

Creating a High-Trust Culture for High Performance

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How to Increase Trust

Why is culture so difficult to change?

Why are so many employees disengaged?

What should a leader do when she arrives at a company that is struggling?

The founding director of the Center for Neuroeconomics Studies recently wrote a book, [Trust Factor: The Science of Creating High-Performance Companies](#) to answer these and other questions. Paul J. Zak, PhD, is also a professor at Claremont Graduate University. He recently answered some of my questions about his extensive research into trust. His book is fascinating and contributes to the body of work on trust and organizational culture.

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| *Survey of 200,000 employees: 71% of companies have mediocre to poor cultures.*

Spot the Signs of a Low-Trust Culture

In one part of the book, you tell a story of walking into an office full of cobwebs, old furniture, and a struggling culture. What are some of the signs of a low-trust culture?

Distrust drains employees' energy, so people move slow, think slow, and lack a passion for their jobs. Organizations with low trust also have lower profits, so offices often look out-of-date, even while new employees show up as turnover tends to be high. We have also shown that people take more sick days when they work at low-trust companies, so one sees empty desks. All these factors are signs of a low-trust syndrome and a downward cycle of productivity, innovation, and profits.

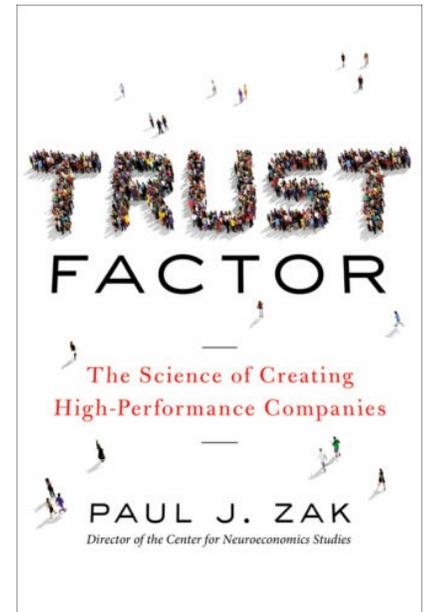
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| *“High-trust companies invest in employee health and productivity.” –Paul J. Zak*

Why Healthy Cultures are Based on Trust

Why is a healthy culture **based on trust** so vitally important to its success?

Companies are, first and foremost, people. As social creatures, we naturally form teams to accomplish goals together. Extensive research shows that teams are more effective when they have a clear objective and when team members are trustworthy. Trust reduces the frictions that can arise in teams so getting things done takes less effort and as a result more and better work is done. By measuring brain activity while people work, we've shown that people are more relaxed when they trust their colleagues. They innovate more and shed the stress from work faster than those in low-trust companies. Creating a culture of trust provides powerful leverage on performance because it harnesses what our brains are designed to do: cooperate with others in teams. And the neuroscience I've done shows how to create a culture of trust in a system so it has the maximum effect on brain and behavior.



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| *Workers in high trust organizations are paid an average of \$6,450 more.*

I love the biological explanation of the Golden Rule. Explain the connection between oxytocin and trust.

In the late 1990s, I was trying to figure out why people trust strangers so much. Saying we are “social creatures” doesn’t really explain much, and it doesn’t tell us why people are trustworthy after they have been trusted. I was the first scientist to show that the brain chemical oxytocin is synthesized in the brain when we are trusted, and oxytocin motivates people to be trustworthy. In *Trust Factor*, I discuss more recent research I have done that shows that oxytocin supports the Golden Rule: If you treat me nicely, my brain will make oxytocin, and then I’m very likely to treat you nicely, too. Of course, the action is in the work we’ve done showing the factors that inhibit and promote oxytocin release. This is the starting point for our studies of employees in effective and ineffective organizational cultures. Understanding the factors that stimulate oxytocin production have allowed me to identify the building blocks of high-trust, high-performance organizational cultures.

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| *“Distrust drains employees’ energy, so people move and think slow.” –Paul J. Zak*

What’s ovation? Would you share an example of using it effectively?

As social creatures, we have a need to be recognized by others, especially when we work our tails off to help the group. The neuroscience shows that recognition has the biggest effect on the brain when it is unexpected, public, comes from peers, is personal, tangible, and close in time to when the goal was met. This sets up a feedback loop in the brain that makes it rewarding to be a high performer and sets up a desire to be recognized again. Ovation done publicly generates aspirations among peers to be high performers as well. This creates a culture of excellence. My favorite example of this is in the 60-odd businesses that Barry-Wehmiller Companies own and manage where they ask colleagues to nominate a peer who made a “positive impact on their life.” Then the business is closed for a day, and everyone shows up for the Ovation for the winner. He or she gets the keys to a sports car to drive for two weeks. This hits all the right buttons neurologically.

How do you recognize the difference between chronic workplace stress and its damaging effects versus positive stress motivating a team toward a laudable goal?

Challenge stress is a positive motivator at work (and at play), but the goal has to be objectively measured, concrete, and achievable with sufficient effort. I give the example in *Trust Factor* of the first time my daughter skied down an intermediate slope and fell and skinned her knuckles. She hated it. But the second time down she nailed it and has loved skiing ever since. When we create stretch goals at work, the challenge can be invigorating. But these challenges have to be action-oriented and specific. “Sell more this quarter” will move quickly into performance-diminishing chronic stress. But, “Call three more customers this week” is a doable challenge. The book identifies ways to monitor colleagues for chronic stress, including emails sent in the middle of the night, sleepiness, and short-temper among others. Leaders need to monitor direct reports for overwork as much as for underwork.

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| *Trust decreases several measures of chronic stress.*

The Importance of Rest

Share a little about the importance of rest and how it relates to a [high-trust](#) culture.

Neuroscience in the last five years has shown definitively that sleep is essential to thinking clearly and for long-term health. We seem to believe that in our go-go 24-hours-a-day world that sleep is optional, but it is not. High-trust companies invest in employee health and productivity by, for example, creating napping rooms for the sleep-deprived. More generally, many companies have sought to create the conditions for a healthy work-life integration where colleagues may choose to work at home, at night, or from the beach for that matter as it suits them and their teams. This investment in self-management allows colleagues to control their work lives and personal lives more effectively and gain the productivity boost from it.

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| *Employees in high trust organizations feel 38% closer to something bigger than themselves.*

What findings from your extensive data may surprise us?

Two findings really surprised me. The first was that those who work in high-trust organizations are paid more. The average employee working in a company in the top quartile of organizational trust, compared to the bottom quartile, earns an additional \$6,450 a year, or 17% more. This means that people in high-trust organizations must be more productive and their companies more profitable. The second interesting finding is that working in a high-trust organization makes people happier with their lives outside of work. Again, comparing those in the highest quartile of trust to the lowest quartile, overall satisfaction with life is 29% higher when one works at a high-trust company. These people are better parents, spouses, and citizens. This is amazing. Trust improves the triple bottom line: it is good for employees, improves company performance, and strengthens society.

The Economic Payoff of Trust

You talk about a “return on culture,” which must thrill those who think culture work is all the soft stuff. What statistics prove this out?

In doing this work I wanted to be sure that building a culture of trust did not just feel like the right thing to do but actually had an economic payoff. This is just what I found when I looked at companies before and after trust-building programs and when analyzing U.S. nationally representative data from working adults. When we compare employees who work for companies in the top quartile of trust with those working in the bottom quartile, we find that those in high-trust companies are 50% more productive, have 106% more energy at work, are half as likely to leave their company in the next year, have 74% less chronic stress, experience 56% more job satisfaction, and take 13% fewer sick days. This directly increases their engagement, and these lucky people, on an average day, find their work 60% more enjoyable than those condemned to work in low-trust companies.

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You’re a hugger. How do people respond to you hugging? Any memorable stories of pushback? [Save](#)

My lab showed a decade ago that touch causes the brain to release oxytocin. This increases trust and empathy. So, as a self-experiment, a few years ago I decided to hug people rather than shake hands when I met them. I found that people connected to me much better, so I kept doing it. When I am introduced to someone, I always announce that I hug everyone so people can opt out. This way people do not feel uncomfortable. One time in Canada, I was invited to speak at an event and was meeting the organizers and hugged about 10 people when I got to an older man. He said he couldn’t hug me. I asked him if he had kids that he hugged, and he said yes. I asked him if he was ever on a sports team and hugged his teammates, and he said yes. So I asked what the problem was. He said he didn’t know but couldn’t do it. This happens about one percent of the time for me, and I’m OK with it. I don’t want to make people uncomfortable. Nearly always when I hug people, they light up and our connection is better. *Trust Factor* has many “brain hacks” like this to improve the performance of teams and companies since all human behavior comes from the brain.

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Trust Factor: The Science of Creating High-Performance Companies

