



# Leaders Can Create or Destroy Trust

**To develop an organization of high trust, leaders must be willing to admit when they are wrong.**

By Robert Whipple

With five years of major corporate scandals behind us, the business community has suffered its largest loss of credibility in history. While high-profile cases focus on a breach of trust with external stakeholders, an equally dangerous trend is the atrophy of trust among organizational levels inside businesses of all sizes. Every day, in hundreds of situations, the actions of leaders at all levels create or destroy trust.

Imagine the impact if you could reduce or eliminate distractions such as rumors, political infighting, lack of focus, and conflict. In organizations of high trust, problems like these fade in the background as people focus more energy on serving customers and beating the competition. Satisfaction

and inspiration replace drudgery and hostility.

Organizations that accomplish this have a sustainable competitive advantage; those that do not, risk losses or even defeat. Fortunately, there are effective and inexpensive ways to improve the level of trust in organizations.

## **Lay a firm foundation with your team.**

Identify the values of your business along with a clear vision, behavior expectations, and a strategic plan.

The way to build trust is through consistency. For example, when leaders start every employee meeting by saying, "You are our most important asset," but spend the majority of time building machines and laying off workers, their inconsistency is hard to miss. As a leader, you need to make sure all of your actions consistent with what employees hear you say.

## **Encourage people to tell you when your actions are inconsistent.**

Each of us has a set of beliefs based on everything we have experienced in life. We own these views and truly believe they are right. When another person observes a situation and comes away with a judgment different from ours, one of two things can occur.

First, the other person can say or do nothing. This reaction usually stems from insecurity and fear of being penalized for voicing a dissenting opinion. Unfortunately, these reactions occur frequently, leading to less trust between both parties. The person pointing out your inconsistency will lose trust in you if you appear hypocritical by acting in a manner inconsistent with the company's mutual values, behaviors, or vision.

Contrast that with a second scenario. The other person verbalizes the problem immediately because it is safe to voice a contrary opinion. This is possible because an environment of trust has been built during a period of time.

When you first suggest this, people will be reluctant to comply because the trust level does not exist yet. It may take several reminders before one brave soul decides to stick his toe in the water to see if you really mean it. Properly handled, the employee will not regret it. He and others witnessing this exchange will be encouraged to do it again when the next situation arises.

## **Encourage reporting of mistakes, no matter how challenging that is.**

In most organizations, people are punished if they bring up inconsistencies.

In an organization of high trust, leaders reward people for pointing out gaffes because it allows for correction and clarification but, more importantly, it fosters additional growth in trust by encouraging open dialog in the future.

That sounds simple but it rarely occurs. Usually leaders hate to admit mistakes. They believe it weakens their ability to lead and become defensive when employees push back. This normally backfires and reduces employees' trust of the leader.

You can encourage a person that points out your discrepancy with a statement such as, "You're right, I didn't think of it that way. Thanks for bringing this to my attention." This way people know that even critical input is welcome.

#### **Take appropriate corrective action or help people realize your point of view.**

If you are reversing a decision based on the other person's input, it shows that you are listening. However, you don't need to cave in to pressure for trust to grow.

In an organization of high trust, it's possible to have meaningful dialog on the discontinuity. If you choose to carry out your decision, you can make the other person understand your position by saying, "I really appreciate your pointing out the inconsistency. I still believe my decision was correct and can't reverse it. However, thank you for having the courage to speak up, because now I know there is an issue. Let me explain further why I can't overturn the decision."

With this approach, the trust level increases for both parties. You have been listening. The other person knows she has been heard and her opinions are respected. You know the other person is leveling with you.

With this approach, you have a powerful correcting force when people believe things aren't right. If something is out of line, they will tell you, enabling modification before much damage is done. Now you have an environment where honest feelings are shared and there are no large trust issues. People in your organization will interface with you gladly, spending less time fretting

and more energy pursuing the vision. The rumor mill will be shut down before it has a draining impact on productivity. You will also see fewer Dilbert cartoons posted on the bulletin boards. The culture has a sustainable competitive advantage. Success is easier.

Developing a true environment of trust is rare because the way to achieve it goes against the grain of most people in leadership positions. It requires leaders to set aside their egos and accept being told they are wrong frequently.

This takes a significant retraining of the mind and usually requires some help from a coach or consultant. Those leaders who can make the shift to this kind of environment will lead the most profitable and hassle-free businesses in the end.

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# Seven Reasons to FOSTER TRUST

- 1** | In high-trust organizations, problems are dealt with easily and efficiently. In low-trust organizations, problems become huge obstacles as leaders unscramble the mess to find out who said what or who caused the problem to spiral out of control.
- 2** | People in high-trust organizations are not distracted by the need to be defensive; they focus on accomplishing the vision and mission of the organization. Their energy is directed at the customer and against the competition. In low-trust organizations, people waste energy infighting. Their focus is on internal squabbles and destructive turf battles.
- 3** | In high-trust organizations, the communication process is efficient as leaders freely share valuable insights about the business. In low-trust organizations, rumors and gossip zap around the organization like laser beams in a hall of mirrors. Before long, leaders are blinded with problems coming from every direction.
- 4** | High-trust organizations rely on solid, reliable communication. The atmosphere in low-trust organizations is usually one of damage control and minimizing employee unrest.
- 5** | Workers in high-trust organizations have a passion for their work that is obvious to customers. In low-trust organizations, workers often display apathy toward the company, which undermines top line growth.
- 6** | People who work in high-trust organizations describe the atmosphere as being "real." They are not playing games with one another in a futile attempt to outdo or embarrass the other person. Rather, they are aligned under a common goal that permeates all activities.
- 7** | People in high-trust organizations might not always like each other, but they have respect for each other. Rather than make sarcastic or belittling remarks, they work to support and reinforce the good deeds done by fellow workers.