The Case for Transparency in Leadership

Halley Bock - 4/3/12

If learning leaders want to propel their organization toward greater results, including healthier profits, they must become comfortable with the uncomfortable: the complete, unabashed truth about themselves and their organization at all levels of the business.

In a 2011 Corporate Executive Board survey, organizations that successfully broke down barriers and eliminated the fear of retaliation for honest feedback substantially outperformed their peers, delivering 7.9 percent total shareholder return compared with 2.1 percent at other companies. The findings suggest that the truth is harder to come by the further up the chain it moves due to employees' concerns around tarnishing their images, or worse, that their candor will be a career-limiting move.

On the flipside, to say nothing or to avoid the truth practically guarantees an issue won’t be resolved. As Carl Jung once said, “What we do not make conscious emerges later as fate.” Consider the subprime housing crisis of the late 2000s and the subsequent meltdown of major financial institutions as examples. When organizations do not encourage and empower their employees to surface issues or call out bad practices, the end result can be devastating.

The truth works. But truth requires high levels of transparency, which can be scary to some CEOs and difficult for leaders who may be seen as swimming upstream against cultural norms steeped in closed-door mentalities.

“When you turn over rocks and look at all the squiggly things underneath, you can either put the rock down, or you can say, ‘My job is to turn over rocks and look at the squiggly things,’ even if what you see can scare the hell out of you,” said Fred Purdue, former senior vice president at Pitney Bowes, as quoted in Good to Great by Jim Collins.

Pitney Bowes created forums to unearth organizational concerns. If they seek a competitive, viable and sustainably healthy organization, learning leaders should help to promote full transparency, equipping employees with the skill to convey a message and leaders with the skills needed to coax out the truth.
The Role of Transparency

With the advent of social media and Google, a level of transparency into business performance and operations already exists whether it’s desired or not. According to journalist Clive Thompson in his Wired magazine article “The See-Through CEO,” it would be wise to embrace the new, unavoidable “reputation” economy. “Google is not a search engine. Google is a reputation-management system. And that’s one of the most powerful reasons so many CEOs have become more transparent: Online, your rep is quantifiable, findable and totally unavoidable,” he wrote.

In other words, if an organization takes a misstep, it’s best to own up quickly before others “out” the error and run away with brand image. However, the need for transparency isn’t just about maintaining public appearances. The highest purpose stems from an organization’s need to build high levels of trust, improve decision making and uncover and address issues quickly.

Building trust: After the recent economic collapse, which brought to light significant integrity outages in many major corporations, employee trust continues to falter. According to Interaction Associates’ (IA) 2011 Trust Survey, employee trust in leaders continues to lag and has not rebounded since 2010. Andy Atkins, director of research and development at IA, a global learning services provider, said, “Even as employees express trust in peers by saying they share and collaborate more easily with colleagues, they remain wary and distrustful of their leaders.”

Learning leaders who help to successfully rebuild trust will shift their development focus from dealing with symptoms to addressing the underlying cause of trust and business issues. “Past leadership development programs focused on following procedures — grievance procedures or disciplinary procedures — rather than on the behaviors and emotions causing issues,” said Lesley Roberts, CEO of Wolverhampton Homes, a property management organization. “Managers were reacting from a place of frustration rather than a place of respect. The goal was compliance, not understanding.”

Today’s leadership development programs should offer well-rounded learning focused on each side of the table — for example, giving and receiving feedback — while adapting a holistic approach to the individual employee. Gone are the days where employees simply punch in and punch out, leaving their attitudes and opinions at the door. The 21st-century workforce wants to actively participate in their organization’s success. “No one wakes up saying, ‘I can’t wait to be managed today,’” said Jeff DeMordaunt, vice president of talent management at Ardent Health Services. Rather, learning leaders should embrace their eagerness while equipping them with the skill to speak the truth and to create a place where truth telling can occur.

Overall, today’s workforce craves the truth from its leaders, and organizations are wise to allow insight into “ground truth” — what is really happening — versus the “official truth” — what leaders may wish was happening. Strategies designed on fantasies are doomed to fail, as is attempting to create engagement through non-disclosure and half-truths. Leaders must illustrate the direct correlation between fuller participation and stronger profits throughout the entire organization to achieve buy-in at all levels.
For example, disclosing an unexpected downturn in revenues could become a rallying cry for all employees to seek new and creative ways to cut costs. In 2008, Fred Mohr, vice president of maintenance and engineering at Alaska Airlines, created a suggestion box for ideas on how the company could save fuel — one of the airline’s top expenses. Now the airline estimates it saves up to 1.8 million gallons per year. Flight attendants saved the airline $350,000 a year by cutting back on potable water on flights after attendants noticed more passengers were bringing their own on board. When an organization holds the belief that its employees are capable of handling the truth, they likely will rise to the occasion and offer their assistance.

**Improved decision making:** Transparency can improve a leader’s decision-making abilities. It is also key to create high levels of employee engagement. “Employees want more transparency into decisions and more involvement in the decisions that affect them,” Atkins said. Having the opportunity to create some sort of positive change in the workplace is one reason engaged employees come to work every day. Further, better decisions contribute to a healthier bottom line, paychecks, benefits and stock. On the flip side, workers who are unengaged cost the U.S. economy some $385 billion per year according to Gallup.

Too often, leaders assume their worth comes from the ability to make the best decisions based on their own knowledge or based on what they’ve learned in a program. There is an expectation that a person must have all the answers when, in reality, one person has a singular viewpoint on any given issue. HAVI Global Solutions (HGS), a supply chain managed services company, adopted a more inclusive and transparent approach to its decision-making process to break down silos and improve decision quality.

Increasing transparency around how and why a decision is made can shift cultural dynamics and contribute to higher levels of trust. At HGS, employees are encouraged to seek out multiple perspectives on a strategy, decision or opportunity they are considering before making the call. Embracing intellectual curiosity has created a bolder and more inquisitive company culture.

“People are more prepared to take smart risks,” said Mark Salisbury, senior HR director at HGS. “Things are more likely to surface for constructive discussion and solutions.”

**Surfacing and addressing issues:** In Papua New Guinea there is a term “mokita,” which means “that which everyone knows and no one speaks of.” Natives judge the health of any community by the number of mokitas that exist within it. The ability to keep mokitas in the dark is quickly escaping thanks to a highly interconnected world.

Similarly, in David Kirkpatrick’s book, The Facebook Effect, Mark Zuckerberg said, “more transparency should make for a more tolerant society in which people eventually accept that everybody sometimes does bad or embarrassing things.”

The issue for learning leaders is not that their organizations have faults, make mistakes or adopt practices that don’t serve them; the issue is when they are never addressed or worse, they are covered up. Here are a two common workplace mokitas courtesy of Howard Rheingold, author of They Have A Word For It:
1. **The CEO tells everyone how important training is and then quietly slips out the door.** Every person in an organization looks to the CEO and other senior leaders as a standard for behavior, to understand what is acceptable and what is not. They help to establish the culture and become the example. And, as the saying goes, “the fish rots from the head.” For instance, if the CEO’s actions are not in alignment with his or her words, it sends an immediate message that he or she doesn’t really believe in the value of training, and that honesty may take a back seat when pushing the latest agenda.

A central function of the learning role is to ensure that all aspects of the organization — including the C-suite — operate in alignment with company values while providing the training needed to achieve supportive behaviors. If incongruence exists then it should be addressed.

Learning leaders can help explain the implications for employee morale and commitment should the CEO not be 100 percent committed, and then the learning function can help close any gaps.

2. **Our strategic plan is not working.** Fewer things can sink employee engagement levels faster than following a doomed plan. Informal meetings occur outside the conference rooms in the hallways and kitchenettes, and there the truth is often reserved for everyone but the team leader or executive board. Dynamics like these exist in organizations where compliance and groupthink trump courage and original thought.

To surface and tackle potentially costly issues, learning leaders must equip employees with the communication skills needed to explain any issues, their effect on the organization and possible solutions in ways so that leaders will welcome the feedback. Author Edwin Friedman once wrote, “In any situation, the person who can most accurately describe reality without laying blame will emerge as the leader, whether designated or not.” Conversely, managers and executives should put the importance of transparency and honest feedback above ego and foster two-way dialogue. Leaders should ask questions and dig deeper into an issue to accurately resolve it. Then they should follow up by publicly communicating the outcome to further encourage workplace vigilance.

When learning leaders actively help to create an organization built on transparency, they inherently create strong cultures of trust, collaboration and innovation. A central function of the learning role is to ensure the organization maintains its competitive edge while delivering strong business results. High levels of transparency adopted throughout an organization will ensure all oars are in the water, pulling for the same outcome, while reducing undercurrents caused by confusion and distrust. Today, transparency is a choice. For tomorrow and the next generation it will be a requirement.

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