

# SMART TRUST

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

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\* *Please Note:* This political book summary does *not* offer judgment or opinion on the book's contents. The ideas, viewpoints and arguments are presented just as the book's *author* had intended.

## MAIN IDEA

Trust lubricates the wheels of commerce. If you trust someone, it's so much easier to get more things done because you can maximize possibilities while at the same time minimizing risks. The problem, however, has always been how do you operate in this more productive high trust mode in a low trust world? The answer is "Smart Trust."

Smart Trust is where you make a deliberate judgment decision to extend trust to the other party you're dealing with. It requires both a high propensity to trust other people and an equally high amount of analysis which shows they are in fact worthy of your trust. Smart Trust is a judgment call you make to inject trust into a business relationship. It's a viable way to gain the benefits of high-trust relationships when operating in what is predominantly a low-trust world.

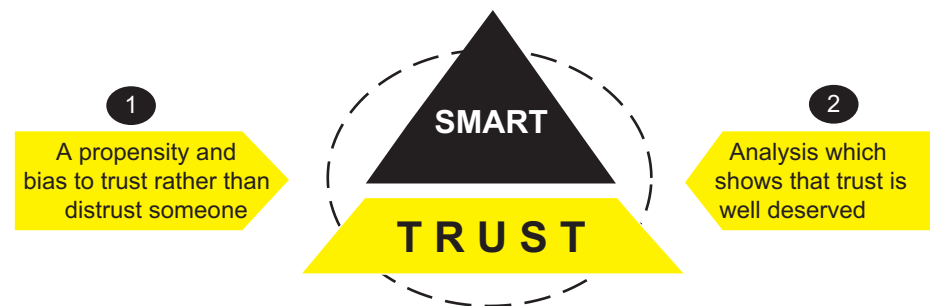
*"Bottom line, Smart Trust is the ability to extend trust wisely in a world that seems to be saying you can't trust anyone, and it leads to a virtuous upward cycle of prosperity, energy, and joy. With the thousands of examples we have seen around the globe, we can declare with confidence that even in the midst of today's crisis of trust, there truly is a simultaneous renaissance of trust, and Smart Trust is a supremely powerful generator, enabler and enhancer of these three critical outcomes. We also affirm that it is a leader's job to go first. Whether you are a leader in your company, your team, your industry, your nation, your family, your classroom, your community, or even a personal relationship, you have the opportunity to proactively lead out in being trustworthy and in extending Smart Trust to others. And even if you've been burned or even if you've done things (or your predecessor has done things) that have lost trust for you or your organization in the past, the sooner you lead out in building or rebuilding trust, the sooner you can experience the tremendous benefits of trust in your life."*

– Stephen Covey and Greg Link

## 1. What is Smart Trust and Why Does It Matter? . . . . . Page 2

Smart Trust is where you make a deliberate and conscious decision to trust someone else and act accordingly. Smart Trust requires that you optimize two key factors:

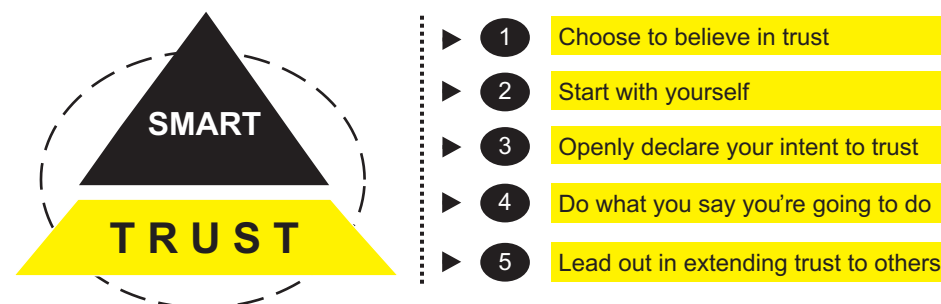
1. A propensity and inclination to trust other people.
2. Analysis that shows the other party is trustworthy.



In short, Smart Trust is how you can get all the benefits of trust while operating in a low-trust world.

## 2. The Five Actions Which Build Smart Trust . . . . . Pages 3 - 7

There are five actions which organizations from all over the world use to gain the benefits of operating with Smart Trust:



## 3. How to Create Your Own Renaissance of Trust . . . . . Page 8

What's needed today is a renaissance of trust and the best place for it to start is with you. Once begun, it's impossible to forecast how far it will go but Smart Trust works. The key to igniting a renaissance of trust is to lift where you personally and professionally stand – in your own personal life, in your career and in the way you interact with your teams and organizations.

1.

## What is Smart Trust and Why Does It Matter?

Smart Trust is where you make a deliberate and conscious decision to trust someone else and act accordingly. Smart Trust requires that you optimize two key factors:

1. A propensity and inclination to trust other people.
2. Analysis that shows the other party is trustworthy.

*"Trust is like the air we breathe—when it's present, nobody really notices; when it's absent, everybody notices."*

– Warren Buffett

The world today has becoming increasingly low-trust. In almost every survey Gallup follows, the results are the same – fewer people today trust their counterparts to do the right thing. It's not a stretch to state there is a crisis of trust in society as a whole.

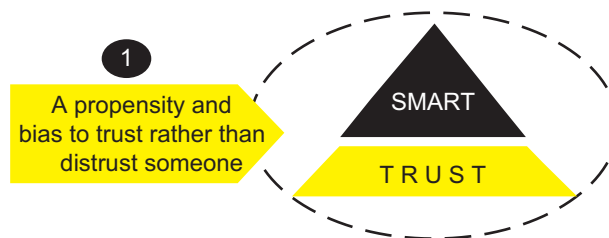
This is unfortunate because trust is the new currency of the global economy. Trust is what makes markets work. When trust goes down, the price of doing business goes up, people feel less engaged or innovative and relationships of all kinds become less dynamic. Trust is a principle of power and there is a direct relationship between the level of trust and the power you have.

However, even in the midst of a crisis of trust, there are a few shining lights which have prospered by choosing to operate in a high trust environment of their own making. Companies like Zappos and Muhammad Yunus (the founder of Grameen Bank) have shown how liberating and profitable operating in an environment of trust can be. Others like Wipro and Lego are also working to create high-trust cultures. There is something of a renaissance of trust coming and this promises to lift all boats like an incoming tide.

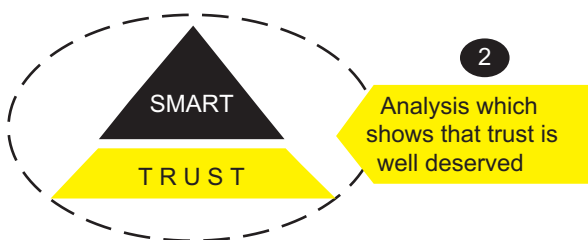
It's becoming increasingly clear trust is not exclusively an either/or proposition. Rather, there is a third alternative which is starting to bubble to the surface. You can elect to trust people in a smart way. Companies which have learned to do this have prospered. Great examples are eBay and Netflix. eBay's entire business model is it lets people transact business openly and transparently so self-policing will weed out those who

cannot be trusted. Netflix also assumes most people are honest and won't steal DVDs which are worth more than the monthly subscription fee.

These companies aren't operating in an environment of blind trust. Instead, they use Smart Trust. They make a judgment call which minimizes risks but at the same time maximizes opportunities. Smart Trust has two essential elements:



You need to have an inclination, a bias or a strong preference to trust people right at the outset of any dealings with them. You start with the mindset people can be trusted until proven otherwise. This doesn't mean you open yourself up to be taken for a ride but your starting point in any transaction is the other party is honorable and will act that way.



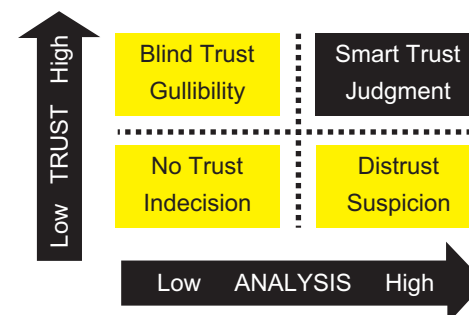
To exercise Smart Trust, you also need to be combining a high level of trust with an equally high level of analysis. Successful organizations have systems in place to weed out those who abuse the trust they have been extended. For example, eBay detects those who are behaving inappropriately or fraudulently and suspends their privileges. The company invests in sophisticated systems so it can detect inappropriate behavior and then tenaciously weeds out traders who are untrustworthy.

The whole point is Smart Trust is built on an inclination for high trust combined with an equally high degree of analysis. In-depth analysis is a vital dimension of Smart Trust but this is tempered by the initial default setting to trust people until proven otherwise.

A Smart Trust analysis generally involves assessing three important variables:

1. *Opportunity* – clarify what you're trusting someone with and what you expect them to do.
2. *Risk* – figure out the degree of risk involved, the possible outcomes and the likelihood any specific outcome will be realized.
3. *Credibility* – determine the character and the competency of the person or people involved.

Put another way, Smart Trust is all about getting to the top right-hand quadrant in the trust matrix:



Smart Trust matters because if you can wisely extend trust and in turn be trusted by others, you can achieve more faster than if you operate in a low-trust environment. There is a high degree of reciprocity which comes to the fore. When you extend trust to others, a virtuous upward cycle is ignited. The end result is you achieve more when you can extend Smart Trust to others. So much more, in fact, Smart Trust is a valuable business accelerator and amplifier.

*"Do not trust all men, but trust men of worth; the former course is silly, the latter a mark of prudence."*

– Democritus, 5th-Century B.C. Greek philosopher

*"Doveryai, no proveryai. (Trust, but verify.)"*

– Russian proverb

2.

The Five Actions Which  
Build Smart Trust

1 Choose to believe in trust



Making the personal or organizational decision to extend trust to others is the first step in the journey. Some people find this to be easy while others have great difficulty doing this. Many of us have been preconditioned to assume trust is idealistic but unrealistic in today's business environment.

When you look at high-trust and productive individuals, teams and organizations, it becomes clear you need to have three general beliefs about trust:

1. *There must be a belief that it's good to be worthy of trust* – that this is something which will in fact add value to what you're doing or trying to achieve.
2. *There must also be a belief that most people can be trusted* – a refusal to allow the small minority who cannot be trusted to define the vast majority who can. This can be seen with Google which allows employees to spend 20 percent of their time on projects of their own choosing or by Netflix which sends tens of millions of DVDs to subscriber's homes in the belief they will return them when viewed.
3. *There needs to also be the belief that extending trust is a better way to lead* – that when you definitively show you trust people, they will respond by performing to a higher standard and being more productive. BestBuy.com experienced a 35 percent jump in productivity when it allowed employees to set their own hours.

*"If you give respect, you'll get respect. The same goes for loyalty, and trust and all the other virtues that I believe great leaders have to offer. I believe the following: 'It is better to trust and be disappointed occasionally than to mistrust and be miserable all the time.'"*

– John Wooden, UCLA basketball coach

*"We felt that a lot of the procedures in many organizations were designed to catch the 3 percent who*

*were trying to cheat in one way or another. We decided to design our rules for the 97 percent we can trust. The others would stand out like sore thumbs, we figured, and they'd eventually leave. That's exactly what happened."*

– Gordon Forward, former CEO, Chaparral Steel

*"Pierre showed me that choosing to view our community as full of good people who generally wanted to create an honest place to do business was essential to our enterprise. . . . It became deeply woven into our culture—a fundamental component of how we treated one another internally as well as how we treated eBay users and partners."*

– Meg Whitman, former CEO, eBay

Belief in trust is a superb management philosophy. It drives the operating systems of many of the world's most successful companies:

*"Trust was the emotional capital of Four Seasons, our ethical imperative for long-lasting success, a code and a compass enshrined in the corporate culture. . . . [It] had been the primary reason for our success, crucial to the reputation that precedes us in every deal, in every hotel opening, and in all our operations. . . . Like the invisible hand that regulates the free market, the invisible hand of trust had been our guide and our dynamic. And every year, as trust rose, our reputation rose with it."*

– Isadore Sharp, founder, Four Seasons Hotels

*"I believe management must trust the people who work for them. You have to treat people like they make a difference. And if you do, they will. . . . When you trust people to do their best, the revenue takes care of itself, even in challenging economic times."*

– Jim Goodnight, SAS Institute

*"We trust our employees to use their best judgment when dealing with each and every customer."*

– Tony Hsieh, CEO, Zappos

*"When a handshake is given, it must be honored—at all costs. Tough bargaining occurs only before the deal is agreed to. 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

*"McDonald's took a leap of trust with Cordia Harrington, now known as 'the Bun Lady' because she runs the \$60 million bakery that supplies buns to McDonald's and other restaurants. In the 1990s she was a single mom struggling to take care of her three sons and pay her bills. She bought a McDonald's franchise in Illinois, but because of its poor location, business was slow. Not to be deterred, she bought a Greyhound bus franchise and changed the route so that it would run past her restaurant, providing from sixty-eight to a hundred buses daily filled with hungry customers. When Harrington learned that McDonald's needed a bun supplier, she started working to convince the corporate office that she could do the job, even though she'd had no prior bakery experience. Four years and thirty-two interviews later, she managed to earn McDonald's trust, and the deal was sealed with a handshake. The deal has lasted for sixteen years. Harrington says, 'This relationship is very sacred. We have no contract, we have a handshake.' In order to fund her enterprise, Harrington borrowed money from the bank. Based on her work ethic and the credibility she had established, the bank gave her a \$13 million loan, again on a handshake. In a keynote speech to the Maryland Women's Conference, Harrington told women, 'Get yourself a banker you trust and who trusts you and develop a plan.' She also said, 'It doesn't always take money. It takes creativity. . . . I was told no 31 times, but if you have your dream in your gut, you stay with it. I thought these bankers were nuts when they gave me a \$13 million loan, on a handshake, for a bakery.' From the bankers' perspective, they weren't totally nuts. Their analysis showed that Cordia had tremendous credibility, a great track record of results, and an agreement with McDonald's that included significant advance orders."*

– Stephen Covey and Greg Link

*"If I have the belief that I can do it, I shall surely acquire the capacity to do it even though I may not have it at the beginning."*

– Mahatma Gandhi

*"So much of long-term success is based on intangibles. Beliefs and ideas. Invisible concepts."*

– Isadore Sharp, founder, Four Seasons Hotels



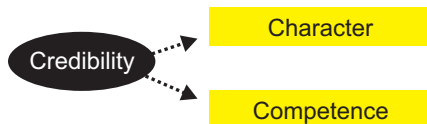
2 Start with yourself



You can't build Smart Trust unless you first and foremost believe in yourself. Look in the mirror and ask two questions:

1. "Can I trust myself?"

Trusting yourself is vital because until you trust yourself, you won't feel comfortable about extending trust to those around you. Self-trust comes about as the end result of credibility – you're credible in the roles you fulfill. Credibility, in turn, is derived from character and competence.



Character is your integrity and your intent as you do things. People will trust you if you're honest, straightforward and dependable. In order for trust to result, character must be combined with competency – you must have the talents, skills and expertise to do the tasks at hand. It's easier for people to trust you if they view you as knowledgeable, skilled and engaged in continuous improvement.

*"A man who doesn't trust himself can never really trust anyone else."*

– Cardinal De Retz, 17th-century French clergyman

*"Trust yourself and you will know how to live."*

– Goethe

*"Self-trust is the first secret of success . . . the essence of heroism. . . . In self-trust, all the virtues are comprehended."*

– Ralph Waldo Emerson

*"The only way we can expect others to trust us is, we need to be trustworthy ourselves, and especially to ourselves."*

– Sidney Madwed,  
Author and communications expert

2. "Am I giving others a person they can trust?"

This question gets to the heart of whether or not you walk the walk and talk the talk. To demonstrate that people should follow, you need to be leading with character and competence. Doing this consistently is an ongoing challenge because it's easy for one little slip to offset many years of hard work but giving people a leader they can trust is vital.

*"Ability may get you to the top, but character keeps you there."*

– John Wooden, UCLA basketball coach

*"Will it be the leader of a dispirited, demoralized workforce who leads the pack or will it be the new leader, building from vision, principle, and values, who builds trust and releases the energy and creativity of the workforce? . . . I challenge us to measure the performance of a team whose work is underscored by trust, civility, and good manners against a team where mistrust, disrespect, and lack of consideration are the rule of the day. No contest. Spirit, motivation, respect, and appreciation win every time. Dispirited, unmotivated, unappreciated workers cannot compete in a highly competitive world."*

– Frances Hesselbein, CEO, Girl Scouts of America

*"Our members trust us, so we're always looking for ways to exceed their expectations. As for our employees . . . I've always had the attitude that if you have good people and provide them with good wages and a career, then good things will happen in the business. On Wall Street, they're in the business of making money between now and next Thursday. I don't say that with any bitterness, but we can't take that view. We want to build a company that will still be here fifty and sixty years from now."*

– Jim Sinegal, CEO, Costco

*"Tim Rose, Costco's senior vice president for food merchandising, recalled a time when Starbucks did not pass along savings from a drop in coffee bean prices. Though he is a friend of the Starbucks chairman, Howard Schultz, Mr. Sinegal warned he would remove Starbucks coffee from his stores unless it cut its prices. Starbucks relented. 'Howard said, 'Who do you think you are? The price police?' Mr. Rose recalled, adding that Mr. Sinegal replied emphatically that he was."*

– The New York Times

*"Peter Aceto is the president and CEO of ING Direct Canada, a major division of the largest banking/financial company in the world. One year after Aceto became CEO, he sent out the following e-mail to the company's approximately one thousand employees. The subject line read, 'Leadership: Your Call.'"*

*Dear Teammates,*

*True leaders are not chosen to lead by Boards of Directors and Shareholders. True leaders are chosen by their teammates based upon the respect they have earned, results achieved and the confidence the team has that the team will win with that leader in place. I was chosen by the Shareholders and our Board to be your leader. I was not chosen by you. May 1st was my 1-year anniversary as your CEO and enough time has elapsed for you to decide whether you would like me to lead this great ING Direct team. Please click on this link and tell me if you want me to remain the CEO as well as any constructive comments you may have for our business or for my leadership. If I do not have your collective vote of confidence, I will move along. This survey is anonymous, so please be honest. If you choose for me to remain, this will be your free choice and I will be honored to continue to lead with all of my energy and ability. Please respond on or before Tuesday, May 12th for your vote to be counted.*

*Thanks,*

*Peter*

*The response rate to Aceto's e-mail was over 95 percent, and of those who responded, an amazing 97 percent said he should stay while only 3 percent said he should leave. So what was it that enabled Peter Aceto to take such a bold action? As we talked with him, it became clear to us that he trusted himself and had given his employees a leader they could trust. He knew it, and they knew it. His credibility had been proven. He didn't solicit his employees' evaluation blind. He did so with high awareness and the kind of self-confidence that comes through significant credibility and consistent behavior. It was also clear that he believed that by involving his people in this way—in a sense, giving them a chance to select him as their leader—those who voted for him would become even more committed to him, and those who didn't would likely have some fairly good advice for him on what he might do better."*

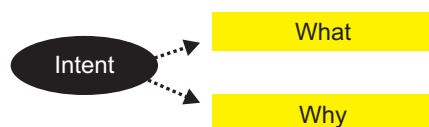
– Stephen Covey and Greg Link

### 3 Openly declare your intent to trust



The first step in developing Smart Trust was to make a conscious and deliberate decision to believe in the power of trust. Then you start from the inside out and become trustworthy yourself on the combined strength of your character and competencies giving you credibility. Now you need to signal to others what you intend to do and why you're doing that.

Signaling your intent generally is a two-part process:



1. You state what you're going to do openly and candidly so everything is completely above board and transparent.
2. You state why – what your motives and intent for doing this are. Most managers are weak in this area which is unfortunate because sharing the why behind your intentions can make a profound difference in how others react.

Declaring intent builds trust because others are in the habit of judging you by your intent. By declaring your intent openly and candidly, you influence the conclusions other people are reaching about what you're doing. The advantages of declaring intent are:

- ✓ Doing this in a negotiation can be a game changer. Instead of approaching the negotiation as adversaries, when you state your intent you enhance the likelihood the negotiation will focus on creating win/win outcomes.
- ✓ Declaring intent can be a performance multiplier. With a succinct statement of what you're trying to do right at the outset of a discussion, there's less need to beat around the bush and more opportunity to focus. People don't waste time wondering where you're going with the points you're making because they already know the ultimate outcome. Discussions can move quickly when there are no hidden agendas.

- ✓ Declaring intent up-front can also be a trust enhancer and accelerator. Companies that open their books up to their employees usually have no troubles negotiating with unions. Everyone can read the tea leaves for themselves.

By contrast, when you don't declare your intent up-front:

- ✗ People can get suspicious about whether or not there is a hidden agenda they need to watch out for.
- ✗ It becomes easy for people to be working at cross purposes without even realizing they're doing that.
- ✗ It is harder for others to gauge your credibility and make informed decisions.
- ✗ The level of trust in a relationship can be lowered because you're forcing others to make judgments and decisions based on inaccurate information.

Naturally it stands to reason declaring intent works best at building trust when it becomes clear everyone involved is trying to build the relationship and generate win/win outcomes. If your intent is to win at all costs, you're probably better off if you don't declare your intent until you refine it a little bit more. No one will begrudge you for having an intense desire to win but they would probably prefer that it not be at their expense.

Organizations frequently declare their intent by developing mission, value and vision statements. Others come up with oaths, pledges, official declarations and constitutions or vows which reflect the direction they aspire to take. For example, the graduates of the Columbia Business School are required to pledge at graduation: "As a lifelong member of the Columbia Business School community, I adhere to the principles of truth, integrity, and respect. I will not lie, cheat, steal, or tolerate those who do."

Another interesting aspect of declaring intent comes when you assume positive intent in the people you deal with. Many of the world's most effective leaders are very good at this. They extend trust to others and this opens up all kinds of possibilities which might not otherwise have arisen. This doesn't mean that you eliminate analysis but it just means you suspend it at first and have a default setting of trusting the other party until it becomes clear you cannot. The assumption of good intent leads to high trust relationships and partnerships.

*"Some people might say this approach is naive. But our observation is that the best leaders, the best teams, the best companies start from that premise and doing so creates the very behavior they're seeking. Those who initially assume negative intent often create the very thing they fear. They torpedo the opportunity to create prosperity, energy, and joy and frequently end up with a shipwrecked deal. In analyzing a particular situation, we may discover that someone's lack of credibility or the level of risk involved may make it smart not to assume good intent or to be cautious about how far and fast we move. But as a general rule, assuming positive intent with coworkers, teams, organizations, partners, suppliers, spouses, children, and others is clearly a better place—a more prosperous, energetic, and joyful place—to start."*

— Stephen Covey and Greg Link

*"I think it is fitting that I reiterate my intentions and explain the thinking that lies behind them. First, my pledge. More than 99% of my wealth will go to philanthropy during my lifetime or at death. . . . The reaction of my family and me to our extraordinary good fortune is not guilt, but rather gratitude. Were we to use more than 1% of my claim checks on ourselves, neither our happiness nor our well-being would be enhanced. In contrast, that remaining 99% can have a huge effect on the health and welfare of others. That reality sets an obvious course for me and my family: Keep all we can conceivably need and distribute the rest to society, for its needs. My pledge starts us down that course."*

— Warren Buffett

*"Trust is like oxygen for a business. When it's in short supply, the effect—for employees and customers alike—can be like a loss of cabin pressure on an aircraft. And never has the danger been higher than it is now in the viral conditions of the Twitter Age. Against these seemingly unstoppable high-tech forces, I am heartened that even today, trust and transparency still can emanate from the ultimate in low-tech: a leader standing flat-footed in a room, listening and offering, as best he or she can, the plain, unvarnished truth."*

— Barry Salzberg, CEO, Deloitte LLP

*"What is the quality of your intent?"*

— Thurgood Marshall, former justice, U.S. Supreme Court

#### 4 Do what you say you're going to do



The ideal of “walking your talk” or following through and actually doing what you say you’re going to do is highly valued in every society, culture, religion and nation of the world. It is a global element of trust building because it embodies integrity and congruence. People who are casual in this area are always treated with suspicion and distrust. With this in mind, effective leaders and organizations are fastidious about following through.

When you consistently do what you say you’re going to do, you build trust. If you can overdeliver, all the better. To achieve this, you’ve got to be careful and deliberate about what you promise and be prudent in the number of commitments you make. A good way to think of this is:



*“SayDoCo is the lifeblood of organizations. It’s the key to Decision Velocity (speed and accuracy in decision making) and execution. It’s how people interact together to get predictable, sustainable results. When people SayDoCo, empowerment, engagement, trust, and accountability naturally develop or increase. When they don’t SayDoCo, these high-performance elements diminish or disappear.”*

– Alan Fine

*“Follow through on what you say you’re going to do. Your credibility can only be built over time, and it is built from the history of your words and actions.”*

– Maria Razumich-Zec, regional vice president, Hongkong and Shanghai Hotels

The underlying reason why doing what you say you’re going to do is so important is this defines your personal brand. In today’s reputation economy, doing what you say builds trust. You earn your reputation based on being able to deliver what you say you will deliver. It would be pointless for FedEx to say “When it absolutely, positively has to get there overnight” if it didn’t do that. Successful companies have a compelling brand promise and then consistently deliver on it.

*“In virtually every industry, the trusted brand is the most profitable.”*

– Seth Godin, author and marketing guru

It’s not just companies which need to develop a reputation for delivering. Your personal brand is also derived from how successfully and how consistently you do what you’re going to say. Doing that enhances and builds trust.

*“The reason I so rarely break promises to other people? It breaks trust. Without trust there’s no relationship. The same is true for our relationships with ourselves. Break enough promises to yourself, and soon you no longer believe your own voice when it says, “I’m going to work out an hour every day and never eat unhealthy food again.”*

– Oprah Winfrey

One way to enhance your capacity to do what you say you’re going to do is to make a commitment to others. Business consultant Marshall Goldsmith helps senior executives who want to become more open-minded listeners get that way by imposing a fine of \$20 whenever they begin a sentence with the words “No”, “But” or “However.” Over the years, Goldsmith has collected more than \$300,000 for charities this way. Executives have an incentive to change because they can’t stand to lose even this small amount of money, and that is enough incentive for them to change the way they act.

*“There’s a reason I devote so much energy to identifying interpersonal challenges in successful people. It’s because the higher you go, the more your problems are behavioral. At the higher levels of organizational life, all the leading players are technically skilled. They’re all smart. They’re all up to date on the technical aspects of*

*their job. . . . That’s why behavioral issues become so important at the upper rungs of the corporate ladder.”*

– Marshall Goldsmith

The real reason why doing what you say you’re going to do is so important is because behavior increases or destroys trust. We may judge ourselves by our intentions but other people will generally judge us by our actions. When what we do aligns with what we say, the loop is closed and trust is enhanced.

Trust always increases when you:

- *Talk straight* – tell it like it is. If you let others know where they stand in simple language, you demonstrate integrity.
- *Create an atmosphere of transparency* – that is, you tell the truth in ways people can verify for themselves. Be open and authentic. People love it when you project an aura of “what you see is what you get.”
- *Clarify your expectations* – disclose, discuss, validate and then deliver. Never assume everyone has the same expectations so articulate what you’re looking to do.
- *Keep your commitments* – this is a symbol of honor. If you can’t do what you intended for some reason, communicate or renegotiate.

If you do what you say you’re going to do consistently over an extended period of time, you will end up out behaving your competition. This is a great competitive edge to have.

*“I judge people by their feet, not their mouth.”*

– George Buckley, Chairman and CEO, 3M

*“Power is actualized only when word and deed have not parted company.”*

– Hannah Arendt, German political theorist

*“We do what we say we are going to do.”*

– Levi Strauss & Co. Code of Conduct

*“Making commitments builds hope, keeping commitments builds trust.”*

– Roger Merrill, author

*“A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well.”*

– Jeff Bezos, founder and CEO, Amazon.com



## 5 Lead out in extending trust to others

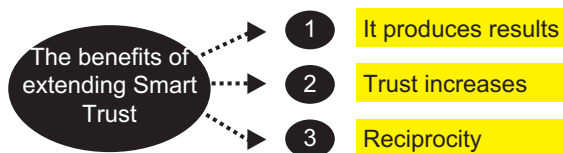


One of the best ways to increase your level of Smart Trust is to take a chance on people. When you do that, those people involved tend to be touched or inspired and will frequently reciprocate in kind. As you extend trust to others, you build their capacities and self-confidence appreciably.

*“This action is more than choosing to believe. It’s choosing to act on that belief—to take the step, to make the leap. The belief that it will pay off is what gives a person the courage and faith to do it. And it’s the job of a leader to go first.”*

— Stephen Covey and Greg Link

To be specific, the three key reasons why extending Smart Trust is the right thing to do are:



1. When you extend Smart Trust, people get inspired. This brings out the best in them and motivates them. Trust is the most compelling and most sustainable form of human motivation that exists.
2. It may sound obvious that extending trust increases the level of trust that exists but the simply dynamic is inspired people generally want to be worthy of that trust. When you trust people, you help them develop their personal capabilities.
3. When you trust people, they generally will trust you in return. Similarly, if you withhold trust, that’s what they will tend to do in kind as well. Studies have shown placing people in high trust situations can result in a threefold increase in productivity. Extending trust triggers a virtuous upward cycle that can be quite far reaching.

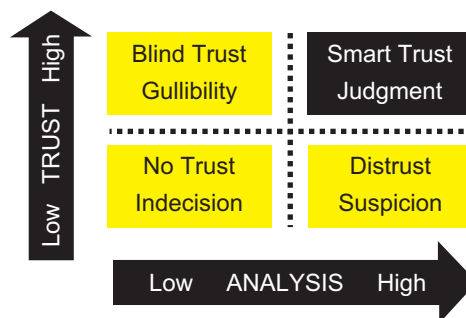
The fact leaders need to go first in extending trust is also noteworthy. If you’re not extending and inspiring trust in others, then you’re not really leading. It’s the leader’s

role to spark and initiate the process of embedding greater levels of trust into your organization. A great example of this principle is 3M which grew from being a \$20 million company in 1948 to a \$26.6 billion enterprise in 2012 on the strength of a deliberate and conscious decision to extend more trust back in 1948.

*“As our business grows, it becomes increasingly necessary to delegate responsibility and to encourage men and women to exercise their initiative. This requires considerable tolerance. Those men and women, to whom we delegate authority and responsibility, if they are good people, are going to want to do their jobs in their own way. Mistakes will be made. But if a person is essentially right, the mistakes he or she makes are not as serious in the long run as the mistakes management will make if it undertakes to tell those in authority exactly how they must do their jobs. Management that is destructively critical when mistakes are made kills initiative. And it’s essential that we have many people with initiative if we are to continue to grow.”*

— William McNight, president, 3M (1948)

So how do you extend Smart Trust? There will be obvious risks that will require courage to overcome. Going back to the trust matrix:



The key to getting to the upper right-hand quadrant is to combine a propensity to trust with a robust analysis of opportunity, risk and credibility. You have to assume positive intent in others unless there’s good reason to do otherwise and then back that decision up with ongoing analysis which shows you this is working. It’s more of an art than a science getting this balance just right but do that and the productivity boost can be impressive.

What you must do is create a culture where Smart Trust reigns supreme. It may sound risky but it works:

- Zane’s Cycles of Connecticut lets anyone test drive a bike without leaving any identification or collateral. The company generates \$13 million in annual sales and loses about five bikes a year to theft while selling more than 5,000.
- The Chubb Group of Insurance Companies trusted employees to set their own working hours and saw a 10-percent increase in productivity.
- UPS has grown its business appreciably by becoming a trusted supply-chain partner rather than just a shipping or delivery company.
- Cleveland Clinic gives patients online access to their own charts and medical records, including doctor’s notes. *U.S. News & World Report* has ranked it as the number one clinic in the nation for cardiac care for the past fifteen years. Cleveland Clinic manages to offer the highest quality medical care at costs well below the national average because of that trust.
- Berkshire Hathaway manages more than seventy-seven different operating companies (many of them generating multi-billion-dollar turnovers in their own right) with a headquarters of twenty-one people. Warren Buffett and Charlie Munger trust the managers of those operating companies to be doing the right things.

The simple fact is extending Smart Trust to others works. No matter where you are, start doing that today and it will boost your prosperity, your energy and your enjoyment level.

*“If you trust people, they start leaning in and you see their best self. You see their best work. They bring the best of their abilities to the party. You get 50,000 people working like this, it’s going to be great.”*

— Al Carey, CEO, Frito-Lay

*“A boss’s job—a leader’s job—is to facilitate, not to control. You have to trust people to do their jobs. That’s the strongest leadership there is. Trusting your employees.”*

— Gordon Bethune, former CEO, Continental Airlines

*“If you can’t trust people, who can you trust?”*

— John Widdicombe



3.

### How to Create Your Own Renaissance of Trust

*“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.”*

– Margaret Mead, cultural anthropologist

As improbable and unlikely as it may sound, all revolutions begin with the thoughts and intents of just one or two key people. Small groups of people can generate dramatic social change and can even change history.

*“Some thirty years ago, in the remote village of Xiaogang, China, a group of eighteen impoverished farmers secretly met and ‘dipped their fingers in red ink,’ covenanting to split up the communal land into individual plots so that individual households could be rewarded for their own efforts and success instead of sharing equally across the village what always ended up being far too little. As John and Doris Naisbitt tell the story in China’s Megatrends, this secret agreement was both revolutionary and dangerous. It was in defiance of decades of rules and communal culture, and the participants were at risk of being ‘persecuted, dispossessed, or even killed as bourgeois ‘landlords.’” Yet the search for a better life led this small group to sign an oath stating “If we are successful we will not ask the country for any money or grain. If we are not [successful] we cadres are willing to risk imprisonment or the death penalty.” Not only did this bold action of a small group succeed enormously, but its success came to the attention of Communist Party leader Deng Xiaoping. His subsequent economic reforms resulted in restoring family farms and allowed for market distribution, the cumulative effect of which ‘changed the course of Chinese history.’”*

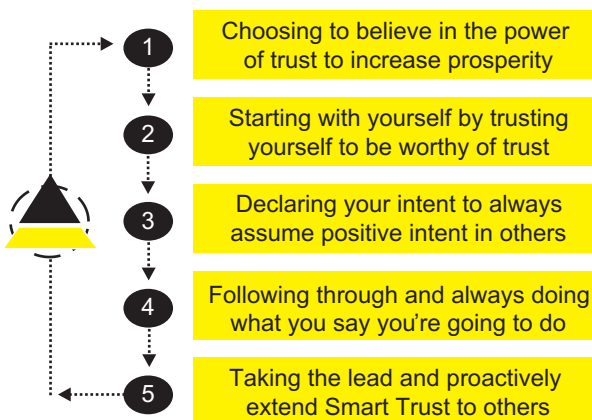
– Stephen Covey and Greg Link

What’s needed today is a renaissance of trust and the best place for it to start is with you. Once begun, it’s impossible to forecast how far it will go but Smart Trust works.

*“Some years ago in our meetinghouse in Darmstadt, Germany, a group was asked to move a grand piano from the chapel to the adjoining cultural hall, where it was needed for a musical event. None were professional movers, and the task of getting that gravity-friendly instrument through the chapel and into the cultural hall seemed nearly impossible. Everybody knew that this task required not only physical strength but also careful coordination. There were plenty of ideas, but not one could keep the piano balanced correctly. They repositioned by strength, height, and age over and over again—nothing worked. As they stood around the piano, uncertain of what to do next, a good friend of mine . . . spoke up. He said, “Stand close together and lift where you stand.” It seemed too simple. Nevertheless, each lifted where he stood, and the piano rose from the ground and moved into the cultural hall as if on its own power. That was the answer to the challenge. They merely needed to stand close together and lift where they stood.”*

– Dieter Uchtdorf, former chief pilot,  
Lufthansa Airlines

The key to igniting a renaissance of trust is to lift where you personally and professionally stand – in your own personal life, in your career, in the way you interact with your teams and organizations – by:



*“Increase the level of trust in any group, company or society and only good things happen.”*

– Thomas Friedman, Pulitzer Prize winning journalist

*“Make a dent in the universe.”*

– Steve Jobs

*“Few will have the greatness to bend history itself. But each of us can work to change a small portion of events, and in the total of all these acts will be written the history of this generation.”*

– Robert F. Kennedy

*“I am only one, but still I am one. I cannot do everything, but still I can do something; and because I cannot do everything, I will not refuse to do something that I can do.”*

– Helen Keller

*“How wonderful it is that nobody need wait a single moment before starting to improve the world.”*

– Anne Frank

*“Historically there have been only two basic ways to aggregate and amplify human capabilities. They were bureaucracy and markets. Then in the last ten years we have added a third—networks.”*

– Gary Hamel, author and professor,  
London Business School

*“George Bernard Shaw once said that to him, life was no ‘brief candle’ but rather a ‘splendid torch’ that he wanted to make ‘burn as brightly as possible before handing it on to future generations.’ To us, Smart Trust is a splendid torch that we want to make burn as brightly as possible, not only in handing it on to future generations, but also in engaging the current generation to achieve better results, feel stronger passion, and experience greater happiness—in other words, to create prosperity, energy, and joy. It is our desire and hope that you will join us as co-catalysts, along with countless others, in seeking to bring about a global renaissance of trust for the benefit of people everywhere.”*

– Stephen Covey and Greg Link