

Trust, Responsibility, Competitive Advantages and NetSuite

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Abstract

In this white paper, Marty Zigman speaks about trust and responsibility as key factors to drive growth and the role that business systems play in helping organizations conscientiously act to expand revenue while lowering costs. It is not obvious and those that understand it enjoy significant competitive advantages. NetSuite is one platform for the few that “get it”.

Background

In organizations, responsibility appears to be something that is dealt with only when irresponsible behavior is witnessed. I claim that because responsibility is not regularly talked about, and hence is not well understood, most organizations are effectively blinded by ignorance -- They don’t “get it”.

Responsibility, Trust and Sought After Business Attributes

I offer that responsibility is a context for the production of trust. Behind all acts that produce trust, responsibility is the attitude and environment that must be there for trust to be developed, reinforced, and subsequently leveraged. Why care about trust? Because trust dramatically lowers the cost to have offers accepted, promises to be fulfilled, and satisfaction to be produced.

Can we agree that a good business is one that produces sustainable growth? Is not a good business one that has more offers accepted, more promises fulfilled, and more satisfaction produced? All my clients want a business with these qualities. Does it not follow to ask what we can do to become really good at producing these outcomes? Let’s look closer at trust as a competitive practice.

Trust is always in the background working for us but we don’t see it until it breaks. Consider Toyota and the issues it faces with product safety. Toyota’s break in trust is a loud display of its role in producing competitiveness and now it is spending millions of dollars to regain their customers’ trust. Just as a break in trust takes away capacity and produces cost, its reinforcement lowers costs and enables growth. But how many executives, while talking about growth, speak about building trust? Very few.

To understand trust better, we can develop a deeper understanding of responsibility. I find that it is easier to understand when we see trust in relationship to responsibility and time. See the table below:

Time:	Past	Now	Future
Perspective:	Accountable	At Cause	Committed
Context:	Responsibility		

Time Horizons and Responsibility

The illustration models three time horizons to determine a individual’s perspective and associative behaviors.

1. **Past / Accountable:** to be accountable is to maintain a perspective that you are the owner for an already produced outcome. The most accountable person will accept consequences, in any form, for the results of past behavior. Managers are powerfully accountable when they explain the past which point to their action (or the action of others through them) as the cause of any

effect.

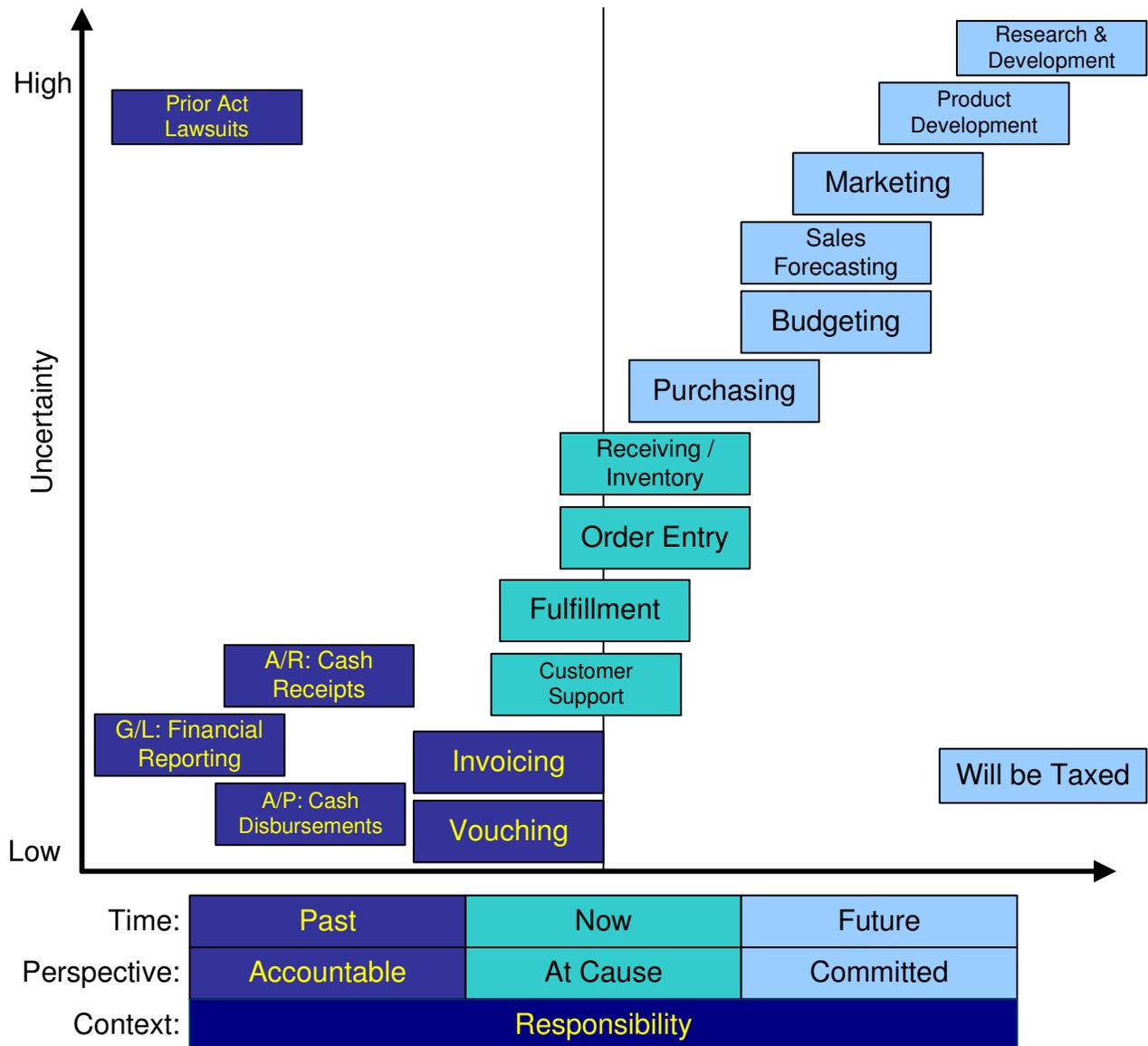
2. **Now / At Cause:** to be "at cause" is to hold a perspective that you will do what ever is needed to produce action toward the intended goal. The most "at cause" person does not simply expect others to fulfill but will always know that their requests, promises, assertions and declarations move the action forward toward a specific goal. Hence managers remain at cause when they see and know their staff understands their requests and promises. Managers do this by grounding their own interpretations by regularly checking the performance of their staff's current and past action.
3. **Future / Committed:** to be committed is to declare specifically what the future will be like even if there is weak supporting evidence that it will go that way. A committed person designs, makes and fulfills on strategies and tactics that change the current situation to a new and improved situation. Managers that are committed relentlessly and continually act to bring the future into the present.

Responsibility sits in the background for these three attitudes and time perspectives. To be powerfully responsible is to hold these three perspectives at all times. Trust is built when you act responsibly. Finally, trust is an assessment made about a person's sincerity and competence to fulfill and produce conditions of satisfaction in a specific domain of concern. This is a more sophisticated way of saying that that trust is earned and given to you by another.

From your customer's perspective, earning trust might look like a future invented by you (as in an offer) that indeed produces exactly as you said it would (as in fulfillment). The better you are at producing what you offered, the more willingness your customers will move into a future you invent; and hence you will become more competitive.

Responsibility and Business Functions

To connect these concepts better to organizations and behavior, the illustration below brings forth common business functions that nearly all companies will be fundamentally be concerned about. For the purposes of this writing, I won't go into what each function is but may in a future post. What may be new for you is to think about these functions in relationship to time and uncertainty and ultimately their relationship to trust.



The illustration is designed to show that past actions (lower left corner) leave relatively little to uncertainty. This is the business domain of "Accounting" and it is called that because the responsible perspective is to be "accountable".

In the space of now (center area) is the action we are in to fulfill promises. There is more outcome uncertainty (albeit high or low depending on the difficult to produce the promise) as we may encounter breakdowns as we attempt to produce what we promised to our customers.

In the future (upper right corner) is where we act with commitment. Typically in business, this future is about forecasting, management planning, and product development. In those domains, there is much more uncertainty that it is going to turn out.

Competitive organizations make declarations and commitments and are able to more reliably turn it out. They earn trust and are granted more authority to make new commitments. They enjoy lower capital acquisitions costs, have an easier time recruiting talent, and possess customers more willingly open to listen to new offers to try new products and services. A good example is Apple Computer announcement of the new iPad with 300,000 units sold the first weekend. Apple is downright competitive! Is it not fundamentally due to their capacity to build and hold trust (meaning of the brand in the customer's mind)?

Less competitive organizations ultimately make commitments that ruin their future. They cannot be trusted to turn it out and they ultimately have higher costs of capital, more difficult time getting quality people, and their customers are less willing to accept their offers. Fundamentally, they can not be trusted. For their listeners, they produce uncertainty. They are not competitive.

Connecting Responsibility and Business Systems

My hope is that the connection between trust and responsibility has been made and you can see how these concepts have relationship to core business functions. In modern businesses, software technology is used to enable coordination between all parties (customers, suppliers, employees, employers, regulators, investors, etc...). Business systems shape the space for which all these roles act. What does this mean in relationship to trust?

Have you ever had the experience of cooking a sizeable meal in constrained (small size and poorly designed) kitchen versus a larger, well designed one? In the constrained kitchen, is it not harder to prep the food and get it all out hot at the same time to produce the good meal? Even when you are acting responsibly, can you see how the space thwarts your intentions?

Business systems help you work along the entire business cycle as suggested in the above illustration. The best business systems enable responsible, trustworthy action at all times. Business systems simply represent capacity in the hands of responsible business actors. How that capacity is used is completely driven by the skills, strategies and tactics of its users. Underneath this is a deep and rich story for greater degrees of responsibility to drive competitive action.

A well designed business system expands the capacity of its users just as the well-designed kitchen empowers the responsible chef. A poorly designed business system will reduce the capacity of its users. In my career, I have seen so many systems thrown into organizations to solve specific problems and these very same systems actually work to reduce capacity. I talk about this in my article ["Best of Breed Systems: Traps and Lies"](#).

A New Orientation and Solution

In my assessment, once an understanding that responsibility and the production of trust can produce competitive advantages, the need for high quality, well designed business systems take on new meaning. When I listen to the marketplace, I see organizations that understand the business system promise and they make the investments to realize the sought after competitive advantages. Usually, these are larger organizations with more resources dedicated to get their systems integrated so that it works to open capacity, not constrain it. They "get it". See the February 27, 2010 *Economist* article: "Clicking for Gold" for a report on how companies like eBay and Amazon do this.

I serve smaller organizations which seek to leverage tools to expand their capacity to produce marketplace trust. Software integration is costly and is avoided primarily because their organizations often don't have the scale to realize the return from the investment. So they need a solution.

Up until a couple of years ago, all my ambitious customers faced software integration questions. Grow revenue sufficiently to make the investments toward better integrated business systems. However, I am pleased that there is now one provider that has the vision to support smaller companies who "get it". And that provider is NetSuite. They offer business management software that is designed to support the continuity of business functions as illustrated in the above diagram. In the hands of responsible actors, they will become more competitive.

We seek to work with clients with substantial ambitions to select, customize, and implement well designed systems so they can responsibly gain competitive advantages. To this end, we anticipated marketplace demand and became a NetSuite Solutions Partner because their offering fits our philosophy and is a "secret weapon" to smaller organizations that adopt responsibly. With our knowledge of business practices, information technology, and NetSuite coupled with our customers' responsible practices, we substantially increase our customers' competitive advantages. Get it?

Please share your thoughts so we can continue the conversation.