

Why should I trust you?

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Flywheel of Trust

Foreword Jeroen Smit

Every ambition, every collaboration, and every relationship stands or falls on trust. Everybody knows that. Without trust, people have nothing and whatever exists will eventually be shattered. At the same time, we can only trust each other when we don't doubt our own intentions. The core message of this book can be summarised as one statement: 'Insight comes first, prospect comes second!'

After decades of believing that the world is a marketplace, a battleground – where we are either hunter or prey, winners or losers. In such a world, trust is hard to find. It is 'every man for himself, and God for us all'. Homo economicus reigns – a conviction that feels ever more discomfiting. Slowly but surely, we realise that putting our own interests first these days is penny wise, pound foolish and that this mentality will only backfire in the end.

Global warming, the declining biodiversity, and the fast-increasing gap between the rich and happy few and the growing army of the poor will turn the world into a miserable place. For us and, most of all, for our (grand)children. The world slowly starts to understand that we have only one planet and that it needs to house, water, and feed at least 8 billion people. Or in simple words: Businesses cannot succeed in societies that fail. It is one of the mottoes of Paul Polman, CEO of Unilever from 2009 to 2019. Over the past few years, I have explored his quest. For ten years, labouring as a dauntless pioneer, his mission was to convince the world that companies that are only in for the money actually have no license to operate. Companies need to be a force for good and serve the society on which they were built. And perhaps it is needless to say that this is also in their interest. After all, nobody will earn anything in a society that suffers on all fronts. We can deplete the oceans of fish, and the last, scarce fish will bring huge profits, but then what? There'll be nothing left. Businesses will cease. And we all have a huge problem on our hands.

Polman was adamant that Unilever cannot fight this fight alone. So he built on a flywheel of trust. An ingrained trust as the foundation for a vigorous joining of forces, including parties who initially faced each other as adversaries. A feeling of trust that will prove crucial to completely overhaul the rules of the game and to come to new agreements. To give an example, any company that develops or comes up with something that contributes to a more sustainable world will have to share this knowledge with its competitors as quickly as possible and freely – in the broadest sense of the word. As long as such finds are cloaked in

secrets and protected by patents, society will conclude that the respective company is mainly greenwashing.

So what should be done? And how? The answer is simple and unsurprising: we need to work on a circular economy. This is also the ambition of the Netherlands and the European Union – realising an economy that no longer requires the use of primary resources by 2050. We need to be half-way on track by 2030. Nine years from now, for example, 50 per cent of all new plastics that we use must be made of recycled plastic. Optimistic estimations show that we are now at only 9 per cent.

How? Let's look at another example: Mattresses are basically impossible to recycle because the plastics and other synthetics they contain are glued. And as we buy ourselves a new mattress every ten years, on average, around 35 million discarded mattresses are incinerated in Europe every year. It motivated mattress manufacturer Auping, in collaboration with DSM, to develop a mattress recycling process, after which they more or less freely offered this new-found knowledge to their competitors. This should compel Brussels to decree and make sure that the production of non-recyclable mattresses will be altogether prohibited by law by 2030 – giving the industry time to change its ways and learn to compete on other qualities. Manufacturers will have 10 years to organise an entirely circular production chain and we can still buy ourselves a new mattress every decade.

The quest is clear. Whether it's driving innovation or transforming our economic system, the years to come will

require a huge amount of effort on our part. It'll be hard work and an exercise that first and foremost needs us to join forces and, thus, demands trust. It is a road that people who call themselves leaders have no choice but to take. They need to be bold enough to overhaul the system. We are not the embodiment of the economy, we *have* an economy. These are their 'roaring twenties'.

The first step is clear: any leader must now come up with a plan for the years 2035-2040. It is the only way to force them to look the big issues straight in the eye and take responsibility for the world their children will live in. And they can make a difference, take a leading role. Most leaders may find this daunting, they want to be in control. Planning ahead for 15 years seems intangible and its outcome unpredictable. Those who formulate big goals also put themselves in a vulnerable position. But it's a vulnerability that is put into perspective the moment a leader succeeds in building a flywheel of trust – a collaboration in which the people in power – of companies, governments, NGOs, scientists, etc. – look deep into each other's eyes. And what they see is the same: the wish to contribute to a better world.

This may all sound quite theatrical, but research time and again shows that caring for one another is what makes people happy. This insight helps because it motivates us to trust ourselves and each other once more. Let's be clear, we have no choice. It is in our own enlightened self-interest.

When people from totally different backgrounds, people who normally don't speak with or don't trust each other,

start communicating this conviction consistently and transparently – not only in their private lives but also in their professional lives – they will start to feel comfortable with each other and then they will be able to move mountains. Man is the best-adapted species for good reason.

So we started to build on that flywheel of trust in 2020. We are living in strange times, ruled by the COVID-19 virus. It is for the first time in our history that the entire world is facing such a huge problem together. It is a first attempt at solving a global issue collectively. Moreover, such a health-related problem relegated our economic priorities to second place. There is much pain and grief all around and in many aspects.

At the same time, this terrible virus teaches us to trust one another a bit more. Just think about it. Had someone asked managers to allow their employees to all work from home full time, the answer would surely have been dismissive. Many managers feel a strong need for being in control, they mistrust their personnel in that regard and want to see them in the workplace. So in fact, they want their people to be stuck in traffic an hour a day and answer their emails behind their desks while being watched.

A year later, we can safely conclude that productivity, in most cases, is as ever before. The trust placed in employees has rarely been misplaced or abused. Many companies even see their absenteeism figures go down. Those who give trust are not disappointed. The first studies show that, after COVID, many remote workers also want to keep working from home for around 50 to 80 per cent. The idea that

the virus has significantly and irrevocably changed how we collaborate seems to be inevitable.

Control might be needed, sometimes, but trust is nearly always the better choice! It's a start!

Introduction

Trust could well see its renaissance in the 21st century

Why should I trust you? Why should you trust me? Why is mutual trust so hugely important? Especially now, in the 21st century?

A society can only develop and grow when people trust in each other as well as in the institutions. However, that feeling of trust has been under pressure these last years. Governments, the police and judicial system, the tax authorities, and housing corporations – it has become painfully clear that all these institutions have regularly been overstepping the mark, to which citizens have fallen victim. Besides that, we see banks, insurance companies, accountants, credit rating agencies, listed companies, and investment companies embroiled in scandals for nothing more than short-term gains. All of this happens at the expense of investors, meaning of all of us as we hope to build up a pension. To prevent future recurrences of such

events, the government adopts countless new laws and regulations. Because that is what a society does when there is a lack of trust: it seeks legal remedies.

At the same time, trust on a personal level is hard to find too. Personal meetings are often substituted by electronic communication, which often polarises rather than connects. We all experience this when a question or complaint is handled by a call centre, in WhatsApp groups, on Twitter and Facebook, and in user reviews – any disagreement quickly heats and escalates the conversation much faster than when we would talk about issues in person. All because there is no foundation based on trust.

Juridification and the rapid escalation whenever there is a lack of trust are commonplace these days, which is why we need to rediscover trust. Starting at an individual level. Trust is an indispensable ingredient when we want to create something entirely new. When we can't rely on past experiences. When we need to take risks of which we cannot assess the chance of success and impact. Its value is especially great if we succeed in actively creating a feeling of trust between the people we work with. Why should I trust you? Because trust lays at the foundation of, for instance, dialogue, innovation, leadership and transformation, and because it releases the 'power of difference'.

The only way to solve tough problems is through dialogue, not with debates or confrontations. A dialogue is a conversation with a yet undetermined outcome. When confronted by the Yellow Vest protesters in 2019, President Macron initiated an official social dialogue to break the deadlock between the Yellow Vests and the state. After several months of organised meetings throughout the country, he announced a number of measures to meet the needs and

demands of the protesters. Since then, the situation has calmed down considerably. And that dialogue demanded trust. Trust within the government that the outcome of the dialogue could be translated into responsible governance. Trust with the citizens that the government would take them seriously.

Innovation is not driven by technology but by trust. Innovation is making something out of nothing. Undeniably the biggest invention of this century is the iPhone. Before the iPhone, there was nothing that even remotely resembled the iPhone. The iPhone came into being because a team at Apple believed in the concept and decided to make it real. That belief drove innovation. The basic technology to create the smartphone had been around for years. Apple developed the specific technology for the iPhone because they needed it to realise the concept. So it is not technology that drives innovation, but trust, first of all!

In this day and age, leadership is not a God-given mandate but a choice that you need to fulfil. Leadership is, literally, taking the lead to bring a group, a team, from A to B. To achieve that, and besides the group's initial trust, you need to have trust in yourself. Greta Thunberg, fifteen years old, was captured by a higher cause and became the leader of a youth movement in the fight against climate change. Who or what had prepared her for that role? Nothing. No one. Only the trust in herself and the trust that she received from her immediate environment.

The transformation of organisations, industries, and – for example – cities and regions is ubiquitous, continuous, and accelerating. Transformation cannot be stopped but you can steer it within your immediate environment. For

that, you need the trust of stakeholders who are part of the process. The High Line Park in Manhattan, New York, which is now a parklike pedestrian boulevard realised on a derelict 2.3-km-long elevated railway track, was first a local, grassroots initiative that has now become an iconic and world-renowned attraction.

The initiative was managed by a foundation that attracted 38 of New York's most influential CEOs and philanthropists on its Board, and only became the success story it is today thanks to a growing trust in the realisation of a simple yet brilliant idea. The positive impact of the High Line Park on its environment is tremendous and the concept of elevated parks is now copied in cities around the world.

The power of difference is released when the different qualities within a team are deployed at the right place at the right time. It makes the team more intelligent and capable than any brilliant individual within that team. To achieve this, you need to trust the intentions and self-knowledge of each team member. In 2018, a youth football team in Thailand got lost in a cave system. The rescue operation that lasted for two weeks, carried out by professional divers and experts from 20 countries and supervised by the Thai Navy SEALs, managed to save all the children. The mission could never have been successful without the typical work method of the special military units who are perfectly trained to operate as a team that trusts each other blindly¹. Despite the death of one of the divers, the outcome was heart-warming and exemplary for what a team can achieve under the most challenging circumstances.

If trust is the foundation of so many crucial, human performances, then why are we not taught these things and skills in school? Why should I trust you? How can we rediscover trust? How can we create trust? That is what this book is all about.

At times, corporate boards invite us to help them tackle difficult issues. These issues are highly diverse, but what they have in common is that the organisations are incapable of solving them. Why? Are we lacking the expertise? Or the time? Are we unable to look at certain issues without being biased? These are often the declared reason why expertise from outside the company is requested. In our experience, however, the missing factor is found at a different level. The people involved cannot seem to discuss the problem with an open mind. The missing link is something that is crucial for any organisation but which is never explicitly identified: trust.

As authors, we have gained our expertise in the field. We are not scientists. Our many years in different roles in the industry and as management consultants for hundreds of businesses have given us our clear perspective on the phenomenon of trust. About a decade ago, we decided that this is what we want to focus on explicitly. Trust within teams. Trust within the entire organisation. Trust given by the stakeholders.

We adopted and developed interventions to build on trust – inspired by authors such as Peter Senge, Otto Scharmer, Joseph Jaworski, Adam Kahane, Patrick Lencioni, Edgar Schein, Jim Collins, and others. Some of these authors we got to know personally. As time passed, we realised that with this concept of trust, we actually focus on an essential 21st-century theme. A century that is and will

be determined by innovation, collaboration, and transformation.

With this book, and looking at the topic from different angles, we hope to bring the development of trust to the next level. We will try to write down, in clear and simple words, what we have discovered so far about the correlation between trust and the challenges that organisations face in the 21st century. About what trust in a business context really is. About how to have a dialogue about a tough or tricky subject. How innovative teams can benefit and gain from trust. We provide tips on how to have a conversation with someone to develop trust. How you can leave your ego by the door. How talent can bloom. How you can see societal processes in a different light. How regulators and Supervisory Boards struggle with Trust ('with a capital T') and trust ('with a lowercase t')

We also illustrate these observations with a wide range of case studies, based on our personal experiences as professionals. Naturally, we have altered the identifiable elements of these cases to protect the confidentiality of our clients. Each chapter starts with a summary of the case in the form of a 'six-word story'. Each chapter ends with statements to think about or discuss with a good friend or colleague. And lastly, the chapters conclude with a suggestion that you can implement tomorrow.

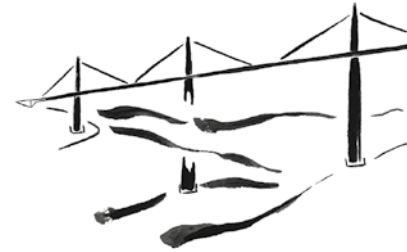
The final part of the book offers some tools that will help you put the theory into practice, including a summary, which you are free to download and distribute.

Trust is the lubricating oil in the engine that drives collaboration, change, and progress. If this oil is not regularly topped up and changed, the engine stops running.

Timo Hoogeboom, CEO HAK



1 | Why are our organisations not doing a better job?



Town hall done, staff retention drops.

The majority of companies and organisations have been in a state of continuous change for decades. We identify three developments that characterise today's organisations:

- 1) Organisations are becoming more and more horizontal.
- 2) The composition of the management and staff becomes more and more diverse in various aspects.
- 3) The younger generations have different work expectations than the preceding ones.

More horizontal

What type of organisation are you working for? Does it still have a rather formal, pyramid structure, with a Board of Directors choreographing and coordinating from the top, a middle layer managing the workplace where the rest of the employees do the work?