



Trust

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Making and executing strategic decisions is highly dependent on a cohesive leadership team. No quality or characteristic of a team is more important than trust; it is also rare. There are many myths about trust: trust is 'soft; trust is slow, trust is only about character, trusting people is risky, and trust is established one person at a time. On the contrary, trust is hard and quantifiable, nothing is as fast as the speed of trust, trust is a function of both character and competence, not trusting people is expensive and riskier, trust with one establishes trust with many.

Everything of value is built on trust. We pay more for the trusted brand, follow the trusted leader, and buy from the trusted salesperson. Trust amplifies marketing, speeds sales, and leverages the benefits of diversity. Trust is vital for driving toward any goal. But building trust is not as simple as increasing integrity or honesty; it is deeper and broader than this.

The Economics of Trust

A lack of trust is a persistent problem in modern life and business. From massive fraud in business to scandals in politics and athletics, the headlines all point to a lack of trust and its consequences.

According to Stephen M. R. Covey in his book, *The Speed of Trust*, the economics of trust can be stated in a simple equation:

$$\text{Trust} = \text{speed}/\text{Cost}$$

When trust goes down, speed goes down, cost goes up; when trust goes up, speed goes up and costs go down.

Good strategy and execution can be derailed by low trust; high trust serves as a multiplier. In this way, trust serves as either a tax or a dividend. If we consider that results achieved by an organization are a function of both strategy and execution or **Results = Strategy* Execution**, trust becomes a 'hidden variable' and the equation changes to:

$$\text{Results} = (\text{Strategy} * \text{Execution}) * \text{Trust}$$

With trust at 20%, you lose 80% of potential results (tax); trust at 80%, you lose 20% of potential results; 120% trust, you gain 20% potential results. How is 20% more possible? People go beyond the call of duty and phenomenal things happen (dividend). No/low trust results in CYA (cover your ass) behavior, hidden agendas, political camps, redundant systems that punish/blame individuals, dissatisfied employees, high stress, low productivity, high absenteeism, and low employee retention. High trust results in a healthy working environment – little office politics, good communication, aligned systems, satisfied employees and low turnover.

Levels of Trust

Stephen M.R. Covey further describes trust as a function of character and competence

$$\text{Trust} = f(\text{character}, \text{competence})$$

where character is defined as your integrity, motive and intent and competence is defined as your capabilities, skills, results, and track record. The quickest way to decrease trust is to violate a behavior of character. The quickest way to increase trust is to demonstrate a behavior of competence.

Trust starts with self-trust and ripples out to include 4 additional levels of trust:



Self-Trust is confidence in self to set and achieve goals, keep commitments and walk the talk; the underlying principle is **credibility**. Credibility is the quality of being convincing or believable; acting in accordance with your values and beliefs with genuine care for self and others as well as having a track record of getting things done.

“Self-trust is the first secret of success... the essence of heroism.”

- Ralph Waldo Emerson

Relationship Trust is the ability to create and build trust with others through **consistency/congruence**. Behavior does not vary greatly over time; character and actions are in harmony with one another over time.

“In every relationship, what you do has far more impact than what you say.”

- Stephen M. R. Covey

Organizational Trust is confidence the organization’s systems and structures create dividends. The underlying principle is **alignment**. It is all about building relationship trust with internal stakeholders - after all, an organization is a group of individuals.

Market Trust is the confidence customers, investors and others in the market have in the organization; the underlying principle is **reputation** – widespread belief in the character and competence of the organization. It is about building relationship trust with external stakeholders (considering the market as a group of organizations and individuals).

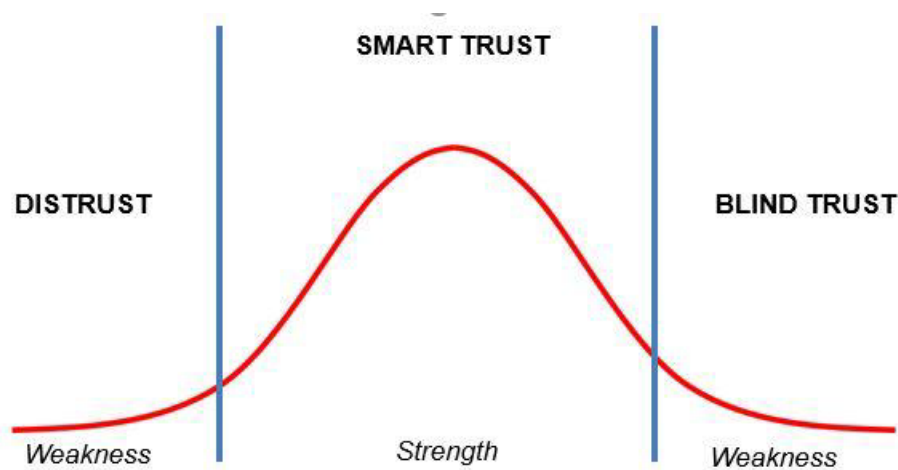
Societal Trust is creating value for others and society at large; the underlying principle is **contribution or global citizenship**.

“Trust men and they will be true to you; treat them greatly and they will show themselves great.”
- Ralph Waldo Emerson

Covey defines 13 trust behaviors for building relationship trust:

1. Talk Straight
2. Demonstrate Respect
3. Create Transparency
4. Right Wrongs
5. Show Loyalty
6. Deliver Results
7. Get Better
8. Confront Reality
9. Clarify Expectations
10. Accountability
11. Listen First
12. Keep Commitments
13. Extend Trust

All 13 require a combination of character and competence. The first five primarily flow from character, the second five from competence and the last three are an equal mix of character and competence. The 13 behaviors work together to create balance. Like the best practice behaviors in the *Everything DiSC Work of Leaders*®, these behaviors exist on a continuum. Too much results in blind trust; too little results in distrust. The “sweet spot” is **Smart trust**:



*Continuum of trust behaviors from: Covey, Stephen M.R, *The Speed of Trust: The One Thing That Changes Everything*. Free Press, 2006

Behavior	Distrust	Smart Trust	Blind Trust
Talk Straight	Lies, spin, double-talk, flattery to avoid discomfort	Truth told in a way people can verify; real and genuine. "What you see, you get." No hidden agendas or information.	Too much information too fast (people unprepared)
Demonstrate Respect	Fake concern. Ego	Genuine care for others. Respect for dignity of every person and every role, especially for those who cannot do anything for you. Kindness shown in the little things.	Overprotectiveness, jealousy, unproductive worry
Create Transparency	Hide, cover, or make obscure; secrets, hidden agendas	Honesty. Simple language to let people know where stand. No manipulation of people or facts. No spin or false impressions.	Too much information too fast (people unprepared).
Right Wrongs	Hide, cover up, or make mistakes obscure	Fess up to mistakes. Make up and make whole. Doing what you can to correct a mistake and then a little more; go the extra mile	Apologize profusely or repeatedly
Show Loyalty	Loyal if it is convenient. Give credit when with other person but downplay their contribution when not.	Credit given freely. Contributions of others acknowledged. No bad-mouthing others behind their backs or disclose private information; speak about people as if they were present.	Extremely loyal in the moment, but not to future well-being or principles
Deliver Results	Overpromise and under deliver	Get right things done right. Make things happen on time and budget without excuses,	Plenty of results with no consideration if they are the right ones.
Clarify Expectations	Not sufficiently clear with expectations or communications	Disclose and reveal expectations. Discuss them. Validate them and renegotiate as needed. Don't assume expectations are clear or shared.	Too detailed, micromanaging

Behavior	Distrust	Smart Trust	Blind Trust
Practice Accountability	Failure to accept full responsibility or to follow-through; little ownership	Take responsibility for results. Clear communication on what and how things are being done. No finger pointing when things go wrong.	Accept responsibility for things out of your control; too much ownership
Get Better	Resting on laurels; complacent. Becoming irrelevant	Continuously improve. Life-long learner. Act on feedback from both formal and informal systems. Accept today's knowledge/skills/abilities are not sufficient for tomorrow's challenges.	Always learning, never producing
Confront Reality	Ignored or dilute reality or too mild to be effective	Address the tough stuff head on. Real issues not buried in the sand.	Brutally confront people instead of the situation; blame/victimize.
Extend Trust	Give people responsibility, but not authority or resources to get task done.	Trust extended abundantly to those who have earned it; extended conditionally to those who are still earning it based on situation, risk & credibility of the people involved.	Extending too much trust and getting burned.
Listen First	Do not determine needs/ preferences and insights of stakeholders before acting; act based on assumptions.	Genuinely seek to understand another person's thoughts, feelings, experience, and point of view before trying to diagnose, influence or prescribe.	Spend all time listening, not bringing conversation to point of decision-making.
Keep Commitments	Not making enough commitments or not following through well	Do what you say. Commitments made carefully and kept as symbol of your honor. Confidences not broken	Make too many commitments or keeping at all costs even when impractical or unwise.

Recent neuroscience research has also shown that higher levels of oxytocin create higher levels of trust and joy. Experiments have shown that a higher sense of purpose (common goal) stimulates higher oxytocin production in the brain. Trust and purpose then mutually reinforce each other to produce high levels of happiness, which in turn further promotes trust within the team.

The key to building trust then is to help team members get comfortable being exposed to one another and able to say “I made a mistake” and “I need help” around a common purpose (goal).

Establishing real trust is hard, but doable. It does not have to take a lot of time. But it does take courage.

"Courage is not the absence of fear, but rather the judgment that something else is more important than fear."

- Ambrose Redmoon

8 Pillars of Trust

According to the *Trust Outlook*[™] trust is the number one reason people want to work for an organization - ahead of more money, more autonomy, or a more fun work environment. People want to trust their leadership. How do we put together the trust behaviors to be such a leader? According to *The Trust Edge* by David Horsager there are 8 pillars of trust:

- 1) **Clarity** - People trust the clear and mistrust the ambiguous. Be clear about your mission, expectations, and daily priorities. This encompasses Talk Straight, Create Transparency and Clarify Expectations.
- 2) **Compassion** - People put faith in those who care beyond themselves. This encompasses Demonstrate Respect, Show Loyalty and Listen First.
- 3) **Character** - People notice those who do what is right ahead of what is easy, doing what needs to be done even when they do not feel like doing it. This encompasses Right Wrongs and Keep Commitments.
- 4) **Competency** - People have confidence in those who stay fresh, relevant, and capable - those that make a habit of learning and listening for fresh information and new perspectives. This encompasses Deliver Results and Get Better.
- 5) **Commitment** - People believe in those who stand through adversity, sacrificing self for the greater good. This includes Confront Realities and Keep Commitments.
- 6) **Connection** - People want to follow, buy from, and be around those willing to collaborate. This includes Demonstrate Respect and Extend Trust.
- 7) **Contribution** - People need to see results. You can have all the other behaviors, but without the results promised, people will not trust you. This aligns with Deliver Results and Practice Accountability behaviors.

- 8) **Consistency** - Little things done consistently create higher trust and better results. This aligns with doing all 13 relationship behaviors consistently.

When a leader is trusted, employee and customer satisfaction, revenue, and employee retention are high. When a leader is not trusted, employees and customers leave and profits fall. Trust is truly a great advantage.

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