7. Honesty and Trust Must Be Built into the Foundation of the Company

Every great company faces unique challenges in its earliest days, but even as stress levels run high, productivity levels are maintained at the best startups through a steadfast commitment to honesty and trust. "Trust is like the air we breathe," Warren Buffett said. "When it's present nobody really notices. But when it's absent, everybody notices." It's never easy to give a less than stellar review to an employee who is unquestionably committed, yet consistently falls short of the company's expectations. Corporate communication with respect to successes and failures is critical to establishing trust among the troops in the earliest days. Starbuck founder Howard Shultz certainly recognized this, suggesting, "People want to be part of something bigger than themselves. They want to be part of something they are really proud of, that they'll fight for, sacrifice or, that they trust." I've certainly recognized through the years that the companies that build honesty and trust into their DNA at the earliest stages are able to get the most out of their people.

A big part of getting this right is establishing the ability to communicate openly and honestly about everything. In *Radical Candor*, Kim Scott confirms from her experience that, "Lack of praise and criticism had absolutely disastrous effect on our teams and our outcomes." Criticism, in particular, is often difficult to deliver, but essential in building a healthy level of transparency and honesty. Scott also references Steve Jobs's approach to giving criticism: "You need to do that in a way that does not call into question your confidence in their abilities but leaves not much room for interpretation." If your weakest performers aren't managed honestly, they are left to believe that they are effectively pulling their weight when in reality other team members

must supplement their work to get the job done properly. Jim Collins writes in *Good to Great*, "The only way to deliver to the people who are achieving is to not burden them with the people who are not achieving." In an effort to establish trust and optimize resources, it is important to welcome candid discussion and feedback across all levels of the organization.

Founders and early leaders must remain accessible and open to constructive criticism if an optimal level of trust and transparency is to be achieved. James Kerr touches on this topic in *Legacy*— "The key to strong peer-to-peer interaction is a high level of trust. This is trust in the sense of safe vulnerability. The leaders need to create environments where individuals get to know each other as people and gather insight into their personal story and working style. This needs to be supported by the leader's role modelling behavior around admission of mistakes and weaknesses and fears...This is essential for safe conflict and safe confrontation, where the most important interaction often occurs." The most productive startup environments are open and transparent, which promotes a sense of team and being part of something much larger than yourself.

There are countless, more subtle ways to achieve this same outcome as Dov Seidman offers in W*hy How We Do Anything Means Everything*: "Lifestyle programs like on-site childcare, flextime, team-building outings exercise facilities, and family leave are more than just good public relations; they actually increase employees' trust and productiveness." While these amenities are rarely available in a young company's earliest stages, phasing such perks in over time has proven to bolster loyalty in addition to boosting output.

The fact is, startups are incredibly demanding, especially in the earliest stages when resources are limited, and funding is often tight. Founders and early team members are

required to make sacrifices to be a part of something they hope will be game-changing. Those companies that ascend to the greatest heights take the time to establish a level of trust, honesty, and transparency which sets them apart. Peter Drucker notes, "A corporation should be a community 'built on trust' and respect for the workers—not just a profit machine." Those companies that get this right reap the greatest rewards.