

# *The Value of Organizational Trust*

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Over the past few years, Wells Fargo has taken a series of steps to address improper sales practices – with a focus on instituting critical changes to rebuild the trust of customers, team members, community partners, and shareholders.

Among other things, they have made changes to their leadership structure and personnel, refunded customers millions of dollars for improper fees, eliminated product sales incentives for retail bankers, and revamped their risk management and compliance approach. In addition, their latest advertising campaign (called “Re-Established”) features examples of how they are remaking the company to regain the trust that had been lost due to prior sales practices.

This situation reinforced my appreciation for the value of instilling trust in business relationships and practices.

## **Loyalty versus Trust**

Loyalty can be defined as faithfulness or devotion to someone or something. Loyalty – to spouse, family, friends and business associates – pervades our existence and is generally viewed as a virtue. Companies also inspire and sustain brand loyalty by creating loyalty programs to reward customers who make repeat purchases and who remain faithful to a particular brand.

Closely associated with the concept of loyalty is trust. Trust can be defined as a firm belief in the reliability, truth, ability, or strength of someone or something. In fact, trust forms the basis of loyalty. Trusting others in business is vitally important and is the foundation of most successful relationships, especially those that produce positive results.

While loyalty is important in today’s business environment, I would argue that trust is more important in developing relationships that count most in organizations, and which lead to business success.

## **How can you build trust (and enhance loyalty)?**

Assuming that trust is important in valued business relationships, the challenge is how to build trust in an honest and genuine fashion so that it becomes part of your culture and forms the bedrock of success.

There are many ways to build trust, but in my experience, the ones that are most important include the following:

- Be honest and forthright in your business interactions. Integrity in your conduct exemplifies what you expect from others in return.
- Be consistent between your words and actions. This congruency supports genuineness and authenticity, and reflects positively on your values.
- Show people that you care about them and their interests. Having empathy demonstrates that you understand and share another person's experiences, perspectives and feelings. This helps to build deeper, more connected relationships.
- Admit your mistakes in an open and honest manner and be willing to apologize. This is part of taking responsibility for your actions – regardless of how painful or costly this may be.
- Value long-term relationships more than short-term success. This demonstrates commitment to lasting partnerships that yield mutual benefit.

## **What are the benefits of achieving trust in an organization?**

The benefits of building trust in any organization are significant and typically long-lasting.

In my experience, some of the key benefits resulting from establishing organizational trust include the following:

- It improves morale and supports improved employee engagement. This in turn enables people to use their knowledge, skills and abilities to achieve individual and organizational goals.
- It enhances employee productivity so that workers are more efficient and effective in their roles at the firm. Improved performance normally has a direct impact on the firm's bottom line.
- It increases loyalty to the organization so that employees are more likely to stay with a company rather than leave. This helps reduce employee turnover, which is a costly proposition.
- It builds teamwork and collaboration among employees. Often, this results in enhanced innovation and creativity that speeds the path to better ideas and business solutions.
- It overcomes resistance to change throughout the organization. Given today's dynamic marketplace and the advent of global competition, an organization's ability to adapt and change is paramount to its viability and sustainability.

In conclusion, while loyalty has its place (and is certainly expected in most organizations today), it can only be built on a foundation of trust. Trust is what counts most in order to achieve both short-term and long-term success in any business enterprise.

If you are having difficulty building trust at your firm, please contact us so we may partner with you to determine the best approach (including a Plan of Action) for creating organizational trust.