Communication That Can Change a Culture: the Need for Straight Talk

By Bob Phillips and David Gebler

I. Why the need for "Straight Talk"?

Building an ethical corporate culture requires more than admonishing employees to do the right thing. Companies need to focus on the specific skills that create a positive and open work environment. From our experience, in most organizations it is poor communication that poses the greatest risk to integrity, while cultures in which employees feel free to raise

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issues tend to be ones that maintain higher levels of integrity. A lack of open communication in an organization can have serious consequences. Confusion and lack of awareness, employee isolation, a drop in productivity, a perceived lack of fairness or potential harassment issues, and fear of retaliation all can result when leaders and managers fail to take appropriate measures to promote transparency and openness in the workplace.

In order to understand how an environment of open communication can motivate employees to comply with organizational values, we need to look

at the attitudes underlying ethical conduct. Compliance is usually perceived as obedience to the company code of business conduct, its policies and guidelines. But the degree of an employee's compliance may depend on many factors.

Studies that have looked at the characteristics of ethical cultures are noting that key behaviors by managers can have a greater impact than merely deploying program elements such as a code of conduct or a helpline.

For example, the Ethics Resource Center's National Business Ethics Survey has identified types of "ethics related actions" that have an especially great impact on outcomes expected of an ethics program. Actions such as setting a good example, keeping promises and commitments, and supporting others in adhering to ethics standards can have a powerful influence on building an ethical culture.

However, these actions will be difficult to instill in the organization if people do not feel comfortable communicating openly and honestly with each other.

The development of specific behaviors to support open communication and respect depends on every employee agreeing to the parameters of ethical behavior in the workplace. First, we have to determine how to communicate the policies and rules to which we expect compliance. Do associates know what they are? If they have questions, do they know the company resources where they can solicit help? Are the rules consistent across the organization? And finally, do employees take them seriously or are the rules flaunted to such an extent that they are little more than window-dressing?

We need to set goals of open communication. In a culture of integrity, open communication can help the company build a reputation for honesty, increase productivity and improve teamwork. Open communication can reduce the "noise" in the work environment that can lead to ethical violations due to confusion, rumor, speculation or cynicism. It can also prevent the most damaging consequence that can come from a lack of communication — fear of retaliation.

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It takes a tremendous amount of courage for an employee to come forward and discuss a potential ethical or legal violation. So if an employee musters enough courage to walk into the boss's office, the organization must ensure that the employee won't regret that decision. This message can be reinforced by some basic behaviors demonstrated by a manager.

Simple acts such as making eye-contact, exercising courtesy, and practicing reflective listening when an employee steps forward with an issue signal that we take the employee's concern seriously and will take appropriate action. Taking calls or checking e-mails while meeting with an employee communicates the opposite. We must be attentive to the impact even our non-verbal behaviors can have on an employee's perception of our priorities.

Certain behaviors seriously hinder open communication, including displays of favoritism or nepotism; verbal abuse or micromanaging employees; and circumventing processes that are in place to ensure fairness in the vending process. All these behaviors will prevent employees coming forward with issues or concerns.

Just as there are behaviors that can impede open communication, there are others that can foster it.

When managers and other leaders demonstrate accountability, transparency, and fairness, employees see that their managers are able to "walk the talk."

II. Is your organization open to Straight Talk?

We all wish that we could use direct, open and honest communications when dealing with others in our organizations. Sadly, our cultural behaviors may not support it. There could also be other issues that are in our way.

If we are taught to be honest with others, then why has corporate behavior evolved to the point where being totally honest is either a calculated approach or a perceived risk?

When working with organizations, we have found that people may be open to answering direct questions, however, they are hesitant to share all that they know if they do not trust how the person seeking the information will ultimately use it.

This is why we ask the questions: "Is your organization open to straight talk, honest feedback, different opinions and ideas? Do employees use indirect methods to get issues resolved? Or are employees hesitant to speak up because they fear retaliation for doing so?"

No matter how those questions are answered, simply asking them is the first step to gaining understanding and insight into your organization's willingness to have an environment of open and honest communications. Many organizations are unwilling to analyze their culture and work environment. However, without understanding the organization's tolerance for open and honest communication, there can be no comprehension about

- When a team member does something that irritates others do his/her peers confront the person? Or do they just hope the issue goes away?

- Do suggestion boxes get filled with recommendations and innovative ideas or candy wrappers and garbage?

- Can people be honest and direct with opinions and ideas?

- Is it okay to disagree with ideas - regardless of whose idea it is?

- Can employees directly communicate without fear of retribution?

- Do employees give feedback directly to the person involved? Or do they either 'go around' the person or discuss the problem with everyone else first?

- Are key messages and direction communicated quickly and directly to employees?

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why employees are not willing to be more open and honest with each other, their manager or anyone else in a senior leadership position.

It's easy to say that your culture is one of openness but that statement may not be supported by the behaviors of the management team, the performance management system or the reward systems within your organization. So what do you look for?

We have developed a few easy questions that can help you determine if your culture is open to honest feedback and discussion.

- When differences of opinion arise, are people willing to disagree with their manager?

Answering these questions will help you determine whether you need to perform some basic communications work in your organizational culture before you can successfully cultivate an environment of honest communications.

III. Why Telling the Truth is Important

Trust in the business world has eroded due to bad accounting practices, poor corporate governance, and questionable behavior by boards of directors. Once a person lies or is unwilling to tell the truth, it's difficult to trust that person now and in the future. And without trust, working relationships, shared knowledge and ethical business practices are all questioned.

The higher price a company pays by lying will cause it to lose the trust and confidence of those who depend on it for a living and who allow the company to provide that living. Two examples of individuals who paid that price are Richard Nixon and Martha Stewart.

It is arguable that Richard Nixon may not have had to resign as President if he had not tried to cover up the break-ins into the offices of Daniel Ellsberg's psychiatrist and the Democratic National Headquarters at the Watergate Hotel. If Nixon had been truthful in the beginning, he may have remained President instead of leaving his office under very unfavorable circumstances.

A person who suffered a penalty greater than the penalty for the original crime was Martha Stewart. Rather than admitting that she was guilty of selling her stock in ImClone Systems Inc. a day prior to very negative news about a company product, she lied. If she had told the

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truth, her punishment would have been far less severe than her sentence when she was found guilty of four counts of obstructing justice and lying to investigators. Her estimated loss from the sale of 4,000 shares if she had sold the stock legally was much less that the losses she suffered by spending time in jail thereby impacting the credibility of her company and damaging her personal reputation and credibility.

We have rarely seen the positive examples of corporate behavior as was displayed by the way that Johnson and Johnson handled the Tylenol® Extra Strength cyanide problem in 1982. When the company stepped forward and pulled the medication off shelves, Johnson and Johnson was able to establish a relationship of trust with the public that's still admired 25 years later.

Johnson & Johnson's reputation for integrity has given them a reserve of goodwill that stands it in good stead if the company ever gets into trouble. Companies without that goodwill can get hit hard by the market and the government at the first sign of trouble.

IV. Eight Great Fears of Telling the Truth

While shining examples of truth and open communication are inspiring, we also need to acknowledge the challenges and barriers to telling the truth that prevail in most work environments. Without understanding what gets in the way, we can't eliminate those challenges to help our companies reach a culture of integrity.

1. Fear of retribution

Most employees wonder what will happen to them if they report an issue or problem. We don't like to admit it but many times this fear is legitimate. We may remember people like Dr. Jeffrey Wigand, who blew the whistle on big tobacco, who were lauded for their courage. But many people are fired and never heard from again. This fear is unfortunately justified in most instances.

2. Fear of hurting another person's feelings

We never want to deliberately hurt someone else. In the case of reporting we want to know if the pain is worth raising the issue or saying what we think. A good question to help determine this is do we have good reason to speak up? Then we can ask, is it our business? What is the impact of speaking up? What's the impact of silence? Is this the case where silence is golden?

3. Fear of change

So many times we prefer the certainty of misery to the misery of uncertainty. Change is difficult but we risk damage to the company or ourselves if we don't speak up or, worse, distort the truth. To gain the benefits of open communication, we must embrace the changes that will occur if we speak the truth.

4. Fear of being disliked

We all have the need to be liked in a team-orientated world. But the desire to get along can lead to "Kumbaya Syndrome" where we give in to

pressure to conform to norms we may disagree with. We have to be extremely careful not to "go along to get along." There are three things we can try to remember that will help us not to give in to this fear: lower the emotional temperature by focusing on the issue and its effect on the company; give the other person the benefit of the doubt by giving them an out so they can correct

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the issue rather than take the blame; and do it in private to avoid confrontation in a group setting.

5. Fear of losing support

We have to face the fact that raising an issue may cause us to give up hard earned influence. In cultures in which silence is the rule, then keeping the support of peers or superiors may be difficult. But we have to remember that managers have an audience that watches their every move. Employees know the issues the team faces every day. And they may be waiting for someone to do something about it.

6. Fear of paying the price

We may not raise an issue because the price to fix the problem may be more than what we want to pay. But is that a good reason to plead the fifth? Jeffrey Skilling and Ken Lay both refused to make statements that incriminated themselves. But no one else was spared the consequences of their actions.

7. Fear of losing competitive advantage

In the corporate world sometimes information is power. A little paranoia can be beneficial in protecting trade secrets and company information. But this attitude can go too far if it starts to include employees

in the class of those who can't be trusted with information they may need to do the best job they can.

8. Fear of losing face

If we fear that speaking up will place us in an unflattering light or cause us to lose our standing in the corporate world then our ability to communicate openly is hampered. There are also social and cultural influences that can have an impact on open and honest discussions.

Telling the truth is not always easy and it can have negative consequences but we should remember that the worst truth beats the best lie.

V. Partnering with HR

Who owns ethics in an organization - Human Resources, Finance, the CEO, the last person standing? Everyone should own ethics. However, the job of ensuring that training, cultural issues and compliance demands are taken care of usually means that ethics needs to be assigned to someone within the organization.

Historically, functional organizations within companies have been reluctant to work together. Ethics and compliance must be an integral part of everyone's daily operation, not merely a yearly training with a once-a-year performance review checklist.

For ethics and compliance to become woven into the operational fiber of the organization, compliance officers and human resource senior management must be aligned in their objectives. This ensures the organization will adhere to behaviors that are ethical, lawful and productive for the organization.

The two groups must work together to develop and present the required annual training. This training should reflect both acceptable and unacceptable behaviors that demonstrate ethics and

compliance. These behaviors must be understood by the entire employee population, not just the individuals who developed the training.

Clearly articulated consequences for non-compliance must be clearly stated as part of the training. Employees need to understand that there are boundaries for acceptable behavior and that guidelines must be adhered to within the organization.

Corporations that seek to embed ethics and values in their corporate culture will, like Boeing, recognize open and honest communication as one of the most critical behaviors in their organization.

Human Resources also needs to ensure that the organization's performance management and reward systems support the overall objectives of the ethics and compliance programs.

VI. Behaviors and Standards

Open communication can help our companies make "ethical" business practices just "business practices". In order to achieve this goal, we need to fully integrate open communication into the behaviors we expect and reward.

We can link individual values to ethical behavior in the company by publicly recognizing employees' ethical practices in performance reviews and company reward systems.

Boeing is a prime example of a company that has gone from a culture of silence to a culture of open communication. They now pay attention to people first in order to ensure profit in the long term.

Jim McNerney joined the organization after a series of scandals that cost the company their reputation and significant money in fines and lost government contracts. In addition to ensuring that Boeing implemented systems and controls to support compliance, he focused on the people and asked what would cause an otherwise honest employee to not do the right thing?

His first step was to create a culture where it was safe for people to speak up and take the risk to question an activity that just didn't seem right. As the new CEO, McNerney displayed clear behaviors that promote trust and respect. He remembers people's names, pays attention to their presentations and treats them with respect rather than abuse

Now at Boeing pay and bonuses are directly linked to how well executives have embraced the new leadership attributes, including criteria such as promoting integrity and avoiding abusive behavior, speaking up and being a part of the new higher ethical standards as well as higher performance targets, and sharing information across the business units of the company so everyone can work toward a common goal and a common culture.

McNerney's insistence on an open and honest dialogue, transparency and shared interests at Boeing have led to a transformation in the organizational culture, making it less susceptible in the future to the types of ethical lapses that eroded the company's reputation.

Corporations that seek to embed ethics and values in their corporate culture will, like Boeing, recognize open and honest communication as one of the most critical behaviors in their organizations. Such companies will strive to ensure that:

■ their leaders are clear and consistent in their communications and live up to the standards they espouse;

■ all employees understand what is expected of them regarding conduct in the workplace;

■ employees feel that they can report misconduct or potentially inappropriate actions and that their concerns will be taken seriously; and

■ the company's commitment to ethical business practices is communicated regularly and emphatically to all constituencies.

By instituting these basic practices of open communication, a company can establish a foundation of organizational trust, one of the characteristics common to the most admired, most durable companies in the corporate landscape.

Attributions

"Absolute Honesty" – Larry Johnson and Bob Phillips, AMACOM, 2003

Cleaning Up Boeing; Can Outsider Jim McNerney Rid The Scandal-Plagued Aerospace Giant Of Its Rot? He's Off To A Strong Start - Stanley Holmes, Business Week March 13, 2006

The Ethics Resource Center, 2005 National Business Ethics Survey. ■

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Editorial Note