



# Business Brain Trust – Steven Covey

Here is a manuscript of when Jay Abraham met with Stephen Covey

STEPHEN MR COVEY: The effects and impact of trust is always playing a part in business. We may or may not be able to see it, but whether we don't see it or not is irrelevant. It's still there. It's happening.

What I want to do this afternoon is I want to give you a pair of trust glasses that you can put on that will affect how you see everything else. Again, you'll see it from the lens of trust, and you'll see things that maybe you didn't see before, but that were there. And the fact that you didn't see it before doesn't mean it wasn't there. You just couldn't see it. I'm going to let you see it with these trust glasses, and you'll see how trust affects every dimension of our lives --- personally, professionally, in our relationships, in organizations, as an entrepreneur... It affects everything.

So that's my goal. I have two goals for today. The first is I'm going to give you a pair of trust glasses that'll have you see this altogether differently. The second is I'm going to give you some tools that you can use to become better at building trust as a leader, as an entrepreneur. And with all your stakeholders, all the different folks that you've worked with, interacted with, and do business with.

So those are my two goals: A pair of trust glasses, and some tools to get good at building trust.





Well, as I begin, here's the common perception people have of trust: it's something like this: It's a soft, warm, cuddly thing. It's a good thing. It's a positive thing. But still, for most people, it's kind of a soft and cuddly, warm and fuzzy thing. And we'll talk about trust around the campfire, and we'll sing "Kumbaya" and have the marshmallows.

Well, I'm here this morning --- this afternoon --- to talk about trust in a new lens, to give you this new pair of glasses about what trust really is, because there are a lot of myths about it. Let's go through a couple of these myths.

Myths of trust: Here's one of them: That trust is a soft, nice-to-have social virtue. In other words, it's a good thing. Now, there's nothing wrong with that. That's partly true. It certainly is a good thing, but most people see it as just a "nice to have" social virtue.

Here's the reality: The reality is that trust is a hard-edged economic driver. It's not just a social virtue. It's an economic driver. Why? Because trust always affects speed and cost --- the speed at which you can get things done, and the cost of doing it. I'll share more on that in just a moment.

Here's another myth: That trust is slow, and it takes forever. Now, I will acknowledge that certainly restoring trust takes time, and sometimes establishing trust will take some time. I acknowledge that. However, once you understand what the essence of trust is, and the foundations behind it, and the behaviors that build it, I maintain that you can establish trust far faster than you might think possible. And this I know: Once you have established trust, then nothing is as fast as the speed of trust. Let me repeat that: Nothing is as fast as the speed of trust.





Let me illustrate that point.

There was a deal that happened a couple years ago, a merger. Warren Buffett --- everyone here knows Warren Buffett, right? Just great, #1 on the Forbes 400 list --- wealthiest person in the world. I don't know how long he'll remain there, because he's giving it all away. He just pledged \$30 billion to the Bill and Melinda Gates Foundation for the eradication of diseases around the world --- \$30 billion. Billion --- just amazing.

And, but he's built his company, Berkshire Hathaway, but known for being a great investment, and they invest in companies. They also acquire companies. Well, here's how he basically did a deal. He acquired a company from Wal-mart, McClain Distribution. Now, McClain is not a small company. They're big --- \$23 billion. This is not a little deal. This is a big deal. And these are public companies. Buffett's company is public, and so they're subject to all the rules of the marketplace --- SEC rules, with [SHAR-BETS], obviously, all the oversight, etc.

But Buffett, by the way, he's known not only as a great investor, which he is. He's also known for his integrity and for his trust, for his credibility. Well, here's how he did this deal: He wrote about it in his annual report as follows. He said this: "To make the McClain deal, we had one single meeting of about two hours. We then shook hands. 29 days later, Wal-mart had their money. We did no due diligence. We knew everything would be exactly the way Wal-mart said it would be, and it was."

So here's this mega-deal happening, 29 days, with no due diligence. And my friends, I used to work for a short period of time in investment banking on Wall Street, and deals of this size typically will take you six months to close, if not eight, ten, twelve months. And you'll spend millions of dollars in due diligence with accountants, attorneys, auditors, bankers, etc. They're finding value in the data, making sure it all works and





it's all right. And that's considered good practice, and generally it is.

But in this case, because there was high trust, Buffett was able to do a deal in less than a month, instead of a year, six months to a year, and with no due diligence cost instead of spending millions in due diligence.

That's what I mean by the speed of trust. You can't do that kind of deal without trust, or it'd be foolish to try. With trust, it becomes a possibility.

