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TRANSFORMATIONAL LEADERSHIP THROUGH THE POWER OF TRUST

KEITH KRACH

Former Chairman & CEO, DocuSign
American Diplomat and Economist

**Reviving Traditional
Handicrafts in Indian
Fashion**

Payal Jain

Future of Management

Göran Engberg

Top 10 Universities in 2023

**Nine Reasons for Start-up
Failures**

Looking for a Job in 2022?

Q&A with

Shivangi Pathak

Indian Mountaineer and Young Achiever



Transformational Leadership Through the Power of Trust

I'm an engineer by training. So I've long been in the business of finding new ways to put things together. That started from welding parts in my father's machine shop and eventually grew to forging global alliances. Trust was at the root of all of it.

Humble Beginnings in Ohio

My story starts like that of many Americans. I grew up in small-town Ohio, where my German father ran a machine shop and my mother was a schoolteacher.

My dad's customers were suppliers to the big three car companies in Detroit, and his fortunes were tied to theirs. In good times, he employed as many as five workers, whom he considered family. When things slowed down, I saw him go through the agonizing process of having to lay off trusted employees. His pain was not lost on me.

At the age of 12, I became a welder in his shop and soon learned how to work the machines. I cherish the memory of working at his side. In boom times, we scrambled to fill big orders. In bad times, I was his only employee. When orders dried up, my mom assured us that "everything would be okay and to buckle our chinstraps." To help make ends meet, she worked second and third jobs. She was and is



our rock and inspiration.

My father dreamed that I would get some “college knowledge” and return as an engineer to help him grow the machine shop into a big company of 10 employees. While I did become an engineer, I never did go back to work with my dad in Ohio.

But I think he was proud that I went to work for General Motors, which my dad had taken to calling “Generous Motors” after they awarded me summer internships and full scholarships to attend both Purdue University and Harvard Business School.

Lessons From the Machine Shop

My dad never ran a billion-dollar company. But he was a man you could trust and the workers in the machine shop just loved him. I’ll never forget asking him, “Dad, how come everybody just loves you so much?” He looked me right in the eye and said, “Keith when you’re with the pope, you pray. When you’re with a drunkard, you drink. Anything in between goes, but always be yourself.”

He never used fancy words. But this was his way of saying connect with everyone – with no judgment but always maintain your integrity. That’s the first step in building trusted relationships.

He was true to himself. He was true to his values. And he taught me to be that kind of man.

He also modeled other key elements of building trust. He had a strong work ethic coupled with a ridiculous sense of humor. Every Saturday when we would scrub toilets together in the old factory, he would always yell over the stall, “Keith! We can’t solve

world peace. But we can try!”

Years later, while traveling around the world as an American diplomat focusing on advancing prosperity and peace, I could often hear his voice and picture him saying that in my head. I would just burst out laughing and say to myself, “That’s right pops, yes we can.”

Building Trust on the Detroit Assembly Line

During my first summer working for General Motors, I was tasked as a production foreman on the 2nd shift chassis line for

Cadillac, which meant overseeing 25 of the biggest and roughest-looking guys I’d ever seen. I was 19 years old, terrified and in water over my head. But here’s the kicker. My boss was concerned about what he called “mood modifiers” (drugs) in the plant. It was my job to fix it.

After my first terrifying day on the job, I

ended up spending most of the night afterward in the fetal position.

But then I woke up the next morning and said to myself: “Screw it! I have

nothing to lose.” Then I jokingly thought to myself, “Yeah, nothing but my life.” So, on my second day, instead of feeling intimidated by these tough guys, I decided to just be myself.

It was clear that one of the men, Sam, was the natural leader of the group. He was a big bull of a man and commanded the respect of the other guys. One night after our shift ended, I took Sam out for “lunch.” I told him that I had been tasked with getting rid of the use of “mood modifiers” in the plant. He could tell I was scared.

At first, Sam just looked at me for a long time. I was afraid that I’d made the wrong

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move. But then he said: “I’m gonna help you out.” Sam, it turned out, had had a drug problem of his own and didn’t want anyone else to suffer through what he did. And with Sam as my ally, I accomplished my mission.

That experience showed me how important it is to build relationships based on trust. To build trust, you have to be vulnerable. And that means taking a risk. I’m convinced now that the faster you can build trusted relationships, the more effective you are as a leader.

Pioneering Trust in the Robotics Industry

A few years after I had graduated from Purdue and from Harvard Business School thanks to the scholarship from General Motors, I became the company’s youngest-ever vice president at the age of 26.

One of my assignments was to lead the formation of the company’s first Japanese joint venture, GMF Robotics. Back in the early 1980s, robots seemed like scary high-tech science fiction and companies were fearful of using them.

So, to build trust with first-time robot users (which was everyone at the time), we made improving our prospective customers’ productivity our primary mission.

To do that, we conducted factory efficiency studies to recommend ways to reduce their costs. That strategy produced such great results for our customers that when plant managers had a complicated manufacturing problem, they would say: “Let’s call those guys at GMF, they might know what to do.”



LEADERSHIP



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It was a great lesson in the magic of building trust with customers by genuinely putting their needs first. Even though the average age of our team was 29, we became the undisputed global industry leader. I am proud to say that it is still the largest industrial robot manufacturer in the world.

Failure is the Best Teacher

As young pioneers transforming the emerging robotics industry, we spent a fair amount of time in Silicon Valley. That opened my eyes to a whole new world that was irresistible. My friends thought I was crazy leaving General Motors back then. They said, "Why would anybody want to leave GM, especially you? You are on the fast track that leads to becoming CEO."

To me, Silicon Valley was the West Point of Capitalism, a corporate United Nations, the ultimate meritocracy with a premium on youth. The objective of the game was to reinvent everything and innovate at scale with speed being the ultimate currency.

It was also a land where failure is recognized as the best teacher. If you did not have failures, you just were not being bold enough.

Well, I tasted failure right out of the gate. I joined an early-stage enterprise software startup as the COO and on the second day of the job, the company founder and CEO said, "We are having a board meeting next week and I want you to say this..." I told her, "Absolutely not. That would be lying."

After that, I knew I

could never trust the CEO. I grew up in small-town Ohio, where values and mutual respect were a part of everyday life. I was torn between my need to live my values and my need to finish the job. After months of struggling to "reform" the company's culture, I quit. If I had to do it all over again, I would have quit the second day on the job.

That failure taught me to never take for granted the values I grew up with. I vowed all future companies and endeavors would be with high integrity and based on values founded on trust.

The Trust Business

That experience led me to a renegade group of scientists to start Rasna Corporation, where we developed groundbreaking mechanical design software.

I learned that whenever you're starting companies from scratch, people have to trust you, your processes, and your company before they trust buying your product.

We eventually sold the company for \$500 million several years later. I was in my mid-thirties and made more money than I thought I would make in my entire life. I tried retirement for a couple of months, but discovered it's totally overrated.

My next move was to join the founding of Benchmark Capital, which would become one of the preeminent venture capital firms in the world, as the first entrepreneur-in-residence. It was there that six fellow founders and I began the journey that forever

changed the world of global

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commerce by starting the world's first business-to-business e-commerce company, which we named Ariba.

It became the fastest growing enterprise software company in history and after just two and a half years, I took it public as chairman and CEO at a market value of \$6 billion and less than two years later it grew to \$40 billion.

Trust was the essential element in connecting millions of buyers and suppliers on the very first enterprise application written on the internet. I am proud to say today \$3.7 trillion a year is transacted through the Ariba network, which is more than Amazon, eBay and Alibaba combined.

Paying it Forward with Trust

My mother taught me that a meaningful career is truly about "giving back and paying it forward," so after Ariba I set out to give back to the people that helped me along the way and help the less fortunate.

I served on the Board of Governors of Opportunity International, which pioneered the concept of Trust Groups and Trust Banks to become a solution to enable millions of households to borrow from the

largest private issuer of micro-loans in the world.

I saw firsthand how the concept of trust can truly change communities and help struggling families living on less than two dollars a day by spreading kindness, empowerment, and hope.

The Trust Business

I eventually went back to being a CEO and chairman again at a company called DocuSign, leading its transformation from a 50-person startup to a public company and the global powerhouse it is today.

For 10 years, I would tell our DocuSign employees, "We're not in the software business, we're in the trust business. We deal with people's most important documents. Those are the ones that you sign."

Today the DocuSign Global Trust Network is used by a billion people and a million companies, and the name of the company is a verb. And along the way, it's saved the planet 100 billion pieces of paper. Why? Because of trust.

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Transformational Diplomacy

This Ohio boy began his journey welding parts, and later had the good fortune of welding together billion-dollar companies. But even this dreamer could have never imagined that someday he would be called upon to run U.S. economic diplomacy and have the opportunity to give back to this great nation.

During my Senate confirmation hearing, I pledged to address authoritarian aggression by rallying our allies, leveraging private sector innovation, and amplifying our democratic trust principles.

After experiencing the distinction of being unanimously confirmed by the U.S. Senate as Under Secretary of State, my charge was to develop and execute a Global Economic Security Strategy that drives economic growth, maximizes national security, and combats economic aggression.

One of our most urgent missions was to defeat China's plan to control global 5G communications.

Our "aha!" moment came when we asked our foreign counterparts how their relationship was going with China. They seemed to always say the same thing: "They're an important trading partner." But then they'd look both ways and almost whisper, "But we don't trust them!"

The Trust Principle

That's when we developed the Trust Principle Doctrine and deployed it by building an alliance of 60 countries – including India – and hundreds of companies representing two-thirds of the world's GDP to commit to a Clean Network of trusted telecommunications vendors.

Principles like transparency, reciprocity and respect for human rights are things we honor in the free world, and authoritarian regimes do not. The Trust Principle doctrine was also the basis for strengthening ties between the United States and Taiwan.

The Bottom Line

Trust is the most important word in any language.
After all, trust is the basis of every relation-

ship. You do business with people you trust. You partner with people you trust. You love people you trust.

And perhaps most importantly, you have to learn to trust yourself.

Fear can cause paralysis for many people. But I have embraced the opposite approach: Rather than avoid something I'm afraid of, I push myself to confront my fears.

That's why I encourage everyone to jump into water over your head, even when you can't see the bottom. It's scary, but it may be the best thing you ever do. 🙌

ABOUT THE AUTHOR

Keith Krach is an American businessman, Silicon Valley innovator, philanthropist, and public servant. He currently serves as the chairman and co-founder of the Krach Institute for Tech Diplomacy at Purdue. He previously served as the Under Secretary of State from 2019 to 2021. Before that, he was the CEO of DocuSign and Ariba as well as Chairman of Purdue University. Krach is nominated for the Nobel Peace Prize in 2022 for deploying his "Trust Doctrine" to defend against technological authoritarianism, safeguard global economic security, preserve democracy in Taiwan, and protect human rights to advance freedom and lasting peace. He currently lives with his wife Metta and five children in San Francisco, California.



Continuing the Trust Mission

After his term as Under Secretary of State ended, Krach co-founded the Krach Institute for Tech Diplomacy at Purdue. It is the world's only institution focused on "tech statecraft," which integrates technology and foreign policy expertise to ensure that trusted technology is used to advance freedom.

He also recently launched a Global Tech Security Commission with former Estonian President Kersti Kaljulaid to identify strategies for allied democracies to invest in key technologies and build a trusted network.

In the meantime, he is working with a

number of Biden administration officials to maintain continuity of U.S. policy toward China. He has also further dedicated his philanthropic efforts to closing the digital divide in low-income countries through the adoption of trusted technology.

Just recently, Opportunity International – in partnership with the Krach Family Foundation and the Krach Institute for Tech Diplomacy at Purdue – announced the creation of the Trusted Tech Microfinance Initiative to transform the lives of microentrepreneurs by empowering them to participate in the digital economy and improve the quality of life for their families and communities.