Cultivating Trust as a Leader

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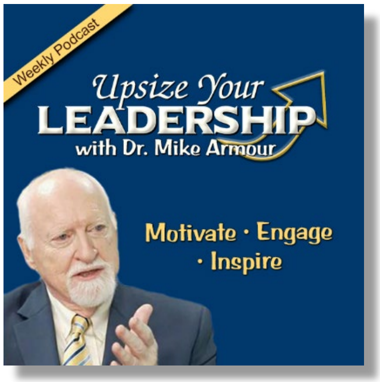

Over the past three years, we've become accustomed to the question, "Is it real? Or is it AI?" Every time we hear it, we are reminded that ours is now a world saturated with deep fakes.

And they make their way into so many aspects of our life, that trust has become a bigger issue than ever before.

What people do you trust? What companies? What brands? What websites? What emails?

On a smaller scale we have always asked questions like this. But today, they confront us unceasingly and on an unprecedented scale.

Unfortunately, *people* who are deep fakes make their way into leadership. Most of us have encountered them. Sadly, some of us have worked for them. And if this experience taught anything, it was this: nothing destroys trust in a leader more effectively than flaws in the leader's character.

In the world that deep fakes have given us, it's more important than ever for leaders to conduct themselves with such authenticity that they secure the enduring trust of their people. That reality sets the backdrop for the agenda on today's program.

This is the third episode in a six-part series on the five essentials of leadership. In our last episode, we dealt with the first essential, the need to exemplify exceptional character. We described character as the congruence between your values, words, and actions. That is, what you say aligns with what you value, and what you do aligns with what you say. They are congruent.

Today's episode will underscore why character is the first essential. It's a necessary precedent for the second essential, which is to cultivate high trust. Trust-building, of course, is a topic near and dear to my heart as the author of the Amazon best-seller, *Leadership and the Power of Trust*.

Yet, today's episode is not a mere rehash of the book. In the next 20 minutes I'm going to suggest a view of trust-building that you likely have never heard before and are unlikely to encounter anywhere else.

For over 20 years, I've been saying that in the hypercompetition of today's business climate, three king-makers have emerged. The three are agility, speed, and innovation.

When I released the first edition of *Leadership and the Power of Trust*, I made that statement explicitly on the back cover. That was in 2006. And if it was true then, it's clearly the case today as AI is raising the threshold for survival still higher.

When I recently issued the second edition of the book, I emphasized that point more forcefully. The gist of the book is that an organization's potential for agility, speed, and innovation will always be constrained by the degree that distrust is ensconced in the organization's culture. Trust is power. Power to compete at a level and with an efficiency that is otherwise unattainable.

At the time that I first wrote the book, I had not developed the concept of what I today call the Congruence Accelerator™. I explained this concept in the previous episode, and it will be integral to every program in this series. So, for the benefit of those who may not have heard that episode, let me briefly explain what the term Congruence Accelerator means.

Before I do, however, let me point you to a convenient place to find the second edition of my book. It's available in hardback, softback, and audio versions. You can order it through one of my websites. The website is TrustIsPower.com.

The basic premise of the Congruence Accelerator is that wherever relationships, organizational structures, and operational processes are aligned congruently, conditions are optimal for agility, speed, and innovation to build and maintain momentum. Congruence allows your organization's engine to run faster.

Conversely, low congruence gums up the engine and robs it of power. At times, indeed, incongruence means that some gears in the engine never engage at all.

Nowhere is the accelerating effect of congruence more striking than in high trust settings. As we shall see, high trust itself is only possible when trust is congruent. Even when other parts of an organization are not yet congruent, high trust alone is a speed multiplier.

With high trust, everything moves faster. Decisions happen quicker. Communication is more efficient. Collaboration is natural. All because people have faith in one another and in the organization itself.

Moreover, trust multiplies speed by eliminating what I call the verification tax. Where trust is low, we feel a continual need to verify that people are genuinely carrying out what they promised. That progress reports are indeed accurate. That projections are realistic.

All this verification takes a toll on time, energy, and resources, which is why I call it a tax. Endless verification adds drag and drains speed. High trust minimizes the verification tax and works to remove it altogether.

Creating a high trust culture begins with cultivating trust in leadership itself. In all human relations, trust rests squarely on credibility. None of us puts faith in people who are not credible. Again, that's why my list of five leadership essentials puts exemplary character before trust-building. Credibility is a by-product of character and it's necessary for trust.

Leaders, however, face a more stringent credibility test than others. To be fully trusted, leaders must have credible character, credible competence, and credible outcomes. All three.

They can be trusted as individuals with only credible character. They can be trusted as professionals with a combination of credible character and credible competence. To be trusted as a leader, however, their leadership must yield credible, concrete results.

Yet, while credibility forms the underpinnings of trust, in working relationships (such as those within an organization), personal credibility alone is not enough to produce high trust. In interpersonal relationships, the depth of trust also rests on the principle of reciprocity. Let me explain.

We build relationships anticipating that they will bring value into our life. In reciprocal relationships, value flows in both directions. You create value for others. They create value for you. The value can be tangible, as in the purchase of products, or intangible, as in mutual encouragement.

For example, I treat you with kindness. You reciprocate with gratitude. Your company goes the extra mile for customers. They reciprocate with loyalty.

When the value that we receive from a relationship compares in value to what the other party received from us, the value exchange is balanced. Reciprocity in the relationship is high. What both parties are supplying is congruent.

When this value exchange is consistently balanced over time, interpersonal trust develops. Those in the relationship rely on one another mutually and unhesitatingly.

Value is flowing both ways. Since the goal is a balanced value exchange, who determines the value? That's a tricky issue. Value is in the eye of the receiver, on both sides of the equation. There's no independent arbiter who assigns a specific value to what was given and what was received.

Both parties independently measure the value of what they received against the value of what they gave. But each party independently determines whether those two values are comparable. That's why the majority of relationships that entail a value exchange never result in high trust. The two parties have different ways of assigning value to the exchange.

Their evaluations are not usually a formal calculation carried out consciously. It's more often than not something of a gut reaction. If we were to put the reaction in words, it would be something like, "I just don't feel that this relationship is giving back what I'm putting into it. I'm giving more than I'm receiving."

Trust never takes root when either party has misgivings about whether the value exchange is balanced. I have a close friend with whom I like to brainstorm about challenges that I'm confronting or initiatives that I'm undertaking. As part of the conversation, he inevitably asks, "What can I do for you?" It's his way of assuring that the value that he provides in the relationship aligns with what I desire from it.

This kind of purposeful reciprocity isn't just a nice way to live. It's how sustainable relationships work. Reciprocal relationships are stable. They sustain themselves because everyone has an incentive to maintain access to the value that the relationship provides.

Reciprocal relationships also satisfy our deep desire for fairness. We are wired to react adversely to things which seem unfair. At a very tender age, children start voicing loud complaints about what they perceive as unfair treatment.

When a value exchange is balanced, we feel that we have been treated fairly. We feel satisfied. When the exchange is imbalanced, we feel resentment and suspicion—even if we can't articulate exactly why.

Let me show you what this looks like in practice. Think about the relationships in your organization where trust is highest. I'll bet you'll find a pattern in these relationships: value flows both ways. And the pattern takes many forms.

Maybe you invest in someone's development, and that person invests discretionary effort in the company's success. Maybe a vendor goes above and beyond for you, and you give the vendor early access to opportunities. Maybe it's a peer relationship where you cover for each other during crunch times.

The specifics vary, but the pattern is the same: balanced value exchanges lead to trust.

Now think about relationships where trust is low. You'll probably find that one party is appropriating value without providing commensurate reciprocity. The value exchange is decidedly one-sided. It’s imbalanced. Incongruent.

We can compare it to squeezing juice from citrus fruit. The extraction is a one-way process. A non-reciprocating party squeezes value from a relationship without regard for whether the other party gains value at all.

This one-sided extraction takes on innumerable forms. It may be a leader who demands loyalty from workers but provides no development or recognition for them. Maybe it's an employee who lays claim to every company benefit but delivers minimal effort in the workplace. Maybe it's a partnership where one party captures the lion’s share of the value, while the other carries the lion’s share of the risk.

Again, the specifics vary, but the pattern is the same: imbalanced value exchanges erode trust. Occasional imbalanced exchanges may be overlooked. But if they become characteristic of the relationship or if one party feels betrayed by a singularly imbalanced exchange, the relationship is incongruent.

It’s easy for leaders to slip into the practice of extracting value, because it often works in the short term. We can demand more than we give and get results—for a while. People may comply out of obligation, duty, fear, or hope that things will eventually balance out.

But this practice leads to thorny problems. People start looking for exits. They reduce their investment of time, energy, and imagination. They do the minimum required. Eventually, they leave or disengage completely.

Resentment fuels their disengagement. People feel used. They lose trust not just in individual leaders, but in the organization as a whole. As their resentment spreads, it eventually becomes cultural.

Consider a nearby company that went through a difficult period. Market conditions shifted. Revenue dropped. They needed to cut costs.

Leadership asked people to make sacrifices. Salary freezes. Reduced benefits. Longer hours to cover for eliminated positions. And people stepped up. They made the sacrifices. They believed in the mission. They trusted that leadership would make it right when things improved.

And the company did indeed stabilize. It started growing again. Revenue recovered. Profitability returned.

And then... nothing. The salary freezes stayed in place. Benefits weren't restored. The workload didn't decrease. Leadership moved on to its next priorities.

What happened to trust? It collapsed. Not gradually – suddenly. People concluded that the so-called "temporary" sacrifices were in fact permanent. They realized that value was flowing in only one direction: they gave, the company took.

The best people left. The ones who stayed became cynical. Engagement plummeted. The culture shifted from collaborative to transactional.

Here's the tragic part: leadership didn't set out to make a one-sided value exchange. That wasn’t their intent. They just got busy. They simply failed to make reciprocation a front-and-center issue once recovery set in.

They didn’t reciprocate the workers’ sacrifice with open communication about when former benefits would be restored. They assumed that people understood that the company was ready to reinstate salaries and benefits once it replenished its depleted cash reserves. That *was* their intent.

But when it comes to building and maintaining trust, intent doesn't matter. Impact matters. And the impact left workers feeling that the employer-employee relationship was non-reciprocal.

For trust to flourish, we must go beyond seeing reciprocity as a tactic. It should be seen as a mindset. It’s the fundamental belief that sustainable relationships require balanced value exchange.

It's the discipline of asking, "What value am I creating for others?" not just "What value am I gaining?" It's the commitment to reciprocate, even when reciprocation is inconvenient or costly.

This mindset changes how we lead. Instead of asking, "How can I get more from my team?" we ask, "How can I create more value for my team so they willingly invest more of their energy and effort?"

Instead of asking, "How can I derive more revenue from this customer?" we ask, "How can I deliver more value so that this customer becomes a long-term repeat buyer?"

Instead of asking, "How can I minimize what I give to investors?" we ask, "How can I create value for investors beyond mere financial returns?"

This isn't being soft. It's being strategic. In a world where the shocks of disruption continuously batter organizations, the ability to maintain a high trust culture is a distinct strategic and competitive advantage.

But this advantage can only endure if trust is congruent. Congruence is as essential for trust as it is for character.

Character is congruence *within* you – your values, your words, your actions all aligned inside one person. Trust is congruence *between* you and others both individually and collectively.

In the previous episode, we saw that the strength of character suffers a loss of credibility when one of two gaps appears. One is the gap between our values and what we say. We call that gap insincerity. The second is a gap between our words and our actions. We call that gap inconsistency.

In similar fashion, trust likewise falls apart at the hands of two gaps. The first is imbalanced value exchanges – taking more from a relationship than you give. The leader who claims credit for his team’s accomplishments, but deflects blame and pushes it off on his team when something goes wrong. Or The fellow-worker who is generous when he needs something from you, but is always too busy to reciprocate when you need help.

When it comes to trust, imbalanced value exchanges are the relational equivalent of insincerity in character. That is, the value exchange claims to be mutual, but it isn’t.

The second gap is unpredictability. This gap is more subtle and, in my experience across more than 80 industries, far more common. In leadership we see it in leaders whose character foundation is flawed. Their words and actions are not well enough aligned for people to count on their words as a predictor of what they will do.

In relationships, this leader sometimes reciprocates, sometimes he doesn't. Sometimes her promises hold, sometimes they prove meaningless. This type of unpredictability inevitably strikes a blow to trust.

And not just with leaders. In any relationship, such unpredictability hampers trust. With regard to trust-building, unpredictability is the relational equivalent of inconsistency in character. And it's no less corrosive.

A relationship in which a person's follow-through is unpredictable is a relationship in which you feel an on-going need to verify. The verification tax never goes away.

Close these two gaps – the imbalance gap and the unpredictability gap – and trust in your character and your word accrue to you naturally.

Now let's wrap up by connecting all of this back to the engine of this entire six-part series, the Congruence Accelerator. That's where trust earns its place as a competitive weapon, not just something nice-to-have.

When trust is high, the verification tax goes to zero. And the impact on the three kingmakers is striking.

Agility: A team that trusts its leader can adapt and adjust quickly. It feels no need to litigate every pivot, every mid-course correction. The leader says, "We're changing direction," and people move, because they trust the leader and the leader's intent.

Where trust is low, significant pivots by the leader trigger suspicion, second-guessing, side-conversations, and quiet foot-dragging, not to mention whispered accusations that the leader's decision-making is inconsistent.

Speed: Trust is the ultimate speed multiplier. In high-trust organizations, decisions that once took a week due to extensive cover-your-bases-and-your-backside caution now take an afternoon.

Because there's no verification tax, people act on the leader's word instead of waiting to see if the leader sticks to what he said. This compression of time between the leader's pronouncement and team action, when multiplied across thousands of daily interactions, translates into unprecedented organizational speed.

Innovation: Trust within a group enables innovation. To be specific, trust enables members of the group to take the kinds of risks that lead to innovative breakthroughs. Everyone feels free to float half-formed ideas without fear of ridicule, entertain off-the-wall solutions without worrying about dismissive treatment, admit "I don't know" without losing credibility, and – most importantly – surface bad news without fearing retaliation.

None of this happens in a low-trust organization. The problem is not that it happens slowly. The problem is that it doesn't happen at all.

When people fear that candor and straightforwardness will be used against them, they go silent. Thus, the gears that make for open communication and collaboration never engage at low congruence. You can't accelerate a behavior that's too dangerous to attempt.

Trust, then, is both a multiplier and an enabler. It makes everything else that you do as a leader more effective. But high-trust relationships never develop unless they are built through reciprocity. Reciprocity creates trust that compounds over time.

In the next episode we will see this compounding effect intensify as we turn to the third leadership essential: maximizing alignment around values, vision, and strategies. Trust is the precondition for thorough-going alignment. You cannot align people who do not trust the person doing the aligning.

They'll comply, maybe. But they won't commit. And alignment built on compliance is alignment that quietly works against you. Next we we'll see how trust unlocks alignment and how aligned forces don't just add together. They multiply.

High trust removes the verification tax on every single interaction in the organization, all day, every day. It's not that one transaction gets faster. It's that *thousands* do, simultaneously and continuously. This compounding effect is how the Congruence Accelerator in general — and a high trust culture in particular – take organizations to a pinnacle of effectiveness that is otherwise beyond reach.

Dr. Mike Armour is the founder and president of Strategic Leadership Development International, which he founded in Dallas in 2001. Learn more about his leadership development services at www.LeaderPerfect.com.

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