



# The Trust Project

Rebuilding trust one financial  
professional at a time

by **Jim Ware, CFA** and **Jim Dethmer**

*“Any doubts that financial  
markets are built on  
confidence and trust have  
been dispelled.”*

Meir Statman

Financial Analysts Journal, May/June 2009



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## Introduction

If you looked at the title of this paper and chose to delete or pitch it, then you may well be part of the trust problem. You are probably secure in the view that you are trustworthy, and this topic is for the “other” person. In our view, that defines the fundamental trust problem for most people and organizations. This paper sets out to define and discuss the trust issue in the investment industry, and then to suggest a radical shift in the way that the trust issue should be addressed. And, finally, it asks for you to commit to this fundamentally different approach to trust.

The financial crisis has brought to a head the issue of trust for investment professionals, especially for their leaders. In an ongoing dialogue with 27 investment leaders from around the world, we learned two important things:

1. The leaders agree that trust is the top issue right now.
2. Leaders everywhere have been asking the wrong question.

We will look at data that supports the massive decline in trust levels around the world and in investment organizations. The data clearly support the view of investment leaders: trust is broken and must be fixed.

And then we will turn our attention to the second, more important point: what is the right question to be asking now?

### *The facts: trust in decline*

In our work with investment leaders to explore and “fix” the trust issue, we have worked with the Edelman Group, considered world experts on collecting trust data. In the U.S., Edelman found that trust in business had declined from 58% last year to 38% in the late Fall of 2008, the lowest rating in the 10 year history of the data. Trust in the banking industry declined 35 points (71% to 36%), and 21 points in the insurance industry (50% to 29%). Only the U.S. auto industry declined a similar amount.

The same distrust of banks extends to many developed countries: Germany, Italy, Ireland, Australia, Spain, UK, France and Sweden. The same is true globally for insurance companies. The consequence of these views is that around the world the informed public is calling for more regulation: 65% globally, 61% in the U.S. (When asked, “should the government impose stricter regulations?”) With trust

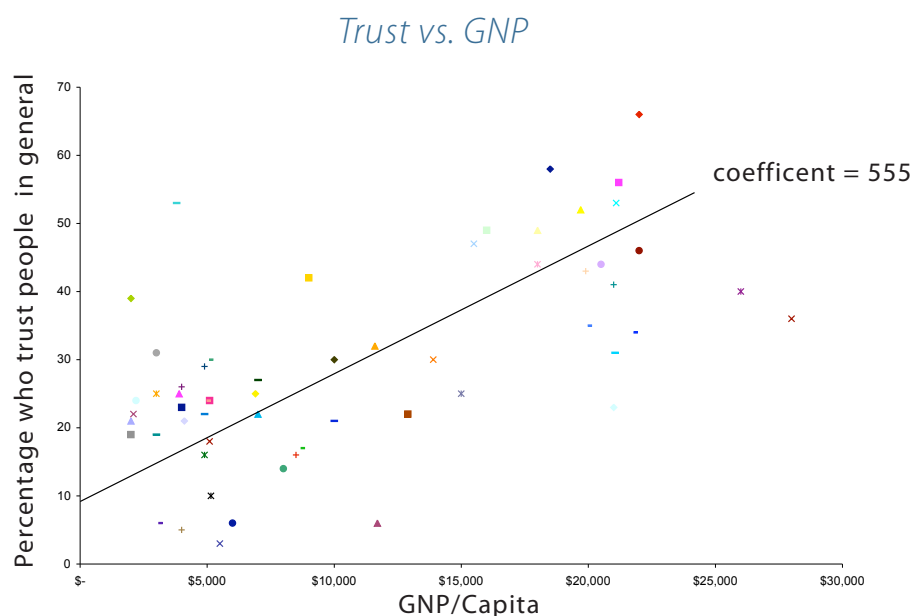
in financial institutions diminished, the government is seen as the solution.

When the public was asked, "So, who can you trust?" the lowest rated group was CEO's of a company, with less than a quarter of the respondents endorsing them. (The highest rated groups were academic and industry experts.)

In the U.S. 84% of respondents said they would not buy products/services from companies they did not trust. Further, 67% said that they would pay a premium for products/services from companies they did trust.

Harvard Business Review did their own trust survey and found similar results.<sup>2</sup> They asked over 1,000 people, "Since last year, do you have more or less trust in senior management at U.S. companies." 76% of respondents said, "less." For non-U.S. companies the result was 51%.

Not a pretty picture.



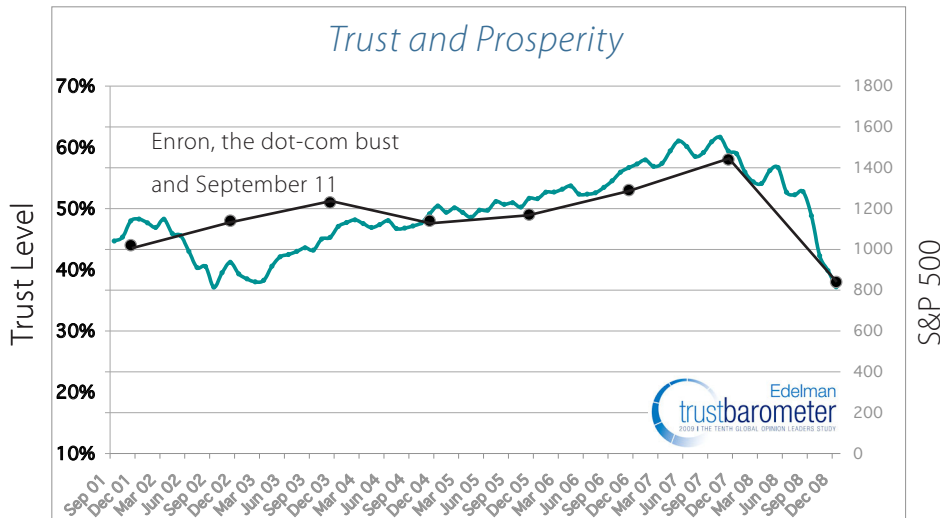
|               |                |
|---------------|----------------|
| ◆ Denmark     | ◆ Finland      |
| ▲ Sweden      | × New Zealand  |
| × Iceland     | ● Canada       |
| + Singapore   | ◆ Netherlands  |
| — Norway      | — Switzerland  |
| — Australia   | — Luxembourg   |
| × U.K.        | × Ireland      |
| — Germany     | + Hong Kong    |
| — Austria     | — U.S.A.       |
| ◆ Israel      | ■ Chile        |
| ▲ France      | × Portugal     |
| × Botswana    | ● Spain        |
| + Japan       | — Estonia      |
| — Costa Rica  | ◆ Belgium      |
| ■ Malaysia    | ▲ Namibia      |
| × Taiwan      | × South Africa |
| — Hungary     | + Mauritius    |
| — Tunisia     | — Greece       |
| ◆ Czech Rep.  | — Jordan       |
| ▲ Italy       | × Poland       |
| × Peru        | ● Uruguay      |
| + Zimbabwe    | — Malawi       |
| — Brazil      | — Belarus      |
| ■ Jamaica     | ▲ Morocco      |
| × El Salvador | — China        |
| — Zambia      | + Turkey       |
| — Ghana       | — Mexico       |
| — Philippines | — Senegal      |
| — Guatemala   | × Argentina    |
| × Nicaragua   | ◆ Romania      |
| + Thailand    | — Bulgaria     |
| — Egypt       | ◆ India        |
| — Bolivia     | — Ukraine      |
| — Latvia      | × Pakistan     |
| — Uganda      | + Kenya        |
| — Vietnam     | — Russia       |
| — Ecuador     | — Venezuela    |
| — Colombia    | × Indonesia    |
| × Nigeria     | — Tanzania     |
| — Honduras    | — Paraguay     |
| — Cameroon    |                |

## Trust and prosperity: why it matters

There is ample evidence to suggest that trust affects all four of the following:

1. Country prosperity (Higher trust levels correlate with higher GNP)
2. Financial market performance (Higher trust corresponds with higher market levels)
3. Company performance (Values driven companies outperform purely profit driven companies)
4. Investment process (Higher trust levels on investment teams correspond with better perceived quality of the investment process)

A country's prosperity is dampened by its level of corruption, as shown by studies using a "Trust index" and "GNP levels". So, at the most basic level, honesty is indeed the best policy for prosperity.



*“...an economy is a society of trust and faith. A recession is a mental event, and every recession has its own unique spirit. This recession was caused by deep imbalances and is propelled by a cascade of fundamental insecurities.”*

—David Brooks,  
New York Times

I am going to read you a list of institutions. For each one, please tell me how much you TRUST that institution to do what is right. Please use a 9-point scale where one means that you “DO NOT TRUST THEM AT ALL” and nine means you “TRUST THEM A GREAT DEAL”.

Markets work more efficiently when the trust lubricant is applied. The Edelman Group has researched trust and found this correlation between trust levels and market levels (S&P 500)<sup>4</sup>.

The same connection between trust and prosperity exists in business as well. Investment great Warren Buffett continually emphasizes the importance of trust in his own company (Berkshire Hathaway) and in the companies they invest in. His longtime association with Charlie Munger is based on absolute trust:

“Charlie never ‘grabs’ for himself and can be trusted without reservation. He has an absolute commitment to honesty, ethics, and integrity.”<sup>5</sup>

When Salomon Brothers fell off the ethical tracks in 1991, Buffett was brought in to restore credibility and uttered his famous guideline for ethical behavior:

“...I want employees to ask themselves whether they are willing to have any contemplated act appear the next day on the front page of their local paper – to be read by their spouses, children and friends – with the reporting done by an informed and critical reporter.”<sup>6</sup>

Many books and papers support the position that honesty is indeed the best policy, perhaps the most famous being, “Built to Last” by Jim Collins and Jerry Porras.<sup>7</sup> In their book, they showed the stocks of values-driven companies outperformed purely profit driven companies by a factor of 6-to-1.<sup>8</sup>

Finally, at Focus Consulting Group (FCG) we have collected enough trust data on investment teams to show that “high trust” and “reputation for investment excellence” are linked. Consciously or unconsciously, clients and consultants are attracted to investment teams that demonstrate high levels of respect and trust. Often because these teams produce better investment performance! In short, respect and trust are the foundations of better decision making.

### *Trust and investment leaders*

The group of 27 senior investment leaders that we engaged in dialogue about trust agreed that trust was the number one management issue right now. We offered our leaders a choice of 12 important issues<sup>9</sup> and this was how they voted:

(5 = Most Important, 1 = Unimportant)

| Management Issue   | Avg  |
|--|------|
| Reduce fear and increase trust   | 4.92 |
| Enable communities of passion  | 4.08 |
| Eliminate the pathologies of formal hierarchy                            | 4.00 |
| Share the work of setting direction                                      | 3.92 |
| Depoliticize decision-making   | 3.91 |
| Expand diversity   | 3.73 |
| Stretch executive time frames and perspectives                           | 3.71 |
| Ensure the work of management serves a higher purpose                    | 3.63 |
| Fully embed the ideas of community and citizenship in management systems | 3.36 |
| Retrain managerial minds   | 3.25 |
| Develop holistic performance measures                                    | 3.18 |
| Better optimize trade-offs   | 2.86 |

The group was nearly unanimous in their choice of trust being the top issue, and each said that they work hard to build trust in their respective organizations. When asked what was important

about trust, especially as it relates to running a successful firm, they gave a variety of answers:

- **Scott Powers:** [As new CEO of SSGA,] We needed to get back management’s credibility. We needed to get trust back on two levels: competency (job expertise) and character (integrity).
- **Britt Harris:** I trust the people to whom I delegate authority. They’ve earned it by delivering on their promises. Fear paralyzes.
- **Jim Laird:** If people are truly going to be at their best, they need to be trusted and allowed to move the ball forward.
- **Roger Clarke:** We need to teach leaders how to build trust. Creativity depends on high levels of trust.
- **Bill Quinn:** Fear is not a productive place to work, doesn’t get results. Trust leads to honesty, so collaboration improves. Trust is what we sell to clients, so we must have it internally.
- **Jane Marcus:** Repeatedly I see that trusting cultures have a competitive advantage in the war for talent.
- **Paul Schaeffer:** Trust is necessary for progressive, creative thinking.

*“We needed to get back management’s credibility. We needed to get trust back on two levels: competency (job expertise) and character (integrity).” –Scott Powers, CEO, SSGA*

- **James Walsh:** If we are frozen in the headlights [fearful], then we will miss opportunities. People have to be willing to make mistakes.
- **Andreas Sauer:** Trust is the real foundation of the business. How do you achieve trust with the clients? We must work all day to get trust back.
- **Bob Wagner:** You can't manage by fear. There isn't a place for it. The answer is trust.

## Defining trust: character and competence

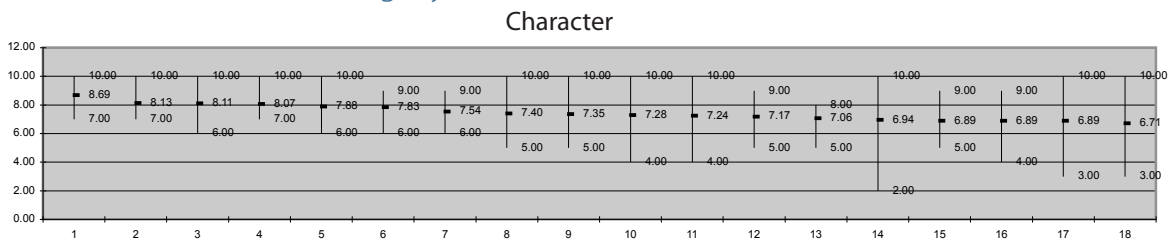
Early on in our dialogue with investment leaders, they asked for a working definition of trust, and we agreed on this one:

Trustworthy people do these things well:

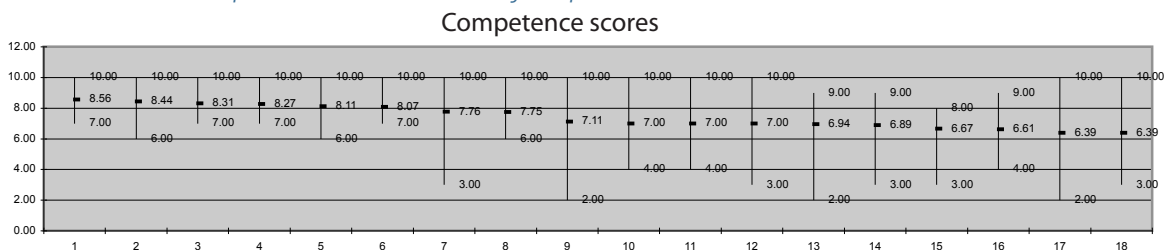
1. Character
  - Integrity: lining up words and actions consistently over time
  - Intention: showing concern for others, win/win
2. Competence:
  - Capabilities: talents and skills needed for the job
  - Results: delivering on promised results

10 = excellent, 1 = poor. 18 senior staff, with the range of results (high/mean/low) given for each.

### Trust Scores on Character (integrity and intention)



### Trust Scores on Competence (skills and job performance)



We have surveyed many investment firms on trust, using this definition. On a scale of 10 (high trust) to 1 (low trust), senior teams average between 7 and 8, with no leader or team achieving above 9. Almost all teams have at least one member who receives scores from team mates below 5, indicating that there are trust issues at the senior level. In short, the data indicate that all teams everywhere have work to do. Below are the results from a large, well-known asset management firm's senior management team.

The team is composed of 18 individuals, all of whom provided trust scores for each other. In short, the numbers below represent a "peer review" on the subject of trust.

Note that in the both graphs fully eleven of the team members received at least one score—from a colleague—of 5 or less (on a scale to 10). These results were chosen NOT because they are unusually poor, but because they are typical of most firms. In short, trust is an issue at many investment firms.

Having agreed on the definition of trust and that it was indeed the top challenge facing investment leaders, we turn to the question of what to do about it: how do we fix trust?"

## Asking the right question: locating the problem correctly

The results in the charts above are important because they provide hard evidence that there is indeed a trust problem, with this firm and many others we've surveyed. Each of these firms faces the fundamental problem in solving the trust issue. Specifically, many of the professionals at these firms are asking the wrong question.

### **Wrong Question:**

*"How can the trust problem 'out there' in my firm be solved?"*

### **Right Question:**

*"How have I contributed to the trust issues in my firm, and what can I do differently to fix them?"*

When discussing trust issues on a team, if you listen carefully to people's language, you will see that nearly everyone locates the trust problem "out there." (behavioral finance would call this "attribution bias". When things go well, I take credit. When things go wrong, it was your fault). They agree there IS a trust problem (especially when they see the data!), and then—in classic "hot potato" style—they point to some person or some outside entity and say, "they are the ones to blame." It's the boss, or the poor markets, or the lack of structure, or the new analyst. The list goes on. This line of thinking is as natural as night following day, and it's the wrong approach. The cartoon above illustrates our secret wish as humans that the blame is "out there" not in here." Leaders of investment organizations need to ask a more useful question, one that starts with an act of empowerment and humility. They need to take ownership of the issue—trust—and locate the



problem within themselves, not "out there." They need to ask the right question: "How have I created distrust in my organization?" When a leader shifts to this mindset, he moves out of victimhood (things happen to me) and into empowerment (I create my reality). This is a radical move in taking responsibility (and contrary to our nature, i.e. attribution bias).

Let me illustrate how asking the WRONG question works in most organizations. Several years ago, we were asked to help an investment department address and improve its morale issues. The investment group of 50 staff had taken a company wide survey. The investment department had the lowest combined scores in the entire firm. The CEO of the parent company was especially concerned because the lowest rating was for the question, "do you feel that you are treated with dignity and respect?" The results indicated that most people did not feel this was the case.

As we worked with this group of investment professionals, we formed the opinion that they were locating the "dignity and respect" issue "out there." In other words, no one thought that they personally had contributed to these low scores. So, finally, becoming a bit frustrated that no one was taking any responsibility for the problem, we devised a simple exercise to demonstrate our point. We put a piece of masking tape on the floor in a straight line. Then we asked everyone to stand up and take a place on the

line. We then said to the group, "if you believe you contributed to the dignity and respect issue, please step off the line."

The room grew very silent. There were some awkward glances at one another. And NO ONE moved.

For Sherlock Holmes buffs, this was like the famous incident where the dog did NOT bark. The inactivity spoke volumes.

We stood in silence a few minutes longer and still NO ONE MOVED.

Perhaps some of the participants felt that they were "guilty" and were simply too embarrassed to move. But my guess is that far more of them did not feel like they were the perpetrators. In their minds, the problem existed "out there" and they had not contributed to it.

The exercise proved very useful because as a result this group of bright individuals could visually see the fundamental incongruity: how could the lowest scores be generated by a group where no one was at fault? That day we coined the phrase, "Moving off the tape."

After some discussion and reflection, we tried the exercise again and this time everyone stepped off the tape. Everyone became willing to see how they contributed to the collective reality of the group. When people chose to take responsibility for their reality, they had successfully moved off the tape.

The right question then becomes, for each of us: "What have I done to create a distrustful environment?" When I ask this question, I am setting up the possibility that I can take action and create a trusting environment. I am no longer a victim, I empower myself.

## Two different mindsets: levels of consciousness

If you are familiar with our work at FCG, you know we often use the term "above or below the line." Above the line refers to a curious, constructive, open attitude; below the line is characterized by defensive, fearful and closed mindsets. This is a useful framework for thinking about leadership, culture and teamwork. It is useful in discussing the trust issue as well.

Our contribution to the trust discussion can be summed up by saying that conversations in the lower half of this chart are unproductive. And yet this is where nearly all of the trust discussions are taking place today. Within countries, within companies, within teams. Trust comes up in a discussion and everyone remains firmly "on the tape." There is rarely a move to taking responsibility, which would be seen when an individual shifts to this mindset: "Hmmm. Interesting. How have I contributed to this trust issue? Where can I improve?" With our group of 27 investment leaders, we did exactly that. We asked them to complete this sentence:

*"You cannot always count on me to be trustworthy around..."*

Some of the answers from the group were as follows:

- ...time commitments.
- ...not spinning how I say something. I am usually selling something to whomever I'm addressing.
- ...being fully revealing about what I know on a given subject.
- ...never breaking confidentiality.
- ...being honest with myself. Sometimes I can BS myself.

| <b>"By me" consciousness</b>                     | <b>"By me" trust</b>  |
|--|---|
| I am creating my life.                           | I locate trust "inside" myself.   |
| I learn the laws of life and create what I want. | I am responsible for creating security and safety internally.   |
| States of mind:<br>Empowerment, Appreciation     | When a trust issue arises in my life, I ask, "how did I contribute to creating this trust issue?"   |
|  | I aim to secure myself internally, not by changing what is around me. Where appropriate, I provide accurate feedback to people on trust issues. |
|  | I proactively work to create high levels of trust on my team and in my life.  |

Gateway: Responsibility. I take responsibility for what happens in my life.

| <b>"To me" consciousness</b>                     | <b>"To me" trust</b>  |
|--|---|
| Life happens to me. I am at the mercy of life.   | I locate trust "outside" of myself. The problem is "out there."                               |
| Question: Why does this happen to me?            | I operate by paradigms like "prisoners' dilemma." (game theory) Others betray so I will, too. |
| States of mind: blame, complain, victim, villain | I gain security and safety by associating with people whom I believe to be trustworthy.       |
|  | I complain and gossip about people I believe to be untrustworthy.                             |
|  | I proactively work to create high levels of trust on my team and in my life.                  |
|  | I do not provide them with direct feedback about their behavior.                              |

Without exception every one of our leaders could find an area where they could improve their own trust ratings. When they indeed stepped off the tape, they took responsibility and addressed the all-important question: what can I change to improve trust?

The exercise with the trust scores shown above is useful in addressing and improving trust. In working with a team of portfolio managers at a large equity shop, we asked them to assess one another on the basis of trustworthiness (1 = poor, 10 = excellent, as in the charts above). The two major components of trust have been defined earlier: character and

competence. This exercise is useful because prior to doing it, most of the executives are firmly rooted in denial: I don't have significant trust issues. I'm fine. I'm justified in staying on the tape.

After the exercise, when the data is right in front of them (10-1 range of scores), it shatters their defenses and they are forced to acknowledge that they could improve their trustworthiness. (In our experiences, doing trust scores with dozens of investment teams, no individual has ever scored a perfect 10 or even close to it. And routinely people are given scores of 5 or less by one of their team mates, as seen in the charts above.)

It's a hopeful sign when teams can embrace an exercise like the one described above. It raises both their self-awareness and their candor around trust. At the conclusion of such an exercise, it is powerful to have each team member commit to the following:

*"I take responsibility for asking myself, how can I create higher levels of trust on this team?"*

Conversely, it's a very dangerous sign when one or more members of the team reacts with extreme defensiveness (below the line). In the example above, one of the portfolio managers resisted stepping off the tape altogether. After each of the other PM's listened to feedback from their colleagues, we then asked the resistant PM if he wanted feedback.

*Facilitator: "Are you curious about why your teammates rated you the way they did?"*

*PM: "No."*

*Facilitator: "Would you like feedback from your teammates about how you could improve?"*

*PM: "No."*

*Facilitator: (genuinely surprised and curious), "Why not?"*

*PM: "Because if my teammates really knew who I was, they would know that I am trustworthy."*

The behavior of this PM reflects the widespread behavior of most of us. Few of us are really committed to learning how we can improve trust, while we are very interested in learning how THEY can improve it. Again, the fundamentally important shift in addressing trust is the shift from locating it "out there" to locating it "in here." This shift moves the issue from being in the "no control" column (things we have no control over) to the "control" column (things we can control). I can commit personally to being impeccable around integrity, trust, accountability, and the like. It would be foolish to commit to making others that way. And yet this is the basis for most of the trust discussions in countries and companies today.

## *Getting practical: steps for building trust*

If investment professionals are willing to move from an "out there" discussion to an "in here" inquiry, then the following guidelines are useful. The following table shows some clear "best practices" in building trust—*trust builders*, if you will. The right hand column shows the corresponding *trust busters*.

| Trust builders: best practices  | Trust busters: common causes of distrust  |
|---|---|
| <p><b>Eliminate gossip.</b> Have team members formally commit to not being a party to gossip. If someone tries to gossip to them, they would decline and remind the person that there is an agreement not to gossip in this organization.</p>     | <p><b>Gossip a lot.</b> Talk about people behind their back in a negative way. This will destroy trust as fast as anything we know.</p>   |
| <p><b>Make and keep clear agreements.</b> Have a clear, "Who will do what by when?" for every agreement and write it down.</p>  | <p><b>Make sloppy agreements.</b> Make lots of vague statements like "let's get together and move that forward" without any intention of doing anything. Or make agreements that you forget about altogether. Later blame the other person.</p> |
| <p><b>Adopt win/win attitude.</b> You and the other party both walk away happy from the agreement or outcome.</p>   | <p><b>Serve only yourself.</b> Give lip service to being a team player, but put your agenda first. Relish the times you won and the other guy lost.</p>   |
| <p><b>Take responsibility.</b> Review any outcomes, take a curious attitude of asking yourself, "what was my participation and how did I help or hurt this result?"</p>   | <p><b>Blame others.</b> Regardless of the facts, make sure you direct all blame on to other parties. Watch "The Apprentice" for expert tips on how to do this.</p>  |
| <p><b>Practice candor.</b> Get agreement from your team that candor is the way to operate most efficiently, and then be honest and open with all your team mates.</p>   | <p><b>Withhold, withhold, withhold.</b> Play your cards close to the vest, don't reveal anything even at gunpoint. Encourage secrecy.</p>   |
| <p><b>Discuss and agree on decision rights.</b> Agree on who has them for what decisions, then get clear agreement that all team members will align around a process that is fair and transparent.</p>  | <p><b>Second guess decisions.</b> Nod your head and look like you are in alignment with team mates, then bad mouth the decisions in private.</p>  |
| <p><b>Be consistent.</b> Write down your guiding principles, personal values, important objectives and agreements. Stick to them. Keep refocusing the team on the agreed upon objectives and values. Make your motto, "they can count on me."</p> | <p><b>Be inconsistent.</b> Appear like Sybil, saying and doing certain things in one week then changing them the next. Make your motto, "they can't hit a moving target."</p>   |
| <p><b>Separate fact from opinions.</b> Hold your opinions lightly.</p>  | <p><b>Get defensive.</b> Argue from a win/lose mindset. Try to intimidate. Consider your opinion correct. Fight to the death for your idea.</p>   |
| <p><b>Align incentives.</b> Work carefully to make sure that incentives reinforce a trusting environment. Don't pit team mates against one another, all the time praising teamwork.</p>   | <p><b>Create poor alignment of incentives.</b> Foster a dog-eat-dog environment where someone wins at another's expense. Emphasize money and use comp as a tool for doing this.</p>   |
| <p><b>Create a true meritocracy.</b> Value and reward skills and results. Create a team where each person is seen as someone who "delivers on promised results."</p>  | <p><b>Show repeated incompetence.</b> Show favoritism. Destroy all semblances of a meritocracy. Make it appear that rewards are assigned randomly and that excellence matters little.</p>   |
| <p><b>Practice humility.</b> Understand that trust is given or bestowed by others. You are given an opportunity to earn the "trustworthy" designation.</p>  | <p><b>Act like a bull in a china shop.</b> Behave as if you can force people to trust you. When that does not work, try scaring them into trusting you. Finally, give up and call them "weak and childish."</p>                                 |

Many leaders in our dialogue about trust have started asking the right question, “What can I do to build trust in my organization?” And many have shared success stories with the group. Below we share just one of the empowering examples.

At SSGA, Scott Powers took over a world-renowned organization that, by its own admission, had lost its way. Powers knew that he needed to rebuild management’s credibility so he gathered his senior team and went about discussing and clarifying the following:

- Vision
- Mission
- Values
- Key objectives

His goal was to create operating alignments with clear accountabilities. As the team progressed he continued to remind them of the important difference between what they can control and what they cannot control. Effective leaders focus on the former. He stressed candor, clarity, and transparency. (When Powers is asked a question, he often responds with one of these phrases: “I know the answer and I’ll tell you. I know the answer and I can’t tell you for this reason.... Or, I don’t know the answer.”) He surrounded himself with a cognitively diverse group of people, including some devil’s advocates who would challenge him. And he kept emphasizing the importance of acknowledging errors: “the goal, of course, is to do what you said you would do, but when you come up short, you raise your hand.”

To encourage successful execution of their plan, Powers made sure that all of them were carefully documented in writing and that the senior managers met regularly and challenged one another on results. Communicate, communicate, communicate. Plenty of feedback and positive peer pressure. Powers adds that “key resource allocation decisions are made in the light of day, not in a murky back room. We have clear decision rights and after thorough discussion, we do decide and then inform everyone of how resources will get allocated and why.”

The clarity of goals, the measurement of results vs. plan, the peer accountability and candor all drive execution. And good execution builds trust.

Interestingly, when Powers and others discussed execution there was a noticeable absence of using fear to get results. Roger Clarke, an FCG board member, had recently read *Change or Die*<sup>10</sup> and added to our discussion the book’s assertion that fear is NOT the way to make change happen. Three examples from the book:

*Medicine:* “We try to use fear to motivate them (i.e. heart patients) to change, but they are in denial because the fear is too overwhelming.” Hence, MORE fear won’t help.

*Business:* “The fear of losing their jobs didn’t compel the Fremont auto workers to change.”

*Law enforcement:* The fear of a long prison sentence didn’t intimidate most criminals to ‘go straight.’ And when harsher punishments are threatened, the rearrest rate actually went up by 13 percentage points, from 62.5% to 75.5%.”

So, as firms consider methods of creating more trust and less fear, don't make the mistake of using fear to eliminate fear! (reminiscent of the old joke: "the beatings will continue until morale improves.")

Powers' senior team at SSGA has done the earlier-discussed trust assessment. And to Powers' credit, he received the highest marks from teammates on both character and competence. Neither score, however, was a perfect 10, so he acknowledges his own room for improvement and is committed to doing so. In our view, Powers and other leaders in our dialogue are asking the right question: How have I created distrust on this team? And how can I do better?

Most of the discussion around trust will probably occur from "below the line." People will stand comfortably on the tape and point fingers at the various parties who should get their trust act together. The wise investment leaders will step off the tape, shift above the line and ask, "How can I create a culture of trust?" To this end, each of our leaders has read and agreed to the following commitment:

*"I commit to taking responsibility for the trust issues in my life by asking: how can I make myself more trustworthy in relationship to myself, my team, and my organization."*

Here is our list of leaders who are asking the right question (note: some signatures are pending as of June 5, 2009). If you wish to add your name to this list please contact us at: [LSeveryns@FocusCgroup.com](mailto:LSeveryns@FocusCgroup.com), or go to our website [www.focusCgroup.com](http://www.focusCgroup.com) and sign the commitment there.

| Leader   | Organization                             |
|--|--|
| Peter Banziger, Head of Asset Management & Institutional Clients | Swisscanto                               |
| Roger Clarke, Chairman   | Analytic Investors, Ensign Peak Advisors |
| Glenn Carlson, CEO   | Brandes Investment Partners              |
| Nate Dalton, COO   | AMG                                      |
| Jeff Diermeier, Former CEO                                       | CFA Institute                            |
| Britt Harris, CIO  | Teacher Retirement System of Texas       |
| Mellody Hobson, President  | Ariel Investments, LLC                   |
| Frank Holmes, CEO & CIO  | U.S. Global Investors, Inc.              |
| Jon Hunt, COO  | Convergent Capital Management, LLC       |
| Jim Laird, CFO   | Diamond Hill                             |
| Jane Marcus, Asset Management Practice                           | Heidrick & Struggles                     |
| Steve Potter, President  | Northern Trust Global Investments        |
| Scott Powers, CEO  | State Street Global Advisors             |
| Bill Quinn, CEO  | American Beacon Advisors                 |

| Leader  | Organization                            |
|---|---|
| Kim Redding, CEO                              | Brookfield Redding, LLC                 |
| Ed Rosengarten, Chief Executive Equities      | M & G Investments                       |
| Dr. Andreas Sauer, CEO & CIO                  | Quoniam Asset Management                |
| Paul Schaeffer, President                     | ReFlow                                  |
| Michelle Seitz, Head of Investment Management | William Blair & Co                      |
| Kim Shannon, President & CIO                  | Sionna Investment Managers, Inc.        |
| Brian Singer, Chairman of the Board           | CFA Institute                           |
| Derrick Strizic, Former President             | Foyston, Gordon & Payne                 |
| Maury Tognarelli, CEO                         | Heitman, LLC                            |
| Robert Vanderhooft, CEO & CIO                 | Greystone Managed Investments           |
| Robert Wagner, CEO                            | Victory Capital Management              |
| James Walsh, CIO                              | Cornell University Investment Office    |
| Kelly Williams, President & COO               | Atlanta Capital Management Company, LLC |

#### Endnotes

- 1 Edelman Trustbarometer, 2009 Tenth Global Opinion Leaders Study
- 2 Harvard Business Review, June 2009, pg. 64
- 3 *Culture Matters*, by Lawrence Harrison and Samuel Huntington, pg. 90, Perseus Books Group, NY, NY. Also see Transparency International work, [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2008](http://www.transparency.org/policy_research/surveys_indices/cpi/2008)
- 4 2009 Edelman Trust Barometer
- 5 *The Buffett Way* by Robert Hagstrom
- 6 Buffet on newspaper principle from Charlie Bobrinskoy at Ariel Capital, interview.
- 7 *Built to Last*, Jim Collins and Jerry Porras, Harper Business
- 8 Ibid, page 5
- 9 Selected by 35 business experts in Gary Hamel's article, "Moon Shots for Management," *Harvard Business Review*, February, 2009
- 10 *Change or Die* by Alan Deutschman, 2008

*Focus Consulting Group is the recognized expert for helping investment leaders with human capital issues, specifically in the areas of leadership, culture, teamwork, and coaching. We encourage you to visit our website, sign up for the Trust Project, and explore the free white papers and videos. [www.focusCgroup.com](http://www.focusCgroup.com)*

#### *Books by Jim Ware, CFA and the Focus Consulting Group:*

- *High Performing Investment Teams* (Wiley, 2006)
- *Investment Leadership: Building a Winning Culture for Long Term Success* (Wiley, 2003)
- *The Psychology of Money* (Wiley, 2001)

#### *Papers by Jim Ware, CFA and the Focus Consulting Group:*

- *Life Stages of an Investment Firm* (with Jane Marcus, Heidrick & Struggles)
- *Applied Behavioral Finance*
- *Ethical Leadership*
- *Adaptive Leadership*

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