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Build Organizational Trust

Once upon a time there was a company called Eastern Airlines. It was always a reliable company, and it had hardworking employees, but eventually it found itself in some debt—$2.5 billion worth to be exact. So in 1983, Eastern’s president, Frank Borman, went to his workers and their unions to ask for some assistance. “The company’s going broke,” he told them. “But I can save it if you take a big pay cut.” The workers said no. They remembered that just a few short years ago, Mr. Borman froze their wages, so they didn’t trust him very much.

Then the president threatened the workers: “Make these concessions or I will take Eastern into bankruptcy and none of you will have jobs!” The workers consented. They really had little choice. But in exchange for the pay cut, the workers got to own 25 percent of the airline.

By 1986, the workers decided that owning a company that was losing $2 million a day was not such a good idea, so they demanded all of their wages back. Now it was Mr. Borman’s turn to say no. He did, however, give 1,000 of the workers a permanent vacation. Then he sold the airline to another Frank, whose last name was Lorenzo.
Mr. Lorenzo and the unions didn’t play nicely together either. In 1988, when he desperately requested wage concessions, the workers voted by a 99 percent majority to reject his proposal. The next year, when the workers made contract demands, it was Mr. Lorenzo who did the rejecting. He wouldn’t move so the workers did, right out the door.

Their strike lasted about two years and eventually, Eastern’s creditors went to court to get Mr. Lorenzo fired and replaced by a trustee. They got their trustee, but it was way too late. A few months later the creditors demanded the liquidation of the airline to get some of their money back, and in 1991, Eastern Airlines flew away forever. And no one lived happily ever after.¹

Eastern’s civil war classically illustrates the destructive power of distrust. But it’s merely one of countless examples. As business has become more competitive because of the global environment, managers are under increasing pressure to make rapid changes. Often these changes modify the terms of employment, requiring employees to take on more responsibilities, to work more hours, to accept performance-based pay, to work in teams, and so on. Perhaps this explains why so many workers perceive that their employer has breached some aspect of their employment agreement.²

“Organizational trust,” defined well in a leading management journal as the willingness of an employee and employer “to be vulnerable to the actions” of one another and the willingness “to take risk” for one another,³ is a key driver of getting great results. The best managers know that it’s a precursor to employee flexibility and buy-in of new initiatives. And no matter where you manage or at what level, the secret to success with this is the same: A leader cultivates trust by first being trustworthy. It’s a principle we learn from many places in Scripture, including Proverbs.
Management by Proverbs

Proverbs on Building Trust

Solomon knew how to get things done through other people, having led his nation to an unprecedented level of prosperity. Among his more than 3,000 proverbs, he wrote this about leadership:

Love and faithfulness keep a king safe; through love his throne is made secure
(Proverbs 20:28)

Let love and faithfulness never leave you… then you will win favor and a good name in the sight of God and man
(Proverbs 3:3-4)

The impetus for these words may have well been Israel’s experience with its first two kings. Saul, as we see in the book of 1 Samuel, was originally lauded by the people of Israel as a great warrior and leader. So they made this tall and handsome man their king (1 Samuel 10:20-27). But later, King Saul proved to be untrustworthy—unfaithful to God’s instructions (e.g., 1 Samuel 13:9-13; 15:9-10) and callous toward his followers. In one telling incident, for example (1 Samuel 14:24), Saul ordered that no one in his army could eat until they finally defeated the Philistines in battle!

Saul’s character flaws surfaced even more after young David slew the mighty Goliath, prompting all of Israel to hail David’s military prowess as superior to that of the king. In response, Saul tried (unsuccessfully) to kill David and then tried (successfully) to kill himself. Indeed, this was not a reign marked by “love and faithfulness.”

By contrast, the first half of King David’s forty-year reign was characterized by adherence to God’s will and by loving acts toward his people (e.g., 2 Samuel 9). Certainly,
no throne could have been more secure, as Israel during these years enjoyed a high standard of living, expanded its territory, and became the military powerhouse of the region. Had pollsters been around, they would have reported David’s job-approval ratings in the high 90s.

But then, like Saul, David lost “favor and [his] good name in the sight of God and man,” to use the language of Proverbs 3:3. We know the stories well. David sleeps with Bathsheba and then has her husband murdered. David’s son Amnon rapes his half-sister Tamar and David does nothing about it. After fuming for two years over the injustice, David’s son Absalom takes matters into his own hands, killing Amnon and seizing control of the kingdom from his father. As David’s “love and faithfulness” unraveled, so did his throne.

It’s no wonder then that Solomon, Israel’s next king, would emphasize attributes like “love” and “faithfulness” as essential leadership traits. These qualities make a leader trustworthy, engendering a reciprocal trust from his followers. In proverbial language, this leader’s “throne is made secure.”

Additional Perspective from Isaiah

That may sound a bit speculative to you. After all, the proverb offers only the broadest of strokes, with little practical guidance about what it actually means for a leader to be loving and faithful. Fortunately, though, these exact terms are unpacked for us in an Old Testament scripture that’s clearly linked to Proverbs.

In one of Isaiah’s many prophesies of the coming Messiah, he clarifies God’s definitions of loving and faithful: “In love a throne will be established; in faithfulness a man will sit on it—one from the house of David—one who in judging seeks justice and speeds the cause of righteousness” (Isaiah 16:5). Here is the model, Isaiah wrote. This is what the ideal leader looks like. Anyone who aspires to godly leadership
and who seeks a secure throne needs to look no further than the example of Jesus. Love your followers as Jesus loves His. Be as faithful to God is Jesus is to His Father. In doing so, your character will win you the unwavering trust of your people.

So from a Christian perspective, this is the timeless leadership lesson of Solomon’s verses, as illuminated by Isaiah: Model Jesus Christ for the people entrusted to you. Regardless of the managerial norms where you work, regardless of how anyone treats you, and regardless of how you might be hard-wired to the contrary, consistently demonstrate the love and faithfulness of Jesus to your people. It’s the pathway to many good things, among them, to building the culture of trust that’s necessary for long-term success.

Some of the Research on Organizational Trust

A “Psychological Contract” Between Employer and Employee

Since the 1950s, researchers have examined how to create trust in the workplace, how to undermine it, and why all this matters for organizational effectiveness. One consistent conclusion is that most employees view their relationship with their employer in terms of reciprocal obligations. Researchers often call this the “psychological contract” of the workplace, but in plain English, it simply means that people perceive that there’s an unwritten bargain in place between employer and employee. The employee’s end of the deal is to do a decent job and to work within the established rules of conduct. In exchange for this, the employee believes that the employer has reciprocal obligations in the areas of pay, fair treatment, job security, workplace safety, and so on.

Sounds pretty straightforward, right? And it is. It goes much deeper, though. Lots of organizational trust research
focuses on what happens when these employee expectations are not met—when, from the employee’s perspective, the employer has breached this intangible, psychological contract. Framed in proverbial parlance, the researchers have essentially asked: What happens when an employee thinks that the employer has not operated in “love and faithfulness”?  

As you might anticipate, the consequences can be pretty grave. When an employee believes his or her employer has breached that trust—for instance, when he or she doesn’t get the expected annual pay raise or gets “unfairly” passed over for a promotion—the research predicts lower performance from this person and reduced “citizenship” behaviors (such as concern about the success of the organization, department, or work group; perceived obligations toward the employer; and courtesy toward those in management). Beyond that, researchers have observed a higher propensity for these employees to leave their company, contributing to higher turnover rates.  

I know. That’s not much of a revelation. But how about this follow-up finding: These studies further indicate that an employee in this mindset will be less trusting of management in the future and, most importantly, that this employee will be more likely to perceive almost any future change in the status quo as a breach of management’s end of the bargain. That is, jilted and jaded employees are quick to cry foul at even the most innocuous managerial decisions (you know the type, don’t you?).  

And on a macro scale, when low trust permeates an organization’s culture, there are even more significant implications. For example, let’s say that your company purchased some new computerized equipment to expedite production and customer service. You then dutifully and eloquently explain the rationale for the new system to the employees who will use it, pitching the technology as necessary to keep
production costs down and service levels up so the company can remain competitive. Your goal, of course, is to inform your people about what’s ahead, about the training they’ll need to undergo, and about the wonderful benefits of this new way of doing things. What will be your employees’ response?

In a Work Culture of Low Trust

If you operate in a culture of low trust, you’re dead. Research and common sense both predict vehement resistance. No matter how persuasive your pitch, many employees will think things like: “Why should I care about competition and costs? That’s your problem, not mine.” “New technology? That’s just management code for work faster!” “How many jobs is this going to cost us?” And, of course, there’s the inevitable question: “What kind of raise comes with this?”

When distrust thrives, self-serving behaviors thrive. Even if your people do seem to buy-in to the new idea, much of the time that’s just lip service—they’re telling you what you want to hear just to keep you off their backs. When it comes time to actually do things differently, though, they don’t, thereby torpedoing the whole initiative. Distrust may yield even worse outcomes, too. In the extreme, as with Eastern Airlines, skeptical and recalcitrant attitudes can preclude the flexibility you need to survive.

There’s good news, though: This dynamic works the other way as well. Just as low trust puts you at a competitive disadvantage, high trust creates a huge advantage for you—one that’s hard for your competition to replicate. In fact, as evidenced by the Lincoln Electric Company, genuine trust between employer and employee can translate into long-term industry domination.
Lincoln Electric: A Case Study in Trust

The Lincoln Electric Company in Cleveland has prospered where others have failed. Situated amidst abandoned factories in America’s rust belt, this manufacturer of welding equipment has sustained its industry leadership position and tremendous profitability for several decades.

Lincoln’s strategy has always been pretty basic: Produce the highest quality product at the lowest cost possible and pass the savings along to the customer, thereby expanding demand. High efficiency, high market share, high profit. It sounds like the simplistic plan of a college student in his first business course, but at Lincoln, it’s really that unvarnished.

Significantly, the key that has made Lincoln’s system work since 1911 is a steadfast trust between the leaders and the line employees, a symmetric belief that management and labor are on the same team working toward common goals.

Lincoln’s management has built that trust, in part, by breaking down the barriers that so often kindle an “us-against-them” mentality in workers. For starters, at Lincoln there are no top management privileges: no executive dining room, no mountain retreats, and no corporate jets or company cars. Beyond that, and of even greater concern to workers, the compensation structure is parallel for those at the top and the bottom. Just as factory workers’ pay is variable with performance, so is management’s pay. When corporate performance declines, as it did in the early 1990s, executive pay goes down commensurately. All take the hit together.

All share in the gains together as well. Each year since 1934, most of Lincoln’s profit has gone into a bonus pool to be divided among its approximately three thousand employees. Now, this isn’t just some bump at Christmas to pay for the toys. A factory worker receives anywhere from a few thousand to tens of thousands of dollars as an annual profit-sharing bonus. That’s a lot of toys.
Just as important, and perhaps most germane to the trust issue, Lincoln’s workers are also satisfied that Lincoln is sharing its profits equitably. They believe they’re receiving and will continue to receive a fair share of the company’s prosperity. As such, Lincoln employees view their interest as aligned with those of management.

So they dismantle traditional, us-against-them barriers and they share the wealth fairly. There’s a third ingredient in their organizational trust recipe, too: guaranteed lifetime employment. Anyone who works at Lincoln for two years or more is promised at least thirty hours of work each week. Many firms have made and broken such promises in the past, but Lincoln has faithfully honored theirs ever since 1951. Even during the drastic downturn of 1982 when Lincoln saw its sales volume drop 40 percent, the company was able to keep everyone employed.

Guaranteed employment, as unorthodox as it sounds, is integral to the company’s success because as management periodically updates equipment and redesigns the work system to stay ahead of the overseas competition, employees do not resist. Management typically gets quick buy-in because employees fully trust that their jobs are secure.

The results of the Lincoln philosophy speak for themselves. Lincoln Electric has been the eight-hundred-pound gorilla in the industry for as long as anyone can remember. In the process, they have driven out several competitors—formidable competitors including General Electric. And as for Lincoln’s workforce, although some employees may not love everything about their job, they’re committed to making the system work. This is perhaps best evidenced by their productivity levels that are more than two times the national average!

The headline to this extraordinary story—and the major takeaway for the legions management students who have studied Lincoln for decades—is that trust drives long-term
success. How did they get there? As simplistic as it sounds, the reality is that Lincoln management has built trust and sustained trust by being trustworthy.\(^8\)

**Trust Begets Trust**

As we’ve seen, when it comes to building organizational trust, reaping and sowing is clearly in full operation. Trust begets trust. Distrust begets distrust.

That means whether you’re responsible for five people or five thousand, cultivating a more trusting culture can begin entirely with you. It can begin, for example, by intentionally adopting a Christ-like attitude toward your employees, permitting unconventional, trust-oriented questions to enter your decision making. Among these questions might be: “Will my decision increase or decrease the trust that employees place in me?” “Will the manner in which I am reaching this decision make my employees suspicious?” And “If I were on the receiving end of this decision, would I trust that the decision maker had my best interests in mind?”

These and other filter questions you devise are very powerful, but they’re often inconvenient. Taking them seriously will likely decelerate the process and may entail defending your unorthodox approach to skeptical higher-ups. It’s important to remember, though, that things like convenience, expediency, and political palatability sometimes stand in opposition to “love and faithfulness.” They can be competing values, forcing you into a hard choice.

But the choice may not be that hard when we frame it properly. These “competing values” are in essence competing with the Word of God, a Word that calls faithful leaders to imitate Jesus by building trust.
For Reflection and Discussion

1. Lincoln Electric is a manufacturing company. Are there lessons from Lincoln’s management system that are transferable to all organizations?
2. Aligning interests between management and labor is a timeless challenge, but it’s hardly impossible. How far from genuine interest alignment is your work environment, and what steps could your organization take to bridge that gap?
3. How can you personally build a culture of trust in your work group and perhaps, in your entire organization?
4. If some of your employees are not trustworthy, might that be because of how they are managed, rather than despite how they are managed? What’s the real culprit behind your most troublesome people?