



Smart Trust

Creating Prosperity, Energy, and Joy in a Low-Trust World

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296 pages

Book: getab.li/16787

Rating

8

9 Applicability

7 Innovation

8 Style

Focus

Leadership & Management

Strategy

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Human Resources

IT, Production & Logistics

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Small Business

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Industries

Global Business

Concepts & Trends

Take-Aways

- “Smart Trust” enables you to “operate with high trust in a low-trust world by minimizing risk and maximizing possibilities.”
- Trust is proportional to personal, institutional, and national levels of “prosperity, energy, and joy.”
- Those who trust others blindly, without evidence, are often unrealistic and disappointed.
- Yet those who disavow personal involvements because they are suspicious and wary often overlook opportunities and rarely enjoy the benefits of close relationships.
- Smart Trust blends willingness to trust with real-world analysis of trustworthiness.
- A current “renaissance of trust” is improving how people see themselves and others.
- To replace low trust with high trust, build “virtuous upward cycles” based on the “reciprocity of trust.”
- To practice Smart Trust, perform five actions: believe in trust, start with yourself, declare your intent, do as you promise and lead out in extending trust to others.
- Most people welcome opportunities to prove they are worthy of your trust.
- As a leader, you must make the first move by extending Smart Trust to others.

Relevance

What You Will Learn

In this summary, you will learn: 1) Why individuals and organizations need to re-establish trust as a basic operating principle and management philosophy, and 2) How “Smart Trust” strategies can change your firm from a low-trust mire to a high-trust bastion of “prosperity, energy and joy.”

Review

The Maghribi traders had the right idea: To capitalize on lucrative business opportunities amid the chaotic political and social climate of the Middle East in the 10th century, these merchants formed an economic system that spanned miles, cultures, and governments – all based on handshakes. Leadership experts Stephen M.R. Covey and Greg Link (working with writer Rebecca Merrill) offer the story of the Maghribis to set the stage for their innovative “Smart Trust” strategy, which helps people create, maintain and leverage high-trust relationships and business environments in today’s “low-trust world.” They explore why people trust and why they don’t, why some people adopt the wrong kinds of trust, and how trust shapes your perceptions. In this well-researched, logically organized presentation, the authors draw from their experiences and those of numerous firms and individuals to show how trust can raise your “prosperity, energy and joy.” *getAbstract* believes this inspiring work could motivate you to take “the lead in extending trust” to enhance your professional and personal relationships – and you can trust us on that.

Summary

“As trust goes up in an organization, so does engagement; and as engagement goes up, so does trust.”

“In fact, trust has become the new currency of the global economy.”

The Loss of Trust

Individuals and organizations worldwide struggle with issues of trust. Some can establish, build and maintain high levels of trust. However, many cannot and, thus, perpetuate negative cycles of low trust and active distrust.

You need only follow the news to see widespread corruption, misbehavior, scandal and fraud. A quantifiable “global crisis of trust” is engulfing and eroding institutions, professional relationships and personal lives with deleterious effects on social and economic well-being. High-trust relationships and cultures result not only in greater “prosperity” but – even more inspiring – increased levels of “energy” and “joy”:

1. **Prosperity** – Trustworthiness has a direct correlation with prosperity. Capitalism and profitability require trust. High-trust companies enjoy “trust dividends” because when trust increases, speed increases and costs decrease. Conversely, low-trust companies experience low-trust taxes. These taxes manifest as: “redundancy, bureaucracy, politics, disengagement, turnover, churn and fraud.” These penalties mean not only that others may see you as untrustworthy, but also that you may distrust others.
2. **Energy** – Trust also dramatically impacts energy – not only physical and emotional energy but also engagement, creativity, health and well-being. High trust generates extraordinary energy, while low trust creates exhaustive tension. This phenomenon produces a tremendous ripple effect – in either direction – that changes the overall spirit of energy and momentum in the organization at large.
3. **Joy** – People who are creatively engaged with their work and goals in an atmosphere of trust reflect a sense of satisfaction and delight. Employees want to work within a high-trust company culture.

"Increasingly, trust and the benefits of trust are being shifted to the people and organizations that consistently demonstrate social responsibility."

"When people trust each other, differences are strengths; when they don't trust each other, differences are divisive."

"Innovation flourishes in a high-trust environment but withers in a low-trust environment."

"At the core of strong and enduring relationships is trust, while the very definition of a bad relationship is 'little or no trust'."

"The Great Paradox"

Combined, these three elements provide a way to gauge individual, institutional and national levels of trust. Each element improves as trust grows. The Great Paradox is that, despite today's worldwide crisis of trust, oases of hope abound. Trust-minded people and organizations are creating a "renaissance of trust" based on the age-old principle of having faith and confidence in others. The leaders at the forefront of this renaissance include Muhammad Yunus, founder of Grameen Bank and 2006 Nobel Peace Prize laureate; Azim Premji, chairman of the IT services company Wipro; and Tony Hsieh, CEO of online accessories retailer Zappos. Companies that increase and inspire trust among their employees, suppliers, customers, and shareholders see quantifiable jumps in profitability.

"Blind Trust," "Distrust" and "Smart Trust"

Too many people view the world through the lenses of either gullible, naive blind trust or dark, suspicious distrust. Such perspectives may result from the social conditioning supplied by families, schools, government, experience and media. Since these "eyeglasses" color your perceptions and affect your behavior, changing them might uplift your outlook or your organization's results. People basically want to believe in each other, so granting too much blind trust is easy – until you get burned, like those who invested in Bernie Madoff's Ponzi scheme. Betrayal often breeds activities based on distrust, such as the Sarbanes-Oxley Act of 2002 and heightened airport security procedures in the wake of the terrorist attacks on September 11, 2001. Such processes are a "natural response in a low-trust world."

Neither blind trust nor distrust is a feasible approach to long-term success. Smart Trust, a philosophy based on making informed judgments, is an alternative that offers a radical approach to improving prosperity, energy and joy in your organization and your life. Astute companies such as eBay and L.L. Bean built their reputations by actualizing high-trust values despite the general low-trust level of the business environment. As a daily competency, Smart Trust is based on the "propensity to trust," which comes from listening to your heart, and on "analysis," which stems from listening to your mind. Beginning transactions with trust affords you the potential benefits of mutually positive interactions, whereas "leading out" with distrust precludes these possibilities. Always temper your propensity to trust by applying analysis and its three variables:

1. **"Opportunity"** – What is the situation? Decide exactly what you want to trust someone to do.
2. **"Risk"** – What is the level of risk? Define the possible results and the potential for failure; weigh how much the outcome will matter.
3. **"Credibility"** – What is the character and competence of the people involved?

Be aware of how you extend trust and apply analysis. Extending high trust with low analysis produces gullible blind trust, while low trust mixed with high analysis produces distrust. Low trust plus low analysis equals no trust at all, while high trust exercised with high analysis leads to Smart Trust.

The more skilled you become at leading with trust, analyzing each situation, and demonstrating your credibility, the more likely you are to enjoy increased prosperity, energy, and joy. Work toward establishing and maintaining the "virtuous upward cycle" that results from the "reciprocity of trust." Trust and lack of trust are equally contagious. Consider your personal behavior: When you trust, you create reciprocal trust. When you mistrust, you engender greater distrust.

“Trust...turns mere coordination into true collaboration. [It] turns a group of people into a team.”

“What we believe is even more important than what we know because beliefs drive our behavior and our actions.”

“When companies and leaders choose to believe that most people can be trusted, it plays out in organizational design – affecting systems, processes, structures, and even strategies.”

“As part of this renaissance of trust, individuals and organizations are embracing the idea of corporate social responsibility, or the honoring of the triple bottom line: people, planet, and profit.”

The “5 Actions of Smart Trust”

Practice the steps of Smart Trust, while avoiding their “opposites” and “counterfeits”:

Action 1: “Choose to Believe in Trust”

A conscious decision to believe in trust sets the stage for the other four actions. If you have faith in trust – as opposed to not putting credence in it or cynically expecting only mistrust – it demonstrates your conviction and begins the forward momentum of Smart Trust. Avoid counterfeit actions, like using trust as an opportunistic technique, giving insincere lip service to matters of trust or pretending to trust in order to manipulate others. Whether you come from a high- or low-trust background, choosing to accept trust increases your likelihood of offering it in return, an activity which confers prompt benefits.

High-trust individuals, teams, and organizations believe that they are worthy of trust, that they can extend trust, and that being trusting fosters better leadership. Savvy leaders cite belief in trust as a core operating principle. For example, Ted Morgan, CEO of the IT company Skyhook, decided in 2007 to trust Apple CEO Steve Jobs with Skyhook’s programming code before the two companies signed the deal. Had Morgan not trusted Jobs, the deal would likely have failed to materialize. Even if you have heard lifelong warnings about overtrusting, begin your renaissance by deciding to believe in the potential of trust and using analysis to build on your faith.

Action 2: “Start with Self”

The decision to believe in trust is not adequate. You must demonstrate your conviction by taking responsibility and establishing your credibility. Smart teams, leaders, and organizations hone their own character and competence in ways that let them trust themselves and earn others’ trust. The credibility they gain generates more vigor, economic security and happiness. Do not let others take responsibility away from you or deny your ownership of your success. Shun counterfeit behaviors such as faking credibility, ignoring the fallout of your actions or blaming others for failure while boosting your ego. Your credibility derives from character (your integrity and intent) and competence (your capabilities and results). Others will trust you more readily if they see that you are informed, aware, knowledgeable and willing to learn. Ask whether you trust yourself, because if you do, others will find it easier to trust you. Most people experience daily “moments of trust” when they can create, offer, and rebuild trust, or reduce and even destroy it. For better or worse, such behavior during critical moments often has a “disproportionate” impact.

Action 3: “Declare Your Intent...and Assume Positive Intent in Others”

Stating your intentions tells others what you plan to do and why. Don’t keep your intent secret, mask it or presume that others know it, and don’t give misleading data or pursue a hidden agenda. Thinking that others have positive intentions boosts your faith in human beings’ essential goodness and opens your heart and mind to favorable outcomes. The rewards for assuming the best include “high-trust relationships, creative partnerships” and enhanced productivity.

Never engage in counterfeits like pretending positive intent while fostering animosity, or feigning trust while checking up on people. Explaining the reasoning behind your intent shows your respect for others, helps them form favorable conclusions and earns trust. Transparently declaring your intent helps you connect emotionally, establish context, encourage reciprocity, and engender hope and confidence. On the other hand, concealing your intentions leaves other parties guessing or projecting that you have negative motives. In low-trust environments, such misunderstandings cause “fear, suspicion and worry.”

“Self-trust affects not only our worthiness to be trusted; it also affects the way we see and interact with others and, reciprocally, how others see and interact with us.”

“A Smart Trust culture is actually a culture of immense momentum, possibility and power.”

“When you shake hands, the negotiating is over. Your word is your greatest asset; honesty is your greatest virtue.” (Jon Huntsman Sr., founder, Huntsman Corporation)

Communicate your organization’s intentions in its mission, value, and vision statements, and foster trust by acting as these statements promise.

Action 4: “Do What You Say You’re Going to Do”

Your efforts to establish and build trust will disintegrate if you break your promises. In every culture and belief system, people’s perceived trustworthiness depends on being able to count on them to follow through on their word. Avoid “overpromising and underdelivering, being casual in keeping commitments...and delivering activities instead of results.” Declaring your intent (Action 3) combined with keeping your word (Action 4) is a powerful “one-two punch.” Keeping promises cements bonds. Such integrity forms the basis of your reputation, your personal brand and your company’s brand, especially in a “reputation economy” fed by social media. If you can declare your intent and follow through on your promises, you’ll gain trust, which will enable you to extend trust to others. For instance, if you step into the management of a distrustful company, understand that its poor performance is not your fault, but that turning it around is now your responsibility. Use the one-two intent-action punch to model trustworthy behavior, such as “talking straight, creating transparency, clarifying expectations and keeping commitments.”

Action 5: “Lead Out in Extending Trust to Others”

Consider a time when people trusted you. Why did they trust you? How did that experience affect you? Most leaders are grateful for such significant “empowerment” turning points.

The opposites of extending trust include denying the truth, controlling others or trying to do everything yourself; counterfeits include offering “false trust” by giving people responsibility but not authority, or “fake trust” by micromanaging them. As a leader, making the first move to offer trust is your job. Deciding to extend Smart Trust “produces results” because it brings out the best in people, and it motivates and inspires them. This increases trust because people want to be seen as trustworthy, and it prompts reciprocity because when we give trust to people, they tend to give it back.

Decisions to trust other people enhance the virtuous upward cycle and produce high-trust – and, thus, prosperous, energetic, and joyful – relationships and environments. Even if the outcome is not what you hoped – and even though you may never know the full impact of the ripple effect you set in motion by deciding to trust others – the people you trusted will appreciate your faith in them. Extend Smart Trust to all your stakeholders: customers, employees, co-workers, family members, social networks, local communities, organizations and even governments.

Begin your renaissance of trust by starting where you are now. Adopt and embrace the five actions of Smart Trust in your personal and professional life, your organization, and your country. Take one step at a time. The cumulative effects of extending, reciprocating, and fostering Smart Trust will benefit your immediate circle and society at large.

About the Authors

Stephen M. R. Covey is a speaker and adviser on trust, leadership, ethics, sales and high performance. He is the *New York Times* and #1 *Wall Street Journal* best-selling author of *The Speed of Trust*. **Greg Link** is an executive confidant, adviser and compelling speaker in the areas of trust, leadership, sales, marketing and high performance. See SmartTrustBook.com for related self-surveys and resources.