



Bridging the Trust Chasm

Whoosh and it's gone! Trust can evaporate in an instant and organisations are notoriously poor at recovering it. But it doesn't have to be this way

Greg (not his real name), the Project Director for a major international utility project, experienced a breakdown in trust. After bumping into technical difficulties, his project was in free-fall. Results were not happening. The client was unhappy and the “integrated team” that had been rigorously hand-picked was descending into chaos. Greg was rapidly losing the trust of his stakeholders.

Recovering trust is a daunting task. It is often associated with an overhaul of governance structures and processes, with a detailed review of work practices and with the occasional product recall. Moreover, reputation needs to be rebuilt with customers, investors and key stakeholders. Even with all these efforts, progress is expected to be slow.

An Uphill Battle

Tyco struggled to regain its credibility after its CEO, Dennis Kozlowski, was arrested and charged with fraud. Despite the subsequent conviction and the drastic actions by Ed Breen, his replacement, to overhaul the leadership team, governance structure and relationships with stakeholders, Tyco struggled to recover. In the end, the company was dismantled into 3 separate businesses.

This difficulty to deal with a lack of trust is not isolated. For example, the Edelman Trust Barometer indicates that the financial crisis of 2007-2008 shattered public trust in the corporate sector. Three years later, less than 50 percent of the population was placing trust in corporations. In spite of a massive regulatory overhaul and management action, “banksters” are still regularly pilloried in the press. How ironic for a sector relying on trust!

Despite the odds being against him, Greg bounced back from his trust downfall, creating a solid 110% increase in productivity within a matter of weeks. At the heart of the dramatic shift was an intense focus on identifying and dismantling the cognitive and behavioural mechanisms damaging trust and severely impeding performance of the project.

The results were spectacular and everyone noticed – the client, the consortium partners and, perhaps more importantly, his team. Many leaders duck the subject. They worry. They worry about the potential fall-off that may come from a straight conversation. They worry about the sentiments that arise by questioning people's sincerity or reliability. Greg was different. He did not worry. He led the turnaround by addressing the issue of trust head-on.

Recovering Trust – The Framework

Fostering an atmosphere of candor and openness was central to Greg's success. He followed a structured approach around 5 powerful principles. Experience has taught us that they can be extremely helpful in restoring trust in times of crisis:

1. **T**alk authentically. Be open and straightforward in your communications with nothing hidden – people have a very acute radar for double-talk. A lack of authenticity shows up as an incongruity between the words that come out of a person's mouth and their body language.
2. **R**estore communication. Establish an Amnesty Agreement where people can speak openly without reprisals. Allow people to speak. Listen for underlying upsets, disappointments, resentments and anger. Acknowledge and address the experience and emotions.
3. **U**nderstand the explicit promises made between the parties as well as the implicit ones the other party would have taken for granted.
4. **S**eparate the Facts of the situation or circumstances from the assessments, opinions and stories. This enables people to see the data for “the data”.
5. **T**ake ownership of the whole outcome rather than just your part in it. Be a leader and address the “elephants in the room”. Explicitly state what you, your team and the organisation can be counted upon for in the future and your expectations of others.

Look for the Upside

Although the principles may be straightforward, the practice of using them requires courage, grit and vision. It requires that leaders go beyond their comfort zone and it brings a level of authenticity that is very often missing.

Trust is a time-critical phenomenon. The more you dodge the issues the wider the chasm and the worse it gets. Tinkering around the edges may feel more comfortable, but it generally fails to recognise the urgency of the problem. When employees suddenly realise that they are working for a discredited, or even vilified, organisation, the effect can be devastating. Naturally, this, in itself, has consequences on productivity and client satisfaction.

But, in every crisis, there is an opportunity. Done well, a significant improvement occurs as a consequence of people aligning their attention, effort and focus on playing a much bigger game. A leader who can rally the troops in times of doubt is fondly remembered. Just ask those who worked at Apple when Steve Jobs turned it around.

Gilles Hilary is Professor of Accounting and Control at INSEAD and a contributing faculty member to the [INSEAD Corporate Governance Initiative](#)

Vip Vyas is the Managing Director of Alchimie Asia.

Hartly Mignon is an Executive Consultant.

Find article at

<http://knowledge.insead.edu/blog/insead-blog/bridging-the-trust-chasm-4041>