

# The Trusted Executive

John Blakey





# Interview with Ruslan Vasyutin, Chairman, Vienna Insurance Group, Ukraine

Vienna Insurance Group is la leading insurance organisation in central and eastern Europe. Founded in 1824, it is represented by 50 companies across 25 countries and has a total of 23,000 employees (<http://www.vig.com/>).

JOHN: Why do you think trustworthiness is an important topic for the Chief Executive to focus upon?

RUSLAN: First of all, I consider trustworthiness is not a topic but a value - not philosophical value but business value. My business of life insurance is built on this value because without trustworthiness, without reliability, it's impossible for us to grow. We are a long-term business and we are not selling something with immediate benefits so it's necessary to create trustworthiness in the customer's mind. Personally, I hope I role model this value. I promote it. I respect it. I develop it. I'd like to think it was my competitive advantage.

JOHN: How do you measure trustworthiness?

RUSLAN: This is a difficult question. You can survey and interview people; get feedback from customers and employees. Also, in the life insurance business, you can measure it in terms of the volume of business we contract so it becomes very closely linked to the top line revenue.

JOHN: Your organisation, the Vienna Insurance Group, has over 25,000 staff globally. What has the Group CEO of your company done to make trustworthiness so special to your brand?

RUSLAN: Most important is that they trust local top managers. Usually, if foreigners come to our market, they put their experts who are just foreigners to manage their companies. Vienna Insurance Group never does it like this. It puts local top management with adequate level of empowerment. This is a distinctive feature. And they give you trust and they give you responsibilities.

JOHN: What is the situation in your part of the world in terms of the popular perception of trustworthiness of business leaders?

RUSLAN: Absolute disaster. (both laugh)

RUSLAN: I am serious. We have zero level of trustworthiness towards the state, the government, and yet some trust towards foreign companies and some trust towards certain individual leaders. Foreign companies with a proven history can do something here. So yes, the general situation is a disaster but against this background trustworthiness has become more vivid, more clear. The value of trustworthiness has become real to us because we have lost it on such a large scale.

JOHN: When you say it's disastrous in the bigger picture, what has caused that?



RUSLAN: Because the obligations were not fulfilled. First of all, because of the banks, even foreign banks failed here and in Ukraine the majority of the population are not financially educated. So they bring their money to the banks as they're told to in the advertising with no real financial thinking. Just intuition, just advertising. Tonight I will have webinar about the company and I have to say a few words about a recent financial scandal just a couple of weeks ago, to let people know about it and to help them avoid this mistake. So people again and again are fooled into making mistakes. And that's why a lot of cash is kept at home, people are willing to get cash in local currency and then immediately they buy euros or dollars because there is no trust in our financial system.

At the same time we have this war and so on and so forth. Talking about war, another example for you; the flourishing charity organisations, a lot of people collect money for our army but most of them are criminals because it's proven by police and by journalists that most of these boys and girls with money are carrying money for criminals. And it's an open secret. And people see these on TV, so the level of trustworthiness is going down, down and down. It's in the news at the moment about this tranche of money we've received from the International Foundation. I am pretty sure that in a couple of weeks we will get news that someone has stolen this money (laughs).

JOHN: Is your experience that ethics are better or worse than they were 15 years ago?

RUSLAN: I would say that demand for this is higher but the real situation is worse in Ukraine. Acting as a responsible insurer here I surprise my colleagues and I surprise the market.(laughs)

JOHN: Because they expect you to be untrustworthy?

RUSLAN: Yes, because the image of insurance in Ukraine and the image of business in general could be summed up as 'get the money and run away'. (laughs). This is unfortunate, John. God will forgive me for saying this I hope, but it is part of Ukrainian culture. Historically, we were beaten, we were pressed by somebody, we were invaded by somebody, so we had nothing to do but wait, suffer and then steal something from the big bosses when we could. In our understanding, we learnt that we needed to look good, enter some favourable environment and then steal something. Because one day you will be thrown away (laughs).

JOHN: Things have been disastrous with trustworthiness in your part of the world. So if you're a CEO or if you're a political leader and you've damaged trustworthiness, so you've made a mistake, how do you go about recovering that situation?

RUSLAN: It's a tough question because, frankly speaking, I don't believe that it's possible right away. It's possible, but time is the main thing. You need to take personal responsibility. The person who is trustworthy, or a group of such persons, should take this responsibility to show people that now it will be okay because you know me, you trust me. Now I take care of this. People will get it. The second step is to demonstrate simple, understandable, visible steps for solving the problem. For example, 'look, I promised it a week ago and now I have fulfilled it.' 'Does this work?'. 'Yes, it does', 'Great, let's go'. The next thing is to show the alternative model. So here you see the 'pilot' that I promised, you have seen that it works and now we can scale it up. But we should not forget that it takes time. People need to be given time, but if we just wait and we show results then they will follow. And, of course, massive propaganda!



JOHN: What else is important to developing organisational trustworthiness other than the CEO's leadership?

RUSLAN: Okay, I have a couple of thoughts. So the corporate culture, do we have it?. Do we agree on doing something together? Do we have that common aim and system of values? So the existence of corporate culture and its quality. And the second thing is the personal culture of leaders. Personal culture and personal image. If I am a carrier of trustworthiness as a value then how should I look? Does my image symbolise trustworthiness? For example, yes I follow all my obligations but I look unconvincing. People need to fit the perception to the reality and vice versa. Finally, whatever you do inside the organisation is influenced by the country culture as we discussed earlier.

Let me give you one example; when I started to work in the life insurance market 15 years ago, very smart people from the industry came to this market and said 'Now, we will teach you how to sell life insurance'. 'The first and the primary need for life insurance is protection of family and of your future. The second need is the accumulation of money'. But here in Ukraine you can forget about that. Here, it is, first, the accumulation of money and then, second, the protection of family and future. Here it is about the profits, how to get more of something that they have. Now this is not for everybody of course but for most of the people historically it is true. So organisational trustworthiness has to be put into this societal context.

JOHN: So the final question, Ruslan. If we look forward five to ten years and we think of the CEO of the future, then where do you see this trustworthiness agenda heading?

RUSLAN: In Ukraine, I would say that if we use the traditional approaches, the existing approaches of building trustworthiness, taking into account the personal morality, it will never happen (laughs). But I was thinking about a unique technology for Ukraine; if some company, or alliance of companies, will show people and organisations that trustworthiness could be profitable, then that could make a difference. So if they could show that trustworthiness helps ,y company not only to survive, but to make money even in a crisis then that would make people stop and think. Because then trustworthiness becomes a competitive advantage. So in the case of Ukraine, people need to see first the contribution that being trustworthy makes to profits. Then it would work.



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