

Trust and the Bottom Line

How Does Paying Attention to The Human Element in Business Improve Your Bottom Line?

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Business is changing. Through email and video-conferencing we are able to communicate in ways never before possible, thus making global teamwork a reality. Social networking has connected us to customers, colleagues, and business partners as never before; information is at our fingertips through the Internet and available anywhere and at any time. Our technology has blurred the line between personal and business life. More and more we respond to business issues immediately and perform tasks alone that in the not-so-distant past would have required many people. These vast changes in our work practices have forced all industries to rethink how business is done and how we connect with customers. The opportunities are enormous.

But there is another side. We are still human. We haven't changed or evolved all that much in the time that the technology has. Every client still talks about the difficulties that people have in working with each other. Gossip and back room chatter still capture people's attention. Politics in the workplace, as much as we claim to dislike them, still intrigue us and command a great deal of our time. We still strategize, maneuver, position, and plan what we say carefully so that we placate customers, avoid conflict with co-workers, and avoid angering the boss. We make sure that people cannot blame us when things go wrong or for things over which we had no control. We make sure that we look good, so that we don't limit our opportunities or jeopardize our positions.

The result is that we are often wary of others or even see them as the enemy. We watch each other both to make sure that we know what is going on and to be safe.

In short, we don't trust one another.

Oddly enough, most organizations don't pay much direct attention to this phenomenon. It is viewed as normal. People are expected to accept and understand that mistrust is the norm and navigate the human side of organizational life without any instruction or discussion. By remaining silent, we collude with each other to maintain the myth that we all should automatically know how to cooperate. And yet, there are great consequences to navigating the human side of business poorly. Misreading the politics, angering the wrong senior executive, or rubbing co-workers the wrong way can be threatening to one's job or even career.

We Don't View The Human Side Of Business Through A Business Lens

This is perplexing at first, because this is not the case for other aspects of business. Take the example of an automated manufacturing operation. The way that the machines move the product through the factory and the way in which each staff member interacts with the operation is observed, timed, and adjusted in order to



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increase efficiency. An unneeded motion or an extra step can be costly, given the volume of items that are produced. Therefore, it is well worth the time and effort it takes to reduce wasteful motions and steps. Understandably, the most efficient and financially successful companies are constantly looking for ways to increase efficiency and productivity, knowing that there is always room for improvement.

The contrast between our handling of technical issues and human issues is dramatic. When two computers are not interfacing properly, we send technicians to fix the problem. But, when two people aren't working well together, we often ignore the underlying problem, tell the pair to solve the problem on their own or to "act professionally". When a handoff from one part of an assembly line to the next is unreliable or inefficient, we investigate the cause and improve the process as soon as possible. But, we don't always do the same when the handoff is between two departments. We believe that operations should continue without interruption and act accordingly. Why should that be different from "transaction costs" between people?

Think of an important decision to be made by a group in your organization. In the course of researching, weighing the pros and cons, and discussing the options, how much time is spent working on the task at hand? How much is spent on tangents and distractions? How much time is spent avoiding conflict? How much time is spent avoiding unpleasant subjects or difficult issues between team members? Do people really offer all their opinions? Do they tap their creativity and imagination, or do they censor themselves? If "yes," ask yourself why that is the case.

In most organizations, group decisions and similar tasks could be much more efficient and productive. If 50% of the project time is spent doing useful work, then 50% is wasted spent on distractions, turf battles, unstated conflict, malicious compliance, avoidance, and other non-productive behavior. Obviously, that's time and money lost. Multiply that by the number of

projects per year and you have an amazing opportunity to increase efficiency.

What Is The Cost Of Ignoring The Human Issues In Organizations?

The simplest measure of the cost of human issues is time lost. People avoiding conflict, and thus not expressing their opinions and their ideas, results in lost productive time. But the consequences of these behaviors are much greater than simply time lost. There are also lost opportunities. A missed opportunity can mean chronic underperformance; conversely, one good idea may mean the difference between a successful and unsuccessful project. When people avoid conflict or difficult conversations, they are less effective at solving problems and generating good potential solutions. In some cases, these problems can go on for years, with the accompanying loss of opportunities and revenue.

We don't view the human side of business through a business lens

A couple examples: A Managing Director of a bank and a member of the marketing and business development team were at odds. The member of the team was ambitious and wanted the Managing Director's job but the Managing Director wanted him to continue to work as a member of the team for the time being. Though the Managing Director spent considerable time trying to gain the willingness of the team member and the team member worked very hard and did well in his job, the conflict wasn't discussed directly or resolved. When the team member bid on a piece of business without coordinating with the Managing Director, crucial information wasn't shared and the potential client took a competitor's offer. With proper coordination they could have easily met or bettered the competitor's offer.

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The result was an immediate loss of about \$600,000 in earnings and a breakdown in relations with the client, who removed them from their list of banks they regularly called-upon for quotes on specific financial transactions. It took the team nearly a year to get re-listed.

We collude with each other to maintain the myth that we all should automatically know how to cooperate

In another instance, a department head of a large service organization introduced a new sustainability function and created a position called Director of Sustainability Initiatives. However, his management team did not like the person he hired for the job. Infighting, differing views of how to accomplish the goals set out by senior management, and a lack of honest discussion resulted in the department head creating another director position called the Director of Sustainability Management to assuage the management team and to protect his first hire. Both functions could have been handled by one position alone. The result was two directors on staff instead of one, another assistant, and additional staff hired by each director. Total extra cost: >\$350,000 per year over having one director, plus losses from duplicated work and work not coordinated between the departments.

How Do We Handle These Issues?

When “people problems” do arise, we don’t tend to address them logically. Instead, here’s what we often do:

- **We ignore the problems.** “It’s nothing. Just business as usual.” By acting as if the problems don’t exist, we hope they go away and don’t cost us anything, or at least not too much.
- **We convince ourselves that there is nothing we can do.** “That’s just the reality of working life.” We decide that “people problems” are just part of

organizational life and the best we can do is to minimize them and/or avoid them.

- **We pretend they aren’t our problems. “It’s not my problem/fault.”** For example, friction between two people in a workgroup is seen as their problem only. The pair is expected to resolve their conflict and not burden the rest of the team. We conveniently forget the effect on the success of the team.

Why Don’t We Deal With These Issues More Directly?

Generally speaking, because it’s scary. Since we don’t trust each other, these issues are deeply threatening. Workers are frightened that the boss may become punitive; the boss fears that subordinates may sabotage their efforts. People may get angry, anxious, or emotional. These reactions are considered inappropriate in the workplace so people find them difficult to handle. And as a result, trust diminishes or is lost.

Trust suffers because:

- **We are unaware of how others see us.** In the absence of understanding other people’s opinions of us, we make assumptions instead. Though sometimes accurate, they can often be wrong.
- **We make up stories about what is going on.** Without real information, many of us tend to assume the worst when something goes wrong. We sometimes assume that other people involved didn’t care, forgot, were trying to sabotage our efforts, were retaliating, or are simply jerks or incompetent.
- **We get defensive.** When we are confronted with uncomfortable situations we don’t know how to handle, we often become anxious or defensive. We stop working collaboratively and seek to protect ourselves. “CYA” becomes paramount. We may criticize, complain or blame. We may deny that anything is wrong in the face of clear evidence to the contrary. We may give lots of unwanted

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advice. We may either blame ourselves excessively or seek too much approval.

So, we look away from unproductive behavior—distraction, avoidance, conflict, gossip, blame, domination—and ignore the costs to the organization, to productivity, to future opportunities, and to ourselves.

Motivation stems primarily from emotions, not logic

So, What Do We Do To Build and Maintain Trust?

Although there is no set formula for building trust, there are some simple ways to understand how it works, and thus how best to create it. First, we recognize two aspects:

1. Trust in other people
2. Trust in oneself

Trusting other people is believing that other people will do what they say and tell us the truth. If they don't, we lose trust and at the next interaction, we become more wary. We may not enter into an engagement again, because we risk getting let down or burned.

Here's a simple example around accountability. A sales person asks marketing for some data for a project. When marketing doesn't provide the data on time as promised without any communication, the sales person loses trust in marketing. As a result, the sales person avoids asking anything further of marketing and tries to make do with what he has, even when he is missing needed information. Clearly, this will not produce optimal productivity and collaboration.

Ideally, this type of situation is best dealt with up front. All parties involved discuss and agree upon procedures, standards, methods of making decisions, and consequences in order to ensure better accountability. Often this type of conversation is

new in the work place, but the experience of talking about these areas can build trust among members if there is sufficient openness and sets the stage for future problem solving. Even when this type of open conversation isn't done up front, it can happen later and can help to repair and rebuild trust and working relationships.

However, we can only go so far relying on other people doing what they say they will or doing what we ask. We have no direct control over anyone: simply telling someone what to do doesn't often work. And sometimes, other people's behavior doesn't make sense to us. This is where understanding human behavior and motivation enters.

Understand What Motivates Our Behavior

Motivation stems primarily from emotions, not logic as many people think. This is a crucial difference, because it explains why some behavior in the workplace seems irrational. If we understand the underlying emotions, then people's behavior makes sense. According to a model called FIRO theory (Fundamental Interpersonal Relations Orientation)—part of an approach for creating personal and organizational change called The Human Element—there are three basic feelings that drive our behavior. Simply put, we each want to feel to some degree that we are:

- **Significant**—that we matter
- **Competent**—we are able to handle our work and our lives
- **Likable**—people like us

When we find ourselves in situations where any one of these is threatened, our behavior becomes less "rational."

Let's continue our example of the sales person. When marketing failed to send the requested information, our sales person could easily have felt ignored and insignificant. These are very unpleasant feelings and,

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unconsciously, people employ strategies for avoiding them. The sales person might have chosen to say nothing and thus have never found out whether or not his perceptions were true. Or, he may have angrily confronted marketing and blamed them for not providing the necessary information; this would have enabled him to feel he was noticed and his wishes were being considered. In either case, there would be residual negative feelings afterwards, and both parties would avoid any further interaction. This can have a devastating impact on productivity if sales and marketing have to work together in the future, which is of course quite likely.

It is difficult to trust other people when we don't trust our own capability to deal with them

Reactive behavior like this happens all the time and can be easily understood using FIRO theory. Underlying each of the three basic feelings are associated fears:

- When our significance is questioned, we feel **ignored** (like our sales person)
- When we don't feel competent, we feel **humiliated** or **embarrassed**
- When we are afraid that people don't like us, we feel **rejected**

When other people behave in ways that break our trust, it is quite possibly because they are motivated by one of these unconscious emotions. So, what are we to do? Does understanding the reasons for others' destructive behavior enable us to improve the situation? Paradoxically, the most effective way to deal with this is to focus on oneself, rather than the other person.

Trust in Self

The second aspect of trust is about feeling personally able to cope with our own situation, even in the face

of difficulty. In other words, it is difficult to trust other people when we don't trust our own capability to deal with them. Though many of us would like to believe otherwise, we are not immune to the underlying fears of feeling ignored, humiliated, and rejected. When we feel any of these feelings, we lose our capacity to deal with other people rationally and directly. We are, in effect, hijacked by our emotions and we lose the ability to assess situations accurately.

Let's return again to our example of the sales person. When he is feeling insignificant and ignored, he becomes driven by a wish to stop feeling that way. His behavior, either to avoid or to blame and criticize, is a way to change his own feeling, not to solve the business problem. However, if he feels competent and capable, then he will be able to have a productive conversation with the people in marketing. He can talk to them directly without avoiding the issue and without blame or criticism. This does not guarantee that marketing will respond well, of course. There still may be mistrust, but it is more likely marketing will both listen attentively and respond in a helpful way. That creates a clear avenue for improvement in information flow and rebuilding of trust. With self-trust comes the capacity to stay in the conversation and continue communicating clearly and calmly, even if marketing continues to break promises; this inevitably produces more productive alternative future solutions. Simply put, the act of speaking directly and honestly to others about our experience builds trust in others and in ourselves.

Steps To Building, Restoring, and Maintaining Trust

- **Promote awareness of self and others.** Unproductive behavior is not irrational. It is the result of emotions and beliefs that are not usually acknowledged. Understanding the logic of human behavior and motivation helps us to understand the dynamics of human interaction and allows us to solve problems in a methodical way.

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- **Speak honestly.** Telling one's own truth—one's personal experience—directly to another person is one of the most powerful ways to build, rebuild, or maintain trust.
- **Talk about the "undiscussables."** Bringing to light the unspoken interpersonal issues and discussing them directly helps people work past seemingly impenetrable blocks.
- **Build experience with each other.** There is no substitute for contact and honest interaction with other people. Avoidance erodes trust.
- **Practice.** Speaking honestly and directly in a productive way in difficult situations is something most of us are not used to doing in organizations. Having the time and space to practice, give and receive feedback, and learn from our mistakes is vital.

The act of speaking directly and honestly to others about our experience builds trust.

Is It Worth It?

Measuring the exact costs of the lack of trust can be difficult because the ramifications are so wide and long lasting. But, we can make conservative estimates of the costs in dollars and time and discover that the potential return of increased trust is well worth the effort. Even a 10% decrease in meeting time resulting from improved group trust will make a substantial financial and productivity difference in a small department over the course of a year. Such a decrease is equivalent to adding several hours of available work time per week for an entire team.

Building and maintaining trust is not always easy. It takes time, thought, care, and often risk and persistence. In many ways, the process of creating and maintaining trust is antithetical to our modern way of working together. Trust is even harder to build

and maintain when we communicate at a distance and through technological means. Trust is also the product of time, which we seem to have less of as well. We work more now than we ever have and yet we are more isolated due to our increasingly separated styles of working. It is harder for us to be fully understood without the benefit of time spent together and shared experiences. However, creating and maintaining trust—of each other and of ourselves—pays off in terms of money, time, creativity, productivity, relationships, and satisfaction. The bottom line is that trust is an investment with great returns. 