

Transcript interview David Horsager

Interviewer: David, good to have you at TrustTalk.

David Horsager: Thank you so much. Great to be here.

Interviewer: If I were to describe all your activities around trust, we would probably be filling this episode. So let me take a few highlights, which I think will describe you best. You are President and CEO of the Trust Edge Leadership Institute and author of the book "Trusted Leader, 8 Pillars That Drive Results". We come to that subject a little later in our interview. The Enterprise Trust Index is also your brainchild. On LinkedIn you describe yourself as "the global trust expert". So who else better to talk to about trust than you?

David Horsager: Well, thank you, it's great to be here. I don't know if my team describes me as that, but I guess some publications have too and I, one of the recent ones, I was inducted as the trust expert in residence at High Point University. So anyway, it's a treat. I'm definitely passionate about this work. It is definitely my life work. And I definitely believe trust is the real issue.

Interviewer: Wonderful to have you then here to talk about trust. Let's talk about the Trust Edge Leadership Institute. They publish their "Annual Trust Outlook" and the 2021 version of that Outlook is a special one as it is published in the middle of a public health crisis due to the Covid-19 pandemic. What are the most striking findings of the 2021 outlook?

David Horsager: Well, I think some of the changes there are there are many things that happened in this time, as far as building trust, I think there was a definitely a move toward humanism, humanization of people, where we need leaders. First of all, let me say this. This was a finding, number one reason people want to work for an organization, ahead of being paid more last year, ahead of a more fun work environment, ahead of more autonomy, was trusted leadership. So it's a big finding. We have to deal with this trust issue. It's never a leadership issue. The reason I follow a leader or not, is trust. It's not a sales issue. The reason I buy or not has something to do with trust, not a marketing issue. The way amplify marketing is increased

trust. So in this, if I was going to take a look specifically at the pandemic time frames, we saw several things. One, the leaders that made it well, they led the conversation with empathy as an example. They took clarity to a new level. One of the pillars of trust is clarity. We trust the clear. We mistrust or distrust, ambiguous. But they took clarity to a new level like people used, we used to say if you have more than three priorities, you don't have any. In a pandemic, they said, forget it, what's our number one priority? And in fact, they also shortened up the time frame and said, OK, instead of over the next 90 days or a year, the world is changing too fast. What's our priority for this week as a team? What's our number one priority this week or even all the way down to the day? What's it just for today? Things are changing so fast, so they are a couple quick takeaways are empathy and humanisation that people became more important and a whole new level of clarity became more important. You know, one thing that is interesting, as far as a positive in a virtual environment, many people see the negatives. But one of the positives is some of the humanisation that happened to the CEO or the C-suite. You know, all of a sudden the CEO was communicating from their own home with a cat on the keyboard and a four year old running in their undies behind them. And all of a sudden people saw their CEO as a human

Interviewer: Oh, that's what you mean by humanisation, yeah. I can see that. Happened to me as well, although I don't have a cat nor young children anymore.

David Horsager: True.

Interviewer: If we talk about measurements of trust, it's also measured by I'm sure you are aware of the Edelman Trust Barometer. And their 2021 findings are nothing less than worrying, in my view. Our trust in societal leaders and politicians declines and trust in CEOs by employees seems to grow. Is that a finding that you also see reflected in the 2021 Trust Outlook of your Trust Edge Institute?

David Horsager: I have great respect for Edelman and their research and well, we might be the biggest study out of North America and we do a global study, they probably they're the biggest PR firm in the world, probably the biggest study of its kind. There's some ways we niche our study, but I absolutely agree. And I will say, you know, institutional trust has dropped for a long time in the US side of the world, it's since Watergate, government trust has gone down, used to

be 80 percent of Americans trusted the government to do what's right. I think it went down to something like 7 percent. It's terrible. But any institution globally, actually global institutions have actually taken a decline for decades. Media trust is down, you know, food, we used to think the big supermarket was trusted, now we want to know what's grown right next to us. And people are petting the cats are the calves of the cows and singing music to it if we want to buy that, you know, meat. So education, at least on the US side, education, Big Education was trusted, now home-schooling and charter schools and private schools are much more trusted, even in and this is global, but in the US that it's really accentuated where religion, about the same number of people believe in God is that 80 ago in America, and yet any metric that would show it, as far as an institution attending a place of worship or giving to a place of worship is down steeply. It is true that well, most all of others declined. Business trust is actually, in some cases, up. I would say the reason the CEO trust went up is some of what I just talked about was we started to see the CEO as human. I will also say this, though, people in this time of pandemic, you know, we know this the fastest opportunity to build trust, is not in first interaction, it is in crisis, but it's also the first opportunity to lose trust. So we saw many CEOs increase trust massively in this time. We also saw massive drops of trust for certain CEOs. So it's a bit poller to say, all because we saw almost a barbel of people that did it right, increase trust and people that didn't lose trust.

Interviewer: I think they called it "localisation of trust". So your own CEO is seen as a more trusted figure than the corporate in general.

David Horsager: Exactly. And we know we run our so we have the Trust Outlook, which is our big study, but in companies, we have six ways we measure trust and Enterprise Trust Index is our most significant way we measure trust and organization. And consistently you'll find in almost every situation that you trust your manager more than you trust the overall leader because you know them.

Interviewer: Let's move on. Early on, you were talking briefly on the employees. In the summer of last year, your institute surveyed over a 1,000 employees from several major industries and they were asked what matters to them as they establish and maintain trust with their leadership and how they know they can trust their leaders in unstable times. Can you reflect a little bit on the major outcomes of that survey?

David Horsager: I'll give you a few that come top of mind. And of course, we're talking about a significant survey, usually our survey, thousands and thousands of people. The uniqueness of last year's survey is that we did fewer and we actually did verbal interviews, you know, so it was, so anyway, a few things that were significant were that employees want to see is they want to see in a pandemic, you know, they want to, are you going to make me safe? Are you going to keep me safe both physically and psychological safety? Safety became very significant in a pandemic in people's minds and in their physicality. Like, are you going to you know, are you going to take precautions to keep me safe physically and also even psychologically, by the way, there's a lot plenty of mental health issues. They wanted to know that the CEO actually could put their feet in the shoes of my situation. So many senior leaders might have a big home and a beautiful place. And they wanted to know you'd understand. I'm living in an apartment, my husband has Covid and my three kids are running around the same kitchen, little kitchen table in my apartment or flat that are doing their education while I'm trying to get something done for you. They wanted to know you could put your feet in their shoes. That was another finding. They wanted to know this is challenging, but they wanted to be given some more autonomy and flexibility. And as you can imagine, now we're seeing more the outcomes. In some cases, results are up and in some cases results are significantly down where a lot of autonomy was given.

Interviewer: you mean, financial results or the results in terms of outputs,

David Horsager: Both. And they also wanted two other I mean, there's plenty of takeaways here. There's more. But transparency and vulnerability. Last year, 92 percent of people said they were to trust their employee, employer or their leader more if there are more transparent about their mistakes, those leaders that actually, I think, kind of vulnerably shared the challenges they were having. There's a real mix here, by the way, because we don't want to follow a leader that's like I don't know what the heck's going on. I, I mean, this is hard for me too, come on everybody, I have never had a pandemic that we don't want to follow that. And yet we also don't want to follow someone that isn't willing to be vulnerable about the challenges they are facing. So it is a bit of a complex mix of so here's one example. We know that some people say trust is vulnerability and transparency, and that's not alone it, because, you know, some kids are so transparent on social media, I don't trust them for a second

because confidentiality is also trusted. Right. So it is a one point of this is just things are more complex than they had first seem.

Interviewer: I would like to talk with you about the influence of trust in stakeholder relationships, the trust stakeholders have in the actions of their company. And I was thinking of this subject, especially with regard to the fossil industry. I thought of that reading an article in a Dutch newspaper, the NRC, about the growing distrust among shareholders of energy giant Royal Dutch Shell on whether this company is actually doing enough to increase sustainability and very surprisingly, at their annual shareholders meeting, a motion was filed by an activist group called Follow This, who calls for more action and was supported by more than 30 percent of shareholders, which was a kind of unheard of. Do you see eroding trust by stakeholders as an issue for corporations?

David Horsager: It absolutely is, you know, our stakeholders matter more than ever, they are more informed than ever. We talk a lot, I've been a part of the Association of Corporate Directors and ESG is more important than ever. The governance, the environment, our impact, people more than ever want to be aligned with your overall values and both social values and, you know, it can be hard values, it could be religious values. It could be. But it's kind of our not just our business values. In fact, for the first time ever, last year, our big roundtable in the US, which only allows the CEO of Wal-Mart, the CEO of Toyota, the CEO, I mean, the biggest CEOs came out and said for the first time since Adam Smith, basically we're not just about making money for our stakeholders, we are really about something entirely different, the good for all. And that was a kind of massive shift in people seeing the importance of that. So it's going to continually, by the way, be more important that people are going to give to they're going to buy in. They're going to refer people they align with, you know, that care also about the social and societal impact.

Interviewer: And like climate and sustainability is more important than ever, right?

David Horsager: Absolutely.

Interviewer: I saw that you in a presentation you gave you defined trust as, one, to do what is right, second, to deliver what is promised and third to be the same every time, whatever the

circumstances. So let's take them one by one. The first one seems arbitrary because what is right depends on so many factors, right? How do you distinguish what is right and wrong in trust terms?

David Horsager: Well, I do distinguish it in my first book because so it is from my frame of reference. But let me give you my really overall original definition that comes ahead of that. So the way I define trust is actually a confident belief in. So I define trust is what I can confidently believe in you to do what's right and all of these things. Then I have that it can gain this trust edge. But really, trust is just a common belief. And to do good or not, I mean, I can I can confidently believe in you to be late because you're late all the time and I will in fact trust you to be late. Right. So in this in this frame, just to not take it out of our definition is to confidently believe in someone and in the way we wanted to do what's right. And we define that in the book and write for us is a combination of integrity and moral character. And the reason it's a combination is someone could say to me, well, integrity, that's just being the same and thoughts, words and actions. And Hitler had more integrity than Churchill. Right. If you just define it so limited. Now, Churchill had a moral character at one of the darkest hours of the 20th century to kind of save us from tyranny, you could say. But it's a combination and that and defining what's right. Also, you know, I used to be an ethics professor, and I'm not interested necessarily in getting on this little thing and that little thing, but almost 90 some percent of the globe agree on what we call the Magnificent Seven, but on most of what is right. So let's just start there. We know it's not right to push a grandma in front of a train. We know it's not like and that's the same with many of us know what's right. What we all could agree on is right to do in business and leadership. That's where we're going to try to focus on. If we could just do that, we'd save our world from a whole lot of things.

Interviewer: I would agree with that. The second one that you mentioned is the promise to deliver what is promised, seems to come back by most practitioners and scholars when defining trust so that needs no further discussion, I guess. But the third factor you mentioned to be the same every time, whatever the circumstances, intrigues me. Are you talking about character here?

David Horsager: I am in that specific case. So thank you for that, because I'm certainly not saying we don't have to change and adjust with the times. I am saying that those that are

trusted have a sameness. In other words, they have a consistency. It doesn't mean the world isn't changing. It doesn't mean we don't have to adjust to the pandemic or change, but we actually, if our core principles as a human, as a leader or as a company, need to stay the same. For instance, in our big our business, the way we delivered results was a little different, but it was the same result. The way we lived out our values is different in some ways, but it's the same values.

Interviewer: Yeah, let's talk about your book *The Trust Edge* a little bit in the book, you very much concentrate on the question how top leaders gain faster results and deeper relationships in a stronger what you call "bottom line". Maybe you can give a telling example.

David Horsager: Well, a couple of things. Let's start with the case for trust and well, I only do this goes back to my graduate work almost two decades ago. But the first thing people need to see is how a lack of trust is their biggest expense. It is the biggest cost. It's not you know, everything of value is built on trust. Trust is I said it before is always the leading indicator. So it's not a leadership issue. The reason I follow a leader, not as trusts, not a sales issue, the reason I buy or not is trust. It's not a marketing issue. The only way to amplify a marketing message has nothing to do with trust. It's not an innovation issue. The only way to increase innovation in a company is increase trust, so people share ideas. It's not a diversity issue. The biggest Harvard study shows diversity on its own can pit people against each other unless they increase trust. Then you get the benefits, which are clearly research based also of diversity, inclusion, equity and all those things. So you have to do with the trust issue that first half shows on page 20, if anybody has it, shows that the infographic of the first half of all of my research and so forth. So, so, so when trust increased, attrition went down, retention went up, costs went down. We've used this now on corruption issues. We've used it with pro sports teams. We've used it to triple sales in 90 days. We've used it to save millions and attrition costs for companies. I didn't know what was happening here when I was doing the first grad work. But ultimately, it showed that trust is the key driver. And if we want to go simple for people to just kind of think, oh, I thought trust was just kind of a soft namby-pamby idea, think about this. Let's think of what would represent a lack of trust. A lock would be one representation. The only reason I would buy a lock is because I don't trust someone. So what is the cost of having a lock on something? Well, I got to buy the lock. That cost is money. But the biggest cost is time, because now I have to I got to every time I go through the gate, I've got to unlock it. So there's always a cost. It might be a

productivity, attrition, efficiency, stress, but it always affects the bottom line. So that was a unique finding.

David Horsager: On another simple term, I might say to someone, text someone you trust. How long does that take? It's done now. Text someone you don't trust. How long does that take? Hmm. How are they going to take this? How are they going to take that forever more? There's always a cost versus the lack of trust, and it doesn't mean I don't have them. I teach and preach the stuff and I don't live it out perfectly. I just know this first half, you have to understand first that a lack of trust, the biggest expense, of course, the biggest part of that book is about then if trust is so important, how do you actually build it? And that gets into the revalidated research based 8 pillar framework. They are noted by C words. But remember, they're not some C-motivational words. They note a research funnel or an area that you have to have these 8 to be trusted. And by the way, I come back to those 8 in Trusted Leader and give fresh ideas that a leader can use tomorrow morning to build trust.

Interviewer: So let's move on to that "8 pillars of trust", as you often called it in talks and publications, to build effective leadership or what I would call the eight C's clarity, compassion, character, competency, commitment, connection, contribution and consistency, right?

David Horsager: Right. They are. So just think about this briefly in your mind, everybody, think about and you can write these down on a napkin or piece of paper in front of you and think, OK, it by the way, I believe and it can argue without ego, but a whole lot of research that you can solve every organizational and leadership issue against these eight. It's always one of these eight. It's not an engagement issue. The only way to increase engagement is to apply one of these. The only way it's not a net promoter score or referral issue, it's not even a communication issue. People all got a communication. You never have a communication issue. It's the type, clear, the first pillar, clear communications trusted, unclear communication isn't. Compassionate communication is and hateful communication isn't consistent, is inconsistent, isn't high character is low character. And so clarity is trusted that next one compassion. I trust those that care beyond themselves, that next pillar character, it matters because if I do what's right over what's easy, you know, I might trust you to take my kids the ball game because of your character, but not give me a root canal because you don't have the fourth pillar, which is competency.

David Horsager: The pillar of commitment is important. We trust those, you think of anybody has left a legacy, Martin Luther King, Mandela, Gandhi, Jesus or Joan of Arc. And there were largely trusted because they were committed to something beyond themselves or the connection pillar. If I go into a company, I'll see counter forces to these pillars like siloing. I know I've got a connection pillar issue or the results pillar, number seven, we trust results. You've got to contribute results. You can't just have compassion and character and not contribute the results I expected or asked for. So some of the key words under that funnel would have been performance results, outcomes and so forth. And then that final pillar consistency. The only way to build a reputation or brand for good or bad is sameness. I've got to have the same. I might I might not like McDonald's, but I trust them because I've had the same burger on six continents.

Interviewer: Right, in an earlier interview I had with Professor Guido Möllering, he talked about the Trust Trap. It's a situation where the trust between two partners is so strong that there are no longer able to leave the relationship or even just re-adjust it and see if it is still doing what it's supposed to be doing. He mentioned two examples like Apple and Qualcomm and Microsoft and Intel. Both were very productive, long term collaborations that went well. But at some point, but too late, they got sour and they had big problems with each other. Do you recognize that? And did you in your advisory work experience this as well?

David Horsager: I've seen that happen, but I wouldn't call it a you know, so you're talking about kind of a blind trust or not keeping with that pillar of competency. So in simple terms, I might tell people, you know, you I don't if you're leading the same way you were 20 years ago, I don't trust you, if you're teaching the way you were 10 years ago, I don't trust you, if you're selling the way you were five years ago. I don't trust you. And that's a part of staying the same and missing out on that innovation competency, changing times pillar. And that's, of course, critical to staying trusted. However, some people have stayed with something and long, long, long term stay trusted. It's very uncommon. But it also I wouldn't say, you know, we have to make sure and define that right, it's not just because two people were and they always fail. It's the way they grow together. Much like my parents are going to celebrate their 65th anniversary, they've lasted at 92 years old and others haven't. And it's not that they're the same, it's that they've keep kept growing together. And that takes an awareness of almost, you know, trusting

enough, you know, and especially under that, not just the commitment pillar, but also the competency

Interviewer: We already touched upon that a little bit because the theme you often touch upon is building a culture of trust what makes a meaningful difference. How does that influence employees in organizations in terms of productivity, in energy, at work and collaborative environments?

David Horsager: Well, you just think about this. When trust goes up, of a sudden duplicity goes down. I don't have to double check because it's we've created this trust environment. By the way, just because I believe in trust doesn't mean I believe we should trust everyone. You know,

Interviewer: You trust me, I hope.

David Horsager: Right, exactly. But it doesn't mean like I don't trust my flight to be on time because I've had experience with that carrier or I don't trust that boy with my daughter because I've been a boy or I don't, you know, don't trust people that say, just trust me. It's it's there are reasons to trust. But when you created the efficiency is enormous. Duplicity, redundancy, efficiency. If I trust you, I can say it one time and it's done. If I don't, I've got to double check, I've got to come back, I've got all kinds of issues. So when you can create it, you've created the most efficient, a greatest efficiency you can. Great. It doesn't mean it's easy, but it is a fact when you, the highest trust organizations have the highest efficiency in teams

Interviewer: We come to the end of the interview and I like to end today's interview by asking you what your predictions are for trust in the near future.

David Horsager: Well, I think we're going to increasingly, as far as near future predictions, I'll tell you a place trust will go up and might go down. Trust, I think, will increasingly go up in certain types of technology. Technology is not trust is not is kind of not necessarily a conduit, you know, a plus or minus. It's how it's used. So bitcoin and blockchain have this way that trust can be built without human lack of character or air. So there will be an increasing trust towards because of certain types of technology. On the other hand, of course, technology can amplify distrust, much like social media algorithms are taking people and we know if I watch this type of

thing that I only get that type of thing. So we get polar thinking, which is of course, decreasing trust using technology. So but technology will continue to amplify trust. Positive or negative, blockchain would be an example of an increase and I think in trust in certain scenarios and social media, I think we'll continue to, for the near term, amplify disunity. I think, yeah, there's a whole lot of things I could say politically that are so charged that people half the people would stop listening to me. But it's a it's a very volatile environment and it is, in fact, tragically sad.

Interviewer: David, thank you very much for being our guest today. Certainly from what I hear today, you have a very strong commitment to trust.

David Horsager: It's my life's work. I'm very committed.

Interviewer: Thank you very much for being here.

David Horsager: Thank you.