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Serving Others & Building Trust

The Business Value of Trust by Kent McSparran

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How important is trust in the workplace? Though it may appear fuzzy and intangible at first glance, trust is much more than something to make us feel good about our work environment.

Its benefits may not be immediately obvious, but trust makes a big impact on productivity, waste and financial performance. Perhaps the best thing about trust is that once awareness is raised, it is one of the easiest workplace issues to improve. In many cases, awareness itself is half the solution.

Trust Counts

In his book, *The Five Dysfunctions of a Team*, Patrick Lencioni describes trust as the foundation for any team's ability to achieve results. Without it, honest dialogue and debate will not take place. That lack of communication will lead to non-consensus decisions and inhibit true commitment from all team members. Without commitment, accountability sinks, producing poor results.



In a large company, trust may be called politics. In a small business it may be considered a personality conflict. However it's labeled, an organization with low-trust issues will pay a big price.

Stephen M. R. Covey's book, *The Speed of Trust*, introduces the concept of trust taxes—the price companies pay for low trust. It only takes a scratch along the surface to see how deeply trust can affect an organization. There is certainly a price paid for trust issues that go unresolved. It can be found in the wasted energy of working around a team member or the lack of commitment because of a fear to speak-up. Low trust can even hinder innovation when ideas are not openly shared and tested.

The Components of Trust

Trust is made up of two essential ingredients: trust in motive and trust in competence.

First, motive plays a significant role in any trust relationship. If I ask, "Do you trust me?" your initial thoughts may revolve around my integrity or motive. If you believe my motives are selfish, the working relationship will be stunted. This will in turn shut down communication and negatively impact performance.

But trust in your teammate's motives is only half of the equation. The other half of the trust equation is competence—the ability to achieve results. If we don't have complete trust in our co-worker's ability to achieve results, it is not a challenge to their character. If you have ever had a teen driver in your house, you may completely trust their character, but still question their skill to drive on the freeway during rush hour. If you trust someone's motives but not their ability to get the job done, there is still a significant trust gap to bridge.

Improved Trust, Better Results

The improvement of trust within an organization is an ongoing process, not a once-and-done event. There is no single recipe for improving trust. It will take different forms in different situations. Yet the number-one key to improved trust is awareness of its importance. Ironically, it's the organizations with low trust that don't recognize its cost, and those with good trust that constantly look for ways to make it better.

Here are three easy steps to bring awareness to the trust issues within your organization and how you might begin to tackle them.

The first step is evaluation. A survey can be a great way to start and give context to the trust discussion. Find out where trust issues lie and whether they are rooted in motive or competence.

Second, get in the room and talk about it. These types of issues will not resolve themselves when ignored. Engage a facilitator and start by talking about the trust taxes in your company and why trust is important. Show its relevance and connect it to results.

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When approaching these issues, particularly in sensitive conflict situations, be sure to frame the discussions around behaviors, not personal traits. A skilled facilitator will set the tone for a constructive conversation.

Third and finally, measure progress. Using your initial survey as a baseline, continue to probe for trust issues. Make it a regular part of your team discussions and look for continuous improvement.

Take it Wherever You Go

With improvements internally, you can carry the discussion into external arenas. Trust should be equally as important in relationships with business partners, suppliers and customers. While trust may be good internally, that doesn't mean your sales team is accomplishing the same with your customers – or vice versa.

In all areas of business, wherever relationships exist, trust is a fundamental part of success. While its cost may not be flashing in neon, carefully consider the impact it may be having on your performance. When the impact of trust is weighed against the relative ease of repair, it's a no-brainer to take head-on.

Forward Thinking

Speed of Trust

by Stephen R. Covey

Trust has a bottom-line impact on results and this book provides practical examples of how to inspire immediate trust.

Food for Thought

The best way to find out if you can trust somebody is to trust them.

-Ernest Hemingway

Small Business Jobs Act of 2010

The recently enacted "2010 Small Business Jobs Act" includes a wide-ranging assortment of tax breaks and incentives for businesses. It includes some solid provisions related to more favorable expensing for capital expenditures and the capital gain exclusion for investments in small business stock. Of significant note are the items that are missing in this legislation related to R&D credits, and the \$100k charitable contribution of an IRA allowance, etc. Here's a brief listing of the tax changes in the Small Business Jobs Act.

- Enhanced small business expensing
- Extension of 50% bonus first-year depreciation
- Boosted deduction for start-up expenditures
- 100% exclusion of gain from the sale of small business stock
- General business credits of eligible small businesses for 2010 get five-year carryback
- General business credits of eligible small businesses not subject to AMT for 2010
- Deductibility of health insurance for the purpose of calculating self-employment tax
- Cell phones no longer listed property
- S corporation holding period for appreciated assets shortened to five years
- New tax break for long-term contract accounting
- Limitation on penalty for failure to disclose certain reportable transactions
- Revenue raisers

If you would like more details about any aspect of the new legislation, please call your EKS&H tax advisor at 303-740-9400.

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