

July 25, 2016

LOL Journal - FAQs on Trust

The last few LOL installments on trust have stirred up a number of good questions.¹ I'll share them and FCG's responses below.

1. *Is trust a black and white issue, or are there shades of grey?*

Shades of grey. Sure, there are extremes, but mostly people are in the grey area. In our work, we use a 10-point scale on five factors to measure trust.² The factors are:

- Alignment of interest (i.e. no major conflicts)
- Benevolent concern (i.e. caring)
- Capabilities (i.e. job competence)
- Predictability/Integrity (i.e. consistency and words/actions lining up)
- Frequency of communication (i.e. open communication of fairly regular basis)

Rarely does anyone get a "50" or a "0". In fact, the more relevant measures are the individual scores for the five factors. Typically, a "7" or above on a given factor represents functional levels of trust. So, someone's overall score could be 35 and you could still say, "I trust that person." When an individual score is under "7", then there is usually an issue. For example, on the factor "capability" a score of "6" usually means, "I don't fully trust this person's competence to do a good job." FCG worked with an investment advisory firm where a partner was unwilling to turn clients over to a subordinate. The reason was capability. The subordinate was excellent on all other measures of trust, but the partner was not convinced that the subordinate had the skill to handle clients on his own. In the partner's view, more time was needed to develop the requisite skills. Alternatively, you may decide that one of the five factors doesn't really matter in assessing the trust of a colleague. For example, in some situations the "frequency" of communication may not be that important. In your mind, you've established the other person as very trustworthy on the first four factors, and it doesn't matter that you rarely communicate with them. Shades of grey is one of the most important reasons we use the five factors and a 10 point scale. Determining why you may or may not fully trust someone is a worthwhile pursuit to solving the trust dilemma.

2. *What about when the trust issue is with your boss?*

Good question. Sometimes sticky. This question highlights the importance of the recent Google study on their best teams.³ Google found that the key commonality of great teams was "psychological safety." This phrase means that the team members felt safe to be themselves, to show up as real and candid. Bosses who create this trusting and safe environment have much more engaged and productive team members. Hence, for years FCG has been working with investment leaders to create trust and safety on teams. The Google study was a wonderful affirmation of our framework.

¹ I will restate some of the earlier blogs, but to fully understand the discussion, we recommend reading the prior two short pieces on trust: [Treat Trust Issues like Kitchen Fires](#) and [Trust Repair Kit](#)

² For the full version, see the Trust Scorecard in the "Trust Repair Kit" LOL. Pg. 2

³ [Click here](#) for study link

So, back to the question. What kind of environment has your boss created? There are three basic levels:

- Functional trust. If the trust level is functional, that means you score your boss pretty highly on the trust scorecard mentioned above. There is enough safety to raise the trust issue directly. Use the tools provided in the earlier article on repairing trust.
- Dysfunctional trust. In this scenario, which is common, the boss would have one or more scores of “6” or below on the trust indicator. For example, the boss may be very competent and genuinely caring but s/he may have a blindspot around agreements. Perhaps they over-promise and under-deliver (an example of a lack of predictability/integrity). And they do this on a regular basis. It’s a pattern. Hence, the dysfunction. So, again, you could use the tools from the LOL on repairing trust and work through the issue with them. Have your facts well documented and approach the conversation in a constructive way. Alternatively, you may assess the situation as a bit more entrenched. The boss is basically a decent person but they have strong defenses against acknowledging any weaknesses. They are really good at denial! “I can understand why the behavior you describe would be troublesome, but I don’t do it!” In this case, you might want to get a skillful third party involved. (Lessen the career risk for you!) Many firms have resources, like HR, that have the ability and the authority to step in and help. You can brainstorm your situation with the third party and see if they have a suggestion for how to raise the trust issue effectively. Often times they know the boss and his/her personality and can approach the person in a non-threatening way. One technique that we’ve seen work is to generalize the trust issue to the team level, and then tackle it as a team. Once the dialogue is started with the team, it may be easier for each person to take responsibility for their contribution to building/eroding trust. If several team members also express the same issue—over-promising and under-delivering—then possibly you will break through the defenses and get the boss to see the problem. A key to success in bringing up the issue will be using the cube methodology⁴ we presented in the trust tool kit. Leading the discussion facts will begin to remove the emotion from the discussion and give you the opportunity to present factual situations which may be blindspots for your boss.
- No safety/No trust. Unfortunately, this situation exists all too frequently. Bosses who are very insecure are prone to retaliation. Instead of listening to the employee’s concern and then rationally dealing with it, they lash out in retaliation. Usually, a well-intentioned effort by the employee to address trust issues turns out badly. Unless there is strong support—say from senior management—we don’t advocate a heroic approach to “fixing” the boss. If this is the case, you may be facing a career decision. Ultimately, people join organizations and leave bosses. If it becomes clear that your boss does not want to build a trusting relationship, then you may decide that you need to work for someone else in the same firm, or if that is not possible, leave the firm. If you stay, you are consciously deciding to take part in a “villain/victim” drama. The boss plays the school yard bully, and you play the hapless victim. Sometimes life circumstances call for you to do this—“I need this job right now”—but commit to finding some better

⁴ Again, for a full description see the prior blogs, but briefly “cubing” means that your statement follows this pattern: facts, story (i.e. interpretation of facts), reaction (i.e. worried, irritated, etc.), request (i.e. what do you want?)

arrangement as soon as you can. Or, acknowledge the nature of the boss—villain personality—and resolve to NOT sink into drama. In other words, don't play victim. Some people's personality type allows them to do this without taking on too much stress. (Buddha, Dalai Lama, Mother Theresa to name a few...☺)

For the bosses reading this piece, remember that psychological safety is a key characteristic of top teams. You want to create a team environment where team members feel safe raising issues and providing feedback. If you don't create this environment, you'll have lower engagement, reduced productivity, and flight risk. In order to create safety, you as the boss must have sufficient confidence and security to hear feedback without getting defensive. Remember, the three big reasons we get defensive are because one of the following is threatened: 1) Security, 2) Approval, 3) Control. Learn to moderate these needs, so you can hear feedback. (Employees: you may want to copy this article and leave it on the boss's desk...anonymously!)

3. *Do I have to respect someone to trust them?*

Interesting. Webster defines respect as "a feeling of deep admiration for someone or something elicited by their abilities, qualities, or achievements." Using this definition, no. You don't need to deeply admire someone to trust them. As long as they pass the five factors, then you probably will trust them. There is a slight nuance to this one. FCG believes that strong cultures are often built on the value of respect. But this does not mean a deep admiration; instead it means that you will treat all people with dignity and respect, regardless of your judgments about them. In this definition of respect, you might treat them with respect but NOT trust them.

4. *If someone violates trust can it really be reestablished?*

Yes. That's the whole point of our previous LOL on building and maintaining trust. If you catch trust issues early, then you can address them before they become irreversible. FCG has found that early diagnosis and treatment works. Unfortunately, too many people let the trust issues compound and then revel in the judgment that "I was right. He IS untrustworthy!" (Don't we love to be right?) Of course, the problem with this approach is confirmation bias. Once we have a hypothesis that someone is untrustworthy, we look for evidence to make our case. And we talk to people who will support it. Trust repair goes the other direction: confront the person directly, using the "cube", and clean up the misunderstanding. In FCG's experience, only a handful of people are pathologically untrustworthy. The rest of us are simply human and make mistakes. So, reestablishing trust should be the norm not the exception.

5. *Do I have to trust someone to work with them?*

I believe the intent of the question is: Do I have to trust someone to work effectively with them? FCG's experience indicates yes. A lot of mental energy is wasted when you work with untrustworthy people. You worry about deadlines, work product, backstabbing, gossip, and a host of other petty concerns. I can say I am blessed to work with my team members at FCG because I waste virtually NO time with these concerns. Warren Buffett has made similar statements. He simply won't work with people he does not trust. His deals are done on a handshake.

Here is the summary of key ideas concerning trust:

1. Understand that trust is crucial to strong and sustainable performance.
2. Monitor trust with co-workers. (Use the scoresheet provided in the previous LOL)
3. There is a predictable decline that occurs if trust issues are left un-treated.
4. Deal with trust issues when they are small and “easy.” Don’t wait until they are serious. (Like medicine: early diagnosis and treatment)
5. Use the cube to describe prior issues in a “clean” (i.e. non-blaming) way.
6. Get current: let go of past issues and make agreements about future behavior.
7. Monitor new agreements and build “new” trust over time.

Trust is core to the investment industry and to healthy functioning of teams. Treat trust issues like kitchen fires: jump on them and fix them immediately. Work to build a safe and trusting environment. And keep the questions coming; we’re happy to share our experience and help where we can.

Curiously,

JW