

## Trust or Control? *Their Managing the Supply Chain*

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### Summary:

Supply chain management is an important undertaking in both manufacturing and services. Yet, as supply chains expand to incorporate more outside providers, organisational activities face an added dimension of risk. Patricia's research, based on studies of large, complex organisations, concludes: 1) across a supply chain, "trust" and "control" issues persist; and 2) guidelines must be in place - clarifying expectations, agreements and standards regarding trust and control. Patricia identifies how organisations can proactively enhance and manage inter-organisational relationships, with the result being increased value in the supply chain.

Her inquiry and findings are applicable to public, private and non-governmental organisations of various sizes; outsourcing, off-shoring, joint-ventures, partnerships, supplier management; conflict situations with other organisations; and organisations seeking new ways to add value to customer experiences and financial performance.

### Recommendations:

Organisations are no longer bounded to the internal organisation chart - they are part of wider business ecosystems. Effective supply chain management can significantly increase shareholder value, but active risk management and control is required. Trust and control are critical factors that determine the degree to which inter-organisational structures that work effectively. Organisations are advised to:

**Trust and Control:** Effective supply chain management involves both trust and control – not one or the other – instead, they work together.

**Degrees and levels:** Trust and control are psychological states that occur at various degrees and levels, and these can be measured in organisations. Both "high trust" and "high control" are important for viable and productive partnerships. They are in a constant state of tension.

**Clear benefits:** "Control" helps reliably achieve desired outcomes and "Trust" helps create an environment that facilitates relationship and cooperation. Together, they help reduce uncertainty and risk across organisational boundaries, and they are interdependent.

**Not by chance:** "Trust" and "Control" do not appear randomly; they can be increased or decreased based on leader and manager goals and commitments – and they can be measured using a "Trust and Control Wheel" and other assessment methods. There are steps that can be followed to build trust.

**Value of Third Parties:** As is often the case, outside parties may be more objective assessors of the presence, degrees and levels of trust and control in organisations. However, it is beneficial to for a wide range of internal executives and managers to have an appreciation for the impact of trust and control.