



The Power of

TRUST

and

ISSUES IN

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A very long time ago, in 1788, James Madison wrote: “great injury results from an unstable government. ... What prudent merchant will hazard his fortunes in any new branch of commerce when he knows not but that his plans may be rendered unlawful before they can be executed? ... In a word, no great improvement or laudable enterprise can go forward (without) the auspices of a steady system of national policy.”

In other words, without mutual long-term trust, no great enterprise is possible—in business, in government or in human relationships.

In a Gallup Poll during the last week of August and the first week of September 2011, the federal government's approval level fell to its lowest levels ever, while hostility to the government rose to its highest levels. The level of trust in business follows the same pattern of losses as government.

These data say that right now, “trust is hard to earn but easy to lose.” This loss of trust and resulting growth of mistrust is a calamity: unimaginably expensive in terms of credibility, effectiveness... and money.

Why Trust Matters in Business

When trust levels are high, so is the quality and performance of business—and the reverse is also true. These facts are demonstrated dramatically when we look at the financial outcomes of companies that are among the best to work for and their peer companies that aren't.

Fortune's 100 Best Companies to Work For have roughly double the rates of return, income, return on assets, profits, stock market returns and employee and customer retention rates compared to peer companies.

Best companies reinforce trust by telling the truth about what is happening and why in focused and clear communications. Best Companies prohibit aggressive and demeaning behavior by bosses and foster the development of mutual respect and trust between employees and their bosses. The result is people know performance and fairness count, and they trust their bosses. Best Companies have high levels of commitment and engagement between management and subordinates and between the company and its customers. That's why they're so financially successful.

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Trust may be the single most important condition underlying every kind of relationship and behind every achievement—in business, politics, and in people's personal lives. Trust dissolves boundaries between people and is the essential glue of positive relationships. Trust is a mutual state and it depends on truth, that people say what they mean and act in line with their words. Trust makes it possible for constructive disagreement and collaboration to happen. And, without trust, so-called leaders have no followers—and without followers, nothing gets achieved. Trust is the critical mental state that allows every kind of relationship to flourish.

Trust is extremely powerful. It is the emotional connection that allows a handshake to seal a deal. And like many very important things, it is also very simple. Trust depends on transparency, which basically means there is honesty and that whatever people say is what they mean and do. In other words, there are no Machiavellian motives or clandestine agendas operating. What you see is all there is.

Trust is a feeling we learn from experience; it is never a given and must always be earned. When there's trust, people can comfortably give up control and become even more connected.

It is not an exaggeration to say that trust is probably the single most important condition underlying effectiveness. With trust, people can collaborate and concentrate on achieving a goal. Without trust, competitiveness prohibits cooperation. Trust, therefore, is a prerequisite for creating relationships and for achieving big goals. That makes creating and protecting trust a personal necessity and a social imperative.

But while trust is hugely valuable, it is simultaneously very vulnerable to being destroyed. The absence of trust is not a void; it isn't the absence of something. Instead, when there is no trust, mistrust rushes in and fills the emptiness. Mistrust corrodes every kind of relationship that it touches and it is extremely costly. Large amounts of time, energy and money are spent on controlling people.

But while frightened people may obey the rules, simultaneously their despair, rage and suspicion increase in potentially violent outcomes. As long as mistrust prevails, few people see truth, fairness or compassion in their lives. Thus, mistrust destroys hope.

It is easy to fall from trust to mistrust, but extremely difficult to move in the other direction. Trust and mistrust are two warriors, the constructive and destructive sides of the same variable: how we relate to each other.

Mistrust and Corrosive Relationships

The enormous value of trust is illuminated by examining mistrust and its corrosive impact on relationships. Mistrust is the hand-maiden of rich lawyers, political revolutions, and the kafkaesque rules of a bureaucracy that tries but fails to enforce them.

Mistrust is the barren soil in which people are endlessly suspicious of others' motives and actions.

When any organization does not trust its people, large amounts of time, energy and money are spent in creating masses of rules and regulations. Then, even more is spent to make sure people are obeying them. Wherever mistrust flourishes, disagreement is seen as sedition and

it's a hanging offense. When people who disagree—even when they have good reasons—are pushed aside or pushed out, kissing up becomes the currency of survival and the voices of disagreement are silenced.

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But powerless people search for ways to retaliate or escape. In business, they put in enough time to keep their jobs but contribute nothing or they cause trouble and sow insurrection by verbally backstabbing the leadership. I call these people “boils;” pockets of infection that infiltrate and contaminate their unit.

In 2011 the world watched as the Arab Spring unfolded (and continues to unfold) in the Middle East. The epidemic of unrest in the Middle East seemed to come out of nowhere, but at its core, it sprang out of mistrust. In many nations of the region, the most effective way to get things done has been through bribery, intimidation and powerful family connections, so corruption is widespread and rampant. Where corruption is widespread, where followers are essentially coerced or bribed, “leaders” have very few followers they can trust. And since most people typically have little money, few connections and no influence, the abuse of the weak by the powerful has a long history.

Eventually, like an inflammation in the body politic, the infection of mistrust came to the surface of society and the patient's fever soared. It swiftly transformed into revolutionary fervor and toppled and continues to threaten to unseat long established, powerful dynasties.

Wherever mistrust rules, there is no collaboration; there is no pursuit of the greater good; there is no discretionary effort or creativity. And there are always rumors, worst-case scenarios which fertilize fear and cynicism. Where mistrust rules, there is neither peace nor progress.

It is much easier to fall from trust to mistrust than to rise from mistrust to trust, because mistrust corrodes and contaminates everything it touches. So once established, it destroys any belief in the humane qualities of fairness or truth or compassion. In this soil, only poisonous weeds can grow.

No Need for Contracts: Respect, Excellence and Trust

I worked as an outside consultant for IBM for twenty-five years. There was never a contract and there was never a need for one. IBM's core values were simple and very powerful; in my experience, no one was policed to enforce them because every IBMer and every outside employee embraced them.

There were three core values: Respect for the Individual; The Pursuit of Excellence; and Customer Service. (For a great history of how these values came into being and how they shaped the company, check out Thomas Watson Jr.'s A Business and Its Beliefs).

Over time, the three beliefs were encoded in precedents as IBM managers and executives had to make difficult decisions. I remember asking an executive what they would do as they were planning to open offices in a country where bribery was literally in the budget. He said, "We don't bribe. And if it turns out we have to, we will withdraw from that country". People knew what IBMers stood for and from 1971 to 1996, the years I was involved with the company, breaking the code was almost unheard of.

The Powerful Outcomes of Trust

A very powerful outcome of trust is people abide by the basic, core values in their environment without heavy-handed policing or detailed sets of rules or orders. With a basic sense of trust in others and with the shared assumption that people are trustworthy, and with goals and motives directed to the good of the whole rather than to gaining personal advantage, discussions can be forthright with disagreements clearly out in the open. Then, transparency increases and so do trust levels.

Mutual trust, respect, and transparency are the basic conditions that create commitment to the organization and engagement with its mission. Gaining employee commitment and engagement is fundamental to achieving success. There are hundreds of studies proving that high levels of commitment and engagement result in the highest levels of performance and profitability. In general, businesses with engaged and committed employees achieve 30 percent higher profits than peer organizations in which employees are alienated and dissatisfied.

Where employees trust their organization and their boss, when they believe in their organization's few core values and behave in line with them, and they are proud to be members of their organization and of its mission, relatively few rules are necessary.

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Trust is created when communications are focused, easy to understand, and easy to summarize. Long and detailed lists are inevitably ineffective. Only a deep sense of trust, pride in the organization, and a few core values that shape decisions can be effective in controlling the choices of a large number of people.

It's All About Relationships.

Whether in the world of business, politics or in the universe of our personal relationships, it doesn't take much effort to create trust if you remain conscious of your behavior—just as it doesn't require much effort to destroy it if you're not. Behaviors that demean people invite mistrust, while even the smallest positive gestures cultivate enormous trust and goodwill.

Real relationships are built on mutual transparency and the positive emotions of mutual respect and trust. Trust is simple, but mistrust is convoluted. Trust is like a straight line, whereas mistrust is a winding doodle without beginning or end.

In the toxic environment of mistrust, people constantly seek praise and encouragement because they rarely get any and they're scared. In business they avoid making any decisions because they're always frightened of being wrong. Cynical and fearful people become servant workers, holding fast to the security of orders while deeply resenting the lack of respect and trust that orders infer.

Any business that operates through control and fear loses their people's commitment, engagement, creativity and initiative. It's hard to exaggerate the magnitude of this psychological and financial loss.

Whether at work or in people's personal lives, the mistrustful person's suspiciousness is the filter through which everything passes. Mistrustful people see only unyielding unfairness and evil intent on the part of anyone whose decisions control what happens to them. And making things worse, mistrustful people typically act in ways that reflect their level of mistrust. Either they cling too tightly in order to be noticed or they push people away. The result is their worst fears of being rejected and manipulated are confirmed. In this way, they are always the architect of their own unhappiness.

Deeply mistrustful people should never be in positions in which they are responsible for managing, mentoring, motivating or leading people.

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Tell the Truth

In every relationship, whether with your spouse, partner or friend, your co-worker or boss, trust is created by the truth. Even in this cynical period, leaders create real followers when they speak out truthfully.

Recently, the columnist and former Reagan speechwriter Peggy Noonan described a speech delivered by Chris Christie, governor of New Jersey, at the American Enterprise Institute.

Governor Christie spoke to 7,500 firefighters shortly after he had proposed increasing their retirement age and contributions to their pension fund, while he also wanted to eliminate a cost of living adjustment and roll back a 9 percent pay increase approved years before. As he walked to the platform the audience booed.

Governor Christie threw away his prepared speech and confronted the audience with honesty and nothing prepared between them, saying “Of course you’re frustrated and angry; you feel you’ve been deceived. For twenty years, governors have given you things they had no way to pay for and they just hoped things would hold together until they left office. You are booing the first person to tell you the truth. But some years from now, when it’s time for you to collect your pension and

you actually have a pension to collect because of what I'm doing now, you'll thank me." Boos changed to cheers.

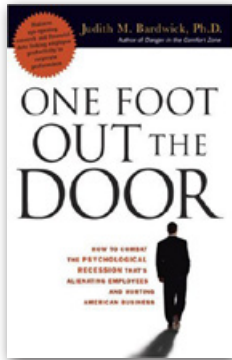
Regardless of what you may think about Governor Christie's politics, the message here was simple, clear and direct: Here's the truth. We are in crisis and our country is in danger. We must take action now or we can lose this country that we love. And he gained real followers for that that.

Today's business leaders might rephrase Governor Christie's message and say, Here's the truth: we have been losing business to our competition and we are in a crisis. But we know what we need to do. In order to make things right, we need everyone's total involvement. We believe in you. We know you can and you will rise to meet this crisis and we will all pull together. Turning this situation around will not be easy but with your experience and leadership and lots of hard work, we will meet problems head-on and we will succeed.

Tell your people the truth. People resonate to straight talk. The truth: words without distortion or evasion. Transparency: clear actions and motives that align.

Creating trust is that easy—and that difficult. And when you do it, you will transform your employees into real followers. 📌

Info



BUY THE BOOK | Get more details or buy a copy of Judith Bardwick's [One Foot Out the Door](#).

ABOUT THE AUTHOR | Dr. Bardwick is the author of one of the top 25 bestselling business books of the last decade, *Danger in the Comfort Zone*. Her other books include *The Plateauing Trap*, *In Praise of Good Business*, and *Psychology of Women*. In her latest book, *One Foot Out the Door: How to Combat the Psychological Recession That's Alienating Employees and Hurting American Business*, Dr. Bardwick sheds light on a condition affecting as many as two-thirds of U.S. employees that she identifies as a “psychological recession,” a pervasive sense of job insecurity that is taking a serious financial toll on companies nationwide and threatening America’s economic future.

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