



Trust

If you have ever attended one of those team building courses chances are that you will have had to participate in the activity where you are asked to close your eyes and fall backwards safe in the knowledge that a colleague will catch you. This is of course designed to illustrate (very effectively) the importance and value of Trust.

Trust is fundamental to so many areas of life, not just business. After all, most agreements and understandings in our day-to-day lives are not backed-up formally with written contracts and time was when that was true in business. Back in the day when literacy was not strong most contracts were verbal, often sealed with a handshake. In that time a man's word was his bond and that more often than not proved to be true. Some vestiges of this trust system remain today. For UK readers, take a look at the ten pound note in your wallet. It is in effect a promissory note saying 'I promise to pay the bearer on demand.....' Technically it is a promise made by the Bank of England to the receiver of the note. Look at the language formerly employed in letters for instance, 'yours faithfully' or 'yours sincerely' both implying trust in the other party and reinforcing that you as the author can be trusted. Finally, in US law 'antitrust' legislation is there to ensure that fairness is part of the business world and seeks to ban practices such as collusion and price fixing.

Call me a cynic but I get the feeling that the bedrock of trust underpinning society and therefore to some extent business life has been eroded somewhat over the decades. When I started out over 25 years ago my first CEO used to say that as soon as you write a contract between two business partners then the trust has gone and that is the beginning of the end of the relationship. This maybe extreme but I understand where he was coming from with

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the sentiment – for him a written contract shattered the ‘my word is my bond’ concept and naturally lead to suspicion and doubt.

Actually I have no problem with contracts and feel that they are absolutely required as a normal course of business in order to protect all parties and their stakeholders. I guess my concern is that the erosion of trust these days has gone further and there are those who seem happy to sign such documents knowing that they are likely to breach at least some of the clauses. Stray too far in that direction and you arrive within the jurisdiction of fraud and quite right too!

In today’s interconnected world where consumers are buying items from traders that they will never meet and indeed who are often located tens of thousands of miles away the potential exposure to fraud-like activity is increasing. The trader concerned lives in a different culture which may be at least a source of confusion and anyway in the faceless world of the internet he/she is less likely to be held to account for any misleading claim. There are numerous websites that detail business scams, some very sophisticated – often naming and shaming individuals – and in my opinion they provide a good service.

Trust is regularly broken in areas such as copyright and patents. There is legal protection for a bona-fide patent of course but it costs big money to defend an infringement and that often deters companies from pursuing a claim. Infringing parties know this and take the chance. There is undoubtedly a short-cut culture these days where people are impatient to achieve their goal, spurred on by the fact that in today’s world of global communication, life is accelerated. I guess my point is that in such an environment, individual restraint through ethics or a strong moral compass is even more important because temptation and opportunity are all around.

So my thought for today is, be proud of your ethical approach. It is more important than ever that you can be recognised as someone to be trusted. Under promise and over deliver to instil confidence in those who interact with you regularly. It certainly won’t hinder the progress of your business in the long term and actually might benefit it as happy collaborators seek you out for the next trade. In fact things might be coming full circle as the power of social media seems to be emerging as a strong force to keep companies honest – that distant, fraudulent trader may be made to pay locally for the long-haul betrayal of trust!

Written by Andrew Low of Discussing Business in March 2016.

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