

Book Notes

for

The Speed of Trust: The One Thing That Changes Everything

Stephen M. R. Covey 2006
notes compiled by Jim Force

The purpose of these notes is to provide an in-depth overview of the content of this important book. The Speed of Trust can be purchased online from Chapters@ <http://www.chapters.indigo.ca/> or Amazon @ <http://www.amazon.com>

Do visit Covey's website <www.speedoftrust.com> for additional information.

Foreword

While ethics is important and necessary, it is insufficient (p. xxiv)

"trust is the ultimate root and source of our influence" (p. xxiv).

Low trust (p. xxv)

- greatest cost in life and organizations
- creates hidden agendas, politics, interpersonal conflict, rivalries, win-lose thinking, defensive and protective communications
- slows everything - every decision, every communication, every relationship

Nothing is as Fast as the Speed of Trust

Trust means *confidence* - distrust is *suspicion* (p. 5)

"In a high-trust relationship, you can say the wrong thing, and people will still get your meaning. In a low-trust relationship, you can be very measured, even precise, and they'll still misinterpret you" (p. 6).

"The moment there is suspicion about a person's motives everything he does becomes tainted." Mahatma Gandhi (p. 8)

Once you create trust almost everything else falls into place. (p. 10)

2005 Harris Poll In the U.S. (p. 11)

- 22% trust the media
- 8% trust political parties
- 27 % trust the government
- 12% trust big companies

From the research

over the past 12 months 76% of employees have observed illegal or unethical conduct on the job which would violate public trust. (p. 11)

76% of MBA students were willing to understate expenses that cut into their profits. (p. 12)

Minimum security prisoners scored as high as MBA students on their ethical dilemma exams. (p. 12)

"we judge ourselves by our intentions and others by their behavior" (p. 13).

"When trust is low, speed goes down and costs go up" (p. 14).

"when trust is high, speed goes up and costs go down" (p. 15).

The one question that is more predictive of team and organizational performance than any other question is, "Do you trust your boss?" (p. 17).

We tend to discount what others say if we don't trust them. (p. 18).

High trust improves:

- communication
- collaboration
- execution
- innovation
- strategy
- engagement
- partnering
- relationships with all stakeholders (p. 19)

Thomas Friedman in *The World is Flat* states:

Without trust, there is no open society, because there are not enough police to patrol every opening in an open society. Without trust, there can also be no flat world, because it is trust that allows us to take down walls, remove barriers and eliminate friction at borders. Trust is essential for a flat world. (p. 21)

Questions to ask regarding personal relationships: (p. 24)

- What's the level of trust?
- what impact is that having on quality of life for me and for the people I care about?
- What if I could move from a [trust] tax to a [trust] dividend?
- What difference would that make?

"Trust is a function of both character (which includes integrity) and competence" (p. 25).

Nothing (p. 26).

- is as fulfilling as a relationship of trust
- is as inspiring as an offering of trust
- is as profitable as the economics of trust
- has more influence than a reputation of trust

You can do Something about This!

"trust is one of the most powerful forms of motivation and inspiration. People want to be trusted. They respond to trust. They thrive on trust. Whatever our situation, we need to get good at establishing, extending, and restoring trust" (p. 29).

Questions: (p. 29)

- Who do you trust?
- Why do you trust them?
- What is it that inspires confidence in this particular relationship?

"Trust is a function of two things: character and competence. Character includes your integrity, your motive, your intent with people. Competence includes your capabilities, your skills, your results, your track record" (p. 30).

"Character is a constant; it's necessary for trust in any circumstance. Competence is situational; it depends on what the circumstance requires" (pp. 30-31).

"If you think the problem is *out there*, that very thought *is* the problem" (p. 33)

5 Waves of Trust (pp. 34-35)

1st Wave: Self Trust

- deals with the confidence we have in ourselves
- key principle is *credibility*

2nd Wave: Relationship Trust

- about how to establish and increase the trust we have with others
- key principle is *consistent behavior*

3rd Wave: Organizational Trust

- deals with how leaders can generate trust in all kinds of organizations
- key principle is *alignment*

4th Wave: Market Trust

- about your company brand which reflects the trust customers, investors, and others in the marketplace have in you
- key principle is *reputation*

5th Wave: Societal Trust

- about creating value for others and for society at large

- key principle is *contribution*

"Leadership is getting results in a way that inspires trust" (p. 40).

"The means are as important as the ends. How you go about achieving results is as important as the results themselves, because when you establish trust, you increase your ability to get results the next time" (p. 40).

The First Wave - Self Trust: The Principle of Credibility

"to build trust with others, we must first start with ourselves" (p. 40).

Questions to ask ourselves: (p. 42)

- Am I credible?
- Am I believable?
- Am I someone people can trust?
- How do I know?

THE FIRST WAVE OF TRUST - SELF TRUST THE PRINCIPLE OF CREDIBILITY

The 4 Cores of Credibility

Self-trust is "about developing the integrity, intent, capabilities, and results that make you believable" (p. 45).

The 4 Cores

Core 1: Integrity

Integrity is "being congruent, inside and out. It's having the courage to act in accordance with your values and beliefs. Interestingly, most massive violations of trust are violations of integrity" (p. 54).

Core 2: Intent

Intent "has to do with our motives, our agendas, and our resulting behaviors. Trust grows when our motives are straightforward and based on mutual benefit" (p. 54).

Core 3: Capabilities

"the abilities we have that inspire confidence - our talents, attitudes, skills, knowledge, and style" (p. 55).

"Capabilities also deal with our ability to establish, grow, extend and restore trust" (p. 55).

Core 4: Results

"our track record, our performance, our getting the right things done" (p. 55).

Core 1: Integrity - Are you congruent?

"I look at three things in hiring people. The first is personal integrity, the second is intelligence, and the third is a high energy level. But, if you don't have the first, the other two will kill you." Warren Buffett (p. 59)

"The compliance definition of 'ethics' is not one of integrity or integratedness; it is a watered-down, devalued definition that essentially means 'follow the rules'" (p. 61).

"it is congruence - not compliance - that will ultimately create credibility and trust" (p. 62).

"When you consistently demonstrate inner congruence to your belief system and to principles, you inspire trust in both professional and personal relationships" (p. 63).

"Integrity also includes humility" (p. 63).

"Integrity also includes the courage to do the right thing - even when it is hard" (p. 64).

Questions for determining one's level of integrity: (p. 66)

- Do I genuinely try to be honest in all my interactions with others?
- Do I typically "walk my talk"?
- Am I clear on my values? Do I feel comfortable in standing up for them?
- Am I open to the possibility of learning new truths that may cause me to rethink issues or even redefine my values?
- Am I able to consistently make and keep commitments to myself?

"There is absolutely nothing you can do that will increase integrity faster than learning how to make and keep commitments to yourself" (p. 66).

"Differentiate between a goal, a direction, a focus and an actual commitment" (p. 67).

Treat commitments you make to yourself with the same integrity as those you make with others (p. 68).

Make sure you make commitments "out of humility, and not pride" (p. 68).

"You can't work from [integrity] the inside out if you don't know what's inside. So you need to have a center. You need to have identified values. You need to know what you stand for and you need to stand for it, so that others know, too" (p. 69).

"Openness is vital to integrity" (p. 71).

Anwar Sadat: "[H]e who cannot change the very fabric of his thought will never be able to change reality, and will never, therefore, make any progress" (p. 71).

"To be open inspires credibility and trust; to be closed fosters suspicion and mistrust" (p. 71).

Core 2: Intent - What's Your Agenda?

Intent matters (p. 76)

- it grows out of character
- while we tend to judge ourselves by our intent, others by their behavior
- we tend to judge others' intent based on our own paradigms and experience
- our perception of intent has a huge impact on trust
- people often distrust us because of the conclusions they draw about what we do
- it is important for us to actively influence the conclusions others draw by "declaring our intent"

Questions:

- what trust tax is paid by being suspicious of one another's motives?
- what trust tax am I paying because people question my own intent?
- what can I do to improve and better communicate my intent?

"The motive that inspires the greatest trust is genuine caring" (p. 78)

"the motive of caring will do more than anything else to build credibility and trust" (p. 79).

"The agenda that generally inspires the greatest trust is seeking mutual benefit" (p. 80).

"The behavior that best creates credibility and inspires trust is acting in the best interest of others" (p. 81).

Research shows: (p. 82)

- 29% of employees believe that management cares about them developing their skills.
- 42% believe that management cares about them at all.

J.M. Barrie: "Never ascribe to an opponent [or I would say to anyone] motives meaner than your own" (p. 84).

"Declaring your intent and expressing your agenda and motives can be very powerful, particularly if your behavior is being misinterpreted or misconstrued by others" (p. 87).

declaring intent increases trust as it signals behavior (p. 88)

Question (p. 89)

Is there room for other people to see things differently than I do and still be right?

Core 3: Capabilities - Are You Relevant?

"The first dimension of competence is *"capabilities* - the talents, skills, knowledge, capacities, and abilities we have that enable us to perform with excellence" (p. 90).

"To sever capacities from their character roots is to engage in corruption and manipulation. It won't build credibility, it will destroy trust" (pp. 92-93).

Question to ask yourself (p. 93):

What capabilities do I have that make me credible and that inspire trust and confidence of others?"

"Always surround yourself with people who are even more talented and competent than you" (p. 97).

When asked, "what if you train everyone and they all leave?" The CEO replied, "What if we don't train them and they all stay?" (p. 99)

"make our weaknesses irrelevant by working effectively with others so that we compensate for our weaknesses through their strengths and so that we compensate for their weaknesses through our strengths" (p. 104).

Trust Abilities: "your ability to establish, grow, extend, and restore trust" (p. 107).

Core 4: Results - What's Your Track Record?

Results "matter to your credibility. They matter to your ability to establish and maintain trust with others" (p. 110).

"if you are getting results but you're violating one of the other three cores . . . your production will not be sustainable, nor will the fruit be good" (p. 110).

"in the long run, even top results will not offset a lack of integrity" (p. 111).

Frederick Smith, founder of FedEx: "We thought we were selling the transportation of goods; in fact, we were selling peace of mind" (p. 113).

Critical Questions: (p. 114)

- *What* results am I getting?
- *How* am I getting those results?

"The how can generate huge roadblocks to future results - or it can grease the skids. It's so much easier to get results the next time around if people trust you . . . if they know you're going to give credit, to seek mutual benefit, to not place blame. They will want to engage with you, to give you information, to help you because you've become credible with them" (p. 114).

"results' can't always be measured in dollars and cents. . . . The greatest profit may not be in the current transaction, but in the credibility and trust that comes from that transaction that paves the way for even greater results in the future" (p. 115).

Warren Buffett: "If you can't make mistakes, you can't make decisions" (p. 117).

"growth cannot happen without risk" (p. 117).

"a real key to success is in taking responsibility for results - not activities" (p. 119).

THE SECOND WAVE - RELATIONSHIP TRUST THE PRINCIPLE OF BEHAVIOR

The 13 Behaviors

"The truth is that in every relationship - personal and professional - what you do has far greater impact than anything you say" (p. 128).

"to raise the level of performance . . . you not only need to strengthen the driving forces, you also need to remove the restraining forces" (p. 132).

"all 13 behaviors require a combination of both character and competence" (p. 133).

"every interaction with every person is a 'moment of trust.'" (p. 135).

Behavior #1: Talk Straight

"Talk Straight' is honesty in action. It's based on the *principles* of integrity, honesty, and straightforwardness" (p. 137).

Summary: (p. 143)

- be honest
- tell the truth
- let people where you stand
- use simple language
- call things what they are
- demonstrate integrity
- don't manipulate people or distort facts
- don't spin the truth
- don't leave false impressions

Behavior #2: Demonstrate Respect

Business course exam question: What is the name of the person who cleans your dorm?
recognize everyone who contributes to your success (p. 146)

"The end result of kindness is that it draws people to you" Anita Roddick, founder of The Body Shop (p. 148).

Summary: (p. 151)

- genuinely care for others
- show you care
- respect the dignity of every person and every role
- treat everyone with respect, especially those who can't do anything for you
- show kindness in the little things
- don't fake caring
- don't attempt to be 'efficient' with people

Behavior #3: Create Transparency

"Creative Transparency - is about being open. It's about being real and genuine and telling the truth in a way people can verify (p. 153).

"when trust is low, people don't trust what they can't see" (p. 154).

"To negotiate with transparency does not mean you always have to lay all your cards on the table. But it does mean that you are transparent with appropriate information and with what you're trying to accomplish" (p. 156).

Summary: (p. 157)

- tell the truth in a way people can verify
- get real and genuine
- be open and authentic
- err on the side of disclosure
- operate on the premise of 'What you see is what you get'
- don't have hidden agendas
- don't hide information

Behavior #4: Right Wrongs

"Right Wrongs - is more than simply apologizing; it's also making restitution. It's making up and making whole. It's taking action. It's doing what you can to correct the mistake . . . and then a little more" (p. 159).

"Right Wrongs is based on the *principles* of humility, integrity, and restitution" (p. 160).

"will [you] choose the path of humility and courage or the path of ego and pride" (p. 160).

Summary: (p. 164)

- make things right when you're wrong

- apologize quickly
- make restitution where possible
- practice 'service recoveries'
- demonstrate personal humility
- don't cover things up
- don't let pride get in the way of doing the right thing

Behavior #5: Show Loyalty

"Show Loyalty is based on the principles of integrity, loyalty, gratitude, and recognition (p. 166).

Acknowledge people for who they are not just what they do (p. 167).

"giving credit to others will significantly increase trust and economic results - as well as other positive results - on all levels" (p. 167).

"speak about others as if they are present" (p. 168).

Summary: (p. 171)

- give credit freely
- acknowledge the contributions of others
- speak about people as if they were present
- represent others who aren't there to speak for themselves
- don't bad-mouth others behind their backs
- don't disclose others' private information

Behavior #6: Deliver Results

Deliver Results "grows out of the principles of responsibility, accountability, and performance" (p. 172).

"The next time you plan to Deliver Results, make sure you thoroughly understand the expectation" (p. 176).

"To overpromise and underdeliver will make a [trust] withdrawal every time" (p. 176).

Summary: (p. 176)

- establish a track record of results
- get the right things done
- make things happen
- accomplish what you're hired to do
- be on time and within budget
- don't overpromise and underdeliver
- don't make excuses for not delivering

Behavior #7: Get Better

"Get Better is based on the *principles* of continuous improvement, learning, and change" (p. 178).

"it's possible to put too much emphasis on feedback or overreact to it, and in the process, discount your own instinct and vision" (p. 181).

"Most often, in fact, it is the failures that bring about the breakthroughs and insights" (p. 182).

What is one thing we are now doing that you think we should

- continue doing?
- stop doing?
- start doing? (p. 183)

Reframe mistakes as feedback (p. 183)

"take steps to create an environment that makes it safe to make mistakes" (p. 183).

Summary: (p. 184)

- continuously improve
- increase your capabilities
- be a constant learner
- develop feedback systems - both formal and informal
- act on the feedback you receive
- thank people for feedback
- don't consider yourself above feedback
- don't assume today's knowledge and skills will be sufficient for tomorrow's challenges

Behavior #8: Confront Reality

"The first responsibility of a leader is to define reality" Max DePree (p. 185).

"According to a study by Mercer Human Resources Consulting, only 39 percent of employees believe that senior management does a good job of confronting issues *before they turn into major problems*" (p. 189).

Summary:

- take issues head on, even the "undiscussables"
- address the tough stuff directly
- acknowledge the unsaid
- lead out courageously in conversation
- remove the "sword from their hands"
- don't skirt the real issues

- don't bury your head in the sand

Behavior #9: Clarify Expectations

"Almost all conflict is a result of violated expectations"

Blaine Lee, author of *The Power Principle* (p. 192)

"Clarify Expectations - is to create shared vision and agreement about what is to be done *up front*" (p. 193).

"How much of 'poor performance' is really due to a lack of clarity around what is expected? And what is the effect of all of this on trust?" (p. 193)

"Clarify Expectations is based on the principles of clarity, responsibility, and accountability" (p. 193).

Activity: (p. 193)

List top ten words that come to mind in response to the question:

What is trust?

"Meaning is not in things; it's not even necessarily in words. Meaning is in people" (p. 194).

"in *every* interaction - explicitly or implicitly, understood or not understood - there are expectations" (p. 194).

"unclarified expectations are one of the primary reasons for broken trust because . . . violated expectations almost always get translated into trust issues" (p. 194).

An AMA/HRI study indicates that "the number one reason for unethical corporate behavior is unrealistic expectations" (p. 196).

"People have to have the opportunity to push back, to help come to an expectation that is realistic and will work from both points of view" (p. 196).

"it's wise to look at three variables - quality, speed, and cost - and realize that you can usually pick any two, but not all three" (p. 197).

Questions to ask: (p. 198)

- what have you understood from this conversation?
- as a result of our interaction, what do you see as your next steps?
- what do you see as my next steps?
- do you feel that others are clear regarding expectations?
- what can we do to make things more clear?

Summary: (p. 199)

- disclose and reveal expectations
- discuss them
- validate them
- renegotiate them if needed and possible
- don't violate expectations
- don't assume that expectations are clear or shared

Behavior #10: Practice Accountability

Practice Accountability "is built on the principles of accountability, responsibility, stewardship, and ownership" (p. 201).

Summary: (p. 207)

- hold yourself accountable
- hold others accountable
- take responsibility for results
- be clear on how you'll communicate how you're doing - and how others are doing
- don't avoid or shirk responsibility
- don't blame others or point fingers when things go wrong

Behavior #11: Listen First

"To Listen First means not only to really *listen* (to genuinely seek to understand another person's thoughts, feelings, experience, and point of view), but to do it *first* (before you try to diagnose, influence, or prescribe)" (p. 208).

"The *principles* behind Listen First include understanding, respect, and mutual benefit" (p. 209).

"So often, the problems we have, both at work and at home, come because we don't really Listen First" (p. 209)."

"Leadership ultimately means understanding people" Heinrich Pierer, CEO of Siemens AG (p. 212).

"sometimes words communicate only a little of what a person really thinks" (p. 212).

"Listen First means to listen *for* as well as listen *to*. When you listen . . ." (p. 212)

- to customers listen for "what's most important to them"
- to investors listen for "what's most important on their agenda"
- to coworkers listen for "what engage their interest and creativity"
- to conversations at the watercooler listen for "discussions about how people behave"

"Listen First means to listen to yourself, to your gut feelings, your inner voice, before you decide" (p. 213).

"when you have a foundation of Self Trust, sometimes the best voice to listen to is your own inner voice" (p. 213).

"Generally, as long as a person is communicating with high emotion, he or she does not yet feel understood" (p. 213).

Activity: (p. 214)

"Think back over your interactions with others during the past week, both at work and at home. Think of a time when you did or didn't Listen First."

- What were the results?
- What would have been the results if you have behaved differently?

Next time you're in a conversation ask yourself

- do I really understand how the other feels? [what they think and want?]

Summary (p. 214)

- listen before you speak
- listen to understand
- listen before you diagnose
- listen with your ears - and your eyes and heart
- find out what the most important behaviors are to the people you're working with
- don't assume you know what matters most to others
- don't assume you have all the answers - or all the questions

Behavior #12: Keep Commitments

"Keep Commitments - is the 'Big Kahuna' of all behaviors. It's the quickest way to build trust in any relationship. . . . Its *opposite* - to break commitments or violate promises - is, without question, the quickest way to destroy trust" (p. 215).

"when you make a commitment, you build hope; when you keep it, you build trust" (p. 215).

"Keep Commitments is based on the principles of integrity, performance, courage, and humility" (p. 215).

A 2005 AMA/HRI study of business ethics ranked keeping promises "as the number one behavior in creating an ethical culture" (p. 217).

A 2002 survey conducted by the World Economic Forum identified "[leaders] 'not doing what they say' as the number one trust buster" (p. 217).

"there are implicit as well as explicit commitments, and the violation of either creates huge withdrawals of trust" (p. 218).

"To violate them [commitments] causes doubt, suspicion, cynicism, and distrust that rust the wheels of progress. To keep them generates the hope, enthusiasm, confidence, and trust that increase momentum and lubricate the accomplishment of results" (p. 218).

the 10-Year Rule: When faced with a dilemma, ask yourself, ten years from now, what will I be glad I did? (p. 219).

be sure your commitments are realistic (p. 220).

"Even if you have to disappoint someone, it's far better to do it up front than to overpromise and under deliver. . . . If you have to miss a deadline, attempt to renegotiate expectations as early as possible; don't just ignore it and be late" (p. 220).

Summary: (p. 221)

- say what you're going to do, then do what you say you're going to do
- make commitments carefully and keep them
- make keeping commitments the symbol of your honor
- don't break confidences
- don't attempt to "PR" your way out of a commitment you've broken

Behavior #13: Extend Trust

Extend Trust is "about shifting from 'trust' as a noun to 'trust' as a verb" (p. 223).

"Leadership without mutual trust is a contradiction" Warren Bennis (p. 223).

"Extend Trust is based on the *principles* of empowerment, reciprocity, and a fundamental belief that most people are capable of being trusted, want to be trusted, and will run with trust when it is extended to them" (p. 225).

"People tend not to trust people who don't trust them" (p. 225).

The "only rule governing the way they [Nordstrom employees] provide customer service: 'Use good judgment in all situations'" (p. 225).

"The counterfeit to Extend Trust takes two forms. The first is extending 'false trust.' It's giving people the responsibility, but not the authority or resources, to get the job done. The second is extending 'fake trust' - acting like you trust someone when you really don't" (p. 227).

Activity (pp. 228-229)

Think about a relationship where you feel someone doesn't trust you.

Ask yourself: In what way might this person's lack of trust in me, at least in part, be a reflection of my own lack of trust in them?

On as scale of 1-10, determine where you think you are in terms of extending trust to others.

Ask yourself:

- What would happen if I lowered my extending trust score?
- What would happen if I raised my extending trust score?
- What are the first two steps it would take to extend more trust?

Summary: (p. 229)

- demonstrate a propensity to trust
- extend trust abundantly to those who have earned your trust
- extend trust conditionally to those who are earning your trust
- learn how to appropriately extend trust to others based on the situation, risk and credibility (character & competence) of the people involved
- don't withhold trust because there is risk involved

THE THIRD WAVE - ORGANIZATIONAL TRUST THE PRINCIPLE OF ALIGNMENT

For this and the following sections, organization is defined as "the most relevant context in which you have stewardship - use this as "the lens through which you read and engage with the content" (p. 235).

Questions: (p. 236)

- How would you describe a low-trust organization?
- How would you describe a high-trust organization?
- Which description best represents your organization?
- What are the results
- What steps can you take to increase the trust in your organization?

"All organizations are perfectly aligned to get the level of trust they get" (p. 238).

Organization Trust fails when systems and structures are not designed and / or aligned in such a way as to promote trust (p. 239).

"symbols are powerful. They carry disproportionate value. They always override rhetoric. They communicate paradigms far more clearly than words" (p. 240).

"A trusted leader can only exist over the long term in a large organization if there are good myths about him, and particularly about his consistency" Henk Broeders, head of Cap Gemini (p. 241).

Questions: (p. 243)

- What symbols exist in your own organization?

- What do they communicate to your internal stakeholders?
- Are the symbols aligned with the principles that create high trust?

"When leaders fundamentally don't believe people can be trusted, they create systems and structures that reflect that belief, such as hierarchy, multiple layers of management, and cumbersome processes" (p. 248).

7 Low -Trust Organizational Taxes

1. Redundancy: unnecessary duplication (p. 250)

2. Bureaucracy: includes complex and cumbersome rules, regulations, policies, procedures, and processes (p. 250)

"Bureaucracy defends the status quo, long past the time when the quo has lost its status" (p. 251).

"In low-trust organizations, bureaucracy is everywhere" (p. 251).

3. Politics: the use of tactics and strategy to gain power. (p. 251).

4. Disengagement: what happens when people continue to work at a company, but have effectively quit (p. 251).

"Gallup's research shows that 96 percent of engaged employees - but only 46 percent of actively disengaged employees - trust management" (p. 252).

5. Turnover: "Performers like to be trusted and they like to work in high-trust environments" (P. 252).

6. Churn: turnover of stakeholders other than employees (p. 253).

7. Fraud: dishonesty, sabotage, obstruction, deception, and disruption (p. 253)

2004 study by the Association of Certified Fraud Examiners indicates that on average American companies lose 6% of annual incomes to fraudulent activities (p. 253).

"Rules cannot substitute for character" Alan Greenspan (p. 254).

7 High-Trust Organizational Dividends

1. Increased Value: 2005 study by Russell Investment Group indicates that Fortune 100 companies "(in which trust constitutes 60 percent of the criteria) earned over four times the returns of the broader market over the prior seven years" (p. 255).

2. Accelerated Growth

3. Enhanced Innovation: Innovation and creativity demand a number of important conditions to flourish:

- information sharing
- an absence of caring about who gets the credit
- a willingness to take risks
- the safety to make mistakes
- the ability to collaborate (p. 255).

4. Improved Collaboration: "Without trust, collaboration is merely cooperation, which fails to achieve the benefits and possibilities available to true collaborators in the knowledge worker age" (p. 256).

5. Stronger Partnering

6. Better Execution

7. Heightened Loyalty: (p. 257)

- employees stay longer with high-trust companies
- customers remain customers of high-trust companies
- suppliers and distributors stay partnered longer with high-trust companies
- investors hold their investment longer with high-trust companies

"Nothing good happens without trust" Jim Burke, former Chairman & CEO Johnson & Johnson (p. 257).

"The ability to establish, grow, extend, and restore trust is *the* key leadership competency of the new global economy" (p. 258).

THE FOURTH WAVE - MARKET TRUST THE PRINCIPLE OF REPUTATION

"In the end, all you have is your reputation" Oprah Winfrey (p. 261).

"Trust is a key building block in the creation of a company's reputation, and as a direct result, its shareholder value" Robert Eckert, CEO, Mattel (p. 263).

"On the micro level, every individual has his or her own brand or reputation, and that reputation affects trust, speed, and cost" (p. 264).

According to a 2003 Golin/Harris poll

"83 percent say they are more likely to give a company they trust the benefit of the doubt and listen to their side of the story before asking a judgment about corporate behavior" (p. 266).

"Genuine listening ability is one of the few true forms of competitive advantage. . . . Listening is not an activity you can delegate - no matter who you are" Feargal Quinn, CEO of Superquinn, Ireland (p. 271).

"Whatever trust we are able to create in our organizations and in the marketplace is a result of the credibility we first create in ourselves" (p. 271).

THE FIFTH WAVE - SOCIETAL TRUST THE PRINCIPLE OF CONTRIBUTION

"Every kind of peaceful cooperation among men is primarily based on mutual trust and only secondarily on institutions such as courts of justice and police" Albert Einstein (p. 273).

"Without trust, society closes down and will ultimately self-destruct " (p. 273).

"Doing good is no longer seen as something in addition to business, it is a part of business itself" (p. 277).

"We don't run companies to earn profits, we earn profits to run companies" Tachi Kiuchi, Mitsubishi Electronics (p. 279).

"Only a small proportion of customers buy a company's products because it is socially responsible. but if they think for a moment that you aren't responsible, a much larger percentage will have a negative response" Orin Smith, CEO Starbucks (p. 280).

the "universal mission statement:" "*To increase the economic well-being and quality of life of all stakeholders*" (p. 280).

"One man cannot do right in one department of life whilst he is occupied in doing wrong in another department" Gandhi (p. 281).

Inspiring Trust

"The first job of a leader is to inspire trust" (p. 286).

"'Propensity to Trust' is primarily a matter of the heart. It's the tendency, inclination, or predisposition to believe that people are worthy of trust and a desire to extend it to them freely" (p. 289).

"'Analysis' is primarily a matter of the mind. It's the ability to analyze, evaluate, theorize, consider implications and possibilities, and come up with logical decisions and solutions" (p. 289).

Smart Trust Matrix

Blind Trust is the "zone of *gullibility*" - high propensity to trust and low analysis (p. 289).

Smart Trust is the "zone of *judgment*" - high propensity to trust and high analysis (p. 290).

No Trust is the "zone of *indecision*" - low propensity to trust and low analysis (p. 291).

Distrust is the "zone of *suspicion*" - low propensity to trust and high analysis (p. 291).

Distrust is "one of the highest risk zones of all" (p. 291).

"Ultimately micromanagers who trust only themselves . . . run the high risk of driving away their best and most talented people who simply won't work in a restrictive environment of control" (p. 291).

"*not* trusting people is often the greatest risk of all" (p. 292).

"the lowest risk and highest return is in Smart Trust. There the risk, while real, can be wisely moderated and managed" (p. 293).

"In extending trust, the general guideline is to extend trust conditionally to those who are earning it and abundantly to those who have already done so" (p. 296).

"The decision to extend or not extend trust is always an issue of managing risk" (p. 296).

"Depending upon the situation, Smart Trust judgment could involve anything from extending complete trust to extending no trust at all, or from extending trust in some core dimensions (Integrity, Intent, and Capabilities, for example), but not in others (i.e. Results)" (p. 297).

"The obsession with measurement is the problem. There is something we can use instead of measurement: judgment. Some of the most important things in the world cannot be measured" Henry Mintzberg (p. 297).

"While delegation is intellectual, entrusting is visceral - it's something you feel" (p. 298).

"Men build too many walls and not enough bridges" Sir Isaac Newton (p. 300).

Nietzsche "There are no facts, only interpretations" (p. 301).

"the idea that trust cannot be restored once it is lost is a myth" (p. 301).

"One of the greatest obstacles to building and restoring trust is the superficial, two-dimensional paradigm that the ideal life is challenge free" (p. 302).

"Whether you lose the trust of others through a conscious act of betrayal, poor judgment, an honest mistake, a failure of competence, or a simple misunderstanding, the path to restoration is the same - to increase your personal credibility and behave in ways that inspire trust" (p. 303).

"Generally speaking, a loss of trust created by a violation of character (Integrity or Intent) is far more difficult to restore than a loss of trust created by a violation of competence (Capabilities or Results)" (p. 303).

"Restoring trust . . . includes counteracting suspicion and cynicism and replacing it with contribution, value creation, and ethical behavior" (p. 304).

"When others have lost your trust (p. 312).

- don't be too quick to judge
- do be quick to forgive

"until we forgive, we're really not free to exercise Smart Trust. We carry around emotional baggage that jades both our analysis and propensity to trust" (p. 313).

"we garner strength to forgive those who have wronged us not by what *they* do, but by what *we* do. . . . [W]e forgive to bring clarity and peace to ourselves" (p. 313).

"Trust brings out the best in people and literally changes the dynamics of interaction" (p. 319).

"Trust is reciprocal - in other words, the more you trust others, the more you, yourself, are trusted in return" (p. 319).

"In our personal and family relationships, trust is essential to satisfaction and joy" (p. 322).

"We should all be thankful for those people who rekindle the inner spirit" Albert Schweitzer (p. 322).

"Extending trust to others rekindles the inner spirit - both theirs and ours" (p. 322).