

Enlightened Negotiation

*8 Universal Laws to
Connect, Create, and Prosper*

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The Law of Trust

Trust is to human relationships what faith is to gospel living. It is the beginning place, the foundation upon which more can be built.

*Where trust is, love can flourish.*²—Barbara Smith

A PERSONAL EXPERIENCE OF NEGOTIATION

I was eight years old, living in Tehran, Iran, when I first dreamed of starting my own business, and I set out to launch my entrepreneurial venture the next summer, as soon as school was out. My vision of exactly how all of this was going to happen was clear. At an age when American children traditionally set up lemonade stands, I had something much more serious in mind: retailing toys throughout my neighborhood of Tehran. Although my father was an important civil servant (in effect, one of the five “mayors” of the complex and busy city), he did not have a head for business, and money was a constant tension in our home.

The consumer side of the toy market was a field in which I had considerable expertise; I knew my demographic (the kids on my block) and precisely which products would catch their eyes. My start-up capital was the savings I’d painstakingly accumulated for much of my life. I had worked out the details so clearly in my mind that I saw no way the enterprise could fail. I was absolutely convinced I would soon

make my first fortune and provide my parents and siblings with a life of comfort and security.

The instant I announced to my parents that I was starting a business, my mother told me I would be doing no such thing. Set up a stand in front of the house to sell trinkets to strangers? It was one step above begging! “There are better ways for you to spend your time off from school,” she told me, “than learning to be a street peddler.”

My father was at least curious enough to consider my prospectus, but it was clear he wasn’t going to contradict my mother.

Throughout the rest of the school year, I applied myself to intense negotiations with my mother toward achieving my goal—getting her “green light” so my business plan could go forward. I was elated when my efforts yielded a breakthrough preliminary agreement: If I gave in to all Mom’s demands, she “might think about it.”

I did my homework, kept my bedtime, did extra chores around the house, and was always available for last-minute runs to the market at odd hours. Keeping up with Mom’s demands became more time-consuming than I had anticipated, but my laser-sharp focus on my plan and all the sacrifices I was enduring (I lost no opportunity to make Mom aware of just how much I was suffering) ultimately softened her heart, and she approved my plan with only a list of restrictions, regulations, and laws punishable by death-by-homework governing my business hours of operation and geographical boundaries. She also attached a list of books she expected me to read by the end of the summer.

The world was a glorious place the day I went to the wholesale market to select my initial inventory. The excitement and joy of finally moving toward my goal translated into a sense of determination and fierce independence as I walked the aisles among my fellow merchants.

The next morning, although our neighborhood was a quiet place, the fanfare of my grand opening was as loud as a circus parade inside my head. There was no question that my wooden-crate stand, with the gleaming toys arranged strategically on a background of fabric my

sister loaned me, was up to par with the department store windows downtown.

Opening day was a smashing success. Sales volume was strong, and neighborhood support was enthusiastic at both my morning and afternoon sessions. (From lunch until three, I had to stay at home, working through Mom's reading list.) That night, I proudly counted my money and stacked it where I could look at it as I fell asleep.

The next morning I couldn't wait to run out of the house and get on with business. The morning sales were so strong and I was so excited, I pushed the envelope of the time I was required to have my afternoon break by getting to my stand early and setting out new items in preparation for the brisk business to come.

A man—a grown-up riding a bike—came along and began checking out my wares. For an adult, he showed a lot of interest in toys. He would pick one up and say, "Oh, wouldn't my son have fun with this," and then, "My little girl would love this one." He collected in his arms quite a few items he thought his children would enjoy. I was so thrilled to have a major sale taking shape that I beamed with pride when the man asked if I'd consider a package deal on everything he had in his arms. I had already given a few discounts to kids on the block who weren't as blessed with financial success as I, but this man was asking for a much larger discount since, as he pointed out, he was buying up most of my inventory!

While we bargained, he handed me a high-denomination bill, and he kept proposing new figures as I fumbled to count my available coins and bills, worried I'd lose the sale if I couldn't make change. Then he offered to give me smaller currency instead, which made me start adding and subtracting all over again. This happened a few times as he kept bargaining and changing his mind and selecting new items. In addition, he asked for a bag for all the items he'd purchased, so I had to scramble around under the counter to find one.

With a satisfied smile he said goodbye and jumped on his bike. I was in heaven as I started to rearrange my display, filling in the gaps

where so many items were now gone. I kept thinking about the man's children, how lucky they were to have such a good father, how happy they would be when he got home, all thanks to my vision of a toy store . . .

As these happy thoughts were going through my mind, I opened my cash box and was bewildered to see only a few coins. Where was all the paper money the man had passed through my hands so many times? Did I put anything in my pockets, or drop a wad of bills? I looked everywhere, but the money was nowhere to be found. It was gone! The bike man had taken it all when I wasn't looking. He had cleaned me out! He had stolen my money! He had stolen my dream! Didn't he know how hard I had worked the whole year?

I tried with all my might to block from my mind what had happened, as if everything would be reversed if I could only fool myself as thoroughly as he had fooled me. But always the facts came rushing back. I felt the ground melt beneath me as everything I thought I could rely on had dissolved like cotton candy into a sticky nothing.

How could he do it? A grown-up! Someone's *father!*

My dream in tatters, I rearranged my few sad remaining toys on the shabby display cloth. My stand now seemed so empty, lifeless, soulless. My yearlong dream twisted into a nightmare as I gathered my things and hung out my "Closed" sign.

People on the street looked different to me now, with something sinister in their smiles. Beneath the surface, was everyone like the man on the bike, waiting to take all I had the instant I turned my back? What about all those grown-ups, friends, and neighbors, who over the next days encouraged me to keep following my dream? Maybe it was my duty to tell all nice people the dark truth and warn them about evil people cruising around our neighborhood like sharks on bicycles. But how would I be able to tell good people from the sharks? How do you know who to trust?

That day I learned the first law of negotiation, The Law of Trust.

TRUST: THE FOUNDATION OF A RELATIONSHIP

A towering house of cards can be an intriguingly beautiful construction. Building such a structure, defying gravity card by card, requires planning, precision, patience, and attention to detail. But all it takes is one shaky move for such a precarious edifice to collapse. The same is true of an elaborate sand castle—a lot of creativity that melts away with the next tide.

Real castles and houses require, first of all, secure and durable foundations. Conducting a masterful negotiation and crafting a mutually satisfying agreement are great achievements, but what good is all that effort if the outcome, the manifestation of our intentions, is built upon an unreliable foundation? If there's no assurance of follow-through, an otherwise perfect negotiation can be a waste of creative energy.

Trust is the foundation of any agreement. Confidence that the other party will keep its commitments provides both parties with the assurance necessary to keep moving forward productively even though many tough issues remain to be worked out. When either party's commitment to its promises is perceived as doubtful, a marriage, a business arrangement, or even a multinational peace treaty can fall apart in an instant because there's no solid foundation of trust to build upon.

Perception of reliability is not just an important factor in whether a negotiation's outcome will be a lasting success. A sense of trust is critical in shaping an environment of positivity and mutual support that helps the parties aspire toward excellence and endure frustrations along the path to an agreement.

In an environment devoid of trust, uncertainty creeps in and can spread like a toxin. In such a situation, an assumption that the pieces will fall into place at the right time is replaced by an implicit—sometimes explicit—threat: "If X fails to happen, Y will result." In personal relationships as well as business ventures, a threatening atmosphere replaces faith with fear and decisiveness with hesitancy, diminishing productivity and opportunities for progress.

Trust vs. Mistrust

*Trust yourself, then you will know how to live.*³

—Johann Wolfgang von Goethe

What is trust? In the broadest terms, it's assured reliance on the character, ability, strength, or truth of someone or something.

The practical definition of *trust* in the process of negotiation is a mutual perception of congruity of words and actions. Put simply, we expect the other party's deeds to live up to their words, just as we expect others to "consider it done" when we give our word. We come to trust others when we've seen evidence of how well they carry out their promises, just as we must demonstrate to others our trustworthiness.

The antonyms of trust—distrust, mistrust, doubt, uncertainty, unreliability—are also enlightening. If we think of the apex of trust in a relationship to be like the peak of a mountain, anything less is like wandering in the gloomy shadows of a deep valley. At the peak, our view takes in expansive fields of opportunities; in the valley we're cramped and limited.

The basic concept of negotiation is that each party is committing to provide certain actions or items based on the confidence—call it belief or faith if you prefer—that something else will be delivered by the other party at some point in the future. A classic example is the "short sale" in financial markets, where it's perfectly acceptable for a trader to sell something he has yet to buy, an arrangement that speeds trading and creates liquidity.

The degree of trust (or distrust) sets and modulates the quality of what can be accomplished speedily as well as the potential for growth as the relationship expands.

Is Some Doubt Inevitable?

The concept of our oneness with all beings is a fundamental tenet of almost all wisdom traditions, and fully embracing this awareness

would allow us to fully trust one another. In a meeting of “enlightened beings” there would be no reason to be guarded or anxious about being harmed, cheated, blind-sided, or attacked. The energy we ordinarily devote to staking out and defending our boundaries would be available for more productive and positive purposes.

In an enlightened environment, there is an underlying element of trust and hope. One assumes wisdom and intelligence will prevail, and all parties will work in unison within a frame of well-justified hope.

In the material world as distinct from the aspirational one, there exists things like suspicion, fear, and mistrust that are triggered by an evolutionary survival mechanism that keeps us wary of dangers in a hostile environment.

All animals, including human beings, react to possible threats to their well-being or survival with abrupt bodily changes as every resource is put on alert. It’s debatable whether a crocodile experiences fear just as humans do, but humans respond to perceived threat just as most animals do, as a rush of alertness prepares us to choose among running away, hiding, or striking out at someone. Fear is unpleasant, but it equips us with a vivid preview of the worst that *can* happen. To disregard our fear would be to place ourselves in potential mortal jeopardy. Our evolved physiological defenses predispose us to visualize all sorts of actual and potential threats, even those that exist only as dark phantoms in our imagination.

Fear is useful in more ways than one. Niccolò Machiavelli wrote in *The Prince* in 1511, “Since love and fear can hardly exist together, if we must choose between them, it is far safer to be feared than loved.”

The force of fear is a motivating factor in many aspects of everyday individual and social behavior. Machiavelli’s principle has been put to abundant use in politics and marketing for centuries. Frightening people in order to get them to do something or even buy something has become such a common practice that we often don’t recognize it. Why wouldn’t it be? People are motivated to protect

themselves and minimize risk; a good scare triggers their receptivity to any suggestion of a way out of danger. If our goal is Enlightened Negotiation, however, activating another person's self-defense barriers merely to gain an advantage has the disadvantage of closing us off to more positive possibilities.

Think about the body language of *trust*. It often takes the form of an open-arm gesture, signaling a welcoming attitude offering promise and potential. On the other hand, *mistrust* growing from a perception of threat forces us inward, hunching and embracing ourselves, a closed-off "go away" posture that constrains our actions, restricts our thoughts, and narrows our vision.

To Trust or Not to Trust?

*Trust, but verify!*⁴—Ronald Reagan

In many cultures and societies, trust forms the connecting threads in a web of relationships. Members of a group sharing a bond of trust can trade and negotiate efficiently on the basis of reliable underlying assumptions. Within many tight-knit social groups, a person's word is as good as any written document. A foundation of mutual trust expedites agreements and transactions, and the energy that would otherwise have gone into structuring ironclad protections and threatening counter-incentives can then be available for more productive purposes.

Over time, even business relationships established out of expediency, when parties have no option but to trust each other, can grow to greater levels of trust to have a broader and deeper foundation for good relationships.

In the early 1990s I was active as a real estate investment advisor in San Diego. Real estate is a field in which, typically, people make the largest investments of their lives. At that level of personal risk, the element of trust is of utmost importance. Aware of this, I always made sure my clients understood that if I presented an opportunity to

them, it was something I had personally examined fully and would consider investing in myself. It was always clear to me their confidence in the property's value was directly tied to their trust in me as a person who does his homework and keeps his word.

One day I opened a letter from a client and was surprised to find in it a check for \$300,000 made out to me personally. Attached to it was a note:

Mehrad, please invest this money in the next real estate investment opportunity you find suitable for me. My wife and I will be traveling and not easy to reach. Thanks. Harry.

Although I had worked with Harry in the past, I'd had no forewarning that he would be putting hundreds of thousands of dollars in my hands to spend for him as I thought best! I sat back in my desk chair somewhat in shock, overwhelmed not so much by the sizable responsibility Harry's check had placed on me (I was confident I could find a suitable property for him) as the depth of his trust in me the note represented.

Trust seldom appears out of the blue the instant we meet someone. It needs time to grow and take root. In many cross-cultural negotiations, or indeed in any negotiation outside of one's pre-qualified circle of trust, there is often a testing process the parties must pass in order to establish a basis of trust before moving on to substantive issues.

Many cultures have a kind of ritual or "dance" before negotiations begin in earnest, a process of getting to know the other party, adjusting to their energy and rhythm, and measuring their trustworthiness. It's easier to notice the trust-building rituals of other cultures than to be aware of our own. Americans, for example, take pride in a "let's get down to business" directness, and can be impatient or misled when a counterpart from another culture is slow to get to the issues at hand. In the Far East, the Middle East, and in Latin countries, for example, it's common to have a period of social interactions like dining together during which it's impolite to discuss business deals—an enjoy-

able courtship, in effect, while everyone takes a good look before they leap. There's sound logic for the "socialization delay" built into the customs of such cultures. Among other things, a go-slow period is seen as a preventive practice. It's easier, less costly, and certainly more pleasant to have an unhurried get-to-know-you process at the outset, the reasoning goes, than to fix something after promises have been broken.

American-style directness can sometimes lead to problems a more leisurely pace might avoid. We have a tendency to leap *before* we look, entering into agreements before confirming the reliability of the other side or establishing a solid common ground of understanding and trust. Fortunately, Americans also have an extensive (and expensive) judicial system to resolve the problems resulting from our frequent leaps of faith.

Fast-paced American culture has its own trust-forming rituals, of course, even if they're as offhand as arranging to meet for coffee. Just by showing up at the agreed-upon time and bringing along a promised document, we pass reliability tests. By taking the time to talk about something other than business and exchange common courtesies, we plant seeds of trust that will take root and deepen, given time.

Although it would be convenient to do business only with an inner circle we trust intimately, it's not very practical (and definitely not good for business expansion) to limit our interactions to a circumscribed sphere of minimal risk and uncertainty, whether it's our neighborhood or nation. In real life, situations arise in which the uncertainties include negotiating with others we don't fully trust.

At the beginning of my own career in real estate, I too frequently limited myself to doing business only with those I trusted, and I avoided getting involved with anyone not in my close circle of associates or I had some question about. Rejecting people is easier than accepting people, and in those years I fell into the habit of judging people and rejecting opportunities.

It's possible my childhood experience of failing at business because of a crook caused me to think narrowly and be suspicious of others

as an adult, but my youth in Tehran only reinforced the tendency. There is an old Persian saying: *A person who's bitten by a snake will be afraid of a black and white rope.* Much of what I learned in business school in that era was about survival: *It is a jungle out there. Only the fittest survive. It's a dog-eat-dog life.*

The fear of establishing a business relationship with a stranger I couldn't yet fully trust eventually hampered my business development. I had a small circle of people I regularly represented who, like me, valued longtime relationships with strong bonds of loyalty. But it was a limited environment, and the nature of business requires expanding the number of one's clients.

I had only an off and on switch for trusting people and allowing them into my circle. Anyone with even with a minor incongruity between their words and actions was immediately crossed off my list.

It is true, unfortunately, that there are people in the world skilled at exploiting the confidence others place in them ("con men" for short) who prey on their victims' need to trust and be trusted. The "pigeon drop" is a classic example of a scam in which the perpetrator preys on the eagerness of the *mark* or *pigeon* to demonstrate his own trustworthiness by putting down a deposit to secure a stake in a much larger easy-money payoff—which never materializes, of course, because the scammer makes off with the security deposit, leaving the pigeon with nothing but a determination to never trust anyone again. Obviously none of us wants to be a pigeon.

The Dimmer Principle

The question of whether anyone can be trusted had haunted me since my encounter with the man on the bike. The answer came to me in a flash one day. Such moments of clarity are signified in cartoons as a lightbulb going on over a person's head, and in this case the image is particularly apt.

I was overseeing one of my fixer-upper remodeling projects. In this project, in addition to improving basic items such as flooring

and appliances, we were updating all of the overhead electrical fixtures and the wall switches. I had to choose between installing economical on-off switches or more expensive dimmer controls. Though it would add somewhat to the cost of the project, the decision was obvious to me. It was clear to me having a range of choices would be far preferable to only on-off. If I were to live there, wouldn't I want the dimmers?

In my quest for self-improvement, both personal and professional (I always consider myself a work in progress or in need of upgrading), my epiphany came when I realized there was a useful analogy here, a connection between home improvement and personal improvement. My life would be improved if I took out all the either-or situations and replaced them with a range of many choices. This would certainly include the issue of trust that still plagued me, wouldn't it?

Suddenly I had my answer to the question of how I can know who to trust: Trust shouldn't be an all-or-nothing proposition, a choice between all-out commitment and cutting someone off entirely. People like the bike man represent one end of the spectrum, but just about everyone else is trustworthy *up to a point*. If we think of our willingness to trust another person as a dimmer switch, we can then modulate the mix between assuming everything will work out just as the person says and building in safeguards just in case it doesn't.

From that moment on, I experienced a greater openness toward my contacts and clients, a willingness to listen to proposals and agree to move forward creatively *up to a point*. At that stage it's then appropriate to verify whether promises have been kept.

In practical application, it's always best to balance trust with verifications. As we prove our trustworthiness, trust can be extended and there's less need for verification in the next step forward.

Sources of Trust

*He who does not trust enough will not be trusted.*⁵—Lao Tzu

As human beings, we like to think of ourselves as the only creatures with a highly developed moral code guiding our behavior, but in fact we see animals behaving virtuously all the time, sometimes in astonishingly loving and self-sacrificing ways. Is it truly our moral sense that restrains our worst behavior, directs us to do the right thing, and enables us to form trusting relationships beyond our immediate families? Might there not also be a biological component that influences how, when, and indeed whether we “take the high road” of trust and trustworthiness?

In his 2012 book *The Moral Molecule*, Dr. Paul Zak,⁶ Director of Neuroeconomics Studies at Claremont Graduate University, explains how his research revealed the role of the hormone oxytocin in human behaviors we associate with concepts such as morality, empathy, and altruism. Oxytocin originally was known to be a hormone produced during physical bonding experiences such as childbirth and breastfeeding in women, and during sexual intimacy for both sexes. Studies indicated people’s level of trust increases if they simply inhale oxytocin molecules. The substance increases generosity, too, increasing “donations to charity” in laboratory simulations by 48 percent.⁷

Dr. Zak’s findings further reveal that when people *feel trusted*, there’s a similar rush of oxytocin in their brains and bloodstreams. As a result of that surge, they become measurably more generous and protective, behavior that inclines others to extend their trust. In other words, even at a mechanistic biological level, the process of trusting others and receiving their trust in return creates a virtuous circle of pleasurable positive reinforcement, expanding outward like rings from a pebble dropped into a pond, engendering empathy and bonding between individuals and enabling us to deeply connect with, nurture, and aid others.

But what if a person is among the five percent of the population that has a natural oxytocin deficit? In such individuals, what else might account for our predisposition to trust and be trustworthy? What else might account for differing capacities among individuals to extend trust to others? If the answer is not wholly biological or socio-economic, we might consider the spiritual perspective.

In each of us, the Unadulterated Self is trustworthy and trusting. The nature of our true and authentic Self is love, unity, and harmony. It's certainly true our natural inclination to trust may be deformed by conditioning that keeps us on guard against people who are indeed capable of exploiting and betraying trust, perhaps because we've been on the receiving end of actual betrayals in our past experience. If we are aware of such conditioning, however, we can at least prevent it from irrationally coloring all of our interactions—for instance, with those we have no verifiable reason to doubt.

It is a conscious choice whether to behave out of our authentic and natural inclination to trust or to give in to distrustful impulses streaming from reactive states of mind. The former can be nurtured and sustained with practice, developing the habit of reaching within to connect with one's True Self, where we can count on nature to provide a wellspring of confidence that supports us in our quest for people we can trust fully. If, on the other hand, we habitually answer to the misguided impulses of a mind conditioned to fear and distrust, we limit our natural potential and stunt our ability to take advantage of the universe of possibilities available to us as our birthright.

Ultimately, the issue of trust reflects back on us as individuals, to the choices we make. Beyond the question of "Can I trust her?" we must also ask, "Can she trust me?" Am I trustworthy? Would I trust someone like me? Trustworthiness must be cultivated and nurtured so that we may keep our intention pure and authentic, and we must remember that trustworthiness is a quality of the self that can be measured only by others.

In the course of developing another of my real estate projects, I received a call from my sales representative, who told me he needed

my help in advising a family who had been eager to purchase the last condo unit in our project. The couple loved the unit, but for some reason they hesitated to “pull the trigger” on the transaction. The rep asked if I could meet with them.

I met the family at the condo. After introducing myself, I asked frankly about the couple’s concerns underlying their hesitation. They told me they loved the unit . . . apart from one detail. They were concerned about its lack of natural light.

When I’d arrived, all the lights in the unit were on, which was customary. I impulsively walked through every room turning off all the lights. Then I turned to the couple and asked, “How does it feel with only natural light?”

Instead of doing what some real estate salespeople are trained to do—highlight the positive features of a property (in this case, well planned and modern artificial lighting), thereby masking a potential drawback as long as possible—my impulsive choice was to confront the situation head-on. I intended to openly demonstrate to the couple that my willingness to look at the situation through their eyes was sincere, and that I genuinely understood their own impulse to suspect the sales rep might be hiding something.

I was open about myself as well, presenting myself not as a salesman but as an advisor worthy of their trust, making it clear to the couple that my intention was *not* to sell them a home they wouldn’t feel comfortable living in.

We stood for a moment, letting our eyes adjust to the change. Eventually the wife broke the silence by admitting that the natural light was actually more pleasant than she had expected; she said she hadn’t appreciated the view from the windows before. It was a grudging admission, yet I sensed that something important in her perception had changed.

There is a second part to this story that might seem like a detour from our discussion of the topic of trust, but it demonstrates a concept known as “universal support.” Sometimes, if we are open to a spiritual point of view, we have the undeniable sense that the universe is

actively conspiring with us—somehow whirling planets and galaxies align to help us achieve worthy goals.

Here's what happened: When I'd finished turning off all the lights, I walked to the center of the living room where the couple was waiting with their children. The wife had just admitted the unit wasn't quite as gloomy as she feared. Just at that moment, rays of late afternoon sunlight fell upon the windows of the room, and the condo lit up with a brilliant, golden sunset. The effect could not have been better timed and executed if I had hired a team of Hollywood lighting technicians. It was, at that moment, a miracle. We stood bathed in warm sunlight, taking in views of the rest of the apartment along the hallway. The children raced off to view the effect from "their" rooms, and before the sun had fully set, the couple had instructed me to draw up the necessary paperwork.

This little miracle reminds me of what Steve Jobs once said:

You can't connect the dots looking forward; you can only connect them looking backwards. You have to trust that the dots will somehow connect in your future. You have to trust in something—your gut, destiny, life, karma, whatever. This approach has never let me down, and it has made all the difference in my life.⁸

HOW TO ESTABLISH TRUST

Establishing trust takes time. In many negotiations you do not have the luxury of time; so if you need a fast track approach, these are the four elements for creating trust:

- The authenticity is the foundation upon which you can build trust. Be truthful to yourself and to others.
- Understand and speak the nuances of their language, slang, terminology, and jargon. That means knowing their culture, environment challenges, and opportunities.

- Emphasize the importance of your relationship with them and the inter-dependent nature of your relationship.
- Offer the concession before they ask AND make sure to emphasize the value and importance of it.

Trust, Your Moral Credit Rating

It takes 20 years to build a reputation and five minutes to ruin it.

If you think about that you'll do things differently.⁹

—Warren Buffet

Adam Smith, best known for his 1776 book *The Wealth of Nations*, a founding document of modern economics, was a moral philosopher and a pioneer in the field of political economy. In his earlier 1759 book, *The Theory of Moral Sentiment*, Smith suggested that what we think of as moral conscience arises from social relationships. He elaborates on a theory of sympathy in which the act of observing others makes people aware of their own moral behavior. We share the joy and pain of other people, Adam Smith explained, so we behave in ways that promote joy and avoid pain.

It's clear we're predisposed to trust when we feel comparatively stable and comfortable in our own lives. New research goes beyond this, indicating that people living in richer, more egalitarian countries are more likely to trust their fellow human beings than people in poorer, less egalitarian countries that are not as trusting. But here too we have an asterisk: The United States is an exception. In 2008 the United States was ranked the 10th least trusting country in the world,¹⁰ with only 45 percent of Americans agreeing with the statement "most people can be trusted."¹¹ (Gallup Poll 2005). According to Edelman Trust Barometer, in 2009 people's trust in US business fell to 38 percent, the lowest level since records have been kept.

Generally speaking, people are drawn toward a personal or business relationship with you if (A) they *like* you (as a person, company, product, brand, mission, or philosophy) and (B) they *trust* you. Basically this boils down to a matter of competence and delivery. *We* have what *they* need, and we are able to deliver in a way they can count on.

Reputations are earned through a track record of competence and performance. Henry Ford once said, "You can't build a reputation on what you're going to do." Trust represents the accumulated scores we've received, over a span of the past, in fulfilling our promises. Reputation is our scorecard, our batting average. It captures in shorthand the "permanent record" of a complex living person, but it should not be mistaken for the person himself. As Abraham Lincoln said, "Character is like a tree, and reputation like a shadow. The shadow is what we think of it; the tree is the real thing."

Any bank or merchant who extends credit to a customer would want to review the person's credit score. Based on that pattern of past performance, the lender then determines whether to offer, or decline to offer, credit. Personal and professional relationships are also evaluated according to similar but less quantifiable scoring systems.

Recall that, according to Dr. Zak's research, five percent of us do not have the typical hormonal output related to natural bonding and trust-building experiences. For these individuals, the absence of normal oxytocin levels means their capacity for compassion and empathy might be weak or nonexistent, signaling a possible disability when it comes to fully, authentically participating in the natural process of being accepted as a trustworthy and reliable individual and being able to trust others. It's another way of saying nature imposes limits on what we can assume, and we must recognize that signals of good-faith intentions are not sufficient in themselves to ensure a mutually trusting relationship with everyone we encounter. Science confirms what we know from age-old lore as well as direct personal experience: We must stay alert to the fact that not everyone is by nature trustworthy; there's always the possibility of "a wolf in sheep's clothing."

An often told parable describes a scorpion and frog who meet on the bank of a river they both want to cross. The scorpion asks the frog to carry him on his back across the river.

The frog says, “But you’re a scorpion! How do I know you won’t sting me to death if I help you?”

The scorpion tells him with a perfectly rational attitude, “Sting you? Then we would both drown. Why would I do that?”

The frog, satisfied with the scorpion’s undeniable logic, invites the scorpion to hop on his back and starts to swim across the river.

Midstream, the frog feels a painful sting, and he’s soon struggling against the onset of paralysis as he fights against the river’s current. The frog realizes neither he nor his passenger will make it to the opposite shore.

With his last breath the frog asks the scorpion, “*Why?* Why did you do sting me, when you promised you wouldn’t? Now we’re both going to drown!”

The scorpion shrugs and replies, “That’s my nature.”

Intangible and Rippling Effects of Trust

The deal ends but the reputation lasts. The emission admission scandal of VW is a real example of this. VW, short for Volkswagen, or “peoples’ car,” went into full production after WWII and quickly became one of the best-selling cars in history. In early 2015, VW surpassed Toyota as the best-selling automobile manufacturer. This carefully cultivated brand, with a long standing history of reliability, lost its reputation after the Environment Protection Agency in September of 2015 charged the automaker with purposefully installing software in some VW diesel vehicles to cheat environmental regulations.

Volkswagen’s CEO, Martin Winterkorn, a longtime company insider and the highest-paid CEO in Germany, had to resign in the wake of this scandal. The cost to the company is expected to exceed the \$7 billion originally estimated. Company stocks had already plummeted 23 percent.¹² Why? Because of the Trust factor.

The Volkswagen issue was so significant that the German Engineering Federation, which represents machinery makers and is closely intertwined with the auto industry, said there was a risk that the “Made in Germany” brand could suffer. The organization said in a statement that it was worried “that one instance of misconduct could be carried over to all of German industry.”¹³

Because VW tried to cheat on environmental regulations, the rest of the German industries may suffer because consumer trust in the German brands has been compromised after this scandal. This is the intangible and rippling affect in negotiation. In this case it is a negative one.

CYBER TRUST

In the past few decades, a new environment has emerged in which trust is a critical component. Not only is your reputation on the line, it’s also *online*.

The Internet, social media, and smart phones have made possible new forms of human interconnectedness at a scale never before imagined. It’s now possible for any of us to participate in a market that dwarfs the scale of the largest “brick and mortar” institutions imaginable. It is called *collaborative consumption*, where participants trade in goods and services that existed previously, but that were never traded on such mass scale. In this virtual market, participants can share, swap, rent, barter, or trade with millions of other individuals in vast online communities.

A good example is Airbnb, an online service that provides a platform for “hosts” to rent unoccupied living space and other “bed and breakfast” style short-term lodging for out of town visitors. As of November 2012, Airbnb had over a quarter of a million listings in 30,000 cities and 192 countries.

Similar online communities exist for people seeking to rent their cars (WhipCar), share their bikes (SpinLister) or office space (ShareDesk), or even their pets (DogVacay). LendingClub is a remarkable

online resource for those seeking financing and loans for start-up businesses, a lively alternative to traditional lending institutions. The players in this new market are countless “micro-preneurs” who can now put their assets to work supporting worthy startups that conventional financing arrangements tend to overlook or undervalue, on an individual-case basis or through investment pools.

These global—but ironically intimate—forms of interaction are a fresh take on traditional lending institutions that have become abstracted, over the centuries, from their origins in simple human connectedness. Participants in the digital marketplace have found new ways to accomplish the fundamental objectives of wanting to connect to, communicate with, and creatively share ideas with others—even perfect strangers. Much of the new technology serves simply to extend what we do naturally, and despite the sophisticated algorithms and business models, often it all comes down to digitizing a fundamental quality our ancestors would easily recognize: personal reputation.

Just as credit ratings serve as a measure of “good risk” in traditional banking, emerging online institutions rely on personal recommendations in the form of consumer or seller ratings, analysis of correlated online behavior, or other measures to evaluate the essential trustworthiness of individual people involved in the vast exchange.

To have a chance to thrive in this new environment, a person must earn the trust of others by consistently displaying reliability and basic character values. The feedback received must be positive and transparent. Every good review turns up the dial a notch on the potential buyer’s reliability rating, but even one negative review casts a cloud of uncertainty.

TRUST, ONCE BROKEN, IS VERY DIFFICULT TO REPAIR

“Win as Much as You Can” is an exercise often used in negotiation training sessions. As the title suggests, it’s a game that helps participants consider what “winning” actually means in a group context.

Players are divided to groups of four. Players are to choose an X or a Y without communicating with each other and, depending on the players' choice, there is payoff at the end of each round. The game is similar to rock-paper-scissors: Each choice has value only when compared with what the other groups choose.

Only before rounds 5, 8, and 10 are players given a chance to confer with each other and perhaps work out a strategy. On these rounds the bonus rewards are multiplied by 3, 5, or 10 respectively.

The catch is that the scoring system incentivizes betraying the group decision, such as choosing X when you were expected to choose Y.

Many elements of real-life negotiation are illustrated in this game. It's fascinating to watch as participants run up against complex concepts, such as cooperation versus competition, credibility and trust, or joint gain as opposed to individual gain, and how these elements are affecting individual decision-making process.

A major lesson from the game is the so-called "social trap," in which long-term success requires voluntary mutual trust, whereas short-term gains are possible by breaking the bond of trust. The danger of a self-centered and shortsighted decision is frequently evident, and casual competitors can quickly devolve into cutthroat adversaries. Although many of the elements mentioned above are learned behaviors, there are some concepts like trust that are deeply rooted in the individual characters of the participants. Sometimes a hidden side of a person spills out in the heat of competition.

I first participated in the game at the National Marketing Institute in Chicago many years ago. One of my teammates, also from San Diego, was a pleasant man who became more and more determined to win as much as he could as the game progressed, and he favored the betrayal strategy. Watching his decision-making process, I found myself in a dark mood, as if I were being robbed in broad daylight. He reminded me of the man on the bike who stole the money from my toy-selling venture!

It wasn't much of a surprise, more than twenty years later, when I noticed this fellow's name in the newspaper and read that he had been

forced from the office he'd held as a high-profile civil servant. The unsettling experience of watching him in the win-all-you-can simulation came back to me. Clearly, that day we played the game he failed to learn the lesson that betraying trust might be profitable in the short run, but sooner or later there's a reckoning.

Once it is broken, repairing trust can be extremely difficult, if not impossible; there will always be a shadow of doubt. Building trust takes a long time. Rebuilding it takes forever.

Trust is at the core of all personal relationships. It has an organic and dynamic quality, ebbing and flowing as events put it to the test. A solid foundation of trust and reliability fuels us with hope and confidence, propelling our positive attributes toward ever-higher levels. If trust is missing, doubt, dread, and despair rush in to fill the void.

As physical human beings, we are a bundle of feelings, aspirations, desires, and sometimes fears. We walk around like water balloons, a flood of emotions barely contained within a fragile skin. At the slightest contact with a hard edge, the balloon can rupture and all that anxiety and emotion will come pouring out. Trust betrayed is often that hard edge.

Trust is the tree from which we expect to harvest the fruit of our negotiations. If sprouting branches are damaged, the tree can still heal itself and bear fruit. If the root is damaged, however, healing is likely to be lengthy and imperfect, and there's a chance the tree will be fruitless and eventually wither away.

The opposite of trust, confidence, and security is the feeling of a constant awareness of threat. There is fear of an opponent having a siege mentality bent on tense competition or in the worst-case scenario, pre-emptive-strike warfare or revenge.

We must make absolutely certain there is no miscommunication or misunderstanding before we question another's trustworthiness. When another person's commitments seem questionable, it's still possible to sensitively discuss the details and work out a resolution, as long as there's an underlying perception of authenticity and sincerity backed by a history of trustworthy performances.

If it's our own trustworthiness in question, we must evaluate the congruity of our own words and actions, reflect on our track record for meeting our commitments, be careful of making promises we'd be hard-pressed to keep, and be aware of the lasting damage to our reputation that a single default of our responsibility can cause. If something we weren't aware of has been seeding distrust and threatening our reputation, we should act quickly to clarify the facts. When our authenticity is being measured, we need to be aware of the impressions we make on others, and we should be quick in clarifying misperceptions.

SUMMARIZING THE LAW OF TRUST

- Trust is the foundation of any relationship.
- The fruits of our negotiation may be immediate, but our reputation and the trust we earn will last beyond the end of a deal.
- Trust is a moral credit rating.
- Use the dimmer principle in modulating your trust in relationships.
- Once trust is broken, it is very hard to repair.