

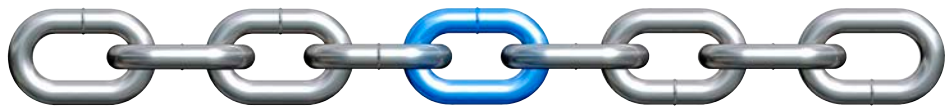
## Praise for Trust is Everything

“In management consulting and business strategy, trust is essential to get the job done. Without it, you fail. Anil and Karen Mishra, through their collective corporate experience, and highly successful teaching, research and thought leadership, are two of the few who can speak and write knowledgeably about how to foster trust.”

Jeff McBride  
McKinsey & Company

“Mishra and Mishra have produced an outstanding book that clarifies the four core dimensions of trust, explains how it can be developed and sustained, and explains its impact on individuals and organizations. This book serves as the best source available for explaining and developing this crucial foundation of effective interpersonal and organizational relations.”

Professor Kim S. Cameron  
The University of Michigan  
Ross School of Business  
School of Education



This is a book about ordinary people becoming extraordinary leaders. They did this by building the ROCC of Trust: Reliability, Openness, Competence and Compassion. By following their examples, you, too, can become the leader others will follow.

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## Become the Leader Others Will Follow



Mishra & Mishra

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Cover Designed by Taylor Poole

# Trust is Everything

Become the Leader Others Will Follow

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**I**

**The ROCC of Trust**



# 1

## **Leaders are Born and Made**

*It is an equal failing to trust everybody, and to trust nobody.* - English Proverb

This is the universal question: Are leaders born or made? We have tried to teach our students and clients over the years that leaders are born *and* made. By this we mean that even though some individuals are naturally more inclined to become leaders, based on their early life experiences and yes, even genetics, all people have the capacity to become leaders if they have the desire and make the effort to do so. Some people are more empathetic than others, some are more energetic, and some are more engaging than others. Each person has a

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unique composition of talents, motives, and dreams that provide the raw material for getting the best out of everyone around them. Everyone can draw upon something in their background and experiences to become more effective at leading others if they really want to.

We base our teachings on the opportunities we have had to work with and study leaders who consistently keep their commitments, are frank almost to a fault, perform incredibly, all while seeking to better the lives of those around them rather than simply filling their own bank accounts. These people act both humbly and heroically, but are not superhuman or unbelievable. They may be extraordinary leaders, but they are still ordinary people that rose to the challenge of creating transformational change by building what we call *The ROCC of Trust*. The ROCC of Trust stands for the four key types of trustworthiness that we have found in our research, consulting, and coaching to be the key elements that influence people to trust in a leader: Reliability, Openness, Competence, and Compassion. We believe that by profiling these leaders' and telling their stories, they can not only inspire all of us, but guide us as well, so that we, too, can develop and sustain the ROCC of Trust with those around us.

## **Organization of This Book**

Our journey has several parts. We first begin by identifying several characteristics that bind together the leaders who demonstrate The ROCC of Trust: courage, authenticity, and humility. Together these leadership attributes not only encourage people to be vulnerable to their leaders, but also to one another, which is essential if the goals that leaders seek are to be achieved. We then define what The ROCC of Trust is, and is not, and discuss how leaders who are courageous, authentic, and humble are able to build and sustain such trust in a wide variety of organizations and circumstances. Our journey then continues by showing how leaders sustain or reestablish the ROCC of Trust they've built, even in the face of long-standing conflicts, widespread complacency, or while resolving crises that threaten the very survival of their organizations. Finally, we "complete" our journey by showing how our leaders have been able to rebuild trust once it has been lost or broken, one of the hardest tasks anyone has to do, and one that is rarely accomplished.

## **We Trust Our Leaders – Not!**

Do you totally trust the leaders of the organizations you belong to and work in? If you are like the people we have studied over the past two decades, then you probably

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don't. National polls regularly document the lack of trust we have in our political, business, and social organizations (see for example the annual trust survey at [www.edelman.com](http://www.edelman.com)).

This is a horrible state of affairs. Why do people trust similar others and employees of firms more than those who lead those firms? The inept or dishonest leaders of such firms as Tyco, Enron, Long-Term Capital Management, and Société Générale, to name just a few, are partly to blame of course. This is also probably because many private and public sector leaders, despite their rhetoric, have not made the necessary effort to build trust with the key stakeholders, whether it is their employees, their customers or suppliers, or their communities.

Nevertheless, we have identified some compelling examples of trustworthy leaders from a wide variety of organizations, both business and not-for-profit, large, publicly-held companies as well as small, family-owned firms, in threatening circumstances and in rapidly-growing environments. Our findings are based on a long-term research program investigating the role of trust and organizational effectiveness in a wide variety of circumstances. As part of this ongoing research program, we have surveyed thousands of managers and employees

representing scores of firms in both the manufacturing and service sectors, interviewed over a hundred executives and employees at different levels of responsibility in a wide variety of industries, and examined the relationship among trust, employee commitment, and employee turnover in both a multibillion dollar firm and a much smaller firm over a period of several years (see Appendix B for a list of our published research articles).

### **The ROCC of Trust**

Simply put, trusting others means you are willing to be vulnerable to them in the face of uncertainty. If we trust someone, we are more willing to become interdependent with that person, even though we can't be absolutely sure everything will turn out fine. The benefits we have discovered from building trust include deeper, more loyal relationships, stronger resiliency in the face of a crisis, and enhanced individual, team and organizational performance. Over the past two decades through our research, teaching, coaching, and consulting work, we have identified four basic ways upon which individuals and in terms of which trust their leaders and one another: **Reliability, Openness, Competence, and Compassion**, which we call **the ROCC of Trust**. The

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ROCC of Trust does *not* mean blind faith. When individuals have the ROCC of Trust in their leader, it is based on repeated experiences that have been validated in a variety of situations. When a leader has developed The ROCC of Trust, it means that he or she has earned the privilege to be depended upon when events go well and when they do not.

### **Reliability**

The ROCC of Trust starts with Reliability. When someone can rely on us, we behave in a way that is even and consistent. We are dependable. We do something when we say we will and we show up when we say we will. We remember things that are important to that person and we become a source of peace and stability in their life. Reliability is the first piece of the ROCC of Trust – without it, others will not give us a second chance.

### **Openness**

Openness is a willingness to be honest and forthright in your dealings with others. If others believe we are honest, they will trust what we have to say to them. Our openness also encourages more openness from others. If we are honest with our neighbor, co-worker or family

member, they become more willing to open up to us. This mutual exchange of information creates a more trusting relationship. Being open also includes being fair and evenhanded in sharing information or perspectives. It is the second piece of the ROCC of Trust.

### **Competence**

Competence is the third piece of the ROCC of Trust. Even if we are viewed as reliable and honest, people will not want to trust us unless we can do the job. There are times that we use proxies for competence, such as a specific degree from a certain college, but direct experience with another person is a more convincing way to demonstrate competence. It is perhaps the easiest of the pieces of the ROCC of Trust to improve upon. If we are not as competent as we would like to be in a certain area, we can always improve upon the abilities we have.

### **Compassion**

Compassion is the last piece of the ROCC of Trust. Having compassion for others means that we must be willing to set aside our own self-concern in order to be truly empathetic of others. It also means that we must put the interests of others at a level equal to or above our own. This is the last aspect of trust we find in others,

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because the others are easier to come by. Being a truly compassionate person takes an investment of time and requires us to demonstrate empathy. That is only one reason compassion is valued so highly.

### **The ROCC of Trust**

The four pieces or dimensions of trust, Reliability, Openness, Competence and Compassion together form the ROCC of Trust: a solid foundation on which we can put our faith in others. When all four of those pieces are in place, we have *The ROCC of Trust* in another person. In contrast, when even one of the pieces of the ROCC is missing, we may not want to make ourselves vulnerable to that individual. Obviously, certain pieces of the ROCC are more important in certain contexts than in others. When we deal with physicians, we probably care more about their compassion than when we deal with our dry cleaners. Even the same piece of the ROCC matters more depending on the person we are trusting. Competence matters both when dealing with physicians and dry cleaners, but our vulnerability is greater when someone has the power to make us healthier or sicker than when the person can either clean our clothes properly or shrink them.

## **Trust Tips**

The concept of trust is central to who we do business with and why. Our perception of trust enables us to distinguish between someone we would hire to work on our team and someone we would decline to hire. Zig Ziglar reminds us that “People buy from people they trust.”

With trust being so important, we need to focus energy every single day in making sure that our colleagues, customers, and suppliers all believe that we are worthy of their trust. We must also be able to find ways to trust them.

These Trust Tips highlight the four aspects of Trust we have found in our research, consulting, coaching and teaching that help us become more trustworthy and more trusting. We call it the **ROCC of Trust**.



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### **Trust Tips Dos and Don'ts**

#### **Do:**

- Do determine who you trust and who you don't and why.
- Do identify who trusts you and who doesn't and why.
- Do realize how important your trusted friends are.
- Do demonstrate genuine compassion for others' needs and concerns.

#### **Don't:**

- Don't make excuses for the times when you aren't dependable.
- Don't ever fail to tell the truth, even when you can get away with a lie.
- Don't be shy about asking for help if you need it to improve your performance.
- Don't forget to make the time to help others who need your time and energy.

The next chapter describes how great leaders build trust, by being courageous, by being authentic, and by showing humility.

## 2

### **The Three Pillars of Trust**

*Example is not the main thing in influencing others—it's the only thing.* - Albert Schweitzer (Maxwell, p. 76)

#### **ROCC Stars have Courage, Authenticity and Humility**

We found three characteristics in common among the leaders we have worked with who have demonstrated The ROCC of Trust: courage, authenticity, and humility. We call these people our “ROCC Stars.” Their courage allowed them to be vulnerable to others, which is critical in starting to build trust. Their authenticity encouraged others in turn to be vulnerable to them. Finally, the leaders’ humility fostered their followers and others to be

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vulnerable to each other. We have chosen to call them “ROCC Stars,” the ones who really should be publicly celebrated.

### **Courage**

Mary Ellen Sheets told us that she started her company, Two Men and a Truck (TMT), when she found out her bosses at the State of Michigan kept refusing to promote her and assuming she’d never leave. Her sons had been moving others’ goods and furniture as a way to earn money for college during their summers. When her sons returned to college, the phone kept ringing, and Mary Ellen decided to hire two guys, named Joe and Elmer (literally) and purchased a used truck to keep this side business going and supplement her income as a data analyst for the State of Michigan. Without any formal training, she did the bookkeeping, scheduling, customer relations, fleet management, hiring (and firing), everything except the actual moving, which she delegated to Joe and Elmer. Eventually, she left the comfort of her government job to run the business as a full-time career. From a \$350 initial investment in the truck, her franchise-based firm now grosses more than \$200 million annually.

## THE THREE PILLARS OF TRUST

### **Humility**

Bob Lintz was just a college-graduate in training when he initially was hired by General Motors. Soon after he was on the job, the general superintendent came to welcome him to the plant. He said “welcome, Robert,” and asked him what he could do to help him. Bob said that only his parents ever called him Robert, and the only thing he would like would be to be called “Bob.” The general superintendent answered him, “yes, Robert.” Bob made a vow that day that as he rose through the ranks, he would insist that his subordinates call him Bob. This philosophy extended into how Bob conducted himself and ran his plant in ways to eliminate barriers: not wearing a tie, and eliminating the executive dining room. Bob was able to transform a \$250 million enterprise scheduled to be shut down in three years into a billion dollar enterprise that has lasted more than 20 years after it was supposed to be closed. For this long-term success to have been achieved, it had to begin with the way that Bob dealt with everyone, including his own management team:

*We had meeting agendas for my management team, and I couldn't wait to talk because I've got a lot of energy and I want to sell my point. I know times when I went into those meetings and seven items are on there and I come out of the meeting 0 for 7. I wasn't even close to the best quality*

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*decision. I walked out of there a lot of times thinking, 'Why did I even open my mouth? I've made a fool of myself. If I'd have just sat and listened a little bit, maybe I would have rethought some of my ideas before I got so doggone vocal.' I would walk out of my office with my head down thinking, 'oh, they must think I'm a complete idiot. I wish I hadn't opened my mouth.' Then, to recapture my self-esteem, I'd kind of talk to myself and say, 'Hey, the good thing is I helped create an environment where we can talk like that, we can make decisions like that, because they're going to be impacting thousands of people in the community, and the best quality decisions were made.' I'm gifted to have a lot of great people working for me.*

### **Authenticity**

Ted Castle coached collegiate hockey for the University of Vermont and had a small family ice cream business on the side. His company, Rhino Foods, adheres to the philosophy that life is a game, a game to be played honestly, fairly, and to win. "We try to bring a lot of what motivates people in a game, any kind of game, into our business." He realized that his employees would be more motivated if they knew the rules, were told the score, and could succeed by hard work.

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In order to encourage his employees to think more like owners, even though his firm was and is privately owned, Ted opened his books to show and encourage his employees how to make the firm more profitable. If his employees did improve earnings, then they received a share of the profits. This built a great deal of trust with his employees because he was being open about sharing sensitive financial information, as well as demonstrating compassion for their well-being by sharing his profits with them. Rhino Foods worked with Ben & Jerry's to develop its *Cookie Dough Ice Cream*, helping Ben & Jerry's to be the first company to create such an ice cream product. Rhino Foods still supplies Ben & Jerry's with the cookie dough that goes into their ice cream. Rhino Foods now grosses more than \$30 million annually,

### **Getting Real Builds Trust**

Bob Lintz was once invited to the wedding of one of the children of the local United Auto Worker (UAW) union leader while he was Plant Manager of the General Motors Parma plant. Bob said that this would have been unheard of under the previous management of his plant. All of Mary Ellen's employees and franchisees know her well enough to call her by her first name. She is humble also in acknowledging that she has made mistakes in

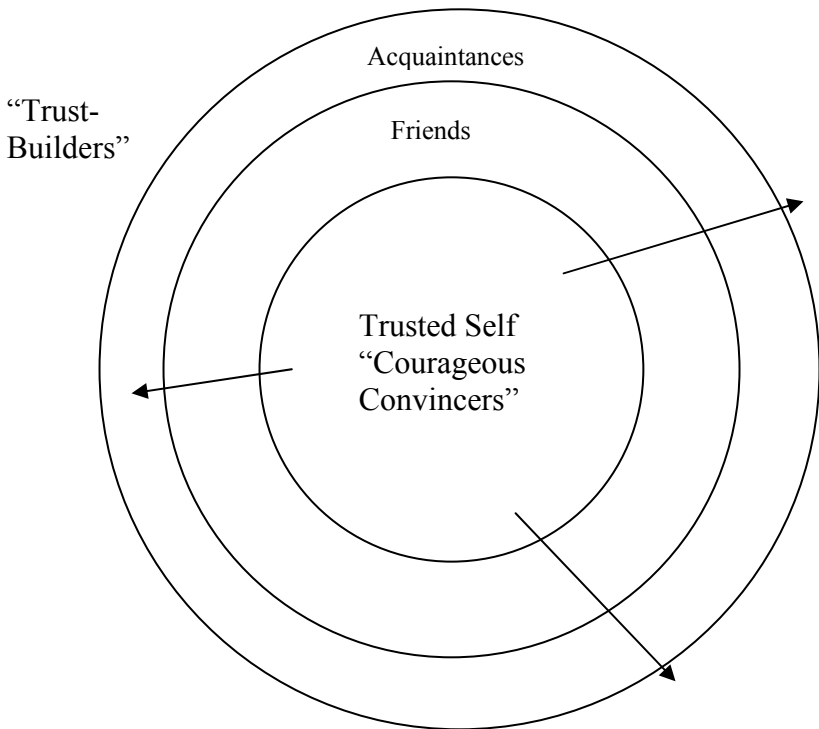
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leading her company. Her goal, however, is to help franchisees be the most profitable that they can be—for themselves, as well as for the company. By serving her franchisees this way, she and the firm are able to expect that the franchisees will be similarly motivated to serve their customers. When business circumstances turned tough, servant leaders like Rhino Foods’ Ted Castle were able to ask his best employees to go and work for a different local firm doing seasonal work. They were able to believe his promise that their jobs would be given back once the market picked-up. The firms who were able to borrow Ted’s employees in turn provided Rhino Foods with the flexibility essential to dealing with a volatile business environment, and are willing to do so again in the future.

In other words, these leaders’ courage, authenticity, and humility created very strong trust with their employees, customers, suppliers, and communities. Without their courage, the distrust that is typical in their industries would have been impossible to overcome. Because of their authenticity, employees believed that they could succeed together with their leaders. Their humility fostered sustainable growth and allowed them to overcome significant obstacles. These “ROCC Stars” created virtuous cycles of trust by viewing others as

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either friends or people waiting to be befriended. These virtual trust cycles encouraged individuals and groups to provide the flexibility, initiative, and sacrifices so essential not only to survival during tough times, but also to lasting success.

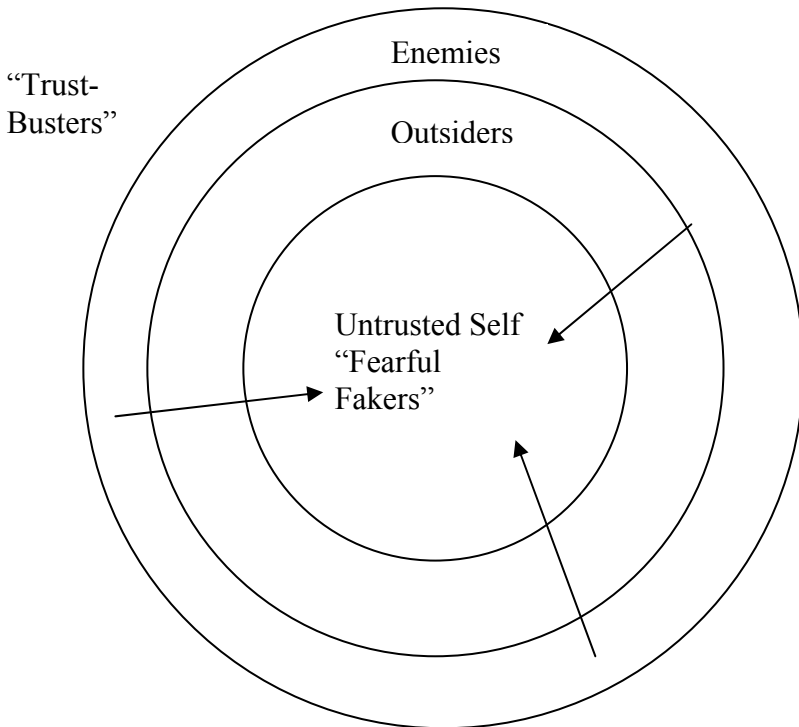


### **Getting Lost Prevents Trust**

In contrast, without courage, leaders aren't willing to find out how others view them. They lack self-awareness, and so they can't be authentic. They aren't humble, and so they aren't open to negative feedback. They view

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everyone as outsiders, competitors, or outright enemies. Not surprisingly, those around in turn distrust them. Such leaders are truly lost, or soon become lost, unable to work with others to overcome uncertainties, resolve conflicts, or expand their influence. Vicious cycles ensue in which lack of cooperation, cynicism, and suspicion beget more counterproductive behavior which validates the initial distrust.



## THE THREE PILLARS OF TRUST

### **Trust Tips Dos and Don'ts**

#### **Do:**

- Do act courageously enough to admit your mistakes
- Do be humble enough to ask others for help.
- Do encourage others to share their opinions.

#### **Don't:**

- Don't be arrogant and assume you have all the answers.
- Don't be what you think others want you to be – be yourself.
- Don't shut out negative feedback.

The next chapter describes the first piece of the ROCC of Trust – Reliability.

## **Authors' Biographies**

### **Aneil K. Mishra**

Aneil is current Associate Professor of Management at Wake Forest University. He received is A.B., *cum laude*, in Economics from Princeton University in 1984, and his Ph.D. in Business Administration from the University of Michigan in 1992.

Aneil joined the Babcock Graduate School of Management at Wake Forest University faculty in 1998, earning tenure there in 2001. He previously served on the business school faculties of The Pennsylvania State University and Michigan State University. Aneil's teaching and research interests include the dynamics of trust within and across organizations, leading effective organizational change and organizational culture. He has consulted for and conducted research on these issues with a number of *Fortune 500* and other firms, including

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AlliedSignal, Kodak, Deutsche Bank, General Motors, SC Johnson, and Two Men and a Truck International. Aneil currently teaches in several executive programs at the University of Michigan Ross School of Business, does executive coaching at Duke Corporate Education, and has done so for Duke University's Fuqua School of Business as well. He has conducted custom executive education programs for a variety of for-profit and not-for-profit organizations. Prior to obtaining his Ph.D., Aneil worked for the General Motors Corporation as a human resource specialist and manufacturing engineer. Aneil is a member of the Academy of Management, and served on the board of directors of Cancer Services, Incorporated, a not-for-profit based in Winston-Salem, NC from 2002-2005.

Aneil's research, which has been cited over 720 times by scholars in refereed journals alone, has appeared in a number of scholarly and practitioner journals including the *Academy of Management Review*, *Administrative Science Quarterly*, *Sloan Management Review*, *Organization Science*, *Human Resource Management*, *Journal of Organizational Behavior*, *Industrial and Labor Relations Review*, *Group & Organization Management*, *the Academy of Management Executive*, *Medical Care Research and Review*, and *The Milbank Quarterly*. He

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### **Karen E. Mishra**

Karen is currently Assistant Professor in the School of Business at Meredith College in Raleigh, NC where she teaches marketing and advertising. She earned her B.A. in a dual major in Economics and Music from Albion College in 1985. In 1988, she earned her M.B.A. from the University of Michigan where she was President of the Student Council. In 2007, Karen earned her Ph.D. in Marketing Communication from the University of North Carolina at Chapel Hill.

She previously taught marketing at Penn State University and Wake Forest University. Karen's research interest focuses on how organizations build trust with employees through internal communication. She has consulted for a variety of organizations in the areas of

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marketing, sales, and customer service, including Deutsche Bank, SC Johnson, and Two Men and a Truck International. Karen has conducted executive coaching at Duke University's Fuqua School of Business, and has developed and delivered custom executive education programs for a variety of for-profit and not-for-profit organizations.

Prior to obtaining her Ph.D., Karen worked for General Motors as a Human Resources Recruiter and at Johnson Controls where she managed the \$75 million Pepsi-Cola account. Karen is a member of the American Marketing Association and the Academy of Management. She is also a member of the North Carolina Association of Personal and Business Coaches. She has served as board president of Samaritan Ministries, a not-for-profit based in Winston-Salem, NC and has served on the boards of the Association for Retarded Citizens and Leadership Winston-Salem.

Karen has published her research in *Sloan Management Review*, *Human Resource Management*, *Public Relations Review*, *Marketing News*, and *the Journal of Relationship Marketing* (in press).