out their intentions towards us. Are they stronger or weaker than I am? How much status do they possess? What special resources do they have that make them capable of helping or hurting me? Competence is judged by assessing whether one possesses special resources, skills, creativity, or intelligence that grants them an advantage. Do they appear efficient, capable, skillful, clever, and knowledgeable? Do they seem to possess the confidence and ability to carry out their plans?

These judgments are a remarkably simple but powerful mode of social perception that, by some measures, influences more than 80 percent of all human social behavior. We use warmth and competence to assess not just people, but everything in our lives that acts or seems to act of its own free will. So we make warmth and competence judgments about people, groups of people, pets, animal species, teams, companies, brands, and nations. When the car sometimes "acts up" or when the computer seems to have a mind of its own, we even make warmth and competence judgments about inanimate objects.

Studies show that of the two dimensions, warmth comes earliest and carries more weight in our perceptions. We are highly sensitive to warmth and its absence. Studies show, for example, that you are judged for your trustworthiness within a split second of someone's seeing your face. Moments later, you'll be judged for your competence. Even seemingly minor comments, actions, or appearances can suggest negative intentions that set off emotional alarm bells heard only in the unconscious.

Warm implies trustworthy. Rightly or wrongly, we judge other people's trustworthiness after seeing their faces for a fraction of a second. Imagine someone wide-eyed with a hint of a smile exuding the picture of innocence. People with slightly surprised, happy faces and baby-faced people tend to gain our trust almost immediately. Conversely, we immediately distrust people with furrowed brows or frowning, angry faces, judging them cautiously and with suspicion.

Our judgments of competence are formed a fraction of a second more slowly, in maybe two eye-blinks. People with strong, dominant faces tend to win our immediate respect as competent (whether they are or not), and we conversely assume that people who look weak and submissive are actually incompetent, no matter the objective truth. Snap competence judgments of this kind can even predict election outcomes. Research participants shown photos of unfamiliar out-of-state political candidates were able to pick out the winners on the basis of assumed competence two-thirds of the time.

All this research suggests that if companies are going to succeed with customers in the Relationship Renaissance, a new language of loyalty is needed, one built around warmth and competence. Our loyalty as customers doesn't commit us to abstract companies or brands. Rather, we become loyal to what we experience, learn, or infer about the intentions of people behind those companies and brands. We don't even need to know those people firsthand. Related research on computers and websites as "social agents" shows that we rely on warmth and competence even when engaging in commerce online. Computers easily gain personalities, and test subjects act politely toward computers they interact with. We exercise politeness toward websites, consistent with the idea that we humanize our technology, just as we humanize our contacts with brands and companies.

Taken together, these findings suggest that people were likely the first "brands" and human faces perhaps the first "logos," meaning that all the branded trade and commerce that has unfolded over the past several thousand years is simply our adaptive response to a civilized world in which we enjoy the benefits of products and services made by "unseen hands." Our mental apparatus perceives brands as stand-ins for people, logos as substitutes for faces, and companies as the equivalent of a tribe or social group. Accordingly, we perceive, judge, and interact with everything in our world in the way we have evolved to interact with other humans.

We all inherently know that a bottle of Coca-Cola is an inanimate object. But we also know it is produced by a company and that the company is made up of people. Despite the fact that we may not have direct contact with any of those people, we can infer insight about them from Coca-Cola's packaging, its product's quality, things we hear from others, and our firsthand experience with the product. The more we find out about the intentions and abilities of the people behind the product, the more likely we are to become their loyal customers. To that extent, the best companies and brands, the ones we bond with, are those that we are most easily able to relate to and evaluate on the basis of their human characteristics.

Chapter 2: The Loyalty Test

Social psychologists recognize a distinction in relationships, a "communal" versus an "exchange" relationship. The rules in an exchange relationship are tit-for-tat; you scratch my back, and I'll scratch yours. People in exchange relationships keep track of what they are giving and getting. Your officemate borrows money and then returns it. The sandwich shop gives you what you ordered for the agreed price. You get back according to what you put in.

By contrast, the rules in a communal relationship rely on responsiveness to each other's needs; we take care of each other. We are in it together, so people in communal relationships keep track of each other's wishes, not their input. If your neighbor borrows a cup of sugar, you would be more pleased to get back some of the resulting cookies than a precisely calibrated cup of sugar. A lunch date that ends with "Let me buy you the exact same lunch here tomorrow" seems weird and less friendly that one that ends, "That was fun! I know this great place for a drink after work; I think you'd like it, if you are free later this week." Communal relationships consider the other's needs and interests, rather than trying to even the score.

No business can afford to operate on strictly communal basis, but by introducing a healthy mix of communality to its regular exchange transactions, a company can create relationships that pay off for both the company and its customers in the long term. Also, rational self-interest and generous other-interest need not be a trade-off. Psychologists show that these two qualities function independently of each other, so people and companies can rank high on both self-interest and other-interest in their relationships.

If we do relate to businesses the way we relate to other people, then demonstrating the warmth of communality creates more trust in the long term than the cold calculation of exchange transactions. In essence, we unconsciously conduct a loyalty test as we assess the warmth and competence of a person, a company, or a brand. We make a series of fast calculations in relation to the categories of warmth and competence that heavily influence our willingness to extend our loyalty.

Plenty of research shows that companies with high levels of customer retention enjoy higher-than-average profits, but traditionally, companies and brands have wrongly interpreted this to mean that if they can just keep customers, even by bribing them with discounts and perks, then they have loyal long-term customers. Rewarding repeat patronage, however, is not the same thing as offering loyalty first and engendering loyalty in return. Systems of rewards and benefits are really just price cuts and discounts in disguise. Price cuts and discounts, nice as they are, do not inspire loyalty because they have no effect on our enduring human triggers for warmth.

At the root of the problem is a fundamental misunderstanding of the nature of loyalty, with the belief that genuine, relationship-based customer loyalty can be bought with rebates and rewards. As anyone who has been frustrated with the service provided by their wireless carrier, cable company or the dominant airline at their nearest airport can attest, our continued purchases are typically not a sign of our loyalty. Rather, they are more often a sign that we are essentially being held hostage, unable to switch to a better alternative without significant negative consequences of some kind.

From the opposite perspective, Wharton professor Stephen Hoch notes that we often feel high levels of loyalty to retailers who have no loyalty or reward programs at all, with Trader Joe's being the most prominent example. That observation alone puts the credibility of loyalty and reward programs in doubt. "A lot of these loyalty programs are just a lame way of giving a heavy user a discount," Hoch said in a 2007 interview. "That's not necessarily bad, because heavy users are more price-sensitive. You want to give them discounts, but the question is does it create loyalty if everybody is doing the same thing for that heavy user?" Hoch seems to ask, just how thin can our so-called "loyalty" be spread? Many of us, for instance, have loyalty cards for three or four different supermarkets, which suggests that we're not loyal to any of them. We use loyalty cards just to qualify for discounts wherever we happen to be shopping.

Despite the heavy investments made in these programs to build and reward loyalty, they often leave customers jaded and indifferent at best or angry and resentful at worst. However, the especially painful truth for companies and brands in industries like airlines, hotels, and credit cards is that the reward programs have become so ubiquitous, expected, and taken for granted by customers, it's no longer possible for them to compete without one. This is not because they are especially effective, but rather because the most valuable customers won't even consider doing business with them without this industry-standard perk. As a result, they've become a price-of-entry commodity for customers, like the ante to participate in a round of poker. Overall, reward programs do a poor job of maintaining the kind of customer loyalty that is possible naturally when two people get to know and appreciate each other.

Customers who complain about a company but then experience promptness and respect often become more loyal to the company than customers who have had no complaints. The reason goes right to the importance of warmth and loyalty. A complaint sparks an interaction, which in turn provides the opportunity to demonstrate loyalty to the customer. On the other hand, if any number of faceless monoliths favors us with points, miles, and tenth-coffee-free offers, we're happy to have the discounts, but we're not going to feel much in the way of true loyalty.

For loyal customers to trust, commit, and support a business, businesses first have to demonstrate genuine warmth, concern, and commitment to their customers' needs and interests. Customers handsomely reward companies and brands that exercise this simple but powerful application of warmth and competence insights, through something called the principle of worthy intentions. When a company or brand goes above and beyond normal expectations to express worthy intentions, it turns loyal customers into passionate advocates who actively recommend others to them.

Chapter 3: The Principle of Worthy Intentions

There is something that we call the principle of worthy intentions. This principle is a relationship building strategy that involves attracting and keeping customers by consistently putting their best interests ahead of those of the company or brand. Businesses face a difficult challenge if they try to gain our loyalty with competence alone. Most of us, most of the time, are perfectly satisfied with the competent goods and services we're already in the habit of buying. We're unlikely to change these habits on rational grounds, especially because differences in comparative quality have become harder and harder to discern. Only the emotional connections of worthy intentions have the power to change minds. When we are offered someone's worthy intentions, in the form of a relationship set openly in our favor, only then are we likely to shift our perspective and try something new.

Chris's colleague Ed Wallace introduced him to the idea that "worthy intent" is the basis for all successful one-on-one customer relationships. Ed describes worthy intent as "the inherent promise you make to keep the other person's best interests at the core of your business relationship." As Ed sees it, anyone working with customers must express worthy intentions toward their goals, passions, and struggles. It's the only way to advance the relationship and build precious relational capital in an increasingly transactional business environment. Worthy intent, he says, is the "golden rule for client-facing professionals." You must also be credible and competent, of course, but unless you communicate your worthy intent, your clients will always to be tempted to wander off and find others who offer services just as competent, and at a lower cost. In most cases, this involves little things that are relatively easy and inexpensive to offer but send a strong message to customers about the intentions of the seller.

Worthy intentions invite us to form the trusting relationships that we, as human beings, are primed to prefer. Trust is an efficient and effective form of social intelligence. People who are trusting tend to be more socially successful. They are less suspicious and less lonely. They are also less likely to express feelings of vengefulness and resentment. In economic life, trust enables cooperation for mutual benefit. Studies show we are much more predisposed to trust other people than we even realize. Our general predilection is to expect good things from most people (unless and until proven otherwise). This predisposition has long been a necessary force to help us adapt to new and unexpected circumstances. Trust requires us to assume that the social world is generally benevolent, having "confidence or faith that some other, upon whom we must depend, will not act in ways that occasion us painful consequences." Although trust makes us vulnerable, it also offers opportunities that more than compensate for the risk.

A team of researchers based at the National Institute of Health discovered through brain scanning imagery that when we deal with a partner whom we assume is self-interested (as in most commercial transactions), we behave with cautious, conditional trust. Conditional trust activates a higher, more evolved region of the brain associated with evaluation of "expected and realized reward" or cost/benefit analysis. Essentially, our brains need to work harder and analyze more data when we are in a situation involving conditional trust. That's why buying a car, or any other high-pressure sales situation, is so stressful for so many people.

On the other hand, when we assume our partner is trustworthy (possessing worthy intentions toward us) we behave with unconditional trust in a way that activates a more primitive part of our brains. This area, which doesn't require our brains to work nearly so hard, is the region of the brain linked to "social attachment behavior." Basically, it's much more pleasurable to behave with unconditional trust, because it's not so taxing, it's not as analytical, and it stimulates the same area of the brain that is stimulated by friends and family. Unconditional trust bears a greater burden than conditional trust. A person in a state of conditional trust is poised to be betrayed and isn't entirely shocked when it happens. Not so with someone possessing unconditional trust.

For thousands of years, we have defined our tribes by those who share our moral values. The companies toward which we feel true relational loyalty prompt us, with their benevolent gestures, to think of them differently in a literal sense, by stirring the region of the human brain reserved for easy interactions with friends and family. When organizations manage to offer us the experience of their selfless worthy intentions, our minds react unconsciously in ways that have little to do with commerce and dollars and everything to do with our hardwired need for tribal belonging.

Studies show that reactions to other people's successes or failures depend on whether their outcomes seem to be deserved. If someone succeeds through a system of values that is alien to us (a slumlord, perhaps, or the owner of an overpriced convenience store), we're ready to acknowledge that the success is earned, but less likely to feel warmth toward the individual as someone deserving our admiration and loyalty. A convenience store with high prices does not win our loyalty. It gets only our regular business and our grudging compliance.

Chapter 4: The Price of Progress

If a company's website is used for interactive relationships and not for one-way commerce, then it can be a powerful tool for communicating a company's warmth and competence through its expression of worthy intentions. Large corporations cannot love us back, but if company employees can use websites, Facebook, Twitter, or other social media to give us the experience of individuality and responsiveness, then the prospects for relational loyalty are there, even though the communications are transacted online.

A number of academic studies have shown that we interact with both computers and websites as what are called "social actors." We are not delusional. We do not "think" they are human. However, we inherently know that computers and websites were created by people. As a result, we process our experiences of interacting with them as a reflection of the intentions and abilities of those that built them, using the same warmth and competence perceptions that guide our behavior toward people, companies, and brands. We also respond measurably to both computers and websites with human emotion, as evidenced by our tendency to treat them with that most human of attributes—politeness.

The research suggests that our natural human affinity for warmth and competence has also prepared us to approach the digital world in a more personal way when we're afforded the chance. In most cases, however, businesses use the Internet solely to achieve economies of scale; the digital world then becomes complicit in damaging customer loyalty and relationships. The Internet, to that extent, can be used to extend the Middle Ages of Marketing into the current day and to continue the practice of using one-way transactions that alienate companies and brands from customers.

A 2011 study of global consumer behavior by Accenture points to some of the challenges that e-commerce must confront in the Relationship Renaissance. The power of the customer is growing. "The satisfaction bar keeps rising," the Accenture report observed. Forty-four percent of respondents said that their expectations for customer satisfaction were higher than in the previous year. Only 8 percent had lower expectations. With these rising expectations, the Accenture report revealed two seemingly conflicting developments. On one hand, customer satisfaction is climbing right along with customer expectations. On the other hand, customer loyalty is declining. The growth in customer power is driving both trends.

As measured by Accenture, customer satisfaction was up all across the board in 2011. Customers reported being much more satisfied, in particular, with employees who were polite, friendly, knowledgeable, and well-informed. Customers were also more satisfied with wait times than they were in 2010. Yet, Accenture reported that only one in four customers feel "very loyal" to their providers of goods and services, and many profess no feelings of loyalty at all. Two-thirds said they had abandoned a regular provider in the past year over the issue of poor customer service. It's as though the harder companies and brands work to make us happy, the more demanding we become.

For all the distance and dehumanization that scalable technologies have contributed to commerce over the past 150 years, the silver lining may be this: some of those mass marketing innovations and technological advances can also help meet the rising expectations of the newly empowered customer. When companies and brands manage to balance the convenience and efficiency of e-commerce with personalized relationships buoyed by warmth and competence, we as customers can enjoy the benefits of low prices, wide selection, and personal service. It's a best-of-both-worlds result that was impossible during the Middle Ages of Marketing.

Social networks such as Facebook, Twitter, and Pinterest, along with all the mobile applications that are proliferating around them make it possible for us to establish and maintain one-to-one interactions more efficiently and conveniently than ever before. Although short posts or Tweets have certain limits to what they can express, they allow us as customers to again interact directly with employees with real names and faces. The significance of this development cannot be overstated, particularly for companies and brands that have become highly digitized, automated, and outsourced. The significance for us as customers has become obvious, thanks to our warmth-and-competence-detecting brains.

There is enormous potential for Facebook and Twitter to help companies and brands establish and maintain these kinds of direct relationships with us as their customers. Even as companies and brands begin to realize the vast relationship management capabilities of these networks, they commonly refer to both as "social media," as though they are just another place to post advertising banners and promotional offers. As customers, we know better.

Rather than trying to minimize interactions between humans through automation, companies and brands should be seeking to maximize those interactions using technology, so that their warmth and competence can be displayed and customer relationships established with us. The Internet and social networks have made it possible once again for the employees of companies and brands to have direct, interactive conversations with customers in a way that is efficient, scalable, and traceable.

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If companies and brands were to fully recognize and embrace how we purchase and become loyal to them, they would use social networks more effectively as the relationship management systems they are ideally suited to be. They can and should present themselves us human brands that treat us as human beings.

Chapter 5: Take Us to Your Leader

For decades, the business establishment has doubted the wisdom of using CEOs in advertising, although that skepticism just may be lifting. Studies by AceMetrix show that generally CEO ads rank above average in their effectiveness when compared with other advertising. Although not all CEO ads are successful, AceMetrix found that the most effective CEO ads deliver messages that are "direct, trust-inspiring," "communicate a no-nonsense style," and show the CEO to be "genuine and authentic." (All of these adjectives, by the way, connote either warmth or competence.) The report stated that the most effective current CEO spokespeople are John Schnatter of Papa John's Pizza and Jim Koch of Sam Adams Beer. Each company is notable for fully embracing what the report called a long-term "CEO-as-pitchman" advertising strategy.

These results are very different from what AceMetrix discovered about a far more popular advertising tactic: the celebrity endorsement. In a 2011 report, AceMetrix revealed testing results showing that celebrity ads were outperformed by non-celebrity ads in all demographics, regardless of age or gender. Billions are spent each year on celebrity endorsements and sponsorships, even though they produce poor results virtually across the board.

It's hard to see a role for celebrity endorsements in the ongoing Relationship Renaissance. Celebrities rarely have much to do with the warmth and competence of the brands they represent because by definition they lack the authenticity that we demand in commercial messaging. On the other hand, it is highly likely that we will see more companies "Doing a Domino's" (as acts of public apology were sometimes called when Patrick Doyle's ads first hit the air). That's because our expectations for getting to know the people behind companies and brands are rising like never before. Research by Euro RSCG shows that most Americans now say they want companies "to be open to dialogue with them and to be totally transparent." The public also believes that most leaders lack the capacity to deliver on such goals. Less than 20 percent of survey respondents say that they admire business leaders more today than they used to with admiration being the prized emotion that is evoked by combined warmth and competence.

It may seem neither reasonable nor logical to judge a company or brand by whether you like its CEO as a spokesperson, but just as we have a primal desire to judge brands by the people behind them, no single individual represents those people more prominently than the CEO. There is no avoiding how deeply we take such leadership cues to our hearts. We want to believe that what is true about any leader is likely also true about his or her followers. So if leadership is to gain the spotlight more often in the Relationship Renaissance, then our concept of leadership itself needs to shift accordingly.

Bernard M. Bass's famous 1990 leadership study looked at this subject from the standpoint of "heroes, leadership prototypes, and charisma." In Bass's estimation, there are two kinds of corporate leadership. Transactional leadership is based on rational, economic-choice types of exchanges between leaders and employees. It is an "if-it-ain't-broke-don't-fix-it" approach found most often among the big bureaucratic corporations that Tom Peters famously regarded as "dinosaurs."

The second kind, transformational leadership, occurs when leaders stir their employees to look beyond their own self-interest for the good of the group. Bass concluded that transformational leaders are much more productive because their inspiring leadership prompts employees to exert extra effort on their behalf. Companies led by transformational leaders tend to outperform others due to the tendency of lower-level employees to imitate the characteristics of the leader above them. Psychologically, we are all prone to playing follow-the-leader. That is why Bass invoked Napoleon's observation that an army of rabbits led by a lion would defeat an army of lions led by a rabbit.
Bass also wrote that transformational leadership is particularly important whenever a firm faces a turbulent marketplace. On the other hand, although he regarded transactional leadership as a recipe for mediocrity, Bass found that it still had a place in what he called "stable organizations" that are unaffected by marketplace disruptions. Decades later, though, it's hard to find an industry that is not facing a turbulent marketplace. Transactional leadership, most highly developed among Torn Peters' "dinosaurs," seems destined to go the way of all dinosaurs.

We all need to be inspired by transformational leadership. This is the lesson that corporate governing boards must take to heart immediately, after years of trying to hide their leaders from public view. Many business executives today lack this capacity for transformation because they were hired to make money, not to build loyal long-term relationships with their customers. Such leaders, lacking in warmth and worthy intentions toward their customers, will inevitably demonstrate that their transactional style makes them incompetent to lead in a new, transparent, transformational century. The speed of change is so great that companies and brands should take care now to make sure that the people who get their top job in the first place are capable of expressing their worthy intentions, and in full view of all their customers.

Chapter 6: Show Your True Colors

Product recalls and other embarrassments can provide companies with precious moments of truth such as these. The instant a company's products fall under a public cloud, the spotlight turns to the corporate leadership to take a stand and answer the question, who comes first—people or profits?

When Chris and his academic colleague, Nico Kervyn, conducted a nationally representative survey of US adults for the Wall Street Journal in September 2010 to gauge public reaction to product recalls, the results showed that 93 percent of the public believes that recalls offer "an opportunity for a company or brand to show their true colors and demonstrate whether they care more about consumers or their own profits." Every company confronted with a serious public image problem has a choice to make. Either it can show its worthy intentions toward its customers, as we hope and expect it will, or it can deflect blame and take a narrower, more immediately self-serving view which is often the case.

From the perspective of warmth and competence, there is often a mismatch between what we as customers expect to hear from companies in crisis and how executives at most of those companies prefer to respond. Companies engulfed in a scandal, disaster, or product recall often put up proud faces of competence, as if to reassure us that they have the situation under control. But at that moment what we desire most are signals of warmth. If our internal warmth detectors are not satisfied that a troubled company has worthy intentions toward us, then we naturally suspect that its leaders' assertions of competence are aimed at preserving the company's profits first, and our interests second.

To be sure, when a company is hit with product recalls, it's natural for company leaders to fear that we will judge them harshly for their lack of competence. In the same Wall Street Journal survey, a significant minority of the US. adults surveyed agreed at least somewhat with this statement: "With today's technology, product defects and safety issues that lead to recalls should be completely avoidable, so companies that issue recalls must be incompetent." Fear of that judgment by the public has motivated many companies to try to keep their mistakes quiet, even if those buried mistakes may blow up on them later.

The trouble with that kind of thinking is that it ignores how forgiving we tend to be of companies who make honest mistakes and then apologize for them. More than 90 percent of those surveyed agreed that "Despite modern technology and honorable intentions, even the best run companies and brands can make mistakes that lead to product recalls." Having been embarrassed by a terrible mistake, the public determination of your competence might rest with your perceived warmth—whether you are judged as having made an error despite good intentions.

The biblical book of Proverbs tells us that "Pride goes before destruction and a haughty spirit before a fall." Social science tells similar stories about human nature and why those who cling to prideful claims of competence are so much harder to forgive than those who humbly admit their faults. When companies such as Johnson & Johnson and Toyota confess to their failings, we have a spontaneous desire to forgive and forget. In contrast, the defensive utterances by the leadership of BF, Goldman Sachs, and Bank of America during their times of crisis, after the DeepHorizon spill and the 2008 economic crash, have left us mainly with indelible impressions of their unworthy intentions.

A team of researchers led by Julie Juola Exline at Case Western Reserve University has shown that we avoid extending our forgiveness particularly to those who treat us in ways that are entitled and narcissistic. In a series of experiments, the researchers found that a narcissistic and superior attitude is a stronger predictor of "unforgiveness" than any number of other factors, including offense severity, concessions, and relationship commitment. Lack of warmth and a lack of concern for others, as embodied in the self-centered character traits of narcissism, is the most powerful and most commonly unforgiveable of all transgressions.

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On the other hand, as long as we detect worthy intentions in the form of honesty and transparency, we have a tendency to overlook even great lapses in competence, and we reward those expressions of worthy intentions with our loyalty. A famous study of audiotape conversations between patients and primary care physicians showed that physicians who talked longer and laughed more with patients, "indicating warmth and friendliness," were much less likely to be sued for malpractice than doctors who had shorter, more business-like visits. The researchers wrote, "A warm relationship with the physician may make the patient feel that he or she is a real person in the physician's eyes, rather than a disease. The desire for a connection with the physician is particularly important in long-term relationships, such as a relationship with a primary care physician." Other studies of this kind show that low warmth is a highly predictable indicator of the likelihood that a doctor will be sued, even though malpractice is supposed to involve matters of competence.

Some psychology experiments have shown that a lapse in competence can even make otherwise coldly competent people seem more warm and approachable. One classic study demonstrated that for most people, a competent person of superior accomplishments was considered more likeable after accidentally spilling a cup of coffee. We respond to brands and companies the way we respond to people, so it only stands to reason that highly competent brands and companies who suffer from lapses in judgment can emerge from the experience as more "human" and more approachable. Success, it's been said, is determined not by whether you fall down but by how you get up. To that extent, every company's mistake or public embarrassment represents an opportunity to improve its standing in terms of warmth and competence among its customers, but only if the company is ready to respond to its moment of truth with worthy intentions.

Ample evidence shows that a reputation for warmth and competence will draw us to such companies and brands in away that we will tend to be more trusting and forgiving of their mistakes. For such faults to be forgivable, the brands and companies we've come to trust need to take such setbacks as challenges and moments of truth, in which they seek to cement their relationships by doing what's in our immediate best interest, even if at the temporary expense of their own. It is this kind of loyalty to us that prompts us to reciprocate with loyalty of our own.

We humanize companies that mess up, as long as they show us their good intentions. When nearly nine out of ten adults say they feel more loyalty toward a company that handles a product recall responsibly, those results make clear that the public is much more forgiving than most corporate leaders would assume.

The evidence seems to be that every problem we experience in a relationship, no matter how big or small, represents an opportunity to make the relationship stronger if we are able to show worthy intentions that convey both warmth and competence. Companies that are able to come clean about their errors and state their intentions for doing better in the future might actually bring us closer to them than if they had never slipped up in the first place.

Chapter 7: The Relationship Renaissance

The question this book should raise is not whether business people are warm and competent, but whether they're perceived that way. Even if they think they've expressed worthy intentions to others who are important to them, can they be sure they're experienced as such? If they learned that they weren't, what would they be willing to do about it?

Most company and brand executives, after all, believe they are acting reasonably and prudently when they make critical business decisions. Like most people, they view themselves as being both warm and competent, and they expect others to view them as such. They are largely unaware of how their decisions and resulting actions will be perceived by their customers and other stakeholders.

For all of us, ensuring that our warmth and competence, our worthy intentions, are getting through to others reduces to three imperative actions. We first must overcome our natural inability to fully appreciate how we come across to others, by soliciting honest feedback from them. Second, we must embrace that feedback and significantly change our words and actions. Finally, we must fundamentally shift our priorities. Responding to candid feedback won't accomplish much if we, as customers or companies, remain focused only on our own best interests. That's the promise of understanding the principles of warmth and competence. They encourage us all to be better people.

For much of the modern era, the relentless drive for quarterly results and the impersonality of the world of mass everything has encouraged companies to pursue business in a way that turns out to be deeply flawed. When that pursuit spills over into excess, customers inevitably jump to negative conclusions about all of the people associated with a misbehaving company or brand, even though most of those people actually wince at those perceptions and deeply wish it were otherwise.

Corporate managers should be delighted to throw out the old playbook. A number of companies already have by instinctively grasping the principles of warmth and competence, and a few embracing them by design. For all the difficulties presented by corporate legal structures and the accompanying investment culture in which large companies operate, it is important to remember that the vast majority of business people want to "be good" and "do good." Human nature favors the movement toward a business culture of worthy intentions.

Research tells us that when people are able to act in ways consistent with their ideals, they enjoy enhanced personal well-being, including greater life satisfaction and psychological health. Research also shows that people prefer to work for companies with worthy intentions. According to a 2011 survey of more than 750 MBA graduates, 88 percent said they would be willing to take a pay cut to work for a company that has ethical businesses practices versus one that does not.

The conclusion is unavoidable: in this age when reputations can be made and broken around the world in a single day, our way to achieve any kind of meaningful success, either personal, professional, or commercial, is to earn the lasting loyalty of others by keeping their best interests at the center of everything we do. Doing so doesn't require that we recklessly disregard our own interests. Rather, it recognizes that our success as humans has always depended on the cooperation and loyalty of others. In that regard, keeping the best interests of others in balance with our own is simply a form of enlightened self-interest. It's a mindset that embraces the warmth-and-competence perceptions that drive our choices and shape the human brand in each of us.