



LEADERSHIP:
Research & Practice

LEADERSHIP

"The authors have done an excellent job of organizing this volume and have covered a huge array of trust-related topics. Given the current immense attention, concern, and perhaps even fear of upcoming political elections and Wall Street abuses, the attention to politicians and business leaders who have failed us in the past will be viewed as highly relevant to most people's interest. The figures and related statistics provide powerful tools to establish the importance of building trust in those leadership positions." —**Linda K. Stroh**, Graduate School of Business, Loyola University Chicago

*"In today's popular press, one encounters examples of the so-called trust deficit on a daily basis. And yet little is ever offered as a solution for rebuilding those relationships—reestablishing the trust that is the bedrock of all human relationships. For years, Drs. Aneil and Karen Mishra have been among the few thought leaders working on that important topic, and I have found their thinking and advice an essential ingredient of my culture-change work at several firms in different industries. In *Becoming a Trustworthy Leader: Psychology and Practice*, the Mishras elegantly lay out a road map for leaders to build (or restore) trust, drawing upon their expertise, primary research, and the thinking of others in this field. It is essential reading for thoughtful leaders in the public and private sectors, students of organizational behavior, and those involved in the political arena."* —**Steven Fitzgerald**, human resources, learning, talent management, workforce research, M&A, and shared services, Avaya

Trust in leaders and a variety of institutions is at an all-time low. Yet more than ever we need strong leadership to address our present problems and our many long-standing economic and societal challenges. Based on our more than two decades of research, we discuss examples of leaders who have built trust with employees, teams, and other key stakeholders to foster innovation and lasting positive change in their organizations. We show how anyone can become a trustworthy leader by developing the ROCC of Trust through reliability, openness, competence, and compassion.

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BECOMING A TRUSTWORTHY LEADER

Mishra and Mishra

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BECOMING A TRUSTWORTHY LEADER

Psychology and Practice



Aneil K. Mishra and Karen E. Mishra



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1

CHAPTER

Trust Is Needed Now More Than Ever

Trust Is Gone, but It's Been Gone for Decades

It's time to discover a new way for individuals to lead organizations and societies. Trust in our institutions, including government and business, is at an all-time low. To strengthen society and its major foundations, we need to build and rebuild trust. This will not be easy, but based on our own extensive field research, we have identified leaders from a wide variety of industries and circumstances who have done this. These leaders point the way toward creating and recreating the trust that is necessary to help meet the many seemingly insurmountable challenges in our political, economic, and cultural realms. More than 30 years ago, when we first began interviewing leaders about leading change, we learned about the importance of trust, and what occurs when distrust rather than trust is the norm. These leaders back then were in the midst of a crisis in the automotive industry in which U.S. firms were facing significant cost and quality pressures from their Japanese competitors. Those organizations that had established trust with key stakeholders responded quite differently than those that had not established such trust. As one supplier executive told us back in 1990,

I trust those people with that division of General Motors. We have an open relationship, a give-and-take relationship. Last year we made significant productivity improvements in [making] some of their parts. But we also had some cost increases on some other parts that were out of our control: increases in the costs of paint and other materials, costs associated with preventing damage to parts during

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handling. We were able to give them price reductions where we achieved productivity improvements. In turn, they gave us our legitimate price increases without any argument.

Now with other divisions of GM, it's an adversarial relationship, animosity on both sides, and issues never get resolved. With those other divisions of GM, we're not as likely to give them price reductions, and they're not as likely to give us our legitimate price increases.

The failure of leaders in that industry to deal with that crisis in ways that addressed the fundamental issues that precipitated the crisis not only led to subsequent crises, but also contributed to more than 25,000 automotive suppliers failing, and the associated loss of hundreds of thousands of jobs among the automotive manufacturers and their suppliers.¹

Today, trust in business is at an all-time low. The Edelman Global Trust Barometer has been tracking trust levels in society since 1999, assessing both the United States and other countries. In 2011, Edelman found Americans' trust in business at one of its lowest levels ever, 46%, down from 54% the year before, and barely improved from 2009, when it was 38%.² In 2012, Americans' trust in business had improved only a further four percentage points, to 50%.³ Trust in business in the United States is lower than it is in a number of other major countries, including Australia, Brazil, China, Canada, India, Indonesia, Italy, Malaysia, Mexico, and Singapore.⁴ It is higher in the United States, however, than in France, Germany, Russia, South Korea, Spain, and the UK. Not surprisingly, this same survey showed that the financial sector was the least trusted business sector.⁵

Business is not alone in being distrusted or experiencing significant declines in trust, and indeed we can claim that there is a true crisis when it comes to a lack of trust in government in the United States and in many other countries. In a 2011 survey, the Gallup Poll of Trust in Government found that 81% of those polled have little or no trust in the U.S. federal government to do what is right.⁶ By January 2012, only 10% of Americans approve of the job that Congress is doing, which is a record low, and represents a decrease of 50% or 10 percentage points from only a year earlier.⁷ A CNN/ORC International poll in 2011 revealed similar findings, with only 15% of Americans trusting the U.S. federal government to do what is right. This is a full 10 percentage points lower than 2010, again an all-time low.⁸ Gallup has found that trust in state government, as well as the executive and legislative branches of the federal government, have continued to decline over the past 15 years, and trust for the legislative branch is now at its lowest level ever.^{9,10}

Globally, moreover, distrust in government is at an all-time high. Indeed, the Edelman Barometer for trust in government suffered its "steepest

decline in Barometer history,” with citizens in a majority of countries surveyed “not trusting their governments to do what is right.”¹¹ Between 2011 and 2012, declines in trust in government in several countries were particularly noteworthy. “In Europe, trust in government dropped by more than 10 points in France, Spain, and Italy. In Latin America, Brazil experienced a 53-point plunge. In Asia, South Korea and China suffered declines of 17 and 13 points, respectively. In Japan, trust in government dropped by 26 points, driven by the catastrophic earthquake that struck the country in early spring (of 2011).”¹²

Not only do we distrust our institutions, but we also distrust our leaders and each other as individuals. A survey by the Center for Work-Life Policy, an American consultancy, found that between June 2007 and December 2008, the percentage of employees who professed loyalty to their employers plunged to 39% from a high of 95%, and the number voicing trust in their employers fell from 79% to 22%.¹³ In 2011, the National Leadership Index reported that more than three quarters of Americans agreed with the statement that “we have a crisis of leadership in this country,” and a similar fraction agreed that “unless we get better leaders in this country, the United States will decline as a nation.”¹⁴ Declines in trust have persisted since the 2008–2009 recession. In 2012, Edelman found that across the globe, only 38% of respondents believed information about companies as communicated by their CEOs to be credible, a 12-percentage-point drop, which was the largest in the history of the Trust Barometer.¹⁵ Trust in our peers has also declined. Individuals’ trust in the credibility of the information they receive from “a person like themselves” has declined from 47% to 43% from 2010 to 2011.¹⁶ Sheldon Yellen, the CEO of \$1.5-billion Belfor Holdings, told us,

Trust is a hot issue right now. The world has changed since 2008. People are obviously hurting. I believe that the resentment toward CEOs out there is out of anger. People are complaining about corporate structures in America and the obvious abuse by certain CEOs. But the media focuses on the bad. I guess it’s more popular to show that than the good guys. I think that if you see something wrong, you’ve got to get involved. You can make a change. You can make a difference. However, there are also good CEOs and good corporate structures that people can believe in—and they should! People have to find something to believe in as much as they’ve already found something to complain about.¹⁷

Clearly, we are suffering from a serious trust deficit. Yet now, more than ever, we need strong leadership to address our present problems and our many long-standing economic and societal challenges. In fact, GOP

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presidential hopeful Jon Huntsman used the term “trust deficit” to describe one of the most pressing problems facing our country right now.¹⁸ Eric Kutner, a homeland security specialist and founder of Emergency Response Design Group, noted,

We have what I call a culture of mediocrity right now in this country for many reasons. We don’t raise the bar anymore. Instead we keep lowering the lowest common denominator. It’s because we have lack of trust with a lot of leaders. Many people who are in leadership roles don’t have the necessary credibility to be there in the first place. Leadership is not based upon titles. Leaders are people who get followed.

□ Why Has Trust Declined?

Trust has declined for many reasons. First, we have become more suspicious over time, in part by being disconnected, “protecting ourselves from the harsh, unpredictable realities of the outside realities” as we “cocoon” in our homes, which researchers such as Robert Putnam, in his book *Bowling Alone*,¹⁹ and Faith Popcorn observe.²⁰ In the United States, we have also witnessed massive institutional failures in the financial system, public education, governmental disaster responses, and the political system. Organizations have also failed us through their horrific malfeasance and misfeasance, including the Lockheed bribery scandals in the 1970s, the Red Cross HIV-testing failures in the 1980s, Long-Term Capital Management in the 1990s, and Enron and Tyco International in the early 2000s. Relentless organizational downsizing also continues to undermine people’s trust in business organizations.²¹ More recently, average Americans have suffered through the financial mortgage fraud and failures of Countrywide Financial, Freddie Mac, and Fannie Mae, *News of the World*’s phone hacking, and Hewlett-Packard’s spying on board members and journalists.²² In Japan, the meltdown of the Fukushima nuclear reactor after the tsunami of March 2011, the lack of preparation for potential disasters such as this, the lack of oversight of the nuclear industry by the Japanese government, and the lack of scrutiny by the Japanese press all contributed to the Japanese no longer trusting their government, or the nuclear energy industry it was supposed to regulate.²³ Indeed, as *The Economist* recently argued,

If the Japanese nuclear establishment—industry and regulators alike—wants to earn trust, it must be seen to be learning every lesson it

can. It must admit how little it previously deserved trust and explain clearly how it will do better in future. Even then, such trust will not always be given.²⁴

Perhaps most egregiously, business, political, and religious leaders have repeatedly violated our trust, acting individually or in concert with others. Simply listing prominent leaders who have resigned from office for violating trust could fill an entire chapter, but even in the last few years such failed leaders include politicians such as Governors Rod Blagojevich and Elliot Spitzer, Senator John Ensign, and Representative Anthony Weiner. Business leaders include Hewlett-Packard's Mark Hurd, UBS's Oswald Grbel,²⁵ and Galleon Group Founder Raj Rajaratnam. Even our religious and spiritual leaders fail us;²⁶ indeed, the Catholic bishop of Augsburg, Walter Mixa,²⁷ and Southern Baptist minister and leader George Alan Rekers²⁸ have left office in disgrace because they violated trust.

There are many possible reasons why trust has eroded. Julie Mitchell, a leadership coach to Fortune 500 organizations, summarized the roots of today's trust vacuum,

Trust has eroded in our society for many reasons, including glorification of bad, untrustworthy behavior, selfishness, quick fixes, and competition instead of collaboration, for starters. Trustworthy people and institutions don't get much attention and it's easy to believe no one can be trusted. We have deep, serious problems that have been largely ignored by our leaders. Time and again, empty promises are made while nothing changes. The U.S. culture is unhealthy at both individual and collective levels; this is reflected in our institutions. We are literally too tired, fat, sick, medicated, stressed, overworked, and impatient to deal with overwhelming challenges. Institutions are made of people who may be well intentioned but are too often severely limited in their ability to behave in ways that build trust. Too many leaders are blind to anything outside their privileged personal experiences; they lack self-awareness, and/or feel stuck or powerless in broken, dysfunctional systems.

Professor Gretchen Spreitzer (professor, University of Michigan Ross School of Business), suggested another cause,

Trust has eroded because leaders have acted in their self-interest in ways that have let others down. They take huge bonuses when others are being asked to sacrifice. They take a short-term perspective when a long-term one will deliver the most sustainable outcomes.

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Despite the low trust levels across so many institutions and types of leaders, we argue in the pages to follow that trust can be built, rebuilt, and sustained if leaders have the courage, humility, and authenticity to take the initiative. Such leaders are not just those in positions of power, but really anyone who is willing to make the effort. Our focus, accordingly, is on trust between individuals or groups, especially between leaders and their followers.

Overview of Our Book

Defining Trust and Its Vital Importance

Trust is important because it allows individuals and collectives to manage interdependence more easily by reducing the need for contracts and formal agreements.²⁹ Trust reduces uncertainty and helps us manage complexity.^{30,31} Furthermore, it permits highly flexible work arrangements that promote risk-taking and innovation. Indeed, when trust has been established, entirely new ways of behaving are possible.³² As Jack Beach of IBM told us,

The most important benefits of trust are employee productivity, creativity, innovation, and engagement. Trust enables increased performance and employee satisfaction. It is also a measure of a leader's effectiveness. Leaders create organizational climates in which people trust leaders, leaders trust their people, people trust each other, and people trust themselves to be able to use their judgments, make choices, and act within corporate intent. Without that you can only boss and micromanage; you cannot lead.

Based on almost two decades of research involving thousands of employees, managers and top managers, we can define interpersonal trust as one party's willingness to be vulnerable to another party based on the belief that the latter party is Reliable, Open, Competent, and Compassionate.³³ We call these four dimensions of trustworthiness the **ROCC of Trust** (see Figure 1.1). Each of the trustworthiness dimensions contributes additively to a person's trustworthiness.³⁴ Our definition of trust is consistent with several decades of other research on trust and trustworthiness that incorporates the key elements of vulnerability,^{35,36,37} risk and risk-taking,^{38,39} rational choice,⁴⁰ and positive expectations about a core set of dimensions regarding others' intentions or behavior.^{41,42} Because vulnerability constitutes the core of most definitions of trust, and because we are often quite vulnerable when we are ill, this book profiles several



FIGURE 1.1 The ROCC of Trust

physician leaders who have achieved path-breaking healing by building trust with their patients and staff.

The ROCC of Trust

The ROCC of Trust is based on the extent to which one person believes that another is reliable, open (honest), competent, and compassionate. These four dimensions of a person's trustworthiness contribute to the willingness of others to be vulnerable to that person. People trust others to be **reliable** when they can be counted on to do what they say they will do, keep their promises, and exhibit consistency between their words and actions.⁴³ To be trusted in terms of **openness** (honesty) means—at a minimum—that the person won't lie to us. At its fullest expression, openness means complete disclosure.^{44,45,46} Openness takes time to develop, because it is only over time that we can learn another's true intentions and agendas, and because being open itself involves a willingness to be vulnerable.⁴⁷ Trust in terms of **competence**—at a minimum—means that we are able to perform and meet task or job expectations. At a maximum, competence means consistently exceeding expectations.⁴⁸ **Compassion**, at a minimum, means not taking advantage of another person, and at its highest level, compassion involves demonstrating genuine interest in the needs of another and unselfishly working to fulfill those needs.⁴⁹

We trust others while recognizing the possibility that they might take advantage of us. Effective leaders not only accept this possibility, but through the quality of courage, are able to overcome barriers that may limit others from being trusting. Indeed, the most successful leaders with whom we've worked not only quickly identify those who are trustworthy in terms of the ROCC, but they also demonstrate the ROCC of Trust first, setting an example, and inspiring their followers to do the same. In our research, consulting, and coaching, we have found that leaders who demonstrate the ROCC of Trust to their followers and other stakeholders, and who are able to work with others who are also trustworthy, are able to create lasting positive change in their organizations.⁵⁰ Oftentimes, this positive change leads to outcomes such as improving quality and productivity more than tenfold, preserving or creating thousands of jobs, or remaking entire industries through innovative business strategies and generating hundreds of millions of dollars in annual revenue in the process. Trust can even have an important effect on a country's economic performance. At a national level, trust has been found to influence populations' perspectives of other countries and their purchasing decisions.⁵¹ Indeed, "one standard-deviation increase in trust increases exports to a country by 10 percentage points."⁵² This book focuses on how leaders can enhance trust within and across organizations—even across national borders. It is based on our own primary research and unrestricted access to leaders who we believe embody the qualities within the ROCC of Trust.

Trust as a Basis for Effective Leadership

Previous research has shown that leaders are critical to the process of building trust in organizations, and that trust in leadership is significantly related to a number of attitudes, behaviors, and performance outcomes among employees.^{53,54} Leaders who are trusted by their followers, particularly in terms of competence, effect change more easily and more quickly in their organizations.⁵⁵ In our research about different kinds of leaders, we found that when the leader took the initiative to demonstrate his or her trustworthiness, others within the organization (and often beyond it) came to trust the leader, and through that trust, acted in positive ways that led to lasting change and performance improvements. These positive results then helped affirm the leaders' trustworthiness and trust-building efforts. Figure 1.2 describes a "virtuous trust cycle."

We found that this "virtuous trust cycle" often depended on three critical leadership characteristics: courage, authenticity, and humility. Leaders' courage made it easier for them to be vulnerable to others, for example by sharing sensitive information, or by empowering rank-and-file employees. Leaders' authenticity encouraged others, in turn, to be vulnerable

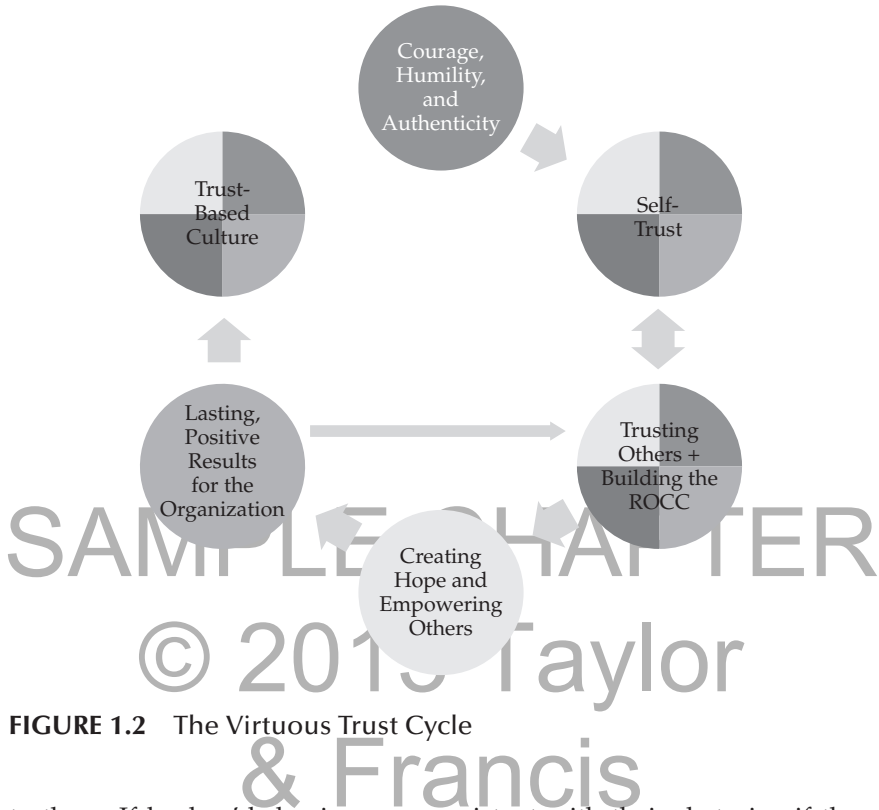


FIGURE 1.2 The Virtuous Trust Cycle

to them. If leaders' behavior was consistent with their rhetoric—if they “talked the talk and walked the walk”—it reassured followers and others that the leaders' motives, values, or goals did not need to be second-guessed. Finally, the leaders' humility engendered their followers and others to be vulnerable to each other. When leaders admitted that they didn't have all the answers and that they depended on their followers as much as the followers depended on them, humble leaders fostered a sense of shared fate. Far too often, this humility is missing in organizations,⁵⁶ especially those facing adverse circumstances. In contrast to organizations that compete for resources, especially when threatened or in crisis, we found that organizations led by humble and trustworthy leaders used collaborative approaches to allocating resources.

Consistent with a large body of research that has shown that leadership effectiveness does not depend on one “best” way or one particular combination of attributes or abilities,^{57,58,59} we will demonstrate throughout this book how each of the leaders we've studied built the ROCC of Trust in his or her unique way. Whether influenced by upbringing, work experience, or another set of factors, each leader with whom we've worked typically started building the ROCC of Trust using a different piece or pieces of

the ROCC. For example, Ted Castle of Rhino Foods found it essential to demonstrate openness by sharing his firm's financial and operations data transparently with all of his employees. In doing so, he created a sense of responsibility and urgency that allowed his ice cream novelty and baking company to successfully weather many economic changes over the years and grow into a \$30-million-a-year business. Bob Lintz, former General Manager of the General Motors Parma, Ohio, plant, turned a money-losing stamping plant in the 1980s into a world-class and financially successful billion-dollar operation by initially demonstrating competence and compassion. He did this by spending millions of dollars on employee retraining and including the UAW in bringing in new business to the plant. As a result of these and other efforts, the Parma plant improved quality and productivity significantly. Melanie Bergeron, Chair of Two Men and a Truck International, demonstrated reliability by requiring all franchisees to pay their contractually obligated royalties, and do so on time, even though Home Office incurred hundreds of thousands of dollars in legal fees and months of effort to enforce the contracts. Nonetheless, to be effective change agents, these and all of the leaders we profile in this book have demonstrated all four components of the ROCC of Trust over time. We will show how they did this using their own approaches, which fit both their individual talents and the circumstances their organizations faced.

Are Leaders Born or Made?

This question remains ubiquitous and enduring among our students and clients. People who search the Internet to find an answer to this question frequently end up at our blog, www.totaltrust.wordpress.com, where we have wrestled repeatedly with this question. Based on the research we present in this book and from our own personal experience, leaders can be born *or* made. Some of us are born with a sense of leadership. In part due to our genetic inheritance,⁶⁰ born leaders are those who often organize our childhood friends in outdoor activities or elaborate on the rules of board games. Others develop leadership abilities through particularly challenging and diverse experiences.⁶¹ Aneil would argue that much of his leadership ability evolved from facing various experiences early in life, such as raising his two brothers after his mom died when he was 12. This then gave him the confidence to assume leadership roles in student government in middle school and high school. Others of us develop leadership skills later in life, thanks to training and development opportunities that we receive through work or volunteering, especially when opportunities for practice and timely feedback arise.⁶² For example, one of the board members of the homeless shelter for which Karen served as board president told her that community volunteering improved his

leadership skills. We believe that although it helps to have a desire to lead and help others reach their potential, it is possible for anyone to become a better, more trustworthy leader—if they put their mind to it.

All of the leaders we've studied have found that regardless of their initial orientation toward leading others and creating change, they have refined their leadership style and capabilities through experiences and efforts to improve. This has required significant energy and determination to learn how to listen, give constructive feedback, set priorities, and establish rapport and trust with others. Courage, humility, and authenticity allowed these leaders to become more trustworthy and effective as change agents. With such leaders, change emerges in unique ways that are accessible to others who also desire to create lasting change. Each leader's courage prompted him or her to confront a status quo either to remedy an untenable situation or to significantly improve an unacceptable state of affairs. Humility encouraged these leaders to listen to others and act on their input, to patiently develop a collaborative approach with others and to learn from their mistakes and seek guidance. Authenticity motivated these individuals to learn how to lead others based on their experiences, but it also preserved their values and beliefs that were crucial in establishing trust where little existed before. Authentic leaders are guided by a set of end-values that represent an orientation toward doing what is right for their constituencies.⁶³

Accelerating Change by Developing Your Own Trust Network

In our research, many leaders first created a circle of trust. They then used this sphere of influence to establish trust with other stakeholders.⁶⁴ Leaders' circles of trust typically consisted of individuals with whom the leader had worked to develop the norms and values that reinforced the ROCC of Trust, which the leader was intent on instituting throughout the organization. One of the leaders we profile, Bob Lintz (General Manager, General Motors' Parma, Ohio, plant), initially focused on building trust within his top management team. Often, very strong disagreements occurred among this team regarding how to turn around the plant's performance. Bob actually enjoyed surfacing these disagreements, because he felt it promoted more options to improve. Bob worked very hard to elicit a consensus agreement along with a commitment to speak with one voice to the thousands of plant employees when implementing the change strategy they had agreed upon. His goal was a cohesive and collaborative team which he believed could be created most effectively by establishing trust based initially on openness, and then by reinforcing the other components of the ROCC of Trust through joint decisions and actions. Bob then expanded his

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Circle of Trust to include the plant's UAW leadership by sharing information openly and engaging in collaborative decision-making.

In a very different type of company, and initially led by women rather than men, the firm Two Men and a Truck, International also created a Circle of Trust. The Circle first encompassed a family of diverse individuals, which was then expanded to include employees who complemented the family members' abilities and talents. Today, with annual revenues of \$220 million, the company still often refers to franchisees as strategic partners. The corporate office, its employees, and its franchisees work to be transparent in an effort to build trust and strengthen the brand. They build the ROCC of Trust with hundreds of thousands of customers throughout the U.S. and Canada, the UK and Ireland. They build the ROCC of Trust by creating industry-leading standards in reliable service, transparent pricing, moving goods at competitive prices, and by taking care of their customers based on the motto "treat everyone the way you would want your grandma to be treated."⁶⁵

Sometimes a leader builds his or her Circle of Trust through experimentation and *active watching*. Whereas *active listening* is based on understanding another's point of view and asking clarifying questions to ensure understanding is accurate, *active watching* involves observing how others interact with one another to identify those who are most trusted within an organization. These trustworthy individuals are then included in the leader's circle of trust in order to quickly size up problems and opportunities. David Lassman, an operations executive and adjunct professor at Carnegie Mellon University, practiced active watching early in a new job at a manufacturing company in upstate New York. He identified key individuals who were able to help David fix a debacle by experimenting and innovating. Production yields, which had dropped from more than 75% to less than 25% following the company's purchase of another firm, were ultimately increased to levels higher than before the purchase.

Creating a Culture of Trust

Rensis Likert, the famous psychologist and sociologist and for whom the Likert scale is named, identified the leader's importance in creating a culture of trust. He called such leaders "linking pins," based on their job of linking people from one part of the organization with those in another.⁶⁶ Leaders' overlapping group membership allows them to share critical information and build relationships in an organization. Jack Gabarro, an emeritus professor at Harvard Business School, also stressed the importance of building a culture of trust if a leader is intent on creating change quickly and enduringly.⁶⁷

Lenovo's Culture of Trust

Lewis Broadnax, Executive Director of web sales and marketing

The business management system that our CEO has put in place has ensured that all of the functional areas and regions have their say and their input into the entire process. It involves a senior leadership team which meets once a month to focus on a different area of the business.

The senior leadership steering committee is presented with issues or opportunities from all parts of the business. Our group, e-commerce, will present in May. We'll talk about our progress, where we're going to innovate, how we're going to beat our competition, what our barriers are, and what help is needed. The senior leadership team will listen to the issues and our proposals, and make a decision. Then a group works to resolve that problem. There's follow-up where the group comes back to present a status update and receive further guidance. All the functional areas of the company participate in this process. Every month a different function presents at different locations around the world.

I believe that the structure our CEO has put in place is really working. It has become a trusted structure because there's the ability for cross-functional teams to get together to work on an issue, and a management system that actually tracks all the problems, and then brings it back for closure. Now, more groups are reaching out to the extended organization for help, and extended teams are helping those groups to make sure that they are getting the support they need. So when someone says, "I'm working on this for our leadership team," everyone stops to find out what how they can help. It's become ingrained in the culture to pay attention and see where you can help out.

The leaders we've studied and worked with coupled their efforts to create a Circle of Trust with broader efforts to instill the ROCC of Trust throughout their organizations and with key stakeholders. To build trust through reliability, openness, competence, and compassion, leaders demonstrated their own trustworthiness, permitting their followers to reciprocate. Leaders demonstrated **reliability** by being accessible, keeping their promises, and being on time to meetings and important events. Leaders built a culture of trust based on **openness** by providing opportunities for their employees to talk with them without fear of reprisal, and by being transparent in their communications, often sharing sensitive information about company performance and other important issues. Leaders established **competence**-based trust throughout the organization by establishing high standards of excellence with clearly defined metrics. They also built trust through competence by hiring exceptionally bright. The leaders of Two Men and Truck International implemented this

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practice at the firm's inception and by insisting that anyone responsible for recruiting, selecting, developing, or retaining personnel adopt the "smarter than I am" approach to managing. Leaders also built **compassion-based trust**, the form of trust that takes the most time and is often the toughest component of the ROCC of Trust to build. Leaders demonstrated empathy in tangible and convincing ways by personally making symbolic and substantive sacrifices to advance the organization and by asking the same from their subordinates. Leaders building compassionate trust also develop innovative ways to save jobs during periods of organizational crisis or economic upheaval.

Two Men and a Truck, International established systemwide trust in terms of reliability and competence in many ways, including developing highly consistent work standards, industry-leading employee and franchisee training, and a franchise agreement that creates clear expectations for the franchisor, franchisees, and customers. Ted Castle (cofounder and president of Rhino Foods) established a culture of trust by sharing company financial information with all of his employees and then developing operating practices and metrics that have contributed to two decades of profitable growth. Bob Lintz (general manager, General Motors' Parma, Ohio, plant) quickly built trust in terms of openness by instituting an open-door policy with *all* of his 5,000 employees. He also expanded his effort to keep *all* employees current with information on performance to goals using his quarterly updates. He ran the business update meetings personally and would average 30 separate meetings over three shifts each quarter. He also eliminated many barriers (such as separate cafeterias and parking lots) between managers and the union-represented hourly employees, including by dispensing with suits and ties in the plant and adopting a sweater-and-slacks dress policy instead. The physicians we've studied have built trust in terms of compassion through their ability to listen before diagnosing and by sacrificing both time and money to provide patients with access to their expertise and healing efforts. Much like the leaders we've studied in other industries, these physician leaders created compassion-based trust by building strong relationships with their patients and staff members. Their efforts have been crucial to healing patients who are often some of the most vulnerable in healthcare.

Rebuilding Trust

A frequently repeated truism among both scholars and practitioners is that trust takes a long time to build, is fragile, and once broken is exceedingly hard to restore.⁶⁸ Indeed, our friend and physician leader once remarked, "Trust can be broken very quickly, but the repair, like a broken bone, can take a very long time to heal."⁶⁹ Often, the first step our leaders take to

restore broken trust is to acknowledge the mistakes or wrongdoing that led to the lost trust and to apologize. The next step is to take immediate action to fix the mistakes or overcome the damage the wrongdoing has wrought. This action is essential to rebuilding trust, even when specific mistakes or instances of malfeasance led to the trust violations. For example, when ice cream and confections entrepreneur Ted Castle was forced to downsize his workforce because of cyclical changes in the economy or decreased demand, he did so creatively: He outsourced some of his best employees to local businesses that needed extra help. These employees volunteered for outsourcing because they believed Ted's promise to restore their jobs at Rhino Foods when his business rebounded—which he in fact did. He also built trust with other local businesses because he gave them his very *best* employees to meet their short-term employment needs. Dennis Quaintance of Quaintance-Weaver Restaurants & Hotels was forced to close one of his restaurants due to declining demand. Although restaurant failures are notoriously common, Dennis's had remained open for many years. He still felt it was necessary to preserve trust by being transparent in his decision to close the restaurant, being generous with employee severance, and offering laid-off employees opportunities to work for other restaurants that were part of his company. His humane and thoughtful approach to downsizing was critical to his ability to launch one of the most environmentally innovative hotels in the world using some of the same employees that worked for him for years in other parts of his business empire.⁷⁰

Trust Leads to an Enlarged Sense of Purpose

Our research revealed that building and sustaining trust is both time-consuming and energy-intensive. Leaders can easily exhaust themselves and impair their capacity for building trust and fostering lasting change if they don't find ways to renew themselves regularly or enlarge their purpose for being. Noted management expert Charles Handy in a *Harvard Business Review* article, "What is business for?" recommended that businesses should "measure success in terms of outcomes for others as well as ourselves."⁷¹ He noted that this philosophy would help not only create profits, but also make the world a better place.

Finally, we describe a variety of ways in which our leaders were able to renew themselves and in the process develop new challenges for themselves and their organizations. These new challenges enlarged the sense of purpose for the leaders themselves and for those around them. Mary Ellen Sheets, founder of Two Men and a Truck, International began enlarging her purpose 25 years ago using her first year's profits. She gave away the \$1,000 in profits to 10 different nonprofit organizations in her community.

With this simple act, she created a culture of giving and caring in her organization that endures today and even has a name: “Movers Who Care.”

The Reverend Jean Smith found a new purpose by taking her skills to a new arena, from a localized church to a global not-for-profit. Moving from her land-bound parish, she found a new calling among seafarers, ministering to them when they were homesick, in need of legal or financial assistance, and when their shipping companies went bankrupt and stranded them half a world away from their homes. These leaders courageously recognized their responsibility to the greater community, not just to their own organization or themselves. At a time when the morality of business is often questioned,⁷² these leaders envisioned something better.

Beginning the Journey

By developing trust, our leaders have achieved outcomes deemed exceedingly difficult if not impossible by their peers, academics, or industry experts. Leaders who read this book will be inspired to achieve similar accomplishments. Although trust has been diminished today, true leaders have an opportunity to build and rebuild trust and create lasting, positive change in their organizations and among the stakeholders who depend on them.

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