
Foreword: The New Power Center

A new center of strategic power is quietly rising above the competitive landscape. It's the power of trust – the competitive clout of High-Trust, Peak-Performance Organizations.

To say that trust has power is no startling revelation. Trust has always held societies and organizations together. But an added dynamic is at work today. The pace of competition is now so fierce that long-term, superlative performance is absolutely vital. And sustained peak performance is possible only in settings where trust runs deep.

Unfortunately, trust is in short supply, as recent studies and surveys routinely show. Independent researchers consistently confirm a pattern of deep-seated, wholesale distrust toward leadership, corporations, and institutions, not to mention a broad distrust of government.

This trust deficit creates remarkable competitive opportunities for corporations and institutions which practice Trust-Centered Leadership™. In the post-Enron era, with leadership credibility at historic lows, people long for leaders and companies who inspire genuine trust. And because of this longing, today's trusted leaders and trusted organizations have unprecedented potential for influence and power.

And we are not speaking merely of personal influence and power. We are talking about genuine, measurable economic power. Companies with high-trust cultures are markedly more profitable

than those who let trust fall into disrepair – especially over the long haul. For financial institutions, of course, trust has always been a cornerstone of success. But today trust is no less critical for industries and institutions of every stripe.

What gives trust such bottom-line leverage? The answer lies in the concept of a “learning organization,” popularized in the 1990s in Peter Senge’s book *The Fifth Discipline*.¹ With the information revolution in full force, the book addressed a marketplace enthralled with information as a competitive tool.

But people generally perceived this competitive power in a tactical sense. That is, the competitor with rapid access to information was in a stronger position in head-to-head, day-to-day competition.

Senge cast information and competition in a different light. He viewed information strategically, through a transformational lens. He urged companies to deploy extensive information feedback systems, then use these systems as learning tools to transform themselves.

The faster a company learns, he held, the more quickly it can implement change and remain perpetually competitive. Hence the term “learning organization.” Senge quoted Arie de Geus as saying, “The ability to learn faster than your competitors may be the only sustainable competitive advantage.”²

Experience shows that learning organizations do indeed hold superior competitive positions, perhaps more so today than when Senge first wrote. And while the competitive power of information itself may have waned, information feedback within a learning organization still conveys profound competitive strength.

Which brings us back to the subject of trust and profitability. When you look closely at today’s competitive companies, they have

¹ Peter Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization* (New York: Doubleday, 1990).

² Senge, *The Fifth Discipline*, p. 4.

many traits in common with a learning organization. In particular, they make constant mid-course corrections based on communication that is open, quick, and multilateral. Anything less blunts their competitive edge.

Yet this kind of communication, coupled with an on-going process of transformation, demands high levels of trust. Trust eliminates corporate barriers that otherwise choke off arteries of communication, thwart rapid change, and impede innovation.

The higher the trust, the more readily a company can learn, re-evaluate, and change. If the speed at which we learn is our “only sustainable competitive advantage,” to quote Arie de Geuss once more, then the key to that advantage is a high-trust culture that empowers an organization to learn quickly. That’s why, with trust in short supply, today’s new center of power is trust.

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