

Build High Trust

Costs drop, speed increases.



by Stephen M. R. Covey

TRUST IN OUR LEADERS, organizations, and culture is on the decline.

Only about half of employees trust senior management, and only 28 percent believe CEOs are a credible source of information. The crisis of trust compels us to ask *three questions*: 1) *Is there a measurable cost to low trust?* 2) *Is there a tangible benefit to high trust?* and 3) *How can the best leaders build trust to reap the benefits of high trust?*

Most leaders don't think about the consequences of low trust because they don't know how to quantify or measure the costs. For many, trust is intangible, ethereal, and unquantifiable. But the costs of low trust are real, quantifiable, and staggering. For example, the annual cost of complying with federal rules and regulations alone in the U.S.—put in place essentially due to *lack of trust*—at \$1.1 trillion (more than 10 percent of the GDP). The average American company lost 6 percent of its annual revenue to some sort of fraudulent activity. And we find similar effects for other disguised low-trust taxes.

When trust is low, in a company or relationship, it places a hidden tax on every transaction: every communication, interaction, strategy, and decision is taxed, bringing speed down and sending costs up. Distrust doubles the cost of doing business and triples the time it takes to get things done.

By contrast, individuals and organizations that have earned and operate with high trust experience a dividend that is like a performance multiplier, enabling them to succeed in their communications, interactions, and decisions, and to move with incredible speed—high-trust companies outperform low-trust companies by nearly 300 percent!

Establishing, growing, extending, and restoring trust among stakeholders is the critical competency of leadership. Engendering trust is a competency that can be learned and applied, measured and improved. You simply can't be an effective leader without trust.

As Warren Bennis notes, "Leadership without mutual trust is a contradiction in terms."

How to Build Trust

The first job of any leader is to inspire trust. Trust is confidence born of two dimensions: character and competence. Character includes integrity, motive, and intent with people. Competence includes capabilities, skills, results, and track record. Both dimensions are vital.

With the emphasis on ethics, the character side of trust is the price of entry in the global economy. However, competence is equally essential. You might think a person is sincere, even honest, but you won't trust that person fully if he or she doesn't get results. And the opposite is true. A person might have great skills and talents and a good track record, but if he or she is dishonest, you won't trust that person.

The best leaders begin by framing trust in economic terms. When an orga-



nization has low trust, everything will take longer and cost more because of the steps leaders need to take to compensate for their lack of trust. These costs can be quantified and, when they are, leaders recognize how *low trust is an economic matter*. The dividends of high trust can be similarly quantified, enabling leaders to make a compelling business case for trust.

The best leaders focus on making the creation of trust an explicit objective. It becomes a goal that is focused on, measured, and improved. It must be communicated that *trust matters* to management and leadership—that *it is the right thing to do and it is the economic thing to do*. Make an initial baseline measurement of trust, and then track improvements over time. True transformation starts with *building credibility* at the personal level. The foundation of trust is your credibility, and it can be a real differentiator for any leader. Your *reputation* is a direct reflection of your *credibility*, and it precedes you in any interaction

or negotiation you might have. *High credibility* enables you to establish trust fast—speed goes up, cost goes down.

There are four cores of credibility—Integrity, Intent, Capabilities, and Results. Part of building trust is clarifying what the organization wants and what you can offer. *You do that best by practicing 13 behaviors that build and maintain 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) practice accountability, 11) listen first, 12) keep commitments, and 13) extend trust. When you adopt these behaviors, you make deposits into a *trust account* of another party. *Remember that the 13 Behaviors always need to be balanced by each other.* For example, *Talk Straight* needs to be balanced by *Demonstrate Respect*. Any behavior pushed to the extreme can become a weakness.

Next, take it beyond *you as the leader* and extend it to your team or organization. The combination of that credibility and behavior and organizational alignment results in a *culture of high trust*. And *high trust means high speed and low cost*.

Depending on your roles and responsibilities, you may have more or less influence on others; however, you can always have extraordinary influence on your starting points: *Self-Trust* (the confidence you have in yourself—in your ability to set and achieve goals, to keep commitments, to walk your talk, and also with your ability to inspire trust in others) and *Relationship Trust* (how to establish and increase the trust accounts we have with others).

The job of a leader is to go first, to extend trust first. Not a *blind trust* without expectations and accountability, but rather a *smart trust* with *clear expectations* and *strong accountability*. The best leaders lead with a decided propensity to trust. As Craig Weatherup, former CEO of PepsiCo said, "Trust cannot become a performance multiplier unless the leader is prepared to go first."

The best leaders recognize that trust impacts us 24/7, 365 days a year. It undergirds and affects the quality of every relationship, every communication, every project, every venture, every effort. It changes the quality of every present moment and alters the trajectory and outcome of every future moment of our lives. In every situation, *nothing is as fast as the speed of trust.* LE

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