

# TRUST IS THE COMMON THREAD

**PART 5 OF A 6 PART SERIES**

The essentials of leading through crisis to transformation

# FIVE ESSENTIALS OF LEADING THROUGH CRISIS TO TRANSFORMATION

- 1 Leading from a distance
- 2 Building high-performance teams
- 3 Responding to crisis with empathy
- 4 Earning and keeping trust**
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For CEOs operating in the current state of disruption, transformation, and crisis brought on by global challenges such as the coronavirus pandemic and systemic racial inequality, building trust constitutes the second-most-important concern, according to a study by the **World Economic Forum**. Those business leaders are right to worry about trust because when people don't trust their leaders, they question the intent behind leaders' decisions. They attack their leaders' methods. And they don't support the outcomes of those decisions—even if the decisions and the outcomes may be good ones for their organizations. That can make it impossible for organizations to sustain any large-scale changes achieved in the immediate term.

This is bad news in both good times and tough times. To avoid the scenario and help their organizations navigate *away from* crisis and *into* transformation, leaders should consider a major truth about the issue of trust: that trust is the common thread that ties everything together. A Center for Creative Leadership study showed that without trust, employees' collaboration and productivity suffer. With trust, employees are motivated to produce exceptional results for the business.

## Leaders who have won their followers' trust can:

- Calm people's heightened emotions—even if they're leading from a distance.
- Build the high-performance teams needed to guide their businesses to safety across a perilous landscape and to enable people to do their best work.
- Even be forgiven for painful choices like layoffs or for mistakes they may make along the way.

# BUILDING TRUST WHEN THE STAKES ARE HIGH

Leaders typically build trust over time—through consistency in their communications, behaviors, and interactions with others.

But in times of crisis, they have a rare opportunity to build trust quickly. That's because trust is in great demand during crises. The stakes are high, and the future's uncertain. Under such conditions, people look to their leaders even more for reassurance, hope, a clear path forward, and the confidence that they can successfully navigate that path. They want to know that their leaders possess the capability to position the business for recovery and sustained growth once the worst of the crisis has passed.

Leaders who *don't* make building trust a top priority during times of crisis will likely find themselves embroiled in another crisis later—one that is self-imposed. Those who *do* prioritize trust will earn exponential returns on their investment of effort and time—once transformation and growth are once again imperative and employees are pitching in to support the plan.



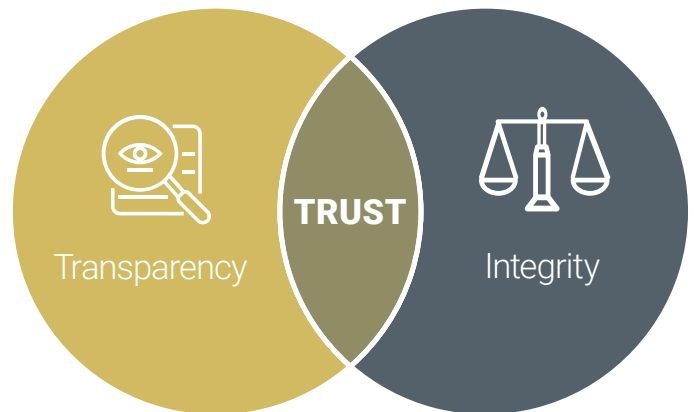
## Transparency

Being transparent means letting others know how you arrived at your decisions, including what information and principles you drew on to make those decisions. It means not just telling the truth but also telling the whole truth.

A CEO recently asked us to help execute a company workforce reduction during the pandemic. The company had planned the reduction before the crisis erupted, but it wanted to accelerate the timeline significantly because demand for the company's offerings had dried up and the business desperately needed to cut costs. The CEO wondered whether to tell employees that the layoffs had stemmed from a previously decided pivot in strategy, whether to leave out the pandemic aspects, and whether the information might help employees feel more secure in their positions if they could conclude that the current state wasn't putting their jobs in jeopardy. In essence, the CEO was really asking, "How much do you think I can lie?"

## How can leaders quickly earn and sustain trust amid a crisis?

There are many ways to build trust, and ideas about what makes a leader trustworthy can vary across cultures. Leaders must master two core and interconnected tenets that transcend culture: transparency and integrity.



If the CEO had told a partial truth about the layoff, the employees who survived the reduction would know that a key consideration had been left out of the decision. As a result, they would lose their trust in their leader, and that erosion of trust would translate into employees' skepticism, disrespect, and unwillingness to give their best on the job once the organization moved into the post pandemic recovery period. Consequently, the company would have found it even harder to execute the strategic pivot defined before the crisis struck.

"A lack of transparency results in distrust and a deep sense of insecurity."

— Dalai Lama





# Integrity

Transformative leaders demonstrate integrity in addition to fostering transparency. They know how to position themselves authentically and how to use skills like empathy to engender trust. That stands in contrast to transactional leaders, for whom trust may be just an afterthought.

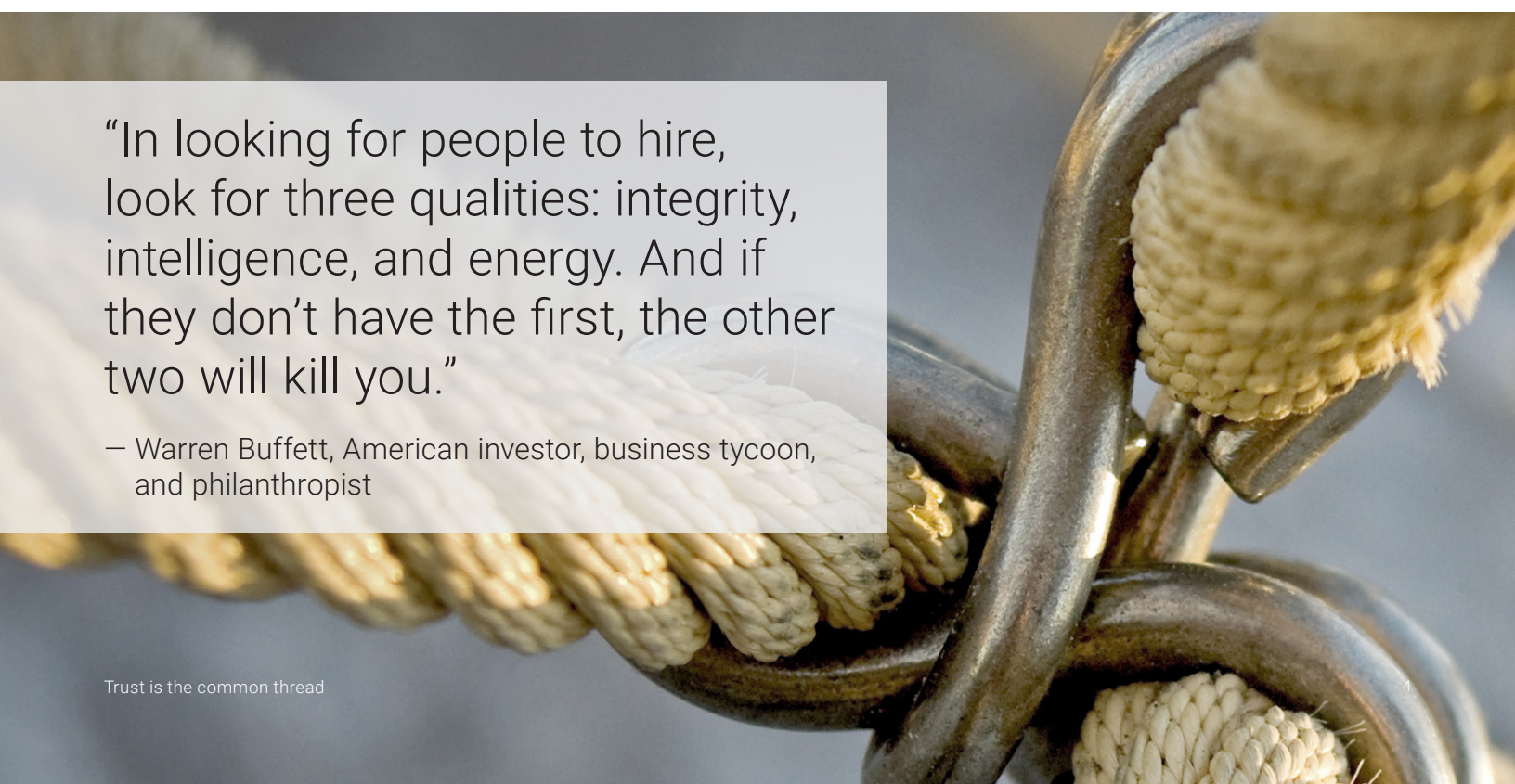
*Transactional leaders* want compliance and closure. In general, they pay little attention to the quality of relationships and spend little effort on improving trust levels with their followers. On the other hand—and as a further manifestation of their integrity—*transformative leaders* say what they mean by communicating in plain language and speaking directly to the aspirations and concerns of their people. They mean what they say by conveying what they truly believe. And they follow through on their commitments by doing what they said they'd do.

Such leaders' integrity level serves as a companion to their transparency. How? Imagine a business leader who transparently, openly, and honestly states what has been decided and how the decision was arrived at but who doesn't clearly explain how the organization is going to implement the decisions. Or the leader doesn't take the announced actions to support the decisions, such as allocating resources in a particular way or following a communicated timeline.

Without those demonstrations of integrity to dovetail with the transparency, employees might suspect that their leader is manipulating them with platitudes just to satisfy their hunger for information and candor while in the grip of a crisis. Equally damaging, they may wonder whether the leader even has the ability to execute on the strategy or solution put forth. Uncertainty about those matters can erode employees' trust that the leader has the skills, resolve, and knowledge required to make changes the business needs to safeguard its own future as well as theirs. The upshot? Integrity also means making only those commitments a leader intends to fulfill.

Trust strengthens the odds that people will support their leaders' efforts to drive improvements in business performance during tough times.

But trust also serves to assure people that their leaders can continue driving positive change and tangible business results once a crisis eases—and long after. Organizations that can excel at sustaining transformation—thanks to the trust that their leaders have built—will occupy the high ground when the contours of the next normal come into sharper relief.



“In looking for people to hire, look for three qualities: integrity, intelligence, and energy. And if they don't have the first, the other two will kill you.”

— Warren Buffett, American investor, business tycoon, and philanthropist

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For nearly forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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