

Trust is Essential

The 2008 global financial crisis was a whopper. The Government Accountability Office reported that the crisis cost the U.S. economy more than \$22 trillion. The planet’s economic system stared into the abyss because smart people knowingly misrepresented worthless assets as being safe. Banks froze credit once they learned the valuation of these assets was a con. This is why the financial meltdown could be better explained as a “character crunch” than a “credit crunch.”

What if we inspired trust by operating a marketplace based on a commitment to virtue rather than rules, while recognizing that the rule of law can’t be ignored? The word “fiduciary” makes this point. It is both a legal and a moral word that means we look out for the interests of others as if their interests were our own. This ideal is embodied in Lady Justice. She stands as a moral force in our judicial system. She instills trust by relying on a blindfold, a balance, her foot, and a sword. The blindfold signifies impartiality, and the balance weighs evidence objectively. Her right foot squashes a snake, embodying triumph over corruption, bias, and intimidation.

The sword is doubled-edged, suggesting reason can be used for good and ill. One edge of the sword makes clear that no one is above the law. If we were all angels, we wouldn’t need rules. This is why rules have a place in society. In fact, the rule of law is the foundation of a civilized society. Compliance can be an effective way to enforce rules when our goal is to restrict choices and decisions related to medical records, money management, or driving practices that put truckers, as well as the drivers around them, in danger.

The other edge cautions against swinging the sword of compliance too broadly. Doing so can discourage what we want to encourage—moral will and skill. When rules are excessive, filling out paperwork comes at the expense of teaching students, caring for patients and coaching teammates. When rules are excessive, creativity and innovation are reduced, since by its very nature, innovation requires rules to be loose, not tight.

Rules are often designed for a stable world. But much of our world today is dynamic and changing. Responding well to a rapidly changing

world depends on trust and virtue to unite teams. Teammates who trust each other move as fast as the market. Teams that trust each other save money and are resilient in the face of life’s inevitable blows. On the other hand, teams that don’t trust each other



move slowly, waste money, and struggle to keep pace with the market. Trust is achieved with moral will and skill. When we get it right, trust is efficient.

Trustworthiness

Our aim isn't trust. Our aim is trustworthiness. Trust is a byproduct of being trustworthy. Trust requires more than box ticking. We must provide evidence that we are trustworthy. Trust is based on past experiences with people and organizations. Trust can be limited to a formal agreement or a contract. Trust can be based

on giving someone a chance and then waiting to see what happens. When trust is high, we are more understanding about mistakes.

Unconditional trust happens when people rely on each other's word without question. Restoring trust is especially impressive since it requires forgiveness, righting our wrongs, and putting aside our pride. Thinking of trust this way relies on voluntarily choosing character for how we want to live and work. To define who we would like to become.

TRUSTWORTHINESS

- Honest
- Authentic
- Genuine
- Actions match words
- Strong moral character

UNTRUSTWORTHINESS

- Dishonest
- Phony
- Devious
- Actions don't match words
- Corrupt