



Release the Power of Your Organization Through Trust Capital

By Art Hobba

A recent study published by Right Management found that 78% of all people who disengage or leave their job do so because of their inability to connect with or respect their boss. Do your leaders intentionally seek to build and strengthen trust in your organization?

We began training our clients on learning and using the competencies of Principle Based Leadership about 12 months ago because we believed that the application of these core competencies not only determined employee morale and engagement but it determined their level of performance as well. However, we soon discovered that the actual 'substance' that was being created through applying these principles at work was actually best described as 'Trust Capital'. This all important 'currency' grows within the DNA of an organization that holds to and deploys the 10 competencies of principle based or values centered leadership:

Many great research based business books like Good to Great by Jim Collins and more recently True North by Bill George provide valuable discourse on 'Level 5' (Collins) or 'Authentic' (George) Leadership being most effective kind of leadership to produce high performance organizations. However, the substance that is created by the consistent practice of these leadership philosophies is the belief that management team is trustworthy and reliable. This intangible substance is what we call trust capital, because it is capital that creates sustainable and tangible profitability. Even more so than cash flow, trust keeps an organization moving forward in healthy growth.

What happens when trust capital is released at a company? One top salesman tells the story this way:

After working for several companies on a salary and commission basis, I thought I had seen it all. Every time one of us over performed on the Comp plan, there was some new 'insight' that management would have to 'improve' the commission plan and the endgame was always that we got screwed. When I went to work for ViewTech and began rising to the top of the sales heap, my anxiety grew because it appeared that I might make close to the salary of the CEO! Since I was the new sales 'Star' I asked him for a meeting with the CFO to discuss my concerns. He used to be a salesperson in the field himself and I hoped he would not do what all my other employers had done.

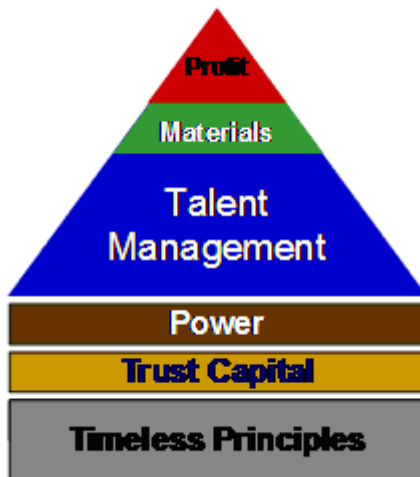
With our CFO on his side, he told me the story of how his last employer 'modified' his comp plan after he made a huge sale and it hurt...and it still hurt. He swore then to himself that he would never do that to any salesperson if he had a chance. The CFO was nervous because they owed me a big commission check, but in front of me, he ordered him to cut the check for the full amount! I experienced for the first time the ceiling of possibilities rise to the stratosphere and for the next 3 years doubled my sales (and income) each and every year...and in my last year increased sales by 2500% by closing a 5 year contract. I never knew I had it in me, if it were not for the sense of fairness and safety this man instilled in me to reach for the clouds!"

The bottom line is that wherever you find poor business ethics, self serving leaders, fraud, malcontents, high turnover, unfair or erratic treatment of employees and a lack of clear vision, you will find a low performing company on its way to ruin. How many times have we observed a great founding leadership team succeeded by one that, after riding out a few quarters or even years of success from the momentum of the past, flounders or fails miserably because of self serving management? The good news here is that greed and ridiculous executive perks are no longer in fashion. Public and private companies, non-

profits, Business Schools and their accrediting institutions are all paying attention to ethics and the values that create ethical behavior in an individual. Integrity is back in style!

Stephen M. R. Covey (the son of Stephen Covey) recently released a new revolutionary concept book called “The Speed of Trust” outlines how trust is the force behind everything that is good about business; employee morale; performance; creativity; competitive advantage and maximum profits. Covey references case after case where trust was built into an organization and how with courageous ‘servant leadership’, these firms rose to new levels of performance.

The diagram below illustrates the release of trust built on the foundation of principle based leadership:



If people trust...if they feel safe. In a fair environment where they can over perform and be rewarded, trust capital grows in their hearts. This releases their unique gifting including hard work, zeal, creativity and innovation....all of which adds up to high retention and competitive advantage in the marketplace.

[Art Hobba](#) is the CEO of [Transcende](#), a talent management and leadership development company with expert professionals whose purpose is to help

organizations and their leaders raise their employee's performance to the next level with solutions to give you the competitive edge. [Transcende](#) has offices in Agoura Hills, Ca and Jacksonville Florida. He can be reached by email at art.hobba@transcende.net or at (818) 706-8322.

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