

Strategic Trust and Relationship Building between German Headquarters and U.S. Subsidiaries: A Low-Cost Initiative to Remove High-Cost Cultural Barriers

“Companies can’t have more credibility with their customers than they have internally.” Therefore customer satisfaction, a leading indicator of future profits, is always a reflection of the trust level inside and between parts of an organization. Relationship and trust building therefore must be understood and approached as a strategic initiative. This is especially true inside global matrix organizations where different cultural values can complicate the process.

The different perspectives about the importance of trust and relationship building between people from German headquarters and their U.S. subsidiaries is at the heart of many business challenges like working together inside globally separated departments, across global matrix structures, or between leaders and their foreign subordinates. For example, many Germans consider good relationships a key prerequisite for working together. Originally distrust and skepticism are extended; trust has to be earned – which requires time and personal contact. Americans, on the other hand, are more willing to regularly extend trust until people prove themselves untrustworthy and therefore they don’t consider time for relationship building as an important factor.

It is not unusual for a German to ignore or delay an e-mail request for information from an American colleague if he or she does not know or has never talked to that person (“Who knows what they are doing with this information?”). This leads to high frustrations on the U.S. side, a beginning of an “Us vs. Them” mentality, and often delays in projects or customer deliverables. On the other hand, Americans are often surprised that their input about specific customer or market needs doesn’t find its way into a new or updated product because they expect their opinion to be trusted as the experts in their fields – which sometimes makes U.S. customers feel that they get told what to purchase. Equally critical is the different perspective in the supervisor/subordinate relationship. Many U.S. employees who for the first time report to a German supervisor (locally or through a matrix structure) often feel undervalued, not taken seriously, or ignored – because they expect to be trusted right from the beginning. From a German supervisor’s perspective, they have to prove themselves again and again before they can be fully trusted. A recent comment from a U.S. employee who has worked for six years with a German company explains the strong feeling he had about that aspect when he said “The first two years were like hell, but then they started trusting me and today I love to work there.” On the other hand, German subordinates often feel mistrusted when their U.S. supervisor frequently stops at their desk “to check up and stay in the loop.” High frustrations on both sides and potentially higher turn-over rates are unintended consequences.

Understanding the big impact of trust and relationship building in the U.S. and German business environment is the first step to avoiding these unintended consequences. The second is to strategically develop key relationships, which means

to recognize that they are as important for the long term success of an organization as having innovative products, competitive prices and financial strengths. Therefore an organization needs to review the strengths of key relationships not only with customers but especially between headquarters and subsidiaries, considering today's global matrix structures.

To put a plan in place to improve key relationships and trust, the following five-step process can be used:

First, define the relationships which need to be trustful to ensure free-flow of information, open and honest communication and the ability to "disagree without insulting each other."

Second, review the current level of these relationships.

Third, determine the desired level of these relationships.

Fourth, define actions to reach the desired outcome, e.g.:

- Initiate introduction
- Define number of personal meetings
- Plan travel budget (if required)
- Arrange workshops, seminars...to be attended at same times
- Initiate conflict resolution (if required)
- Include relationship goals in personal development plan / bonus goals for the year

Fifth, follow up and measure progress.

To observe and measure progress, a written description of the current and future relationships can be used, or the following rating system:

Relationship Level 1: don't know the name and/or person

Relationship Level 2: know the name but have never talked to or met the person

Relationship Level 3: established business relationships (have met)

Relationship Level 4: trusting business relationship based on openness and honesty

Relationship Level 5: friendship

Elevating internal relationship and trust building in a global organization to the strategic level will significantly reduce barriers in cross-departmental or cross-cultural communications, improve the quality of decision making, increase the speed of an

organization and therefore support its long-term competitiveness. Indeed, success or failure within a matrix is often predictable based on the relationship level between its key people. It is a key leadership task in a global organization to initiate the strategic relationship-building process.

One U.S. employee of a German subsidiary recently summarized it nicely when he said “Since I know my German colleague better, I get more and quicker information than most of his colleagues at the home headquarters.”