

Transcription details:

Host: Bill Coppel, First Clearing Chief Client Growth Officer
Guest: Dr. Jeff Hancock, Professor of Communication, Stanford University

Transcription results:

Intro Welcome to The Next Frontier, where we examine what the role of the financial advisor will be in a world that's being disrupted by artificial intelligence and algorithms. Our mission is to spark new conversations that create stronger connections and build greater client confidence. Join us as we look at our industry and others through a new lens and explore the opportunities emerging at the intersection of high tech and high touch. It's time for a new conversation. Are you ready?

BILL COPPEL Hi, this is Bill Coppel and welcome to The Next Frontier. In 2016, Oxford Dictionary's word of the year was post-truth. What's interesting about that is how much it reflects our reality today. A time when so much information is available that we can basically pick and choose it to fit our story or support our opinion, whether it's factual or not. Because basically, today, we are living in a world of fake news and alternative facts, as they have penetrated mainstream society. It really puts us in a position of doubt and skepticism. And if you believe that truth is fundamentally the foundation of trust and certainly trusting relationships, it begs the question, who can we trust in this post-truth era? And how do we navigate a world full of distrust and misinformation? Especially when you hold that up against the power and reach of social media. And that's the question our guest is going to help us explore today. Dr. Jeff Hancock is a psychologist and professor of communications at Stanford University. He is also the founder of the social media lab at Stanford and he also serves as director of Stanford's Center for Computational Social Science. A leading expert in social media behavior and the psychology of online interaction, Jeff studies how social technologies and artificial intelligence affect us, from how we trust to how we develop and maintain relationships to understanding how technology is affecting our well-being. His view isn't that social media is good or bad, but that it amplifies everything and we must learn to navigate the effects. Before earning his PhD in psychology, Jeff served as a customs officer in Canada. And prior to joining the Stanford faculty, he was an associate professor of cognitive science and communication at Cornell University. He lives in Silicon Valley with his wife and daughter and still enjoys playing hockey regularly and does his best to keep pucks out of the net. Jeff, welcome to The Next Frontier.

JEFF HANCOCK Thanks, Bill, it's great to be here and I think that's my best introduction ever.

BILL COPPEL [laughter] Well, you're quite the interesting guest. Hey, by the way, you're still playing hockey.

JEFF HANCOCK Yeah, I have a game tonight.

BILL COPPEL All right. And I guess you enjoy being in the goal.

JEFF HANCOCK You know, I do. It's one of those places where you shut everything else out and all that matters is the guys on the ice and that puck.

BILL COPPEL Well, that's terrific. So there's a lot of trust that goes on in a hockey match.

JEFF HANCOCK You know, between a goalie and a defense man, there's not much more-- not much higher levels of trust than that, for sure.

BILL COPPEL So let us start off our conversation with this. Jeff, can you take us a little bit through sort of the history of trust? It has evolved over mankind's existence and I'd love you to reflect with our listeners what you have observed about how trust has evolved.

JEFF HANCOCK When we were just coming out of the savanna, so to speak, trust would have been very localized, based on two people. So Jeff trusts Bill, Bill trusts Jeff, and maybe a couple of other people that would be within our tight knit group. As society got larger and we went from tribes to say, villages, we started to have more distributed trust. So not only could I trust Bill, but I would also trust Bill's friend Stephanie and because Stephanie knew Bill and I trusted Bill, I could trust Stephanie. So we started developing these distributed trusts. As we moved from villages into cities, distributed trust was no longer efficient. We developed institutional trust. So now I could trust that, say, Bill would pay me back that loan, not because I knew Bill necessarily or trusted him particularly, but because there is a government and a bank and laws and contracts. And so we've seen this evolution of trusts over time. I don't think it's just one way, either. We sort of rely on all of those kinds of trusts, the one to one trust, the distributed trust, and institutional trust. But, one thing that's really important that's happening right now is a pretty serious disruption in how trust is working and a lot of that is because of what's happening here in Silicon Valley and all of the technology that's changing our lives.

BILL COPPEL So let's go down this a little bit deeper. Given the fact that social media systems and networks and platforms have kind of, as you put it, sort of reconstituted distributed trust and they do seem to dominate our lives, everything from Facebook and Instagram and Twitter and LinkedIn and things of that nature, what role do these technologies play today in the trust formula?

JEFF HANCOCK It's complex. On the one hand, we see pretty serious declines in trust in institutions, for example. And we've seen this decline for a couple of decades now, pre-dating social media, but I think social media and sort of the digitization of information is accelerating that. So we see into all these scandals, for instance, the Volkswagen scandal about programming cars to lie about their pollution levels, to scandals with the Catholic church, to the Panama Papers. So in many ways, technology is sort of uncovering all of these bad actors within institutions and that's undermining trust in these institutions. At the same time, we're seeing these new forms of trust like we see in the sharing economy. So, allowing people to stay in your home or getting in a stranger's car. When you look at that kind of trust, we see a huge amount. In fact, the sharing economy is built on this new kind of trust. So it's a complex changing of the landscape. I don't think that trust is being eroded, necessarily, but where it lies and how it applies to our relationships is undergoing pretty serious change.

BILL COPPEL That's interesting, Jeff, because when I think about one of the first things our parents teach us as children is never get in a car with a stranger. And the idea of going to someone's home, someone you don't know, and going in their front door, walking up their stairs, going into a bedroom and sleeping on someone else's bed, those are so foreign given the way we've grown up over the last three to four decades. So what you're really pointing out is that perhaps the new sharing economy as an example is starting to re-calibrate that definition of trust. Along those lines, can you share a little bit more about your research around social technologies and the types of studies you do in the social media lab?

JEFF HANCOCK Yeah, certainly. We look at a lot of questions around, for example, when do people trust and who? And in particular, how does technology change that? So we've looked, for example, at what leads an Airbnb profile to be trustworthy? What makes an online dating profile look not only attractive but also like somebody that you can trust? How

do we look at text messages? What kinds of ads do we trust? And so my group will do a lot of experiments in the lab here at Stanford. We also do a lot of field experiments where we do large scale experiments where we look at how, say, a change in a policy will affect how people behave. And we've done a lot of work recently on well-being and how social technologies are changing that. One of the main concerns I hear from not only businesses but also families, parents, educators, is concerns about social technology, the mobile phone, and how it's affecting our well-being. And so we've been doing a lot of work on that. And really quickly, one of the main findings that I'd like to share is that, as you said in the intro, it doesn't look like social technology is having one overall effect. It's more like fire, in a way. It can warm our bodies and heat our food, but it can also burn down our house. So what we see is that when people use a lot of social media, heavy uses, it can increase a little anxiety and a little depression, but this is balanced by a trade off in improved relationships and feelings about life satisfaction. So it's really, as you say, affecting a lot of aspects of our lives, and it's not in one way or another or a good or bad way, but it's definitely inserting itself into many of our relationships. And that's, I think, what matters the most.

BILL COPPEL

You know today, Jeff, the popular thinking around the use of social media and perhaps the exaggeration that folks make about who they are and how they look, essentially their authenticity is in question. Can you share your thinking around what your research has pointed to relative to this reality or, said another way, are people more likely to exaggerate on social media versus in real life in a conversation?

JEFF HANCOCK

Yeah, and that's one of the central questions and concerns my students, who are using social media all the time at Stanford, that's one of their central concerns, too, around-- is this stuff on social media authentic and why aren't people just lying if they can say anything they want or they can choose the best photo, why aren't people just lying all the time? What we find is that it's not the technology that's driving deception or trust, but instead it's the human psychology. So, for example, if you're trying to impress a date and be attractive, you might lie about how tall you are if you're a man. And we see this in online dating profiles all the time. Men lie by about 9/10ths of an inch or what my group calls "strong rounding up." So if you're 5'8" and a 10th of an inch, you're 5'9", gosh darn it. And one thought would be, well, yeah, they're using technology to lie for themselves. But when we look around at men's shoe stores, we find that the average height of a men's heel on his shoe is about 9/10ths of an inch. So it's men not lying because they can with technology, it's because they're shaping their perception, their presentation, to be attractive to other people. And so we see the exact same things play out in social media. There's a lot of concern about it being really inauthentic, but what we find tends to be that people, yeah, they present their best self, they're putting their best foot forward much like they do in face to face. And so we don't see this massive increase in deception in social media. But I have to provide one caveat. We often think of social media as just this big world of people out there, but in fact there's two very different worlds on social media. One is with people that you know or expect to know. So this is your family, your friends, your colleagues, maybe future partners, maybe future consumers or clients, but people you expect to have interactions with. And then there's a whole other world, and that's the strangers out there. They could be anybody from an advertiser to some crazy person tweeting from their basement to a Russian agent trying to sow misinformation. And when we look at those two worlds, we see that that world of Jeff and Bill talking and Jeff knowing Bill and liking Bill and expecting to talk to him more often, there's no more deception in that conversation than if we were sitting face to face. In that other world where there's the Russian agent and the crank pot in the basement and say an advertiser, then there is deception. And those people are taking advantage of that because they're trying to manipulate you.

BILL COPPEL So Jeff, how do we evaluate someone's trustworthiness today? Particularly in a world where we're often communicating through a social media platform or some other means of digital communication. Is there a difference between trustworthiness and authenticity? Is trustworthiness synonymous with authenticity?

JEFF HANCOCK That's a really important question and everybody wants to understand how do I come across as trustworthy, as authentic? And there's really two answers to that question. The first is, there's only three things that really matter for coming across as trustworthy. The first is, you come across as warm, honest, and likable. And we make judgments about that about other people very, very quickly. We evolved that from a long time ago to figure out, is this person a friend or a foe? The next decision we make about other people is, do they seem competent or not? That is, can they carry out being a friend or a foe? Or whatever it is that they're about to do? And the third is reliability. So that is, when somebody makes a promise to do something, do they do it and they do it in a timely manner? So that's been well worked out in psychology across cultures, over time, that's been pretty well worked out. The tricky part as your question got to is, okay, but how do I do that when I'm using a digital form of communication instead of sitting there face to face with somebody? And so the answer-- this one is more ambiguous and that is that every person will have to determine what it means for them to be warm, competent, and reliable in these new communication media. The good news is that it's not the case that people seem to lie more often in text or that we even perceive that other people lie more often. And there's a couple reasons. One, face to face in conversation, if I pause for more than a second, it's going to seem really weird. And so a lot of times face to face in conversations, I have to make an answer that might not be truthful but also is going to, say, not hurt your feelings or accomplish some other important value for me. When I'm communicating by text or by email or on social media, I can take more time. I'm writing, so it's more purposeful, and importantly, I'm creating a record and as any liar has found out the hard way, creating a record of your lie is a really, really bad idea. So being warm and likable, competent and reliable online can occur the same way as they do face to face, you just have to take into account that now you're in writing and you're doing purposeful and recorded communication.

BILL COPPEL So I guess it really matters to make sure you keep your emotions in check. You know they always say, before you send the email, wait a few minutes.

JEFF HANCOCK Oh, man.

BILL COPPEL And then hit the delete button. Because you don't get it back. I mean, yeah, the platform gives you access and gives you speed and the ability to really, in an instant, express your deepest emotions, but given the fact that there's accountability connected with that permanency of that record, it really causes us to stop and think for a moment.

JEFF HANCOCK And it can lead to some incivility. I think the number one problem for social media right now is the incivility we have in the way people speak to each other online. And part of that is because I don't see you and so I don't see the reaction and say the hurt face or the knit brow or the-- even the anger. And so I think that idea of like, okay, just work through the emotions and then hit delete, if more people did that, we'd have a more civil social media world.

BILL COPPEL Well you know, it's great because-- that's a great point you're making and I see this in my own world and positions I've held of leadership where I've had two senior people who will, individually, share with me in a rather uncivil manner, perhaps, an opinion of someone else and vice versa, and the way I've always resolved that is I get everybody in the same room and I say, "Would you share with me exactly what you

said about him right now?" [crosstalk] It doesn't work as well with children, though, I've found. They're willing to repeat what they said.

JEFF HANCOCK

Yeah, they are. The children are willing to be real honest.

BILL COPPEL

You know, often people think of trust in a somewhat binary state. The military, for example. One of the hallmarks here in the US with the military is the fact that men and women are trained in a way that everyone around them becomes, essentially, a brother or a sister to them and that they put that relationship ahead of themselves. And it becomes quite binary if you think about it, right? It isn't a degree of trust, it's that I will trust that you'll have my back and you can trust that I have your back. Move away from that. Give us your thinking around this notion of either you trust or you don't trust. Are there degrees of trust? Are there layers? And do we all trust the same way?

JEFF HANCOCK

Yeah, this is a central question to people that study trust. There's many, many-- not only definitions, but kinds of trust. In the military, they also have things like 'Trust but Verify', banks have 'Know Your Customer'. For people we even have these one-off interactions so if I let you stay at my house via Airbnb, that'll just be perhaps a one-off. And then we have relational trust where we develop it over time and we have identity based trust, which is, I'm going to vote for a Democrat or a Republican because that's my tribe and it doesn't matter who it is or what they're saying, I'm going to do that. So there's many different kinds of trust and for a trusting relationship, the closest one is that sort of relational trust, which is, over time, we demonstrate to each other that we do have each other's back and it comes down to what a sociologist from Germany, Niklas Luhmann had to say, which is, "Trust is a confidence in one's expectations." And I like that because I think it actually applies to all those different kinds of trusts we talked about. But if you're in an advisor type relationship, you want your client to have trust, which is confidence in their expectations about you and what you're going to do with your relationship.

BILL COPPEL

And that, really, becomes extraordinarily important in any kind of relationship between two people, whether it's a personal or a professional relationship, I would say. And it kind of echoes what you said a few moments ago about sort of what those three fundamental factors that need to present in a trusting relationship, this notion of warmth, confidence, and reliability, if I'm reflecting on that correctly.

JEFF HANCOCK

Yes, that's right. And the really cool thing about trust right now, and I think this is important for people in advisor type situations is, the models we can learn from, companies like Uber and Airbnb, these sharing companies, and that is they're relying on all kinds of trusts. So if I let you, Bill, stay at my house via Airbnb, I'm trusting you to some important extent, but I'm also trusting that Airbnb is going to cover a lot of other things. And so we talked about the sort of one to one trust, but then institutional trust. So I think what Airbnb is doing is they're taking that distributed trust between, say, Jeff and Bill and anybody that's rated Jeff and said he's been a good host, anybody that's rated Bill and said he's a good host, but not only that, Airbnb has grabbed law enforcement and pulled that in. They've involved insurance contracts and pulled that. They've built it on the government so that if something really, truly goes wrong, Airbnb says, "Don't worry, I'm going to bring those institutions of trust to bear on this." And so they've done this really clever thing of embedding that kind of distributed trust that we're seeing more and more of. On top of this sort of institutional trust around government, legal contracts, and insurance. And so I think that's one of the ways, moving forward, that we're going to see trust evolve, which is it's going to be this kind of embedded trust inside networks but also institutions.

BILL COPPEL That's quite interesting. That sort of blend between distributed trust and institutional trust and where they complement each other in particular situations.

JEFF HANCOCK Right, and so if I'm, say, an advisor working for a large institution, there's going to be value from both of those things, but it's not going to simply be, well, I work with this large institution so you can trust me. Nor is it going to be, well, I'm Joe Blow, you can trust me. Instead, it's going to be a much more blended form of trust where Joe Blow is going to have a bunch of ratings from different people now. There's this sort of reputational trail that comes from social media and social technologies. But also connected to this large sort of institutional trust-- and those are going to be the advisors that generate the most and the most powerful trusting relationships.

BILL COPPEL Let me share this observation. Today, your reputation is very, very delicate in a sense relative to this whole new media platform, social media platform that we can communicate on. It has a long tail, as you've indicated, meaning once it's written down, it's really very difficult to move away from. What I've noticed is that, say, prior to the social media phenomenon, go back a couple of decades, there seem to be a little bit more forgiveness in our society when someone stumbled. And there seemed to be a path to rebuild trust or to rebuild reputation. Not always, but often. That seems to be very different today. It seems to me that once you've fallen off of that trust meter or that reputation has been in some way tarnished, what is the process? What is the journey to rebuild that?

JEFF HANCOCK This is one of the things that I worry about quite a bit because of the kind of intensity that can take place with social media, when someone stumbles, there's often this shaming force. And shaming plays a really important role. It prevents trust violations from taking place because people are worried about getting shamed. But as you said before, the shame would happen, it would be a good example, people would be, okay, yeah, if anybody violates trust, then they're going to get shamed and everybody can move on and that person could ultimately rebuild. Now, shame seems to be much more intensified when people make a big stumble and it gets picked up in social media, becomes viral, even goes mainstream, it's absolutely devastating. You can think of, for example, the dentist that shot the lion. I mean, for a month there were protesters outside of his office and he had to give up his practice. So that is a real concern for me as we as human society adjust to this new communication environment in which everything we say is recorded, there's going to be real problems as we adjust and I think shaming is one of them. I think as humans, we're only now becoming aware of this fact that we're essentially going to be like politicians where everything they say and do is recorded. I'm sure that within 5 to 10 years, that device in everyone's pocket, the phone, will record everything you say and do. And we're just now starting to come to grips with what this means for social interaction, social reputation, and ultimately trust.

BILL COPPEL I couldn't agree more, but apparently there's a few folks out there that still haven't picked up on that and continue to say things in a public venue and then you wonder when it's going to come back to haunt them. I think that the analogy I use here is at this stage of our development and our ability as a culture and a society to wrap our arms around the digital disruption that we're experiencing is we're effectively doing brain surgery with a machete right now. We have a ways to go. It may take another generation-- hopefully not-- for people to recognize the challenges around this whole area. And while we've been warning our children and we've been warning each other and we've been putting rules in place and firewalls and all kinds of other things, it's remarkable how people are slow to pick up on this, which leads me to my next question. We often segment generations, for example let's pick on the millennials for a moment. And there's often criticism sort of in the public discourse around their

"inability" to communicate, whatever that means today. They tend to prefer using social platforms to interact than, say, face to face meetings. As a professor of communications, obviously you are looking at this and in the work that you do, you're running into this. The generational differences in trust and how that relates to the decisions we make about how we communicate what media, what modalities we choose to do that through. Because I think that that's really important for folks to understand relative to dealing across the four, five, or six generations that we're dealing with today.

JEFF HANCOCK

Right, and I think that's a crucial thing as there's more and more generations as we live longer, we're going to be seeing people that will have average expectancies of 100 years of life. So my daughter who's eight, her expected lifespan is about 104. And so we're going to see people having longer and longer lives, which will stretch out generations, and then technology also seems to be carving up more and more generations. So the kind of funny thing when we're interviewing kids is they'll talk, you know in grade 9 they'll talk about what those crazy kids in grade 7 are doing and in grade 12 it'll be like, oh, those grade 10ers, like I have no idea what they're doing, they're so crazy, so we are seeing these really important generational changes. I think that the younger generations always get a lot of criticism. I think that's just part of human society that we always think that previous generations were better, more honorable, more trustworthy, etc. And this goes back to the Greeks, Diogenes is famous for trying to find a single honest man and that's over 2000 years ago. Now, it does feel that a big concern parents, businesses, organizations have is that the people that they're about to hire are perhaps less trustworthy, they can't communicate as well, they're addicted to their phones. I honestly think that all of those are wrong. And I think there's very little evidence that they can't communicate as well as us. In fact, my guess is they're going to be far better at it than we are. There is very little evidence that they're less competent. I mean, the kids I see at Stanford which is obviously a pretty special place, but they're unbelievable. And when we do interviews and workshops with kids that are in grade four through grade eight, I'm just blown away by how smart they are and what they're doing. So I always really get bothered by people that just sort of cast aspersions on a whole generation. I just don't think it's right. That said, there are real differences in generations in terms of how they view trust. And then ultimately what that means for how to communicate with them. So people of my dad's age, so early 70s, he expects a phone call for trust. And the reason for that is, trust to him is very one on one and then institutional. So he will believe in a large institution, but he wants to talk to somebody. Someone, say of my generation, I'm in my 40s, I'm much more comfortable with, say, an email to get things worked out, and if we need to have a phone call, great, but otherwise I'd love to take care of that online. And then you look at say my nieces and nephews, they are going to want a direct message or some other way that is directly connecting with them through say Facebook messenger or Instagram. And that is, they want to be met where they're at and where my dad might want a phone call sometime that day, I'm looking for an email by end of day. Younger generations are going to be like, why is it taking you an hour to get back to me? So for someone that's say advising people of different generations, they're going to have to keep in mind that those different generations have very different views of what communication and trust mean. And adjust their communication style accordingly.

BILL COPPEL

So, another way to think about this for me would be, if I say in my 50s am trying to communicate with someone in their 30s, I have to be sensitive to their style of communication and adapt. Am I following you?

JEFF HANCOCK

I think that's right. Exactly. They're going to be sensitive as well and thinking about what your preferences might be, but I think it behooves all of us to sort of think

about, okay, might be the best place to meet this person and how? And that's a very sort of thoughtful and empathic way of approaching the world. Rather than saying, ah, these kids never get off their phones, it's just ridiculous, instead saying, well, that's what they're doing and they're taking care of their business and their life and a lot of the stuff through the phone, let's meet them there instead of getting upset or complaining about it.

BILL COPPEL

So one of the things we face in the financial services industry, Jeff, is the fact that most advisors, most of the intermediaries are Boomers. And their clients are Boomers. And what the industry probably has struggled with over time is inter-generational or vertical integration if you will, meaning going from the Boomer client through to their children and to their grandchildren. And I think part of that is the stereotype that we often carry with us is that, well, you know something, the younger generation just doesn't trust the older generation. What's your research really told you about that reality? Is that the case or is this more of a communications issue?

JEFF HANCOCK

I think it's a communications issue and probably a little bit of stereotyping and I think trust is sort of encapsulated in different kinds of expertise. For instance, I'm about to have my will and trust with my wife sort of set out and looked at and things like that, and I want someone that has lots of experience with that. I want somebody that's been around the block and knows all the issues that can handle that really quickly and easily. And people younger than me are going to feel exactly the same way. So what we see in our research is that people will trust people based on their expertise. So hopefully you can trust me to give a good lecture on say trust because I'm a professor, but you wouldn't want to trust me to advise you on your money or on doing some karaoke because I'm a terrible singer. Whereas there's other people that I'm going to trust to do that but I wouldn't trust them to say give a lecture on trust in technology. So I think people are very reasonable about identifying what kind of expertise somebody has and I think most young people will tend to follow the expertise and that is, hey, if this person's been doing it for 20 years and he can meet me where I'm at from a communication point of view, I'm going with that guy or that girl.

BILL COPPEL

That makes a lot of sense. You know and that's a challenge we all face, particularly as we communicate with our own children or nieces and nephews of different ages is, it isn't always a face to face communication, which perhaps my generation would feel most inclined to pick first. And your example of email I think is spot on. Email requires time and effort to express yourself appropriately and you've got to put some energy into that to get your point across and I think that's important and I've often coached folks that I know around email, which is be respectful of someone's time. One of the things I find very difficult to deal with is when someone sends me an email string of 75 emails and I've got to go through 75 emails to figure out what the problem is. How do you react to that?

JEFF HANCOCK

I think that getting better at communication is going to be a competency for everyone in a professional environment and that competency is going to be just like you said about, how do you write emails in a way that don't waste people's time but accomplish the goal. And that's where I spend so much of my time is in email. I think as a professor, my job really is to publish papers. But I can tell you I probably write 10 to 20 times more words in emails than I do in papers. At the same time, we need to develop our communication competencies for say Instagram or Twitter. We need to know how to do direct messages well. And this is where we might malign younger generations, but they're very skilled there. This is part of the way they grew up. And so they're going to be really good at those kind of communications. So I know my preference tends to be the phone and email, but just because that's my preference, doesn't mean that I need to force other people into that preference as well. And so

I've gotten much better over the last decade for sure with my students at responding to them in places where it makes sense. So my students and I often communicate via Twitter. And that works really well.

BILL COPPEL

One of the questions that comes up often in our industry is this notion of a need for more technology. As we struggle with transitioning the financial services industry away from those things that are now being done much more efficiently and much more effectively by algorithms and artificial intelligence and data analytics, i.e. managing money for example, and really beginning to shift our focus away from that into really helping people manage their lives. I like to say it very simply, which is my job as an advisor really is to make sure that I understand who you are and help you craft better questions to ask yourself. And that is a backdrop. We're often hearing from folks, gee I need this new gadget, I need that technology, I need this technology. It's almost that notion of fear of missing out and it reminds me of what you brought up earlier, which was this notion of, if you think about it as to what are the three fundamental elements of that relationship, the strength of that relationship, the warmth of it, that confidence factor and of course that reliability factor, how would you guide someone who's trying to sort through all this technology world that we live in today in terms of building stronger relationships relative to the next shiny new piece of technology that comes out? How do I begin to filter through that and decide really what's important?

JEFF HANCOCK

I think there are two questions that always have to be asked when it comes to technology. The first is, what are the goals I'm trying to accomplish here? I think you're right, there's often just this desire for the latest, shiniest gadget. But I think the first question we have to ask ourselves is, both professionally and personally is this technology helping me do what I want to do with my life? And then to the relationship you're talking about, I think the second question is, how do I serve this person better? And your point is that I need to understand what their desires are and what their needs are and the flip side of that is I need to also interpret this information world that's emerging for them. So the degree to which technology can help with those things, I think it's going to be good. When there's these massive disruptions in trust that we're experiencing right now as a society, there's a huge opportunity for an advisor to become that interpreter. To be a sort of sense-maker. So if I know what say Bill needs and I can use technology to help me understand what his needs might be and I have the sort of competency to understand say the new sort of explosion of big data and what machine learning means and what statistics are taking place, if I can play that role of, well I know what Bill needs and I'm going to make sense of this sort of new world for him and I think that's the holy grail, so to speak. So I think the degree to which technology fits into accomplishing those goals, the technology is going to be great and the degree to which it doesn't, it's a distraction and will undermine that sort of warmth, competency, and reliability.

BILL COPPEL

So as someone who is obviously very knowledgeable about psychology, how we think, how we behave, as well as an expert in communication, in a world today that's being disrupted by technology and really putting the role of the intermediary into question, so many of our service industries and professions have been intermediary dependent and we're seeing technology continue to replace more and more of what those folks or what those roles provided against a backdrop of value, what's your thinking around how we're going to begin to redefine the role of an intermediary in a service type business, both professional as well as other types of service dependent or intermediary dependent businesses? How will that value be redefined relative to the social platforms that are out there in the way we digitally communicate today?

JEFF HANCOCK

So it's hard to predict the future, but we know there's a few trends that are going to take place, so one of those is the introduction of AI type systems into all aspects of human relationships. And one of the things that means for an intermediary is, you don't want to get mediated out with AI. So being aware of how these changes are taking place and also understanding where it moves your position. So for example, AI is often considered as a black box and there's good reason for that. The systems that underlie AI type technologies are incredibly complex and they might lead to say a suggestion like, well, buy now or sell now. But a typical consumer is going to have very little idea why is this machine telling me to do this? And while there are really interesting things around how people trust machines, one thing that we've found is that when machines make a mistake, people stop trusting the machines and penalize them much more than if a human made the same mistake. So what that means and tells me is that as AI takes on more and more role here in terms of making decisions for people on how to buy, sell, or manage, the trusted advisor's role will be on interpretation. What does this mean? Why is this system making this suggestion? And I don't think that ever goes away. And so an advisor that can stay on top of those kinds of trends will be incredibly valuable going forward.

BILL COPPEL

So it's that interpretation, that insight that we bring as human beings that demystifies the black box. If I'm hearing you correctly.

JEFF HANCOCK

That's right. That's right. Exactly. It's a sense-making role as machines sort of influence more and more of our decisions, I think that advisors have the opportunity to play that sort of sense maker, that interpreter.

BILL COPPEL

Jeff, I want to go back to something we spoke about at the top of the conversation. You know, this world of fake news and alternative fact that we live in today. The political and social discourse today is dominated by that. The Fourth Estate, the media, which was once the check for the three legs of government, is now really a commercial enterprise that's more involved in creating entertainment for profit than it is at really sharing the facts of what's going on. I, for one, have a really hard time just simply deciding whether or not something like the Mueller report, how real is it? Is it factual? Is there a political motivation behind it? What's to become of where we go as a society relative to finding out what's real, where are the facts?

JEFF HANCOCK

This is the other big concern that people have when they ask me questions after a talk. Who can we trust, as we started out the podcast with? So two main things here. The first is, this concern around fake news and echo chambers and the fact that we're only seeing what we want to see and we don't know who to trust anymore, I think this is a really important societal reaction to the huge disruption that we're facing. I mean, we haven't had a disruption to society like this since the printing press. And so, in a way, I feel this is a little bit like a moral panic. And that's not a negative thing, that means society is saying, whoa, we need to pay attention to this. I can tell you at Stanford, for example, there are probably a dozen different centers and labs and groups studying things like fake news, the Internet and democracy, all these issues around fake news and how we understand democracy in the current age. I feel like we're going to get a handle on this and that although it's difficult right now, that we shouldn't panic too much. That we're starting to change how we view things, I think fake news will be much less of an issue in the 2020 elections. People are getting used to these changes. The other is, yes, media is changing. And one piece of advice I always give everybody is, try not to get your news from social media feeds. Go to a news source that you continue to trust, Fox or the New York Times or Wall Street Journal or the Washington Post. There is a big change taking place, though. You're right about the entertainment faction. I think that a lot of our important investigative journalism now is moving into documentaries and into podcasts. So there's the Serial

podcast, which sheds this incredible light on a murder case that brought just tons of attention to it, now there's a documentary every week it seems like that provides these really important insights into say fraud or politics. So it's changing. There's no question change is taking place, but not all hope is lost. I think that as a society, we value truth and we value facts and we're going through a little bit of a stumble as we figure out what those mean in this new media environment.

BILL COPPEL

You're right, and I think that it really does place a challenge on the whole concept of democracy if you believe that democracy functions optimally with an informed electorate. In the world we live today, it's becoming challenging or more challenging, I should say, it's been challenging for a while now to sort through the fact from the fiction and as you pointed out, we can get news from news sources that either sort of endorse our particular point of view, whether it's accurate or not, and we can also find sources that will bolster our point of view, regardless of how accurate it is or not. So it's-- I'm optimistic as you are because one of the things that's interesting about the digital explosion, the Internet and social media is a point you made early on in our conversation, which your research points to, is that it is a self-- in a sense, a self-regulating entity. Small r, not capital R, because once you've put something out there, if it's not accurate or correct or factual, you'll get called on it pretty quickly.

JEFF HANCOCK

I think in relationships, again where you're interacting with people and expecting to interact with them, I think that's exactly right. And a lot of the fake news and the crap, so to speak, to put a technical term on it, that's out there is from people that are just spinning a one-off things and they're doing it anonymously and I think people are starting to clue into this idea that there are really two worlds out there. There's the people you should care about what they say and it can be online or not, and there's people that you just should not care what they say. And the only way they can access you is through social media. And so ignoring those people and getting better at ignoring what they have to say and their attempts to contact or persuade or manipulate is the sort of new skill of this generation. And I think keeping that trust in place for the people that matter in our lives, that's what we're working on right now.

BILL COPPEL

Well thank you for that. So let me wrap it up with a question I like to end our podcast with, which is really around tying it all together, if you will. When we think about this notion of trust, we think about how we communicate, what's the one thing you'd leave our listeners with to help them reflect, be a little bit introspective for a moment, to retool or perhaps recalibrate how they think about those steps that they need to be taking to ensure they create lasting relationships?

JEFF HANCOCK

Well I'll start our finish with a quote from Confucius, who was a few years before any social media took place. And he said about trust, "Abandon weapons first, then food, but never abandon trust. People cannot get on without trust. Trust is more important than life." And I think it's often important to step back from the sense of our current era of being the only way and recognize that even in ancient China, concerns about trust were paramount. And the reason for that is that it's truly important for all of our relationships. As long as people are willing to put trust first and be skeptical second, whether or not it's with technology, I think they'll succeed and be happy in life.

BILL COPPEL

Thank you, Jeff. As we wrap up today, if our listeners want to learn more about you or connect with you, how can they do that?

JEFF HANCOCK

They can take a look at my TED Talk on trust and deception. They can contact me direct by email by looking up Jeff Hancock at Stanford, or they can go to my Stern Speakers page and all my contact information is available there.

BILL COPPEL

Excellent. Thank you. So to our listeners, if you like what you heard today and haven't already, take a moment to subscribe and rate our podcast. Not only does it help others find us, but it's also a way to challenge you to think differently about your business and the role you play. And together, we can change the conversation. Thanks for listening, and until next time, be well.

Outro

If you like this content, share it or like us. If you want to join a conversation or connect with us, please visit us at www.firstclearing.com. This content is provided for general informational purposes only. The views expressed by non-affiliated guest speakers are their own and do not necessarily reflect the opinion of First Clearing or its affiliates. First Clearing and its affiliates do not endorse any guest speakers or their companies and therefore give no assurances as to the quality of their products and services. This channel is not monitored by First Clearing. For more information on our podcast, visit FirstClearing.com. First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo and Company. Copyright 2019, Wells Fargo Clearing Services, LLC. All rights reserved. First Clearing provides correspondent services to broker-dealers and does not provide services to the general public.

CAR-0722-00412