

LeaderPerfect Newsletter

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Trust: The New Power Source

by Dr. Mike Armour

Yes, yes, yes, I know. I'm way overdue on getting out this issue. The truth is, I've been busily writing the past two months, finishing a new book to be out in just a few weeks. It's entitled *Leadership and The Power of Trust*. Since the book has preoccupied so much of my time of late, I thought I would share its introduction as this issue of *LeaderPerfect Newsletter*. Long-time readers will notice points I've touched on in earlier newsletters, along with additional perspectives on the importance of building high-trust organizations.

During the 1980s and 1990s we heard it everywhere: Information is power! By gaining rapid access to information, companies could secure a distinct competitive advantage.

But the advantage proved short-lived. By the turn of the century, information was losing competitive leverage. Today technology and the internet have given everyone quick access to information. And when information is so readily available, it no longer bestows a singular advantage.

Information continues to preoccupy our strategic planning, of course. And properly so. But a new center of strategic power is quietly rising above the competitive landscape. It's the power of trust – the competitive clout of high-trust, high-performance organizations.

Competitive Opportunity

To say that trust has power is no startling revelation, of course. Trust has held societies and organizations together since the dawn of time. But there is an added dynamic at work today. The pace of competition has become so fierce that high performance is at a premium. And sustained high performance is only possible in settings of high trust.

Unfortunately, trust is also in short supply, as studies and surveys repeatedly demonstrate. Independent researchers are consistently confirming a problem of deep-seated, wholesale distrust toward leadership, corporations, and institutions, not to mention a broad distrust of government.

This deficit of trust creates remarkable competitive opportunities for corporations and institutions who practice Trust-Centered Leadership™, the theme of this book. In the post-Enron era, with leadership credibility at historic lows, people long for leaders and companies who inspire genuine trust. As a result, today's trusted leaders and trusted organizations have more influence and power than ever.

And we are not speaking merely of personal power and influence. We are talking about genuine, measurable economic power. Companies with high-trust cultures are markedly more profitable than those who let trust fall into disrepair – especially over the long haul. Financial institutions have long depended on high levels of trust for success. Today high trust is pivotal in every industry.

"Learning Organizations" and Trust

What elevates trust to such stature? The answer lies in the concept of a "learning organization," popularized in the 1990s in Peter Senge's book *The Fifth Discipline*. This highly acclaimed work appeared just as the information revolution gained full momentum. People everywhere were enthralled with information as a competitive tool. But they generally perceived its competitive power in a tactical sense. That is, the competitor with rapid access to information was in a stronger position in head-to-head, day-to-day competition.

Senge cast information and competition in an entirely new light. He viewed information strategically, through a transformational lens. He urged companies to deploy extensive information feedback systems, then use these systems as learning tools to transform themselves.

The faster a company learns, he held, the more quickly it can implement changes that keep it perpetually competitive. Hence the term "learning organization." Senge quoted Arie de Geus as saying, "The ability to learn faster than your competitors may be the only sustainable competitive advantage."

Experience shows that learning organizations do indeed hold superior competitive positions, perhaps more so today than when Senge first wrote. And while the competitive power of information itself may have waned, information feedback within a learning organization still conveys profound competitive strength.

Which brings us back to the subject of trust and profitability. When you look closely at today's competitive companies, they have many traits in common with a learning organization. In particular, they make constant mid-course corrections based on communication that is open, quick, and multilateral. Anything less blunts their competitive edge.

Yet this kind of communication, coupled with the on-going process of transformation, demands high levels of trust. Trust eliminates barriers that otherwise clog the arteries of communication, thwart rapid change, and impede innovation.

The higher the trust, the more readily a company can learn, reevaluate, and change. If we grant Arie de Geuss his conclusion, then the key to "sustainable competitive advantage" is having a high-trust culture that empowers an organization to learn faster than its competitors. That's why, with trust in short supply, today's new center of power is trust.

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