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# Mini MBA

from



**TEKEDIA**



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## THE BASIC UNIT OF BUSINESS: TRUST

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\*Tekedia AI Companion created this summary based on the course video transcript

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## **Introduction: The Core Question**

This presentation aims to answer a fundamental question posed by a community member: "What is the basic unit of business? In other words, what is the most fundamental element to ensure a business operates efficiently and delivers value to stakeholders?"

To address this, we will draw an analogy from secondary school biology to illustrate the foundational concept.

## **The Biological Analogy: From Cells to Organisms**

In biology, we learn that:

- Cells are the foundational units of life.
- Groups of cells form tissues.
- Tissues work together to form organs.
- Organs operate to create systems (e.g., nervous system, circulatory system).
- When all these systems function effectively, they form a complete organism.

Just as an organism relies on the healthy functioning of its cells, tissues, organs, and systems, a business also has foundational elements that determine its health and longevity.

## **Businesses as Organic Systems**

The lecture posits that businesses are akin to organic systems:

- They have the capacity to "breed" (grow and expand).
- They can also "die" (go into bankruptcy and disappear from the market).

Therefore, understanding the "cell" of a business is crucial for its survival and success.

## **Trust: The Cell of Business**

The core argument of this lecture is that trust is the cell of business.

- Trust is the unicellular component upon which every other element of a business organism is built.
- Without trust, the entire market system fails.

## **The Role of Businesses in Society**

Businesses are primarily established to address "frictions" or problems in the world, such as:

- Lack of clean water
- Diseases
- Poor transportation systems
- Numerous other societal needs

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Businesses serve as a potent way to fix these frictions by bringing together demand and supply. Through this interaction, a business facilitates an "equilibrium point" where transactions can occur, leading to mutual satisfaction for customers and producers.

### **The Indispensable Nature of Trust in Business Operations**

The lecture emphasizes that businesses cannot function without building this foundational "cellular" element of trust.

- Customer Trust: Without trust, a customer will not purchase a product (e.g., open a carton, take a drug, eat food from a restaurant, drive a vehicle). Every consumer decision is predicated on trust in the brand, logo, and the company offering the service.
- Consequences of Lost Trust: If a company loses trust, it effectively "dies," much like an organism whose foundational cells cease to function. A business without trust is gone.

### **Dimensions of Trust in a Business**

Trust within a firm is multi-faceted and extends to various stakeholders:

- Internal Customers (Workers): Trust among employees is vital for internal operations and cohesion.
- Suppliers: Trust with those providing raw materials ensures a smooth supply chain.
- External Customers (Consumers): Consumers must demonstrate trust for the business to remain a going concern.
- Government/Regulators: Governments and regulatory bodies must trust that businesses operate responsibly and do not endanger society. If this confidence is lost, regulators can shut down the business, signifying the destruction of its basic unit in their eyes.

### **Building a Sustainable and Enduring Company**

To build a sustainable and enduring company, the focus must return to this fundamental unit: trust.

- Trust with Investors: Investors will not provide capital without trust and confidence in the business.
- Trust with Customers: Customers will not try or continue to use a product without trust.
- Trust with the Community/Government: The community's confidence and government's belief are necessary for licensing and permission to operate.

The lecture strongly asserts that there is no way to build a successful business without depending upon and actively cultivating trust.

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## Summary

This lecture presents a compelling argument for trust as the foundational and most basic unit of any business endeavor. Drawing a clear analogy to the biological cell, it explains how trust underpins all business operations, from the initial handshake of a transaction to the ongoing relationship with customers, suppliers, employees, investors, and even government regulators.

Businesses are seen as organic systems designed to solve societal problems by connecting demand with supply. However, this connection, and indeed the very existence and efficiency of a business, hinges entirely on the presence and maintenance of trust. The absence or loss of trust is depicted as a fatal blow, leading to the demise of the business, much like the death of an organism when its cells fail. The lecture emphasizes that building and nurturing trust across all stakeholder relationships is not merely a desirable trait but an absolute prerequisite for a company's sustainability, competitiveness, and capacity to deliver value.

## Conclusion

In conclusion, the lecture unequivocally establishes trust as the indispensable "cell" of the business world. It is the invisible yet most powerful force that enables transactions, fosters loyalty, attracts investment, and secures regulatory approval. For any business aspiring to be sustainable, competitive, and impactful, the primary focus must be on cultivating and preserving trust at every level – internally among employees, externally with customers and suppliers, and broadly with investors and the governing community. Ignoring this fundamental unit is to build on a foundation of sand, destined for collapse. Therefore, the message is clear: Go and build, and build on trust.

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