



# Book Building Trust at the Speed of Change

## The Power of the Relationship-Based Corporation

Edward M. Marshall  
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### Recommendation

Edward M. Marshall has written an overview of a change that already is underway in corporate culture: a movement from fear to cooperation, from the transaction-based corporation to the relationship-based corporation. His thorough analysis and blueprint of the benefits of this new approach are straightforward, though not dry. He focuses on how a business that is collaborative, rather than fear-based, can meet the speed demands of today’s market. His methods have been used by hundreds of small and large companies. Marshall cites experts who consider this concept to be the future of corporate culture, so *BooksInShort* recommends that everyone in the workforce study this book carefully. When your corporation starts looking to you for both a personal relationship and increased productivity, you’re going to want to know why.

### Take-Aways

- Companies must change from transactional-based corporations to relationship-based corporations.
- Change doesn’t occur smoothly. You must manage it.
- Increasing speed has little to do with going faster.
- Increasing speed is a natural outcome of the relationship-based corporation.
- A relationship-based corporation puts a priority on trust and collaboration.
- Fear and internal competition diminish productivity, innovation and speed.
- If you remove fear and manage with trust, relationships and collaboration, then your company’s speed, creativity, productivity and profitability will increase.
- Many companies are already successful as relationship-based corporations.
- A unified workforce is lynchpin of this new corporate culture.
- A relationship-based corporation is a completely aligned company.

# Summary

## The Speed of Change

Change is inevitable. People and businesses resist it, but ultimately they must embrace it. In today's market, change management is crucial because of the demands for more speed and faster changes. To meet these pressures, stay competitive and stay in business, workplaces and strategies will need to change even more quickly. Therefore, you must take brand-new approaches to doing business. The old ways won't work any more. Short-term, bottom-line improvements aren't enough. A drastic overhaul is the key to survival.

“Relationships without trust are merely transactions.”

Companies feel a sense of desperation in the face of the nonstop speed of the market, the continuing challenges of global cooperation and the flood of data. The response is to try to go faster. Yet, increasing our speed has very little to do with going faster. How, then, do you increase speed? By being able to trust people we work with and by creating workplaces that nurture that trust. Your company can beat any competitor and win any global challenge by learning how to tap into the potential of your workforce.

“Speed without trust cannot be sustained.”

Management typically uses fear as leverage when running the workplace. Fear does not increase productivity, creativity or speed. In fact, it decreases them. Remove the fear, so you can manage based on trust, relationships and collaboration, and you will increase your speed, adaptability, creativity and profitability.

“A future of speed and adaptability requires us to view our relationships as the end, whereas the products we produce or the services we render are merely milestones along the way.”

These shifts are the key to managing sustainable change and form the foundation of the relationship-based corporation. The business that will be the most productive and effective - and, automatically, the fastest - will be the one that knows how to mobilize the power of trust-based relationships throughout the workplace. As business moves from the traditional culture of fear and distrust and toward a new culture of trust and collaboration, leaders realize their companies won't survive without this new mindset.

## The Relationship-Based Corporation

Business consultant Merlin Walberg said, "Our challenge is to create a work environment fit for the human spirit." After all, humans are at work there. Contrary to the way companies have been run in the past, people aren't machines. You no longer can treat them as such if you would like to prosper.

“We have no choice but to change, though we resist it daily.”

We only now understand that people and their relationships are key to a business's success. In a relationship-based corporation, the agreement between management and employees - the workplace covenant - assumes trade-offs between risk, skills, labor and rewards. This covenant delineates how the involved parties will treat each other. While these agreements sometimes can be positive, often they lead to conflict.

“We must build trust first, then we can successfully meet the challenge of speed.”

In the relationship-based corporation, the covenant addresses the character, quality and integrity of the work relationship. It recognizes and implements the trust imperative and serves as a mirror of our self-trust. We must define it mutually and manage it for efficiency. It matures from learning. It is not static.

“We do not control speed, so we end up reacting to it.”

This new agreement isn't just a set of expectations that the parties negotiate. It is a set of rights and obligations that people have in the workplace. It is new common ground. In a relationship-based corporation, the character and quality of work relationships ensure the

success of the business, and speed is an outgrowth of those trust-based relationships.

## **Relationships, Change and Management**

Relationships always have affected management. Leaders must acknowledge that improving those relationships requires the corporate culture to evolve from a climate of fear and mistrust to one of trust and collaboration. After all, traditional corporate game playing and politicking thrives on fear and distrust. In the relationship-based corporation, success no longer involves manipulations that ultimately harm the company.

“In the drive for speed, we may lose perspective on how to best attain it. You don’t get a job done quickly by doing more things faster.”

The goal of a relationship-based firm isn’t an unattainable utopia. Many companies already operate partly or wholly as relationship-based corporations. To re-make your firm as a relationship-based corporation, follow these seven guidelines to help businesses change.

- Organizations do not cause change - people do.
- Change is evolutionary, not revolutionary.
- People take care of what they own. To value the change, people must see the benefit. If they "own" the change, they will implement it well.
- Change involves the entire system.
- The culture drives sustainable change.
- Sustainable change comes from the inside of each person, team and group.
- This is a journey requiring character, will and discipline.

“Gone are the days when business leadership is the exclusive domain of the senior executive.”

Planning, accepting and implementing change is a complex process, especially for leaders, who must address all of its psychological aspects. The barriers to successful change include personal history, fear, denial, resistance, refusal and reversion (under pressure) to old ways.

## **A Unified Workforce**

"All for one, one for all," the slogan of The Three Musketeers, sums up the idea of the unified workforce. The fundamental challenges for people in the workforce include:

- To unify as a group, instead of working separately on their own turf.
- To become fully responsible for the implementation of the change.

“The structure of leadership in a relationship-based corporation reflects an emphasis on dialogue, exchange and interaction. Communications in the leadership team flow in all directions. Everyone’s opinion has equal merit.”

Leaders and managers alone don’t implement change. The entire workforce must change, on every level. Even with leaders who have embraced the change to a relationship-based company, a firm’s evolution will not be smooth until the workforce accepts responsibility.

Those in the workforce must understand and want the change. Employees’ motives for transforming the workplace are very different from leaders’ motives. The workforce has these critical motives for implementing this kind of change:

- Trust, not fear - The new work environment will be conducive to trust, not intimidation, distrust and dysfunction. In the new environment, workers can take risks, tell the truth and solve real problems.
- Include, don’t exclude - The relationship-based workplace is inclusive. The workforce participates in decision-making. With inclusion comes understanding, and from understanding comes value. If people value the work they are doing, they feel a sense of ownership. From ownership comes speed and quality.

- Contribute and accomplish - In the old, fear-based corporate culture, leaders rarely recognize workers properly. They take credit for the accomplishments of the workforce. In the relationship-based culture, people receive recognition and their accomplishments are their own - not the leadership's.

## Challenges to Change

People in the workforce face their own challenges to change, which include:

- Giving up ego, petty differences, grudges, hidden agendas and the like.
- Accepting new responsibilities.
- Challenging others, including leaders, to maintain a high level of integrity.
- Persevering in the face of resistance, adversity, impatience and even failure during the change process.

## Achieving Unity

When a company consciously chooses to become a "we," it places an immediate value on unity and collaboration over competition and turf within the corporation. Leaders constantly must articulate that the core values of trust, unity and full responsibility guide the business.

“Every change methodology is based on a set of assumptions about how a business can best transform itself and achieve sustainable competitive advantage.”

Leaders must describe the behaviors that they expect and will reward in this new culture. Since most workforces tend to work together, others naturally will follow suit. When internal competition is no longer the rule, employees will follow the new ways of thinking, behaving and working.

## Developing a People-Based System

The successful evolution from a transactional-based company to one based on relationships and trust requires the integrity of its leaders, a united, responsible workforce and complete alignment as an organization. From the customer to the employee, everyone must be on the same track. The organizational discipline focuses on patience and tolerance, accountability and evolution, so the company's internal systems must support these things:

- The values of a relationship-based synergy.
- An alignment of business and people systems.
- Results.

“To implement the successful evolution to a relationship-based corporation, leadership must be trusted. To be trusted, leadership must have the highest level of integrity possible - character, will and discipline.”

When a company "decommissions" its transaction-based culture, it realigns its business functions and develops a people-based system. To sustain this new culture requires constant renewal and realignment, as does any healthy entity.

## Speeding Up: Is Everyone on Board?

In aligning for speed, a corporation removes the barriers of the old transaction-based culture. Speed is about making sure that everyone is on board - so that when it's time to go, the response is instant. An instant response depends upon a shared commitment, a set of common rules about how to work together, competence, well-developed skills, experience and maturity.

“Organizations will stop in their growth and maturation at the same point that their leaders stop growing.”

Everyone involved must benefit from previous lessons. In business, where rapid changes occur with great urgency, a company can't afford to be unaligned and ill prepared. With trust, speed automatically follows.

# Relationships in Action

Inform, Inc. is a relationship-based company. It has been growing at an average of 60% a year for the last three years, and it expects to become multinational in the next three years. It is a model for the future of corporations. The company leads and manages collaboratively. Hundreds of associates across the country work in customer-service clusters that reflect the skills and competencies those customers need. These customer teams are flexible, service-based and focused on quality as well as the bottom line. Inform, Inc. cross-trains its partners in a range of leadership methods, including aligning the workforce with a company's strategy and developing collaborative teams. The company rewards creativity and risk, both at the individual and the team levels. Most important, at Inform, Inc., leadership is a function, not a position. The leaders have no titles, not even "president." Skilled people solve all business problems collaboratively.

But this new, relationship-based corporate approach isn't just for new companies. Older, established companies, such as Qual-Tex, are making the switch. Qual-Tex was able to do so not through structural change or scattershot program-of-the-month, but through a culture-first, principled commitment to build a collaborative, relationship-based corporation.

## About the Author

**Edward M. Marshall**, president and CEO of The Marshall Group, Inc., helps companies implement high-performance, collaborative workplaces. He is the author of *of Transforming the Way We Work* and writes the "Workplace" column for the *Triangle Business Journal*.

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