

Leadership and the Structure of Trust

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Trust enables everything to move faster, more effortlessly, and with less conflict.

In the business world, executives soon learn how expensive distrust is. Every transaction, every conversation, every move we make seems to be distrusted until we prove we can be trusted. Mistrust causes everything to be more complicated, slower, and far more fragmented. Distrust hurts our businesses, adding extra costs to everything. Just take health insurance – distrust adds at least 20-30¢ to every dollar of health cost, for which we receive no health value in return. What's more, distrust puts a major limitation on collaborative innovation, internal teamwork, and external relationships with suppliers, customers, stockholders, and our community. Distrust is an incredible competitive disadvantage.

Profusion of distrust

Trust in America is declining; the evidence is everywhere. Recent polls show that by a margin of nearly 3 to 1 we distrust the media and unions, and by 4 to 1 distrust politicians and big corporations. Only 36% of Americans

trust banks. The majority of Americans trust neither Congress nor the Food and Drug Administration. President Obama has announced a "Trust Deficit." If distrust were a disease, we'd declare it an epidemic.

Similarly trust in Europe is not healthy.¹ Recent 2010 polls show that banks are trusted by only 40% of Europeans, and large corporations by only 30%. Nearly three quarters of Europeans distrust national government. In one European survey of 33,000 people, car salesmen were twice as likely to be trusted as politicians (16% versus 8%).

In the UK, Britons believe businesses will be 10 times more likely to lie than doctors. And the French are more cynical; only one in five trust government and the banking system, and less than a third trust the press. In Switzerland, considered one of the top 10 most trusted countries in the world,² nearly half the country trusts neither its banks, nor international companies, nor its government, nor the press.

Executives generally agree that the pace of change is increasing, especially since 1980, with more speed and more complexity, creating more stress and uncertainty. Many at-

tribute this to such factors as the cell phones, internet, deregulation and globalization. What too few executives seem to understand is that *in a faster moving, more rapidly changing world, we need more trust, certainly not more distrust, to keep a sense of order and balance.* Trust is the one thing that's essential in a stormy sea. Yet just the opposite has happened. Trust has gone into a precipitous decline at the very time we need more of it.

[see Figure 1]

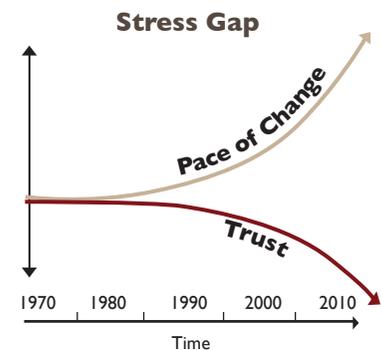


Figure 1 - Stress Gap

Ultimately, no amount of pages in a legal contract can substitute for or replace weak trust. It's the single most important thing that separates relationships that thrive from those that fizzle. Trust enables everything to move faster, more effortlessly, and with less conflict. In spite of its importance, trust is too often taken for granted.

Why is trust so low? We think there are several reasons:

1. We've distrusted for so long that, like cynicism, it becomes a habit. To start trusting again is risky, making us vulnerable. It's easier to be skeptical; reserved; protective; if we expect little, then we're never disappointed.

2. Many of our institutions are based on an adversarial process. Our legal system is founded on the premise that the truth will be best revealed by pitting lawyers against each other in a courtroom battle. Journalism favors stirring up a controversy to sell newspapers; radio talk shows foment dissention by telling their one-sided truths. Our political party system promotes doubt and distrust of their opponents.

3. As a civilization, our ways of thinking about trust itself are inadequate. Go to the bookstore and look for books on trust. Reading over the scanty literature, one is somewhat shocked to see how little we seem to know about such an important subject that impacts our daily lives, at home and at work. We don't have courses focused on the subject of trust. But the converse reality is equally distressing. We have entire professions in law, accounting, and negotiations promoting or reacting to distrust. Thus we are relegated to trust by platitudes, such as: "Trust must be earned," "Build an escape clause," "Start small, then expand," "Speak softly but carry a big stick," "Be ever vigilant," or "Focus on interests." These are all but useless in creating sustainable, organization-wide, trust. Often the platitudes are contradictory, irrelevant, inapplicable, or downright inappropriate, irritating, or counter-productive.

Causes of distrust

What causes distrust? In a word: *fear*; in particular, *fear of being taken advantage of, humiliated like a stupid sucker, or fear of being hurt financially, emotionally or physically*. Fear, focused outward on a common threat, may help overcome the threat, but, focused inside the organization, it will certainly destroy trust and teamwork.

This sheds light on what can be done to improve trust. By examining *how* distrust occurs, specific behavioral actions become evident. Changing the actual behaviors of people does more to shift trust positively than to talk abstractly or symbolically about it.

Probably the most challenging and elusive objective of any leader is to create a *system* of strong trust within their organization – whether it is between business units, within teams, or across corporate alliances.

Achieving trust by design

Why have so many attempts at achieving trust failed? Most leaders know intuitively that the magic moments of strong trust, however fleeting, are truly possible. Sports coaches call those magic moments "being in the *zone*." This seemingly elusive condition is the result of right alignment of powerful forces; *innate drives within the human unconscious* that can be *unleashed* and *aligned* to achieve trust *sys-*

tematically by the right kind of leadership. Traditionally trust has been considered a "soft" backwater of leadership and management studies. Because there has been no clear "structure" or "architecture" for trust, it has fallen into a vague and ambiguous area where the mind-set for trust is fuzzy; the skill-set is deficient; and the tool-set inadequate.

However, a growing body of a growing body of evidence shows that a strong structure of trust has an underlying design behind it. Trust's great value can be achieved only in an organization where basic values are reinforced with concrete, measurable behavioral actions. Only then can organizations reach new heights in relationships. What's needed is a structure for guiding everyday interactions, along with specific management tools to create productive relationships, while safeguarding against the untrustworthy, and disengaging from poisonous, distrustful ones.

By becoming skillful in designing trust, a leader can take trust from the vagaries of intuition to a new level where highly insightful interaction becomes commonplace.

The term "Survival of the Fittest" is often erroneously ascribed to Darwin as his main theme for human evolution. It was Herbert Spencer who promoted this idea in 1864 to justify his earlier preconceptions of evolution. Others seized on the "survival of the fittest" theme to validate British Imperialism.

While Darwin did see natural selection as the foundation of most plant and animal development, he perceived human development in a very different light; his premise for humans could best be described as "Survival by Collaborative Adaptation."

Trust Element #1.

Drivers of behavior

To understand the nature of trust, it's first necessary to grasp the fundamental roots of human nature and how our brains have been hard-wired for survival by the evolutionary process. Based on neglected insights of Darwin's drawn from his second epic book, *The Descent of Man*, and on extensive research over the last hundred years into the neurological process of the human brain, along with the best evidence from psychology, sociology, and anthropology, we can begin to understand what drives human behavior: *our ultimate innate motives*.

Nearly every individual on the planet is imbued with four innate "drives"³ [see Figure 2]:

- Drive to **Acquire** – to compete for, secure, and own at least a minimum of essential resources (food, shelter, mate, etc.), to exert sufficient control over one's environment for this purpose, and, when pushed by desperation into greed and domination.
- Drive to **Bond** – to form long-term mutually caring relationships, to cooperate with others, engage in teams, build organizations and alliances, and, at its fullest, to put moral meaning in all relationships.
- Drive to **Create** – first to learn, to comprehend one's self and environment, then to inquire beyond, and most fully, to imagine and invent.
- Drive to **Defend** – to protect from threats to one's physical self and loved ones, to have security and safety of one's valued possessions and basic beliefs, and, pushed to the extreme: to attack.⁴

Each individual has all four drives, with some variance in their

weights depending upon their own unique culture and personal experiences in life. These drives must be reasonably satisfied and are independent of one another in the sense that fulfilling one does not contribute to the fulfillment of the others. All four drives evolved in humans because they all proved to be essential for survival.

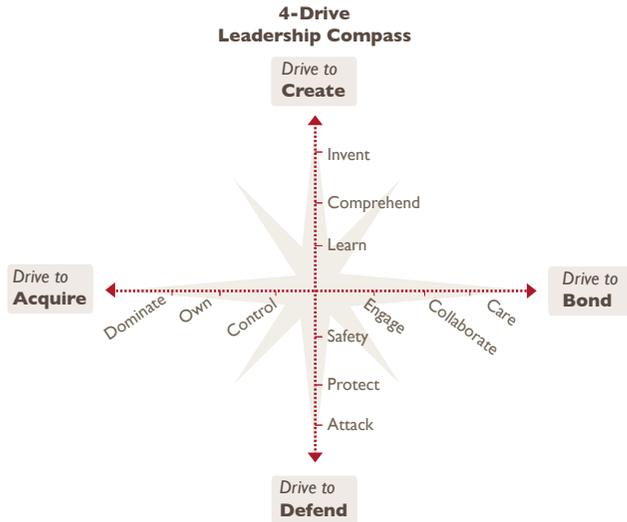


Figure 2 - Four Drives of Human Nature

The drives are often in conflict within our minds. Our drive to *Acquire* can obviously often be in conflict with our drive to *Bond* with others. However, with conscious awareness of the need to reasonably satisfy all these inherent drives (in themselves, as well as in other stakeholders) effective leaders, can resolve these conflicts by selecting a course of action that best satisfies all four drives. This can best be done by skillfully crafting⁵ action plans that resolve such conflicts; often by emphasizing the higher-order drives to *Bond* and *Create* that make us uniquely human.

However, the culture of the immediate organizational environment also has a major effect on these drives, either by reinforcing or suppressing one drive over another. That's why the same individual may behave quite differently in different organizations, or why changing top leaders can produce radically different results within the same group of people.

An organizational culture based on control and fear will trigger and emphasize the *Acquire* and *Defend* drivers, resulting in an organization that has fiefdoms and power-struggles, territorial battles as rivalries emerge between business units, functions, or buyers and suppliers.

Southwest Airlines has sustained a record of profitability by continually activating the *Bond* and *Create* drives in their corporate culture.

On the other hand, trust-building emphasizes the *Bonding* and *Creative* drives that are so essential to a modern corporation. Trust unleashes human energy by aligning the *Bonding* and *Creative* drives of individuals, enabling multiple individuals to coordinate actions and innovate synergistically. In a fast moving, rapidly changing world, where flexibility and adaptability are strategically essential to success, setting a course that stimulates both the drives to *Bond* and *Create* is

vastly superior to one that activates only the less flexible *Acquire* and *Defend* drives.

The Leadership Compass acts as a navigational instrument for leaders to determine action plans to achieve a creative balance among all four drives. Every organization creates a unique footprint based its own distinct administrative processes for measuring and rewarding the different drives. A leader must be especially cognizant of his or her relative emphasis on these measures and rewards because of their significant impact on outcomes.

The “dominate” and “control” (*Acquire* & *Defend*) posture of General Motors toward its suppliers during the last two decades created a severe competitive disadvantage compared to Honda and Toyota’s use of a far more advantageous collaborative innovation (*Bond* & *Create*). By 2004 the trust level with GM was so low that supplier innovation flow was being directed to Honda and Toyota, and away from GM.

Trust Element #2. Four-drive code of honorable behavior

The idea of a moral conscience is currently moving from being basically a religious or philosophic belief to being a scientific construct with important business and leadership implications. In business it is being translated into a code of conduct that honors and respects the interests of others, enabling commerce to be conducted fluidly and fairly. According to Darwin, and now verified by recent research studies, all humans have an innate conscience from which specific rules of engagement can be deduced logically from the four drives and the Golden Rule.

Darwin observed,
Any animal whatsoever, endowed with well-marked social instincts (Bond) ... would inevitably acquire a moral sense of conscience, as soon as its intellectual powers (Create) had become as well, or nearly as well developed, as in man.
He then cited the Golden Rule, practical guidance understood by all major civilizations for over three thousand years:
To do unto others as they would do unto you is the foundation stone of morality.
Finally he went on,
Of all the difference between man and the lower animals, the moral sense of conscience is by far the most important.

What kinds of behavior would establish a relationship of mutual trust by fulfilling these four drives in others without ignoring one’s own drives?⁶

- In honor of another’s drive to *Acquire*:
 - Enhance the other’s capacity to acquire necessary resources; Distribute material rewards based on contribution and merit.
- In honor of another’s drive to *Bond*:
 - Keep promises rather than breaking them.
 - Seek fair exchanges rather than cheating.
- In honor of another’s drive to *Create*:
 - Tell truths rather than falsehoods.
 - Share useful information and insights rather than withholding.
 - Respect other’s beliefs, even in disagreement, rather than ridiculing them.
- In honor of another’s drive to *Defend*:

- Help protect the other, their loved ones and their property.
- Detect and punish cheaters.⁷

As we will see, building a strong trust relationship begins by embedding “honorable purpose” into everyday decision-making between the enterprise and its customers.

Trust Element #3.

Honorable purpose

With a going enterprise, the building of stronger trustful bonds can start anywhere, but for a start-up entrepreneur the starting place is always with the key stakeholder, the customer. If the entrepreneur does not start by building trust with one’s customers around an honorable purpose, trustful relationships elsewhere in the organization will probably never take off. And the key to doing this is by following the Four-Drive Honor Code.

The purpose of an enterprise is to deliver honorable products and services to its customers competitively at a profit. The honor involved will be implicit in whether the design and delivery of the product/service truly reflects accurately the needs and best interests of the customer and environment.

The entrepreneur should then examine their proposed relationships with their stakeholder base: employees, suppliers, stock owners, and their community in light of the Honor Code, point by point, rigorously challenging whether their proposed actions live up to code’s standards. Only with affirmative answers to these questions can the nascent enterprise successfully undertake the recruitment and alignment of other essential stakeholders.

Taking this first step in this careful way will underpin all one’s subsequent efforts to build the relationships in a trustful manner.⁸

If one starts by tricking one’s customers with illusory values, only temporary satisfactions, unsafe elements, misleading information, etc. how can such enterprise leaders expect to have strong trusting relationships with others? (which can happen even before the product/service weakness is reflected in falling sales)

A shared honorable purpose helps aligns other stakeholders around one central target. This enables trust by ensuring that everyone is going in the same direction for the same reasons. People’s energy, commitment, and enthusiasm can rise to amazing heights when they are aligned on an honorable purpose that will truly make a positive difference that gives meaning to their work. Even struggling businesses have been turned into successful companies when a new leader gives people honorable goals and a pathway to achieving them.

Trust Element #4.

Balancing self interest versus greater good

No economic system or organization can thrive over the long run if it places overwhelming emphasis on self-interest (Acquire). This has been epitomized by the “greed is good” mantra on Wall Street that brought down the entire world’s economic order in 2008.

But neither have any systems flourished that over-emphasized the sacrifice of reasonable personal gain in favor of the greater good of others (Bond). When people focus heavily on the greater good, they grow increasingly anxious about sacrificing their own needs.

There is nothing inherently wrong about self-interest. Prosperity is a very legitimate value. The drive to Acquire one’s basic resources is obviously essential to survival. But if everyone works exclusively in their narrow self interest, severe problems will erupt: unions and management lock horns, customers and suppliers become rivals, stockholders grab for short-term profits while economic systems break down as each entity attempts to maximize for itself.

Honorable Purpose

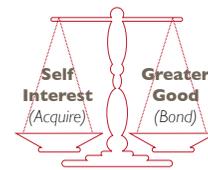


Figure 3 - Balancing the Drives

In this kind of a dog-eat-dog world, trust diminishes as everyone withdraws into their turtle-shells to protect their individual interests. We trust people who we can count on to balance self interest with the mutual interests. The same is true of corporations. [See Figure 3]

Effective leaders openly balance these two, and most individuals are fully cognizant and capable of accepting and supporting this balance. Those who don’t are not to be trusted.

Trust structure in daily action

Trust Element #5.

The ladder of trust

Think of trust and distrust as a ladder, starting from the bottom of hideous destruction to resurrective possibilities at the top, as illustrated in Figure 4. We’ve overlaid the Trust Ladder on the Four-Drive Leadership Compass, and plotted the behaviors that people engage in when “trust building” or “trust busting.” “Neutral” trust we refer to as “transactions.”

The Ladder of Trust has become the centerpiece of the trust structure; it’s a tool to illustrate the journey from the darkness of deep distrust to the light and wealth of strong bonds of trust.

Most everyone has experienced interactions at every level on this ladder. Early in life, parents serve in a guardianship role, while we create a broad range of family relationships. The closest relationships can become friendships. As we grow older, other highly cooperative relationships emerge, such as sports teams or friendships with loved ones. These occur when the *Creative* and *Bonding* drives are manifested and supported.

At the lower end of the Ladder are highly distrustful interactions, where people attack one another either verbally or physically, manipulate or deceive one another. In this zone people often retaliate “tit-for-tat” with equally or more intense forms of distrustful behavior, thus escalating distrust. These tend to occur when the drives to *Acquire* and *Defend* predominate.

When leaders have a clear picture in their mind of the descriptions and names of trust and distrust behaviors, they are brought out into the open, and then pro-active action can be taken to wipe them from the repertoire of organizational culture. With a *language*--both words and pictures-- and a systematic *architecture* (framework) a leader can discuss in vivid detail what type of trust is desired, as well as the actions required to eliminate distrust.

We are going to build out the Ladder of Trust first with a description and symbols of the behaviors associated with the types of distrust. (Later we’ll explore the upper zones.)

Negative Zone of Distrust -- Trust Busters

The multiple ways we've learned to "bust trust" are so well defined in our society they should be considered art forms. These are all terribly expensive habits to support, and a massive drain on human energy. Here's a brief description of each of these types of Trust Busters (there are more than these six, but these are the most prevalent):

Character Assassination and Betrayal



While murder may be the ultimate assassination, the more common version in organizations is *character assassination*. This takes the form of persistent efforts to destroy the other's reputation, to scapegoat or demonize the other. *Betrayal* is an even more extreme form of character assassination.

Talk to anyone around you, and ask them "Have you ever been betrayed?" Then watch their response. Usually it's one of intense emotional pain. Their hurt is carried around like a private wound, often with guarded silence as they suffer in the quietude of self-imposed exile. Many respond to betrayal with revenge or demonization.

Aggression



Aggression is the use of someone's power in a way that seeks to threaten or harm. It represents the extremes of the drive to *Defend* (attack) and the drive to *Acquire* (dominate). The intimidator believes the best defense is a good offense: take the initiative to demonstrate superiority, strength, and power.

For the overt aggressor, it's "either my way or the highway," and "he who has the gold, rules." They may bellow and bluster. They may vividly demonstrate their power symbolically by sitting higher than others in their office, or telling stories about their aggressiveness, or speaking crassly in public, or insisting their answer is the only right one.

Because outright aggression is pretty obvious, often highly intelligent people quickly learn it's frowned upon. So they develop a trickier game: they become obstructionists by offering resistance that shows up as helplessness, procrastination, upsets, hurt

Trust Ladder & 4-Drive Compass

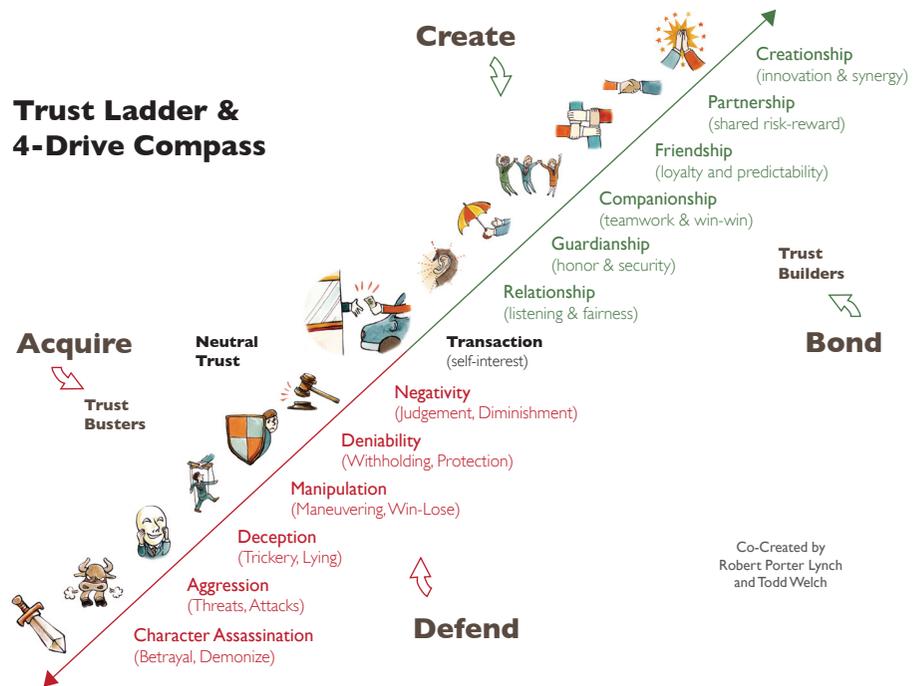


Figure 4 - Trust Ladder with Four Drives of Human Nature

feelings, resentment or inaction even after multiple requests to stop. It's called "passive-aggressive."

The victim of the passive-aggressor may become angry, but because there's no overt attack, they don't fight back. Instead they clam up; shut down; just obey. Commitment and creativity dies; caring and learning halts; despondency and cynicism prevails.



Deception

The purpose of deception is to twist the truth. Lies are nearly always the base of deception. It takes a variety of forms from the innocuous to the sinister. Sometimes it's so subtle it's hardly noticeable. Subtle forms of deception create illusions that something is totally true when it's not. Not giving all the information one should have is deception. Making others believe something with a half-truth is another example. Twisting the truth makes others insecure, uncertain, and unconfident.

Fraud is another form of deception with the clear intent to swindle someone.

While lies are always dishonorable and destructive, in their worst form they can be

downright evil, intending to harm, hurt, or damage another person. Lies often place the victim in the unenviable position of having to defend themselves against some allegation that was never true in the first place. The victim then has to go to inordinate lengths to prove that something never happened.

Manipulation

The mind of the manipulator has determined they cannot trust their world to respond in predictable and reasonable ways, so they have to trick their world into responding opportunistically to their advantage, which usually sets up a circular, self-fulfilling prophesy. Lo-balling one's estimates is a form of manipulation.

The most typical manipulation game is whining or complaining. This method attacks others by focusing attention on how everyone else is wrong, bad, guilty, or incompetent. The whiner is seeking to get their own way by maneuvering others into the "bad guy" role, with themselves as the 'rescuer'. They often get away with it because it is easier to placate them than to confront their dysfunctional games.





Deniability

Deniability (*Defend*) typically comes in two forms: active and passive. Active deniers will often hide behind mountains of legal agreements, non-disclosures, red-tape, and anything that will cover them in the event of a collapse or blame from above. By being overly protective they actually create the very distrust that they attempt to protect themselves from.

Passive deniers withdraw, flee, hide, or remain silent – making no commitments, avoiding interaction, and taking no risks. Passing the buck is a good way to keep out of the line of fire. Ducking issues is a form of protection. Bureaucrats are professional protectors, deflecting responsibility with obscure rules, convoluted processes, and abstract reasoning.

Negativity

Negativity comes in many forms: the chronic evaluator, the overly judgmental and critical, and the cynical. They are quick to judge something wrong, play holier-than-thou, or subtly find a way to make others look reckless, inexperienced, or unworthy and thus make themselves seem stronger.

Unfortunately, people have a tendency to weigh negativity far more heavily than praise. Negativity triggers people's defensive drive, (*Defend*), becoming a corrosive force, eating into the emotional fabric of people who crave to have their drives for collaboration (*Bond*) and learning (*Create*) reinforced. Idea killers will knock the energy out of an organization as it quickly quashes the creativity drive.

(We don't mean to imply that one should never carefully evaluate people nor make judgments. There is a distinct difference between judging people and situations objectively and making it a personality trait.)

Transaction – Neutral: Neither Trust Nor Distrust

To understand a transaction, think of a toll-booth on the turnpike or bridge or paying the attendant at a parking garage. That's a transaction, an exchange of value: money for use of their road, bridge, or parking lot. But what was the name of the tollbooth attendant? Easily forgettable because it was a transactionary experience, one based simply on exchange.

This is why we put transactions right on the neutral trust line – neither trust nor distrust. Transactions happen every day: at the grocery store, at the mall, at the gas station. When shopping, we put enough trust in the "brand" or the store's reputation to complete the exchange of goods or services for money, but not enough trust to engage in any form of deeper relationship.

It's at this level we have placed a "belt" on the Ladder of Trust to indicate that any action below the level of a transaction is off limits: 'below the belt'.

Positive Zone of Trust—Trust Builders

People yearn for trust because of their innate drive to bond; it's the natural state of human interaction. We were born with trust in our primary care-givers, our parents, and thankfully, this trust was confirmed

for most of us by our early experiences. People who had normal childhoods remember the time when the world felt safe.

Relationship

The trust journey begins simply with building a relationship with other people by *listening* -- not judgmental listening -- but connected listening that simply validates the other person's point of view. When we listen with compassion, learning, and constructive inquiry, we begin to build trust. People feel like they are receiving *support* because they are heard.

Listening and inquiring with interest and compassion means you start with an open mind (*Create*) and a caring heart (*Bond*) -- no assumptions and no expectations which impair our ability to see things as they really are.

When building a trusting relationship, the minimal boundary conditions must be satisfied – both parties must feel respected, both can be counted on understand the personal interests, needs, and concerns of the other, which gives the assurance that both will be better off from having met. If this does not happen, then the relationship is broken and fallen below the line into the Zone of Distrust.

However, leaders that only engage their teams at this first relationship level, while being appreciated for their compassion, are not going far enough.

Guardianship

The next level of trust provides *safety* and *security* (*Defend*) to the other person. A guardianship can be one-way, much like a parent provides to a child, or a mutual guardianship like soldiers on a battlefield. Every employer has a duty and responsibility, both morally and legally, to protect their employees' safety on the job, provide a fair, living wage, pay their unemployment taxes, protect their civil rights, and provide a work environment free of harassment. In return, employees are expected to maintain a guardianship over the work-place by not stealing, reporting hazards, contributing ideas to improve competitive advantage, and ensuring the well-being of their teammates.

Those who don't feel safe in a leader's presence will be protective or fearful. As human beings, we aren't wired to trust what we fear. A Guardianship means more than knowing that you won't intentionally hurt me. Safe means they must be emotionally safe and physically safe. But at a deeper higher level, it's *reliance* -- knowing that you will be there to protect me from harm; be there when I need you; won't sacrifice me for your self interest; be counted on to protect my best interests as well as your own; won't be negligent: we can count on each other to protect each other's safety.

Companionship

Being a companion means trusting enough to work productively in teams – "teamship." Each individual must know breakdowns will not be destructive; thoughts, workspace, and concerns can be shared without fear of



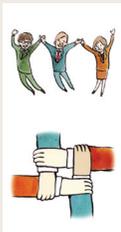
retribution, disrespect, or dishonor.

Confidence stems from placing self interest at least on a par with mutual interest as win-win emerges as essential. Every decision embraces what's in the interests not just of the individual, but in the greater good of the organization, the team, and the future of the business.

At this level the world is seen through a common vision and aligned interests. We expect reciprocity: shared ideas, giving at least as much, if not more, than we expect to take back; everyone begins to give more than they expect in return. Individuals come to the realization, sometimes painfully, that they win or lose together, as a team -- in the same boat, facing the same storm together.

Because of the weakening bonds of the modern family structure, for many, their workplace becomes a surrogate family, thus the workplace carries with it an additional desire for fellowship.

Great leaders capitalize on building companionship and fellowship not just because it produces great results, but because it tends to endure the ups and downs of business, like a gyroscope keeps steady when the world rocks around it.



In the best companies, companionship blends into fellowship and friendship. When you fly Southwest airlines, the sense of fellowship manifests itself in the teamwork, dedication, and sense of humor of the employees. The U.S. Marine Corps has mastered the art and science of creating fellowship. The most successful churches are dedicated to building a sense of fellowship because of its spiritual connotations.

Friendship

For a friend, we are always present and always committed to their best interests. When they're in difficulty, we help; when hurting, succor; when in doubt, counsel; when confused, clarity, when self-deceived, honesty.



The power of friendship lies not just in the bond of familiarity, but in the mutual commitment to each other's well being.

When our friend is attacked or harm comes their way, we respond with aid. If they have done something wrong, we stand by them to help them right the wrong. When unfairly accused, we defend them. This is what loyalty is all about. Friendships grow up in organizations alongside trust, but leaders should be watchful that they do not grow into favoritism.

Lou Gerstner, reflecting on his transformation of IBM in the 1990s, observed that the powerful culture, sense of community, values of fair play and hard work, and ethical standards of IBM were the foundation which kept the company from shattering when it's business strategies needed a massive shift.

Partnership

A partnership is designed to respect and cherish the differences in thinking and capabilities between two or more



people or organizations. It is the combination of *differing* strengths with the *alignment* of common purpose that makes a partnership effective. For example, one person does outside sales, another keeps the finances on track, while another runs operations. Great partnering relationships require a number of things to make them work effectively:

Shared Vision: Trust is built by the power of the commitment to a shared view of the unfolding future. While making today's dollar is essential in any business, great partnerships are always looking one step ahead to find the new opportunity, to design the future, to turn adversity to advantage.

Shared Planning: People support what they help create. This builds trust because those thus engaged are consulted and their ideas are valued, which, in turn builds even stronger commitment to the future.

Shared Resources, Risks and Rewards: By sharing risk and reward, people have "skin in the game." The more everyone shares risks and rewards, the more powerful the level of commitment.

Creationship

For this level of trust we had to create a new word. A "creationship" implies that we can do something extraordinary -- we can co-create together. A creationship embraces prior elements of trust-building, and then, secure in the absence of fear, unleashes a connection between the hearts and minds of the co-creators -- new ideas generate like spontaneous combustion.



How does the leader foster creationships? Here are some ways:

Purpose and Destiny: Some of the most co-creative people on the planet are those with a deep central sense of personal purpose or destiny. This kind of purpose gives meaning and value to whatever we do -- there is a reason for *being* and *doing* in our daily lives.

No such thing as Failure, Only Learning: Be careful not to punish what might look like a failed attempt at creative solutions. Be sure to encourage learning from failures. Remember, high performance teams fail more often than low performance teams; the difference is how they learn -- then innovate from what they learned.

Use Conflict to Advantage: Whenever there's change, conflict is inevitable as systems, strategies, roles, and perspectives shift, even in a trusting environment. Don't shove conflict under the rug, but use it as a learning mechanism. Focus on shifting perspectives; prevent people from becoming entrenched in one point of view.

Laugh! Creationship teams are not all grinding labor; it's having fun with what they do and laughing a lot, spontaneously creating in the moment -- that's magical. Research shows that laughter releases endorphins that trigger creativity. Laughter expresses the absence of fear.

Building a creationship can be one of the most rewarding experiences in life. It can happen between two people, or within a team or even a company. When people engage in a creationship, they seem to abound with an endless source of regenerative energy. Some people describe this as *entering a fourth dimension* -- it's invisible but quite real.

If you ever enjoyed the wonderful music of Broadway productions such as *My Fair Lady* or *Camelot* you've heard and felt the powerful synergy of the team of Lerner and Loewe. The co-creative force can be seen in science in the NASA teams rocketing a man to the moon. Virtually all the great discoveries and innovations in today's world are happening in-between industries and technologies in creationships, such as the Genomics Project: the confluence between medicine, mathematics, informatics, and computers.

Using the Trust Ladder

We've found that one of the most effective uses of the trust ladder is simply to make it visible and accessible so that people can make an honest assessment of where their relationship now exists on the scale (it can exist on multiple points), and where they want it to be. Later, address what actions must stop, and which actions need to prevail to meet the goal.

Groups (teams, alliances, task forces, departments, supply chains, and top executive committees) need to identify what types of behavior are prevalent in their experience, specifically what actions are either "above or below the belt line." The discussion often reveals people trapping each other in the nether regions of distrust, with no means of escape.

It's often been disheartening to learn how many groups report that the preponderance of business is stuck in the levels of distrust. In fact, this has been the norm for so long that it's considered acceptable behavior and has become an acceptable art-form in the business world -- symbols of modern era capitalism.

Avoid being Sucked into the Downward Spiral

When even one person engages in the first level of distrust, it is tempting to respond "tit-for-tat," or worse, going one level deeper. This, of course, can trigger a never-ending downward spiral of deepening distrust. This must be avoided at all costs.

By opening a discussion of how one distrustful act triggers another, we can then address what must change to head in the right direction. Those who courageously resist tit-for-tat and make the commitment to engage in higher level discourse will unearth



disarmingly productive discussions. But such action is not easy -- we are so programmed to retaliate, not reinvent.

Leaders must play a pro-active role in re-framing engagements, and ferret out those interactions, including their own, that re-inforce distrust. Shifting out of the distrust mode for deeply distressed organizations is by no means an easy task; it's like trying to cure advanced cancer, because distrust has become deeply embedded in the organization's culture. But all is not bleak. The human spirit yearns for a better way, optimism can reign over cynicism, trust can be rebuilt -- provided leadership is truly committed.

Leadership Actions

Our advice to leaders who want to move up the ladder of trust is quite specific: Start every interaction assuming that the other parties have all four drives intact as the ultimate motivators of their psyche -- motivated by opportunities to not only *acquire* more resources and *defend* themselves, but also by opportunities to be *creative*, and to develop *bonds* of trust with others. With this in mind, leaders can, in fact, address all four drives in their followers simply by mutually practicing the Four-Drive Honor Code. We find this amazingly simple -- but it works. Read over the rules again. Of course they may be hard to follow, but if a leader can stick closely to these rules, it will move the group up the ladder of trust, releasing energy for collaborative innovation that's off the chart.

Nonetheless, a leader must be alert to

identifying distrustful behavior, calling it out, making it unquestionably clear what won't be tolerated.

Taken together, these are the acts of leadership that will build a strong structure of trust. We are optimistic that the *Bond* and *Create* forces are, at worst, just dormant in our corporate culture's collective psyche.

Trust Element #6.

Thwarting the beast-Gaining insight on whom one should not trust

In a newly released landmark study of over 200 U.S. Corporate Leaders, Babiak, Hare, and Newmann, experts in psychopathic behavior, found that 4-6% of the study group, consisting of executives and management trainees, exhibited strong psychopathic traits -- five times the rate expected in the normal population. This strongly suggests our corporations are becoming a magnet for psychopathic behavior.

So far we have been discussing people who, under good leadership, will heartily join in building a strong structure of trust. But science is now revealing what history and everyday common sense has long suspected—that some people actually do not have an innate conscience in their brain.⁹ Psychiatrists call these people 'psychopaths'. We prefer the less pejorative and more descriptive term 'people-without-conscience'. Because of these people we certainly cannot advocate blind trust in all others. There are a few

truly dangerous psychopaths in our midst.

The question of who to trust is as old as the human race. It's been on our minds since ancient times: the subject of the writings of the Greeks and Romans, and addressed in the Old and New Testaments. What can we add to that might shed light on this age-old issue?

The Ultimate Caution—Watch Out for 3-Drive Humans

While building a system of trust is a noble endeavour, it cannot be conducted with naivete. Efforts can backfire without a healthy dose of reality. While we are convinced the vast majority of people are capable of being trustworthy, a very small percentage of people (perhaps 1-2 percent of the population¹⁰) are actually genetically deficient, lacking the “bonding gene.” For some of this small segment, their remaining three drives (*Acquire, Create, Defend*) shift into overdrive. They are skilled at worming their way into positions of power, are highly intelligent, extremely manipulative, often charming, and will torpedo anyone that gets in their way. They lack empathy, shame, or remorse. Other people are just tools for them to accumulate more power and wealth. Their lack of moral conscience can be masked with potent ideologies such as “the purpose of business is solely to make money.”

These are the corporate leaders who, like Al “Chainsaw” Dunlap, manage companies like Genghis Khan. (See sidebar story¹¹) With their intelligence, sometimes they can even mimic bonding with superficial charm but with no real consideration for honesty, integrity, or human compassion. They seek powerful roles in society.¹² Lacking the checks and balances of a *Bonding* drive, their *Acquire & Defend* drives are pushed to the limit, manifesting as domination and combative attack. Thus their modus operandi sees anyone opposed to them as the “enemy,” requiring constant secret operations below the belt. Their unchallenged belief in competition obliterates thoughts of anything but a win, always narrowly focusing on the best way to move in for the “kill.”

Ruthless, willing to do anything that they think they can get away with, but too often extolled by Wall Street as heroes, they cannot be trusted.

Although we believe the large preponderance of the population have the potential for engaging in strong trustful relationships, there are still some who, because they were born without a conscience or with a betrayed, abused childhood, are sufficiently resistant to the guidelines we outline here as to be incorrigably rooted in distrust. Trust is too precious to be sacrificed at the altar of the unscrupulous.

We can, hopefully, look forward to the day when science provides a simple, definitive means to identify such hazardous people. Even though the problem of finding a humane way to restrain psychopaths from harming others still needs to be found, tolerating the status quo is unthinkable when we have good reason to suspect the most notable of the 20th century were Hitler, Stalin, and Mao.

If one finds themselves in an organization with a person fitting this description, it cannot be ignored or wished away. Action is called for.

We suggest a collaborative strategy. Quietly observe the suspect's behavior and take detailed notes. Start discussions with colleagues who might well have noted the problem and compare observations. When well prepared, approach the most senior officer available with

evidence and allies. The goal is, of course, to get the offender out of the organization. If illegalities are strongly suspected, of course, approach the appropriate officials of the law. If such efforts fail, our advice is to leave the organization. Do not allow yourself to be victimized.

If the Al Dunlap of “CHAINSAW” were a fictional character, he would be dismissed as a figment of bad writing, a one-dimensional caricature: He capitalizes on his notoriety for mass layoffs by writing a book called *Mean Business*. He seems to revel in firing people. He is fond of telling visitors, “I just love predators. They must go out and hunt and kill to survive.” An egomaniac, he screams at and purposefully humiliates his employees, including top management. He has a personal life to match: He cut himself off from his family, abused his first wife, and was stunningly stingy in child support payments to a son from his first marriage.....

When Sunbeam tapped Dunlap to run the company, Wall Street responded with hosannas. Share price rose a record 60 percent the day after the announcement of his hiring and continued to skyrocket during the first months of his tenure.

Dunlap quickly began ...his slash-and-burn [strategy].... He soon announced plans to sell or close 18 of Sunbeam's 26 factories. Wall Street celebrated, and the company's share value continued to climb.

Profitable facilities were shut down and the costs incurred from production shifts could not be recouped in the foreseeable future. But Dunlap was determined to impress Wall Street with record jobs cuts, and he refused to listen to cautionary warnings.

Sunbeam sellers had inflated sales by offering deep discounts. Product quality slipped.

As profitability plummeted and the company fell into the red, the board of directors turned on Dunlap and fired him. Soon it became clear that earlier evidence of increasing profitability had been the result of accounting tricks that auditors retrospectively disallowed.

What is most disturbing about the tale, perhaps, is how many accomplices Dunlap had as he wreaked havoc on a venerable company and the lives of thousands of employees. Executive after executive echoes the one who told Byrne, “I was a greedy son of a bitch along with everyone else” and willing to do whatever Dunlap demanded in exchange for the promise of a big payoff in stock options. The auditors were bullied into going along with questionable accounting measures. And Wall Street analysts, the board of directors and the principal shareholders allowed themselves to be deluded by Dunlap's sham turnaround of the company.--

Washington Monthly, Nov, 1999 by Robert Weissman

Conclusions

How important is trust? Simply put: without trust, the creative intellect of employees is severely diminished. In a fast moving world, trust spawns a massive competitive advantage, enabling intensely collaborative teams to generate innovations and make rapid decisions.

Too often trust gets caught in the background noise of life. The art of building trust should not be something that “just happens” reactively, thoughtlessly, or invisibly. If we don't bring trust to the forefront, the normal chaos of business becomes even more tumultuous as we spin erratically and unpredictably in a world of distrust.

We neglect the issue of trust at our own peril. Trust is the most vital thread in the fabric of relationships. Embedding a system of trust into your organization yields enormous rewards for all stakeholders. The economic advantages of trust suggest that 20% improvements in efficiency are perhaps conservative estimates. And it's not unusual for people to find, for the first time, a sense of real meaning and purpose to their work.

Payoffs of Solid Trust

When Procter & Gamble decided to outsource its Information Technology System to Hewlett Packard, their lawyers drafted a legal contract 1600 pages long that specified how this complicated relationship was supposed to work. Both of these firms had well-earned reputations for being strong trust firms, but no one was too sure how well they would work together.

When the operational managers saw the enormous legal document none of them even wanted to read it. It was not only cumbersome; it was also adversarial in tone. Some predicted it would create nothing but friction and costs in the \$3 billion arrangement. Fortunately intelligent minds began to foresee the enormous difficulties that would emerge from a legalistic transaction-based relationship on a service contract that called so much flexibility and give and take problem solving of unanticipated issues. And so much was on the line for both firms. They organized a joint workshop between all the key operational managers who would be working together to see what they could work out.

These managers decided they could not collaborate and create in a legalistic relationship. They designed a set of Operating Principles that reflected the strong trust system they valued in their own separate firms. In the course of that one workshop they transformed their relationship from an arms-length vendor approach to a partnership approach.

- Operate as One
- Serve P&G's Global Business Units & Corporate Functions
- Plan Jointly
- Provide Visibility to make effective business decisions
- Deliver on our Commitments
- Anticipate, Confront, and Resolve Breakdowns Quickly
- Default to Innovation First, before trade-offs
- Make Principle-Based Decisions
- Treat All Employees as Valued Partners
- Communicate Openly, Often, and Clearly
- Share Accountability, Risk, and Reward

This modest document has served as the code of behavior for all their daily interactions. For all intents and purposes, the legal agreement is ignored. Now, aged and obsolete, it sits in some filing cabinet, supplanted by this more nimble and flexible, trust-based agreement.

Examine these principles and how they resemble the Four-Drive Honor Code. Think about the kind of trust they were able to create with one another in order to launch this high risk relationship with just these few declarations of intent. What amazing trust, and what obvious savings in red tape and delay, in time and money, that this agreement could and did generate.

About the authors

Paul R. Lawrence is the Wallace Brett Donham Professor of Organizational Behavior Emeritus at Harvard Business School. His research, published in 25 books and numerous articles, has dealt with the human aspects of management and leadership. In 2002 he published, with his co-author Nitin Nohria, *Driven: How Human Nature Shapes Our Choices*. This book proposes a four-drive theory of human motivation that is based on the biology of the brain and draws extensively on neglected insights of Darwin's. His current work, *Driven to Lead: Good, Bad and Misguided Leadership* (Jossey-Bass, 2010) applies this theory to leadership.

Robert Porter Lynch has spent the last twenty-five years formulating the best-practice design architecture of organizational synergy – how exceptional leaders energize collaboration to produce sustain-

able innovation in teams, alliances, and acquisitions. He has written several ground-breaking books on strategic alliances, serves as Adjunct Professor at the Universities of Alberta and British Columbia, and is founding Chairman Emeritus of the Association of Strategic Alliance Professionals. Lynch's book: *Trusted to Lead* is scheduled for publication at the end of this year.

Notes

1. Sources: Gallup Poll Happiness Index (2005-2009), 2011 Readers Digest Trusted Brands Poll, ~33,000 Europeans (including Eastern Europe, excluding UK, Spain, Italy), Eurobarometer Publication 74, pp 25-27, 27 European Union Member States, ~ 27,700 interviews, 2009 Ipsos-MORI Survey, ~2000 people in UK
2. Transparency International, Corruption Perceptions Index, October 2010, page 3
3. This approach to leadership is explained in detail in Paul R. Lawrence's book *Driven to Lead: Good, Bad and Misguided Leadership*, Jossey-Bass (2010)
4. Acquire and Defend are common to all mammals and reptiles, although more developed in humans, while Bond and Create are far more elevated and refined in homo sapiens than any other primate or mammal, making them almost uniquely human traits. All four drives are discussed in Darwin's work.
5. The human brain has evolved over more than two million years to enable the prefrontal cortex to assess these conflicts and appropriately select the right balance among the drives. Rita Carter, a neuropsychologist, summarizes in *Mapping the Mind*, "The prefrontal cortex is given over to man's most impressive achievements—juggling with concepts, planning and predicting the future, selecting thoughts and perceptions for attention and ignoring others, binding perceptions into a unified whole." The drives to Create and Bond – the more recently evolved capacities of the human brain are most effective in enabling this balancing of drives.
6. From P.R. Lawrence, Article, 2004, and research by Marc Hauser, 2006
7. These rules are not always observed. The other drives are always competing for preference, and sometimes they win. Therefore, the true confirmation of the hypothesis is not perfect observance of the rules but feelings of guilt—a "bad conscience"—when they are knowingly broken.
8. As organizations shift from stand-alone enterprises to truly networked structures, this process of applying the standards of the Four Drive Honor Code will become fundamental to achieve Network Alignment.
9. The key book on this is entitled *Without Conscience: The Disturbing World of the Psychopaths Among Us*, written by Robert Hare after 25 years of studying psychopaths.
10. Babiak & Hare, *Snakes in Suits*, Harper Collins (2007). Note: These 3-Drive humans are often referred to as psychopaths or sociopaths, after they have broken the law. Those that skirt the edges of the law will work in the narrow area that is legal but unethical or insensitive. While their percentage in the population is extremely low, their impact on society is massively disproportionate to their numbers.
11. *CHAINSAW: The Notorious Career of Al Dunlap in the Era of Profit at Any Price* By John Byrne New York: Harper Business, Review by Robert Weissman, Washington Monthly, Nov 1999.
12. Often referred to as "snakes" – See Hare & Babiak, *Snakes in Suits – When Psychopaths go to Work*, Harper Collins, 2007.