

<p style="" class="MsoNormal">Kamran Rizvi, Navitus
May, 2013</p><p style="" class="MsoNormal"> </p><p style=""></p><p style=""></p><p style=""> </p><p><i style="mso-bidi-font-style:normal" mce_style="mso-bidi-font-style:normal">It is mainly by increasing trust levels that you can lower your costs, increase speed to market and improve customer responsiveness.</i></p><p></p><p> I recently addressed the management team of a well-known multinational company operating in a highly competitive and fast growing industry. During the session, I asked, ♦What makes your company unique?♦ This is what I heard some say, ♦People♦, ♦Culture♦, ♦Technology♦ and ♦Empowerment♦. </p><p> </p><p>I followed this up with another question, ♦What makes them perform exceptionally well?♦ One gentleman remarked spontaneously, ♦Trust!♦ And I, along with others, wholeheartedly concurred that trust between people is the key to achieving superior performance. It builds ownership, a sense of pride and commitment. ♦Individual commitment to a group effort -- that is what makes a team work, a company work, a society work, a civilization work.♦ Underlines Vince Lombardi[1]<br mce_bogus="1"></p><p></p><p>Everyone agrees that people, their level of commitment and competence, is what determines an organization♦s competitive edge. </p><p> </p><p>Here lies the challenge. The toughest thing about building bonds of

trust is that it's very difficult to build and very easy to destroy. ♦The essence of trust building is to emphasize the similarities between you and the customer♦, says Thomas J Watson.

[2]

Other than focusing on similarities, trust is also built by repeatedly making commitments and fulfilling them - creating expectations and living up to them consistently, over time. This also serves to build the corporate brand, which in turn helps attract talent and customers.

Other than inspiration, you need discipline. Beware of people who pretend. Such people show commitment verbally but troubles begin as soon as they step out of meetings. They passively resist by not completing the work on time. They waste their energy blaming others or you! This could be because they fear not being able to deliver on deadlines; or they might be anxious that resources won't be available when required; or they may be apprehensive about extended time commitments that may disrupt their family life.

Body language says a lot♦so listen with your eyes carefully! Create a climate of trust in which people feel safe to talk. Timing is often crucial in such confrontations. Some people do not like to speak out in meetings. They can be contacted later at a more convenient time and in a private space, where they feel comfortable opening up. By getting to know the different styles of your colleagues you can apply effective approaches that will yield the truth you need to hear, before it's too late. This will save you from heartaches later.

What is important for you is to look out for signs of non-commitment. Mutual trust is based on two dimensions: 1) competence and 2) integrity. Honoring your commitments unfailingly will contribute to your integrity, while achieving agreed goals by creatively solving problems, reliably and effectively, will demonstrate your managerial, leadership and technical competence.

True strength in relationships is derived from perceived and real competence and integrity.

According to Jack Welch, a globally respected ex-CEO of GE, When a company is strong, it not only pays taxes that provide for important services, it also builds world-class facilities that meet or exceed safety and environmental standards. Strong companies re-invest in their people and their facilities. Healthy companies provide good and secure jobs that give their employees the time, the spirit, and the resources to give back to their communities a thousand-fold.

Therefore, your primary social responsibility as a CEO is to assure financial success of your company. You can achieve this by building a corporate culture where level of trust between people is high. How this is done will vary from one company to another.

In strong organizations people will be more accustomed to talking openly about their differences in meetings. Ideas will be attacked, instead of personalities. Conflicts are differences of opinion in any given situation, which are aired when there is an honest exchange of views and ideas. At times the stakes are high and emotions fly. Such candor only works where people trust each other.

Organizations that are weak are usually boss-centric where openness is seen as confrontational and embarrassing. In such a culture, it is preferred that you came into a meeting having worked out the issues one-to-one beforehand so that there would be no surprises or hurt feelings. The latter approach favors political correctness. This is often viewed as manipulative, where backroom deals are common place. Rumors flourish. Trust is eroded.

In the 90s, Motorola was more of the former, having a truth-telling, trust-based culture, whereas IBM was more concerned with political correctness. The phenomenal growth of Motorola endorses the view that bonds of trust are a sure recipe for enduring success. IBM embraced such an approach and admirably transformed itself.

An organization is nothing more than a series of commitments people make to each other. It's not bricks and mortar. It is the quality of these commitments that makes a company strong or weak; fit or unfit. The very survival and success of an enterprise depends on it.

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 <i style="" mce_style="mso-bidi-font-style:normal">No matter how big your organization gets, continue to empower your people at every level to deliver. Only this way will size lead to advantage.</i><i style="" mce_style="mso-bidi-font-style:normal"></i> <p class="MsoNormal" style="" mce_style="mso-pagination:widow-orphan">It is always useful to explore the history of any company to understand how they got to being what they are today. Corporate success usually follows some combination of visionary entrepreneurship and luck. When companies acquire early successes and achieve a dominant position in some market or markets they become profitable and usually follow a steep growth trajectory in their early years. </p> <p class="MsoNormal" style="" mce_style="mso-pagination:widow-orphan"> </p> <p class="MsoNormal" style="" mce_style="mso-pagination:widow-orphan">With the passage of time, however, pressures on managers come mostly from inside the firm. Building and staffing a bureaucracy that can cope with growth is the biggest challenge. External constituencies are neglected. The firm needs, hires, and promotes managers, not leaders, to cope with the growing bureaucracy. Top managers allow these people, not leaders, to become executives. Sometimes top management actively prevents 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. </p> <p class="MsoNormal" style="" mce_style="mso-pagination:widow-orphan"><span style="" gothic="" ,=""

mce_style="mso-bidi-font-size:12.0pt;font-family:"> </p> <p class="MsoNormal" style="" mce_style="mso-pagination:widow-orphan">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.</p> <p class="MsoNormal"> </p> 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 <i style="" mce_style="mso-bidi-font-style:normal">Rethinking the Future</i> ♦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, <i style="" mce_style="mso-bidi-font-style:normal">Megatrends 2000</i> 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 printout the camera-ready pages on their own high resolution laser printer. Then they FedEx♦ed 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. <span style="font-size: 12pt;" gothic="" ,=""

mce_style="font-size:12.0pt;font-family:">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.</div>