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In Emerging Markets, Know What Your Partners Expect - By *Garry D. Bruton, David Ahlstrom, Michael N. Young And Yuri Rubanik*

Many companies from mature economies are looking for strategic partners in hot emerging markets -- places like Brazil, Russia, India, China, Eastern Europe and Turkey.

The kind of alliance they're looking for is well known: They want local partners who can help them obtain access to distribution and production in the emerging markets, as well as political and business connections and cultural credibility.

They're often unprepared, however, for things that the partners want in return -- such as better relations with corrupt government officials, and help paying bribes and protection money.

Companies put in this position often are unwilling -- and unable -- to handle such requests. Conflicts then are bound to erupt as the partners move forward with widely different expectations.

If a company doesn't make clear its unwillingness to engage in corruption at the outset, it can be caught by surprise or agree to things that, in hindsight, it clearly shouldn't have. Local companies, meanwhile, are likely to feel shortchanged if their partners refuse to give them the kind of help they thought they were going to get.

What follows are some of the expectations that local companies in Russia and China have when suitors from more-developed nations come looking for partners. The results are based on several years of interviews and field studies.

- Assistance with market entry: Local government officials still control much of the real estate in both countries. Thus, forming an alliance with a firm that has relationships with key officials can help secure a good business location. Once in the facility, the entrepreneur can use the same connections to obtain other favors, like discounts on utility bills.

Regulatory agencies pose challenges for start-ups as well. In Russia, entrepreneurs in some industries said they must visit more than two dozen agencies and have as many as 90 documents signed. This can take as long as six months. An alliance partner that has relationships with regulatory agencies can ease these difficulties. Some local entrepreneurs will ask their alliance partners to put relatives of key city officials on its payroll to facilitate licensing and help avoid fines and government interference.

- Running interference with law-enforcement authorities: Chinese entrepreneurs expressed concern about the lack of laws, which they say allows bureaucrats and powerful individuals to interfere with operations. As a result, Chinese entrepreneurs told us that they would like an alliance partner to manage such interference.

Russian entrepreneurs complained about excessive and vague regulations that require them to engage in numerous unofficial negotiations to conduct business and to get paid for services. They seek alliance partners with cash to help with such negotiations and with enforcement.

- Assistance in alleviating bribes: Bribes, kickbacks and other under-the-table payments can add as much as 50% to operating costs in each country, according to the entrepreneurs we interviewed. Such payments are made to prevent administrative interference, as well as buy privileges and state contracts.

In China, because the pressures for bribes affect all firms, the size of a potential alliance partner is of less importance than the partner's ability to control those fees and expenses.

The Russian entrepreneurs, meanwhile, said the kind of partners they tend to like are large, mature firms that they believe will have the political connections and social capital to be able to control the pressure for such bribes.

- Protection money: Extortion is a big problem in both countries, according to the entrepreneurs we interviewed. About half of the Russian entrepreneurs said they have been subjected to threats. Entrepreneurs thus seek to have key government or police officials on their alliance partner's payroll, or they ask the partner to hire costly legal or quasi-criminal organizations for protection services. Such payments can absorb 10% or more of an entrepreneur's revenue.

—Dr. Bruton is a professor of management at M.J. Neeley School of Business, Texas Christian University, Fort Worth.

TCU DAILY SKIFF

December 2, 2008

Neeley students form second microfinance project - *By Krystal Upshaw*

The Neeley's School's **Financial Management Association** was featured for a microfinance fund began from a class project. **Travis Gallatin, president of the FMA**, and **Barbara Wood, faculty adviser**, were interviewed. The article also mentioned that the **TCU Collegiate Entrepreneurs Organization** also has a similar outreach program to help struggling entrepreneurs in developing countries.

TCU DAILY SKIFF

December 5, 2008

Student one step ahead of the game at graduation - *By Krystal Upshaw*

Graduating senior **Ian Magladry** was featured. He enrolled at TCU as a freshman his senior year of high school at 16 years old with only one thing in mind: getting ahead. This December, he graduates at 20 with a 3.6 GPA from the **Neeley School of Business**. His understanding of social responsibility is what makes Magladry admirable, said **Garry Bruton, professor of management**. **Professor of finance Peter Locke** said: "Ian was always engaged, and that's just fantastic for a professor."

The Dallas Morning News

December 10, 2008

Automakers' bailout bill wins few fans - *By Cheryl Hall*

The hottest Dallas business chatter of late has been about the goings-on in Washington regarding Detroit... **Daniel Short, former business school dean at Texas Christian University** and now a **professor of accounting**, says buying time is a sound approach. "The Lehman bankruptcy teaches us that before we act, we need to think through the consequences of the failure of key pillars of the economy," he says.

Fort Worth Business Press

December 29, 2008

Trust is integral component of managerial success - *By Michael Cole*

The relationships that leaders develop with their followers add up to a powerful variable that affects not only the leader's success, but also the effectiveness of the followers — whether a company, a team, a department or a committee or board. In fact, while many scholars of leadership have defined that concept in terms of personalities, influence on tasks, accomplishment of goals, etc., we hold that truly effective leaders focus on relationships with their followers.

Demystifying the mysteries of trust

Perhaps nothing affects working relationships as much as trust. Lack of trust tears at the very fabric of creativity, makes employees feel unappreciated and whittles away at their commitment to produce at the 110-percent level. Stephen M. R. Covey, in his book *The Speed of Trust*, may have summarized it best: "When trust goes down, speed goes down and costs go up."

Yet the topic of trust is often ignored. And in its absence, paranoia can run rampant.

The volatile corporate world of downsizing, mergers and organizational restructuring has shattered employee security, confidence and loyalty. Leaders' individual actions may not be as public as these corporate actions, but the impact of such actions can be as devastating to the workforce.

For example, let's say that CEO A has talked in terms of "empowering" his workforce. However, the actuality of moving the decision-making process down the line was not possible, given the corporate culture and structure established. It became clear that

Neeley in the News - continued

CEO A would not support his own purported strategy. The result: shattered confidence and increased suspicion because the workforce grows to believe that the CEO cannot be trusted. It can take months or even years to build trust — which can be lost on the basis of a single action or reaction.

So what can you as a leader do to create trust and ensure that it remains in your working relationships? Creating trust starts from the inside and works out. Ask yourself: “Am I someone whom others trust?”

Let’s look at the definition of trust. Webster’s defines trust as “the firm belief or confidence in the honesty, integrity, reliability, justice, etc., of another person or thing.” Since everyone knows that actions speak more loudly and clearly than words, what behaviors are required to be perceived as honest, moral, reliable and just? And if you don’t know what those actions are, how can you use them to create a trusting environment — much less begin to teach others about creating trust in the workplace?

Creating Trust in the Work Environment

We asked thousands of employees to define the essential ingredients of trust in the course of creating positive teamwork and corporate culture. Here are some of our findings:

- Keep commitments and be dependable, so that employees will know what to expect. Essentially, employees want leaders who do what they have agreed to do within a defined time frame; who are emotionally consistent; and who remain focused on the corporate vision that drives the company’s success.
- Recognize and accept each employee’s unique contributions. The easiest way to show that you value each person’s strengths is to empower each employee to use individual special skills and other natural resources to improve the workplace. To show that you recognize that diversity of culture, gender and ideas is the springboard to organizational synergy.
- Maintain transparency, and keep people informed regarding the company’s directions, its progress and what is expected from individual employees. Don’t avoid difficult situations or bad press. Talk as openly as possible to your employees. They would rather hear information from you than read about the company’s progress in the newspaper or corporate newsletter.
- Keep confidential information confidential. When information is told to you in confidence, make sure it remains so.
- Competently demonstrate the knowledge and ability to complete job responsibilities as a team. Honestly recognize your own personal assets and liabilities and ask others to assist in complementing your liabilities.

All such behaviors, listed as important by employees, are easily observed. Consequently, you can model, teach and measure the degree in which each is being used. Ideally, you already exhibit these behaviors. The challenge is to implement them consistently.

Ultimately, employees must witness managers using these behaviors in the day-to-day working relationship. Top-down change produces bottom-up commitment. Trust in the working relationship will make the relationship flourish. Conversely, a lack of trust will doom any attempt at building mutually beneficial working relationships. It is important to remember that loyalty goes both ways. What you expect from employees, they expect from you.

Now, ask yourself again, who trusts you?

-- **Michael S. Cole is a professor at the Neeley School of Business at TCU.** His areas of expertise and research include leadership and employees’ attachment to organizations. Michael can be reached at m.s.cole@tcu.edu.

Fort Worth Business Press

December 29, 2008

Economy will continue working through issues in 2009 – *By Leslie Wimmer*

...Local banks held up better in comparison because of conservative lending practices, said **Homer Erekson, John V. Roach Dean of the Neeley School of Business** at Texas Christian University.

“Some people are calling it restructuring in the economy, and to a degree, what we’re going through is a normal cycle,” Erekson said. “I do expect there to continue to be a slowdown for the next three to six months, and I think we’ll see some challenges.”

Unemployment rates may continue to rise into the first half of next year, Erekson said.

Throughout 2008, Texas’ unemployment rate has gradually grown to about 6 percent, with the Fort Worth and Arlington regional unemployment rate at nearly the same level, according to the Texas Workforce Commission.

“The unemployment rate is going to be at best stagnant, if not with unemployment continuing to rise somewhat,” Erekson said. “We’re going through some important restructuring of the market as we know it. I expect when we look six months out, we’ll begin to see the economy turning more positive nationally. In this region, you know, I think we’ll be impacted.”

December 2008

How can I network if it's really scary to walk up to strangers and start a conversation? - by Pam Stoker - Assistant Director, Graduate Career Service Center, Neeley School of Business, Texas Christian University

Here are some ideas to make networking work for you:

- Facts: 80% of jobs are found through networking. Most CEOs hire people that they know. The best network is one that is built one relationship at a time. It's not just a list of people that you happen to know. A network is a web of people with whom you have something in common—a mutual acquaintance, a shared interest, the same alma mater. A network is also the portal through which shared things flow—information, ideas, energy, contacts, favors, kindnesses, etc.
- It's not what you know or even who you know. It's who knows *you*. As you meet a person and have a conversation, you may quickly realize that you connect on multiple levels. As you talk, you may hear an idea you have never heard before, and suddenly, this new contact becomes a vital friend. This can lead you to consider new career options that you've never considered. It can also lead to someone recommending you or referring you for an opportunity that you did not even know existed.
- Every person you meet knows someone that you do not know, and every person you meet knows *something* that you do not know. Be open to suggestions of other people. They may see a quality in you that you do not see. If someone suggests that you might be good at something, take notice, because it might be the most fun thing you will have ever done.
- "Hi. My name is Pam. What do you do?" This is a classic opener for a networking event. The key is to get the other person talking first. As you listen, pick up on keywords that might have some relevance in your own experience. Make a mental note to mention that you, too, play in a band, or have a black lab, or worked in a zoo, for example. When you mention the connection, you create a relationship bond. The other person will most likely ask you about your background, and you have the basis for future conversations.
- When you receive someone's business card, that is your "permission" to follow up. After you have talked for a few minutes, plan your exit. You can say, "I know that you probably have some other people that you would like to meet, so I won't keep you. But I'd like to stay in touch. Would you mind if I contacted you again? Do you have a business card?" Then give them your business card in exchange. Take the card and read it, make a comment, ask a question, before you put it away. When you walk away, write on the back of the card something to remind you of the person you met. When you get back to a computer, send the person an email to say that it was a pleasure to meet them. You've just built another relationship for your network.
- Introduce yourself to the speaker before he/she speaks. At a professional meeting or business event, most people line up to meet the guest speaker after the presentation. Chances are that each person will get 2 minutes, at most, to meet and talk with the individual. To get the most individual time to talk, try finding the speaker **BEFORE** the meeting, introduce yourself, and tell why you came and that you are really looking forward to the presentation. If you have a few more minutes, ask how they got into this business, what their career path has been. Then, before you shake hands and leave, ask for a business card. It is likely that you will have had a good 10 minute conversation. After the event, you can look at the long line of people waiting to meet the speaker and smile.

Before you know what has happened, you will look back and realize that you have been networking, that scary thing that you thought you could never do. Keep it up, one relationship at a time, and opportunities will come your way proposing jobs, work, projects, ideas, trips, suggestions that you had not even imagined.