

Leading with Trust

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Building trust is one of the strongest levers you have for improving team performance. There's actually a simple formula for building the trust your team needs.

Today's post is by Paul J. Zak, author of *Trust Factor* ([CLICK HERE](#) to get your copy).

You can't do it all. But at the same time, leaders are responsible for everything in their domain no matter who actually executes a project. Work is becoming increasingly interdependent on large and often distributed teams in which colleagues need to manage themselves. Marshall Goldsmith has called shared leadership the key business challenge for the twenty-first century. How to share leadership and maintain high performance has been a feat few leaders have been able to accomplish.



Now, help is on the way. The explosion of neuroscience research in the last decade has provided new and actionable insights that show how to transform employees into leaders. Just as a basketball player must work effectively passing the ball to others – but sometimes drives to the hoop himself – colleagues at work must be both followers and leaders. The science shows that a necessary ingredient for effective shared leadership is a culture of trust.

In work I published in 2001, I showed that trust is a powerful lever to improve economic performance because it reduces the frictions that occur when individuals interact. If I trust you, and you are trustworthy, we are an effective team because we reliably complete our tasks – usually – and that is where things get complicated.

I spent the next five years looking for a brain signal that switched on “let’s cooperate” behaviors so I could predict the situations that result in effective teamwork. My research showed that the motivation to cooperate comes from a brain chemical called oxytocin and my team identified a set of factors that either promote or inhibit oxytocin production in the brain. Once I had developed a way to measure oxytocin (which involves taking blood samples), I started measuring it while people worked and I tracked what they did. I found that when oxytocin synthesis occurred often, productivity, engagement, and innovation were markedly higher. Oxytocin increases our empathy and connection to others motivating colleagues to take care of each other and share leadership responsibilities nearly effortlessly.

My studies revealed eight building-blocks that leaders can influence to create a high-trust, high-performance culture. I created a handy acronym so they can be easily remembered: OXYTOCIN. These components are:

- *Ovation* (recognize those who meet or exceed goals)
- *eXpectation* (design difficult but achievable challenges and hold colleagues accountable to reach them)
- *Yield* (enable employees to complete their work as they see fit)
- *Transfer* (facilitate self-management in which colleagues choose the work they want to do)
- *Openness* (share information broadly)

- *Caring* (intentionally build relationships with colleagues)
- *Invest* (promote personal and professional growth)
- *Natural* (behave authentically and ask for help)

Each of these factors explains between 45% and 72% of the variation in organizational trust. Brain science makes specific predictions of how each of these eight factors can be tailored to maximize the impact on brain activity and resulting behavior. A culture of trust can be created by continuously monitoring the OXYTOCIN building-blocks to improve business outcomes.

I recommend viewing culture like any other business procedure – it is not set in stone but rather a dynamic process. Viewed this way, culture can be managed for high performance. If you don't manage your culture, it will surely manage you. Why? People in groups naturally form cultures (which are just norms of behavior) and they can be toxic, tolerable, or terrific.

After I spent a few years advising corporate clients on how to create a culture of trust, I soon realized that taking blood from employees while they worked could only be done at a few brave businesses. So, my team built software so that leaders can measure organizational trust and implement interventions to raise it. Of course this all sounds good – using science to get the human part of business right – but is there really a return on investing in culture?

Yes, there is. Here's an example: I worked with a 5,000-person business services company in the southern United States that had not kept up with changes in its industry and was hit hard in the last recession, painfully laying off employees. While advising senior leaders on their turn-around plan, the culture data I collected showed, among other things, that Ovation was quite low. High performers were not being recognized and held up as exemplars to others, leading to frustration and "presenteeism." The science shows that Ovation is most powerful when it is close in time to the goal being met – public, unexpected, and tangible – and comes from peers. Creating a peer-based recognition program immediately increased trust because colleagues began noticing the effort others put in. Public Ovation also builds aspirations in those watching the celebration to be recognized by performing at the highest level. It is not just Ovation that improves performance: the science shows how the other OXYTOCIN factors can also be changed to build a culture of trust.

These results generalize to employees nationwide. My group collected a representative sample of 1,095 working adults and our analysis revealed that those working in companies in the top quartile of organizational trust, compared to those in the bottom quartile, had 106% more energy at work, were 76% more engaged, and reported being 50% more productive. High-trust companies had one-half the employee turnover of low-trust companies, with employees at these companies telling us that they enjoyed their jobs 60% more and felt 66% closer to their colleagues.

Trust matters, a lot. The national data set I collected showed that if a company moved up one quartile in organizational trust, the average employee would produce an additional \$10,185 in revenue every year. Because many of the ways to increase trust do not cost a lot, the return on an investment in trust is often hundreds of dollars for each dollar spent.

It's not rocket science, but it is neuroscience.

– Paul J. Zak, PhD, is founding Director of the Center for Neuroeconomics Studies and Professor of Economics, Psychology, and Management at Claremont Graduate University. He is author of *Trust Factor: The Science of Creating High-Performance Companies* ([CLICK HERE](#) to get your copy). For more information, visit www.PaulJZak.com.

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