

# **The Trust Factor**

## **The Role of Ethics, Integrity, and Character in Building Engagement**

**Michael J. Novak**  
**Maryland Performance Excellence Awards**  
**Virginia Forum for Excellence**  
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## About MPEA and MPEF

- **The Maryland Performance Excellence Awards program is Maryland's state-level award based on the Baldrige Criteria for Performance Excellence.**
- **The Maryland Performance Excellence Foundation is a 501(c)3 not-for-profit organization that sponsors and oversees the Maryland Performance Excellence Awards program.**

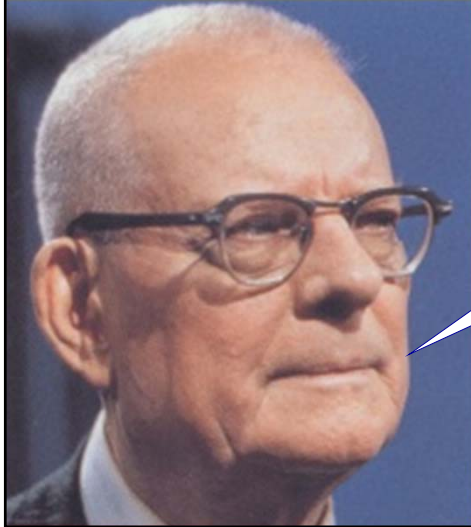
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## Overview – Objectives

- **Understand the concepts and relationships among: ethics, integrity, and character; trust; engagement; and productivity and quality – within the context of the Baldrige Criteria for Performance Excellence.**
- **Understand the factors that determine trust in organizations; how to measure and increase trust; and how to regain trust in a low-trust environment.**
- **Understand how trust has assumed the position as the "Number 1 Leadership Competency" in the modern global economy.**

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## We Begin With Some Models ...



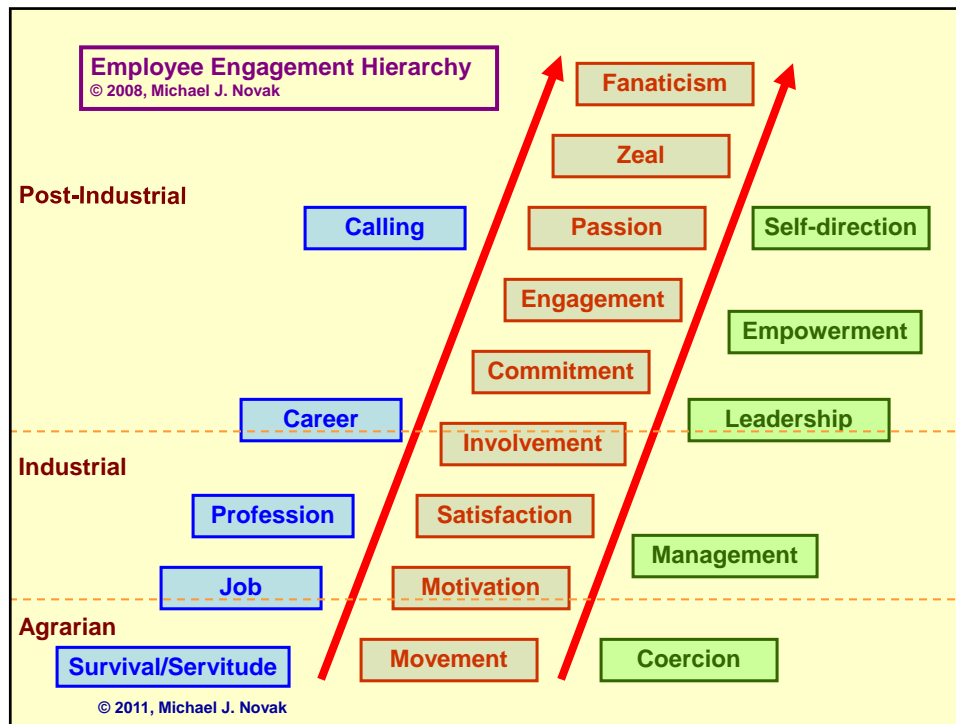
All models are wrong.  
Some are useful.

W. Edwards Deming

## A Systems Perspective of Organizations

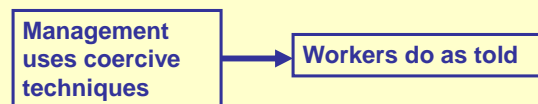


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## Employee Movement

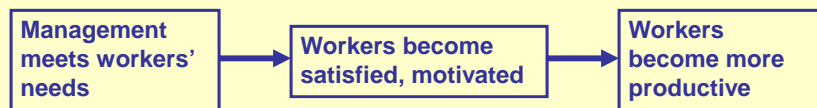
- Application or threat of force, punishment, or other adverse action moves the employee to do what the manager desires



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## Employee Motivation and Satisfaction

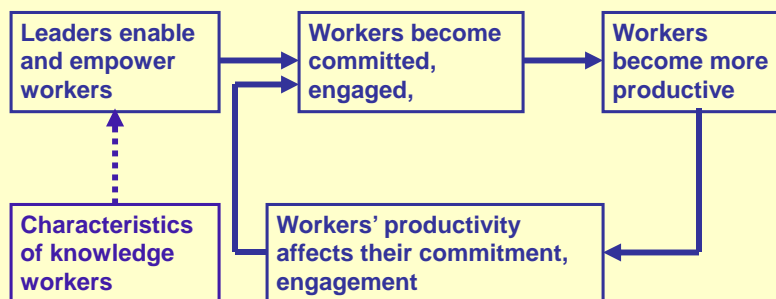
- **Industrial management**
  - Maslow: hierarchy of needs
  - McGregor: Theory X and Theory Y
  - Herzberg: Satisfiers and hygiene factors



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## Employee Commitment and Engagement

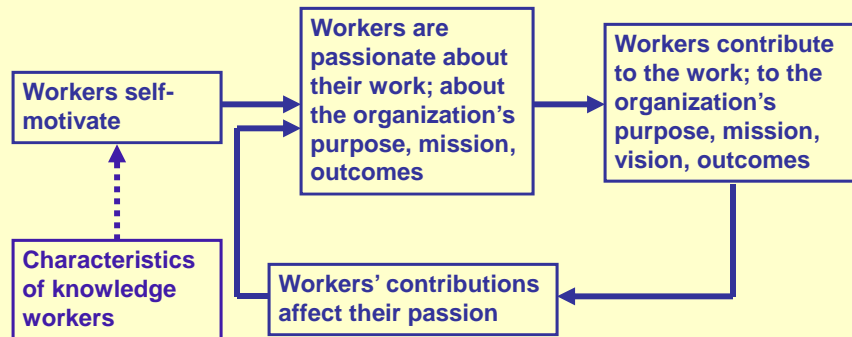
- **Post-Industrial leadership: Drucker, Bell, and the knowledge worker**



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## Beyond Employee Engagement

- To the passionate worker, the manager is largely irrelevant



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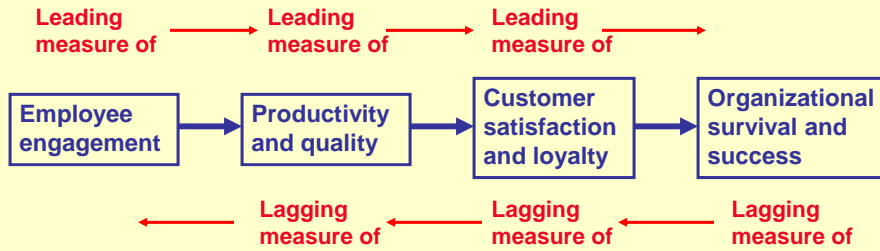
## Discussion: So What?

- What are the connections?
  - Leadership/management behaviors
    - Ethics
    - Integrity
    - Character
  - Employee engagement
  - Stakeholder engagement
  - Organizational performance
  - Organizational agility and ability to keep pace with the speed of change

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## Discussion: So What?

- Why care about employee engagement?

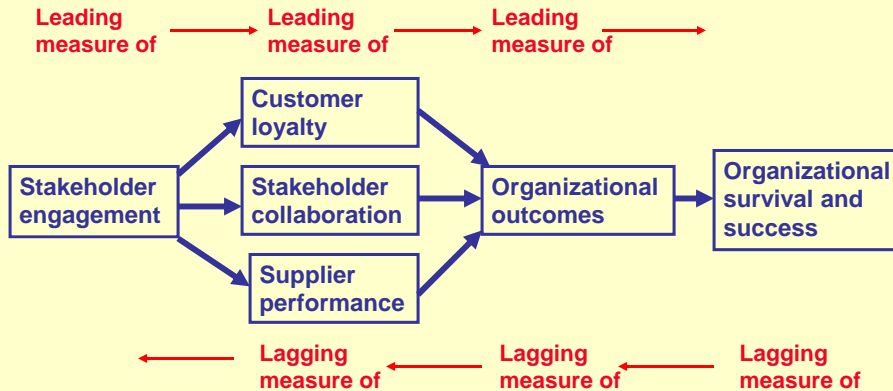


“Balanced Scorecard 101”

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## Discussion: So What?

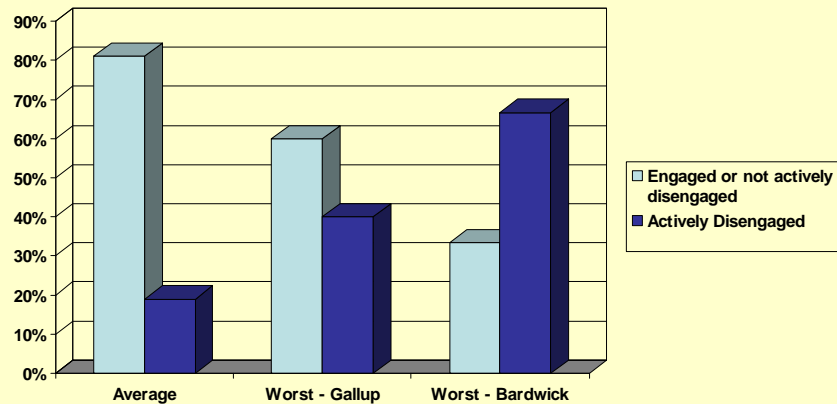
- Why care about stakeholder engagement?



“Balanced Scorecard 101”

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## The Employee Engagement Picture



Source: Gallup Management Journal, March 2001; Gallup, August 2008; Bardwick, *One Foot Out the Door*, 2007

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## So Where Does Trust Fit In?

- Trust affects engagement
- Leadership behaviors affect Trust
  - Competency/Credibility
  - Caring/Compassion
  - Courage/Honesty/Integrity

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## Covey – The Business Algorithm

$$S \times E = R$$

(Strategy times Execution equals Results)

$$(S \times E)T = R$$

([Strategy times Execution] multiplied by Trust equals Results)

Source: Covey, Stephen M.R. *The Speed of Trust: The One Thing That Changes Everything*. New York: The Free Press, 2006

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## Trust Busters – Josephson

- If it's necessary, it's ethical.
- If it's legal, it's ethical; if it's permissible, it's proper.
- I'm just fighting fire with fire.
- We've always done it this way.
- Everyone else is doing it.
- It's a dumb rule.
- It's ethical as long as it doesn't hurt anyone.
- It's ethical if I don't gain personally.
- I've got it coming; they owe me.
- I'm doing it for my family.

Source: The Josephson Institute. *Ethics Awareness Seminar*. © 1991, 1992

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## Trust Busters – Josephson

- It's for a good cause.
- I don't care what it looks like; I can still be objective.
- This is a business, management, or political issue; it doesn't involve ethics.
- To get along, go along.
- "They" don't understand.
- I can't do anyone any good if I lose my job.
- I have no time for ethical subtleties.
- Ethics is a luxury I can't afford right now.
- It's not my job or problem.
- Sometimes you have to take shortcuts to survive.

Source: The Josephson Institute. *Ethics Awareness Seminar*. © 1991, 1992

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## Trust Busters – Branham

- Reason #1: The Job or Workplace Was Not As Expected
- Reason #2: The Mismatch between Job and Person
- Reason #3: Too Little Coaching and Feedback
- Reason #4: Too Few Growth and Advancement Opportunities
- Reason #5: Feeling Devalued and Unrecognized
- Reason #6: Stress from Overwork and Work-Life Imbalance
- Reason #7: Lost of Trust and Confidence in Senior Leaders

Source: Branham, Leigh. *The 7 Hidden Reasons Employees Leave*. New York: AMACOM, 2005

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## Trust Busters – Katcher and Snyder

- Reason #9: I don't trust the information I receive from management.
- Reason #11: I've lost confidence in management.

Source: Katcher, Bruce L. and Adam Snyder. *30 Reasons Employees Hate Their Managers*. New York: AMACOM, 2007

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## Trust Busters – Signs of Distrust

- Lack of enthusiasm following announcement of new initiatives by senior leaders
- Increasing complaints and questions by employees about policies and practices controlled by senior leaders
- Managers beginning to question decisions and actions of senior leaders
- Increased grumblings by groups of employees
- Morale problems showing up in employee surveys
- Increased mention of senior leaders in exit interviews or surveys
- Active resistance to leader initiatives and change efforts

Source: Branham, Leigh. *The 7 Hidden Reasons Employees Leave*. New York: AMACOM, 2005

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## Trust Busters – More Signs

- Graffiti directed at senior leaders
- Vandalism of senior leaders' personal or organizational property
- Theft of senior leaders' personal or organizational property
- Assault on senior leaders
- Passive aggression
- Malicious compliance
- Increased number of grievances and EEO complaints
- Rumors and gossip directed at senior leaders
- Uncomplimentary postings on social media

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## Trust Builders – Josephson

- Honesty
- Integrity
- Promise-keeping
- Fairness
- Caring and concern for others
- Respect for others
- Civic duty
- Pursuit of excellence
- Personal accountability
- Loyalty

Source: The Josephson Institute. *Ethics Awareness Seminar*. © 1991, 1992

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## Trust Builders – Arbel

- Trust your employees to do their jobs.
- Tell them you trust them.
- Redefine job descriptions with employees.
- Recognize their achievements publicly.
- Maintain a suggestion box.
- Create a bond with your employee.
- Increase employees' responsibility.
- Refrain from volunteering information about one worker to another. [Don't gossip!]
- Share credit with your employees.

Source: Arbel, Max. "The Greatest Motivator: Trust." *Government Executive*. September 1991. P. 51

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## Trust Builders – Personal Account

Everything I learned about Trust, Integrity, and Character, I learned ...

- In the Boy Scouts
- At the Naval Academy
- From Baldrige

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## Trust Builders – Personal Account

On my honor I will do my best:

- To do my duty to God and my country, and to obey the Scout Law;
- To help other people at all times;
- To keep myself physically strong, mentally awake, and morally straight.

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## Trust Builders – Personal Account

A Scout is:

- Trustworthy
- Loyal
- Helpful
- Friendly
- Courteous
- Kind
- Obedient
- Cheerful
- Thrifty
- Brave
- Clean
- Reverent

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## Trust Builders – Personal Account

- To develop Midshipmen morally, mentally and physically and to imbue them with the highest ideals of duty, honor and loyalty in order to graduate leaders who are dedicated to a career of naval service and have potential for future development in mind and character to assume the highest responsibilities of command, citizenship and government.

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## Trust Builders – Personal Account

- 1.1 Senior Leadership
  - a. Vision, Values, and Mission
    - (1) Vision and Values
    - (2) Promoting Legal and Ethical Behavior
- 1.2 Governance and Societal Responsibilities
  - a. Organizational Governance
    - (1) Governance System
  - b. Legal and Ethical Behavior
    - (1) Legal and Regulatory Behavior
    - (2) Ethical Behavior
  - c. Societal Responsibilities and Support of Key Communities
    - (1) Societal Well-Being
    - (2) Community Support

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## Trust Rebuilders – Branham

- **Engagement Practice # 52: Inspire Confidence in a Clear Vision, a Workable Plan, and the Competence to Achieve It**
- **Engagement Practice # 53: Back Up Words with Actions**
- **Engagement Practice # 54: Place Your Trust and Confidence in Your Workforce**

Source: Branham, Leigh. *The 7 Hidden Reasons Employees Leave*. New York: AMACOM, 2005

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## Trust Rebuilders – Bridges

- **Do what you say you will do. Don't make promises you can't or won't keep.**
- **Listen to people carefully and tell them what you think they are saying.**
- **Understand what matters to people and work hard to protect whatever is related to that.**
- **Share yourself honestly. Don't hide your shortcomings.**
- **Ask for feedback, and acknowledge unasked-for feedback on the subject of your own trustworthiness.**

Source: Bridges, William. *Managing Transitions: Making the Most of Change*. Reading, MA: Perseus Books, 1991. pp. 77 – 79

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## Trust Rebuilders – Bridges

- Don't try to push others to trust you further than you trust them.
- Try extending your trust of others a little further
- Don't confuse being trustworthy with "being a buddy."
- Don't be surprised if your trust-building project is viewed a bit suspiciously.
- If all of this is too complicated to remember and you want a single key to the building of trust, just remind yourself, "Tell the truth."

Source: Bridges, William. *Managing Transitions: Making the Most of Change*. Reading, MA: Perseus Books, 1991. pp. 77 – 79

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## Covey – The First Wave

- The first wave – self trust: The Principle of Credibility. Beyond "ethics" – why personal credibility is the foundation of all trust, and how to create it.
- The Four Cores of Credibility
  - Core 1 – Integrity. Are you congruent?
  - Core 2 – Intent. What's your agenda?
  - Core 3 – Capabilities. Are you relevant?
  - Core 4 – Results. What's your track record?

Source: Covey, Stephen W.R. *The Speed of Trust: The One Thing That Changes Everything*. New York: The Free Press, 2006

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## Covey – The Second Wave

- The second wave – relationship trust: The Principle of Behavior. How to behave yourself out of problems you've behaved yourself into.
- The 13 Behaviors
  - Behavior #1: Talk Straight
  - Behavior #2: Demonstrate Respect
  - Behavior #3: Create Transparency
  - Behavior #4: Right Wrongs
  - Behavior #5: Show Loyalty
  - Behavior #6: Deliver Results

Source: Covey, Stephen W.R. *The Speed of Trust: The One Thing That Changes Everything*. New York: The Free Press, 2006

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## Covey – The Second Wave

- The 13 Behaviors (continued)
  - Behavior #7: Get Better
  - Behavior #8: Confront Reality
  - Behavior #9: Clarify Expectations
  - Behavior #10: Practice Accountability
  - Behavior #11: Listen First
  - Behavior #12: Keep Commitments
  - Behavior #13: Extend Trust

Source: Covey, Stephen W.R. *The Speed of Trust: The One Thing That Changes Everything*. New York: The Free Press, 2006

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## **Covey – The Third, Fourth, and Fifth Waves**

- **The third wave – organizational trust: The Principle of Alignment.**
- **The fourth wave – market trust: The Principle of Reputation.**
- **The fifth wave – societal trust: The Principle of Contribution.**

Source: Covey, Stephen W.R. *The Speed of Trust: The One Thing That Changes Everything*. New York: The Free Press, 2006

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## **In A Nutshell**

- **Athens**
- **Branham**
- **Nimitz**
- **Holtz**

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## Athens

- Do you know your job? If not, are you striving to learn it? [Corollary: If you do know your job are you always and everywhere striving to improve your performance of your job?]
- Do you care about me and my development? [Do you have my best interests in mind?]
- Will you make the hard and correct decisions – irrespective of the effect on you, personally? [Do you have the courage to do what is right?]

Athens, Arthur. Lecture delivered at the U.S. Naval Academy Capstone Seminar in Moral Leadership. January 19, 2011

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## Branham

- **The Three Questions Employees Need Answered**
  - Will these leaders steer the ship to success?
  - Can I trust them to do what they say?
  - Do they have trust and confidence in me?

Source: Branham, Leigh. *The 7 Hidden Reasons Employees Leave*. New York: AMACOM, 2005

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## Attributed to Fleet Admiral Chester Nimitz

- Know your stuff.
- Take care of your men.
- Be a man.

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## Lou Holtz

- Three overarching principles ...
  - Do right.
  - Do your best.
  - Treat others as you want to be treated.
- ... three Universal Questions people ask about one another
  - Can I trust you?
  - Are you committed to excellence?
  - Do you care about me?

Source: Holtz, Lou. *Do Right*. Washington Speakers Bureau Video

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## **Novak's Two-cents-worth**

- **It's all about people.**
  - People get the job done – not managers or executives.
- **Can people trust you?**
  - Can they trust your technical competence?
  - Can they trust you to care about them?
  - Can they trust you to do what is legally, ethically, and morally right?
- **If people can't trust you, you're toast. Go home.**

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## **The Bottom Line – Three Trust Factors**

- **Competence/Credibility**
- **Compassion/Caring**
- **Courage/Honesty/Integrity**

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## Summary

- **Concepts and relationships among: ethics, integrity, and character; trust; engagement; and productivity and quality – within the context of the Baldrige Criteria for Performance Excellence.**
- **Factors that determine trust in organizations; how to measure and increase trust; and how to regain trust in a low-trust environment.**
- **Trust has assumed the position as the "Number 1 Leadership Competency" in the modern global economy.**

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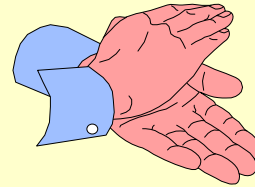
## Questions?



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# Thank you!

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# One Final Thought



**GO**  
**NAVY!**



**BEAT**  
**ARMY!**

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