

*“The problem with communication
... is the illusion that it has been
accomplished.”*

George Bernard Shaw:

Transparency & Trust

In a recent *Harvard Business Review* article (“A Culture of Candor,” June 2009), James O’Toole and Warren Bennis tell us we need a better way to evaluate our business leaders. They tell us it’s no longer prudent to judge American corporate leaders’ performance solely on *the extent to which they create wealth for investors*.

Rather, they suggest that as we move forward, a new metric is necessary: *the extent to which executives create organizations that are economically, ethically and socially sustainable*.

Wise leaders recognize that increased transparency is the fundamental first step. Broadly defined, transparency is the degree to which communication flows freely and effectively within an organization, among managers and employees, and outward to stakeholders.

Transparency... Easier Said Than Done

Roughly half of all managers don’t trust their leaders. Exact figures and study results vary, but no data compiled over the last 7 years have shown more than 50% of managers have trust in their company leaders.

Why *wouldn’t* companies promote openness and a free flow of communication? Several issues arise:

- Can people communicate upward and do so honestly?
- Are teams capable of challenging their own assumptions?
- Can boards of directors communicate important messages to company leadership?

Transparency issues can involve a leader who won’t listen to followers, as well as followers who won’t speak up.

They also occur when team members are ensconced in “groupthink,” usually without awareness. People on the same team don’t challenge each other. Sometimes, they like each other too much. Other times, they simply don’t know how to disagree with one another.

Many times, leaders try to hoard and control knowledge and information because they believe it is a source of power.

*“Knowledge is not power...
applied knowledge is power.”*

In reality, knowledge has little power - unless it is *applied...* to the benefit of both the leader and to others within the corporate population.

Replacing a hoarding tendency with a transparency culture starts at the top:

- Share more information more often
- Look for counterarguments
- Admit your own errors
- Behave as you want others to behave

*“How many legs does a dog have
if you call the tail a leg? Four;
calling a tail a leg doesn't make it
a leg.”*

Abraham Lincoln

7 Steps to Transparency

Bennis and O’Toole offer seven steps for developing a culture of transparency:

1. Seek and Tell the Truth

Each of us has the impulse to tell others what they want to hear. Instead, keep it simple, and be honest. Candid leaders tell everyone the same thing, and they have no need to revise their stories.

2. Encourage People to Speak Truth to Power

It’s never easy for us to be honest with our bosses. It takes courage to speak up. But encouraging people to share their honest opinions is crucial if leaders want to build trust and open communication. Of course, this sometimes means executives will hear unpleasant information.



3. Reward Contrarians

If you make it acceptable, are willing to listen to opposing points of view and promise to consider the merits of others' arguments, you pave the way for a culture of transparency.

Find colleagues who tend to be oppositional, listen to them intently, and create conditions for thinking differently.

4. Practice Having Unpleasant Conversations

Few people excel at delivering negative feedback during performance appraisals. Offering negative feedback upward, to one's boss, is even more challenging. The best leaders learn how to deliver bad news kindly so people don't get unnecessarily hurt. It's certainly not easy, unless practice opportunities are provided.

5. Diversify Information Sources

Communicate regularly with different groups of colleagues, workers, customers and even competitors to gain a nuanced and multifaceted understanding of others' perceptions.

6. Admit Mistakes

Candor is contagious. When you admit your shortcomings or errors, it paves the way for others to do the same. Simple admissions can disarm critics and encourage others to be transparent, as well.

7. Build Organizational Support for Transparency

Protect whistle-blowers—but don't stop there. Other norms and sanctions should encourage truth-telling, including open-door policies, ethics training and internal blogs that give a voice to people lower down in the hierarchy.

"All truths are easy to understand once they are discovered; the point is to discover them."

Galileo

Board Vigilance

Changing a system that encourages information-hoarding is the board of directors' responsibility. Truly independent boards should provide a much-needed check on executives' egos and truth-telling. If they fail to assess transparency at the uppermost levels, they're not functioning appropriately.

"Boards are the last line of defense against ruinous self-deception and the suppression of vital truths," write Bennis and O'Toole. "If they're not vigilant in the pursuit of honesty, the organizations they serve are unlikely to have a free internal or external flow of information."

Trust

As a species, we are hardwired to trust others, especially those who appear similar to ourselves and who have similar interests. But as recent financial scandals reveal, we sometimes trust too easily and trust the wrong people.

"You can't shake hands with a clenched fist."

Indira Gandhi:

To trust wisely means starting with small acts that foster reciprocity. By communicating your willingness to trust, you give others the go-ahead to do the same.

Transparent Communications

Open and honest communications support the decision to trust. Lack of communication and transparency creates suspicion. To increase transparency:

- Increase the frequency and candor of your communications
- Build a relationship beyond the constraints of your official role
- Use the word "we" more often than "I"
- Emphasize common values and goals
- Be clear whose goals and interests you are promoting
- Be sure your actions support your words
- Demonstrate a clear concern for others
- Under-promise and over-deliver
- Ask more questions
- Really listen to the answers - seek first to understand, then to be understood.

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