



In his book *Excellence in Banking*, Steven I. Davies quotes Alfred Britain III, CEO of Bankers Trust when it changed its strategic direction from commercial banking as its primary focus to investment banking as its main thrust. Britain said, "In the early 1970s, unit profitability was the key: there wasn't an emphasis on people helping each other. Now we need a common purpose culture for Bankers Trust. Our value now is excellence through common purpose. Bankers Trust, was at the time, considered among the more profitable and strategically better positioned banks amongst its US peers."

The Chairman of Wachovia Bank, consistently ranked as one of the five best managed banks in the US in the 80s had this to say on culture: "You have to have cultural values to pick you up such a sense of history, esprit de corps and psychic inspiration gave Wachovia a subtle but real advantage in a world of fragile loyalties and elusive values."

Indeed our own corporate legend, late Mr Agha Hasan Abedi, emphasized back in 1966 that "The character of this institution [United Bank Ltd] is the result of a process of evolution in a situation of which the entire staff and such other conditions as economic, social, political etc., are the components. These components are neither created nor controlled by one person and they are constantly changing. As you know the abilities of all of us are also constantly changing. And for this reason we have been taking pains to avoid the establishment of authority and superiority of one staff over the other, except just to the extent that is necessary for keeping an order in the working."

He went on to say: "We are trying our best to create a climate of complete freedom and openness, where people can grow uninhibited by pressure of delegated authority and by sheer merit and ability where every individual has the fullest opportunity and freedom to assume responsibilities on the one hand and to take the pressure of work on the other hand to whatever extent he may like. In this concept of management, there are two central points, namely, that each individual in the institution moves around objectives rather than dance to the tune of authority, and that a unity is obtained in freedom, as against a unity through authority—unity of thought, purpose and action." Late Mr. Abedi said this in an interview he gave in 1966, while still President of the United Bank Limited (published in BCCI's in-house journal *International* January 1985).

Such thought leadership helped UBL grow phenomenally. Within a decade of its inception i.e., by the mid-60s, UBL managed to break the dominant position that Habib Bank had enjoyed in Pakistan. What happened post-nationalization, in the early 70s, is another story.

However, the importance corporate culture was not lost on Late Mr Abedi. In his inaugural address at the 1984 convention of the Management Association of Pakistan (MAP), he said: "the culture determines how things get done in a business. Managing this culture is the principal task of the chief executive officer (also senior and middle management). The culture in turn then manages the people—it is the vitality of the organization. Its collective energies determine the quality and quantity of our Company's performance. As custodians and keepers of this spirit, we are the

ones who nurture its growth through leadership and vision. Without this vision the energies will wane and collapse in misdirected efforts and random activities.

Organizations are as different and varied as the nations and societies of which they are a part. What distinguishes them is their genetic code (cultures, sets of values, norms and beliefs) reflected in different structures and systems.

Organizational cultures are affected by the events of the past and by the climate of the present; by the technology, the type of work, by their aims, visions and objectives and the kind of people that work in them.

Many of the ills of organizations stem from imposing an inappropriate structure on a particular culture. This is clearly seen in most large, local, family-owned businesses in textiles, engineering, power generation etc. Such organizations find it extremely hard to attract and retain professional talent. This is hardly surprising when you consider that professionalism is an attitude which flourishes in cultures that value autonomy, initiative and where participation is encouraged and rewarded.

Well-known multinationals and local companies in Pakistan continue to grapple with the challenge of creating and managing a corporate culture that is built around values such as trust, empowerment, integrity and performance. This they do with varying degree of success. Such an endeavor becomes exceedingly challenging in an environment where the national macro-culture is mostly hostile to such notions. Equally, management needs to remain vigilant about the power and nature of the operating culture within their organizations. By being neglectful it will render itself ineffective at the helm, since sub-cultures evolve goals independently of those of the organization.

In attempting to achieve goals and missions, corporate culture can be influenced by leadership practices, norms and standards, rules and regulations, attitudes and principles, ethics and values, policies and practices, structures and technologies, products and services, roles and relationships. To facilitate these activities, cultural traditions need to be established concerning work hours, workspace and facilities, communication procedures and special language, rewards and recognitions as well as review of various HR provisions. All this takes plenty of management time and energy.

If it was not for our belief in and love for people, genuine and consistent efforts to creating and nurturing the desired corporate culture would not be made.

In organizations there are beliefs about the way work should be organized, and the way authority ought to be exercised, people rewarded. To get started, it will be worth your while discussing and exploring some, if not all, of the following questions with your management team in a relaxed and informal setting a kind of a fireside chat: What are the degrees of formalization

required? How much planning and how far ahead? What combination of obedience and initiative should we look for in colleagues and juniors? Do work hours matter? How dress or personal idiosyncrasies affect the working environment or output? What is the impact of expense accounts and material incentives on levels of motivation, commitment and performance? Are we rewarding teams or individuals, or should we be focused on both? What decisions should be made by committees? How much autonomy can individuals at different levels of the company be allowed to exercise? Do our reporting/info sharing systems create the perception of controlling or supporting?

In addition to the above, it's vital to rediscover and/or reaffirm the core purpose for which the business was created in the first place. What are our principles and governing ideas and processes?

In this context, perhaps, one of the most glaring and inspiring examples of success comes from Visa International, which I came across while reading the recently published and very popular book called Presence by Senge, Scharmer, Jaworski & Flowers (2005). According to the authors, Visa International is the largest business in the world, with over \$ 3 trillion in transactions and a market value approaching a trillion. It's organized as a self-governing network of more than twenty thousand member institutions that are also its owners. It is governed by a constitution that stipulates how governing boards are elected, the rights and obligations of members, how new members are admitted, and how members can be disqualified. In short, one of the world's largest corporations operates as a self-governing democracy. All this came about as a result of deep reflections of Dee Hock, Visa's first CEO, and through his profound collective journey with his team, which started with the chaos of the early days of the credit card industry in the late 60s. What if we quit arguing about the structure of a new institution and tried to think of it as having some sort of a genetic code? This was the key question guiding his thinking at the time.

Core values need to be firmly embedded for them to become the genetic code of any business. This means they need to be lived, celebrated and prized. Otherwise, nice words, as found in most vision and mission statements of companies, remain just that - nice words - that look good in brochures, annual reports and posters, but have nothing whatsoever to do with reality.

Mother Teresa once said, You cannot do great things. You can only do small things with great love. Herein lies the answer. Only through the power of love can we truly live our espoused values in an exemplary fashion.

Corporate culture, always was, and will always be the hidden advantage that we ignore at our own peril. Building and sustaining it is a labor of love.

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leaders from becoming senior executives. Managers begin to believe that they are the best and that idiosyncratic traditions are superior. They tend to become increasingly arrogant and aloof. The problem is compounded when top management does nothing to stop this trend and often ends up exacerbating it.

A strong, insular and conceited culture develops. Managers fail to acknowledge the value of customers and other key stakeholders. They behave in an inward-looking, sometimes political fashion and fail to acknowledge the value of leadership and the talent available at all levels that can provide it. They tend to stifle initiative and innovation. They behave in centralized and authoritative ways.

Consequently, as organizations grow, whether in terms of sales, number of employees, range of products and services, market share, or whatever, they start to lose the advantage they once had. According to John Naisbitt in the book *Rethinking the Future* it is the small companies who are creating the global economy, not the Fortune 500. And these days a small company can be as small as one person. In his book, *Megatrends 2000* he gave the example of his neighbors Linde and Lito who have a publishing company called Western Eye Press. He continues, "It's just two people and they publish wonderful photographic and guide books. They create them on Macintosh computers in their basement in Telluride. They print out the camera-ready pages on their own high resolution laser printer. Then they FedExed these pages to Seoul, South Korea, and the printer there manufactures their books and ships them to distributors all over the world. Western Eye Press is a key player in the global economy and its just two people on this little mountain perch in Colorado."

Large corporations and global conglomerates, if not careful, end up becoming highly bureaucratic, over-managed, rule-driven and inflexible by virtue of their size. In this day and age of cyberspace and nanotechnology, fetish with size of a business can become an impediment. This is particularly true for organizations that have grown significantly in scale in terms of revenues and market share. Organizations like Citibank have lost touch with their core constituents. It may be a major player with a strong brand image, but customers interacting with its frontline employees are often disappointed by their state of helplessness in resolving routine problems. This could be on account of slavish adherence to archaic procedures. Often, individual contributors in big companies don't take the initiative needed to listen and understand customer requirements with the intent to ultimately delighting them. There is a lot to be said for systems and processes, but if they are not customer oriented and responsive, the game is as good as lost.

Quality can now be replicated anywhere in the world. China is leading the way in this respect. With the falling of trade barriers and dropping of

quotas, the Chinese have taken their global market share in textiles from 16% to over 50% in less than a decade. In recent years, the Pakistan market has been flooded with Chinese products (mostly electronic, light engineering) that are low priced and in much demand.

We no longer live in a world of big mainframes. We live in a world where the real power is large networks ♦ a lot of individuals connected together ♦ Facebook & Twitter are pointing the way. A network does not have any headquarters. Chinese excel in this field and have spread their global business through this means. Naisbitt cites Asea Brown Boveri (ABB) as a great example of a huge company that thrives and grows through networking. He quotes Percy Barnevik (Former CEO at ABB) as having said, ♦We grow all the time, but we also shrink all the time. ♦ As the network gets larger, the nodes get smaller.

So, no matter how big your company gets, continue to excel by empowering your people at every level to deliver. Building agility and responsiveness is the key.