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A clear case for transparency

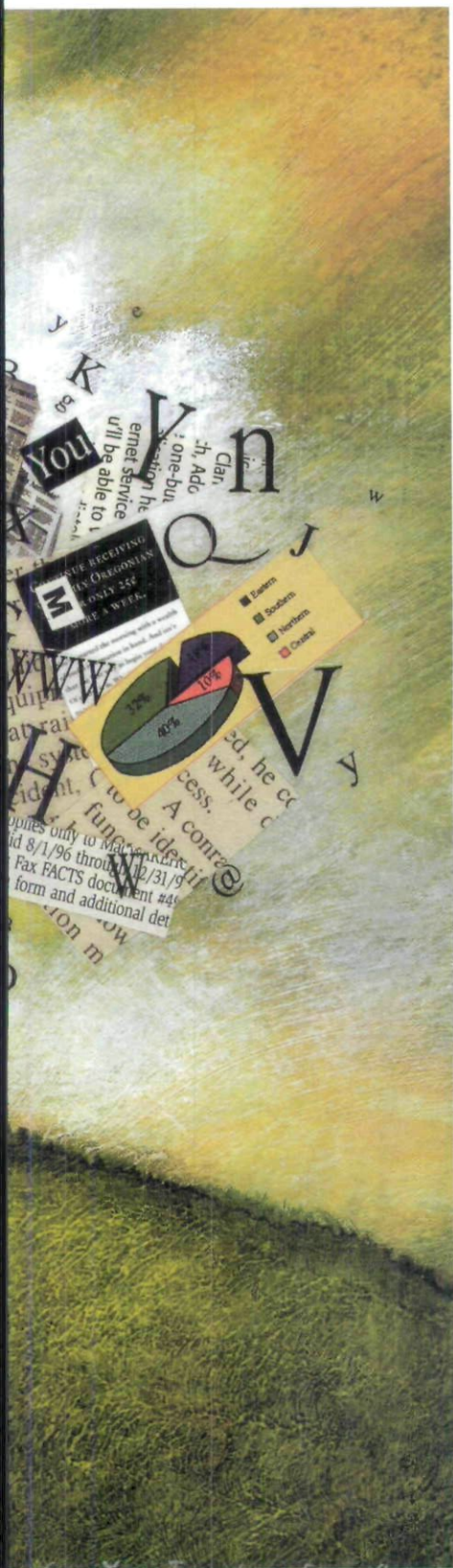
Companies are opening up, letting executives and employees alike do the talking, and shaking up the long-held belief that you only disclose what you must

by Shel Holtz, ABC, IABC Fellow

Paul Levy was surprised that the item he posted to his blog got as much attention as it did. Levy, CEO of Beth Israel Deaconess Hospital in Massachusetts, pens a blog called *Running a Hospital*, which is separate from the hospital's official web site yet has become as closely associated with the hospital as any of its official communication channels. The post in question—"Do I Get Paid Too Much?"—outlined his compensation and the process by which the board of directors arrived at it. At the end, Levy noted, "This is serious business that affects both the perception of hospitals in the public eye and also the ability of hospitals to attract the talent they need to run a complicated organization that is vital to the community. What do you think: Do I get paid too much? Here is your chance to send a message to me, my board or the community at large."

Forty-four people left comments to the post, offering a wide spectrum of opinions. The most common observa-

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tion in the comments, though, was reflected in this reply: “You are shockingly open, which really impresses me.”

Levy didn’t see anything all that shocking in his post. After all, his salary is a matter of public record, reported in an article in *The Boston Globe*. Still, there are no requirements to disclose the board’s decision-making process. Why give more information than is required?

Levy’s answer: Why not?

“These are nonprofits, they’re public institutions, they get public subsidies in the form of tax exemptions, they are publicly funded in terms of research and clinical care from the state and federal government,” Levy says. “They’re...as public a body as the government is in many respects, so why not tell people how decisions are being made?”

Levy’s candor may strike some as refreshing. In fact, it is more and more becoming the norm, shaking up long-held beliefs in the business world that you only disclose what you have to. Transparency is becoming one of the foundational principles of business.

Transparency either is or isn’t part of a company’s culture; artificial programs are likely to fall flat if a company goes opaque the first time transparency comes into conflict with the desire to hide inappropriate behavior. At the same time, transparency does not mean full disclosure. So what does transparency mean? In our book, *Tactical Transparency* (from which the quotes in this article are taken), my co-author, John C. Havens, and I define it this way: Transparency is the degree



to which an organization shares the following with its stakeholder publics:

- **Its leaders.** The leadership of transparent companies is accessible and straightforward when talking with members of key audiences.
- **Its employees.** Employees of transparent companies are accessible to reinforce the public view of the company and to help people where appropriate.
- **Its values.** Ethical behavior, fair treatment and other values are on full display in transparent companies.
- **Its culture.** How a company does things is more important today than what it does. The way things get done is not a secret in transparent companies.
- **The results of its business practices, both good and bad.** Successes, failures, problems and victories are all communicated by transparent companies.
- **Its business strategy.** Of particular importance to the investment community but of interest to several other audiences, a

company’s strategy is a key basis for investment decisions. Misalignment of a company’s strategy and investors’ expectations almost always results in disaster.

A lot rides on how transparent a company is these days, from the confidence of investors who are betting on the company’s future to the willingness of local communities to support the construction of new manufacturing facilities. Ultimately, it all comes down to the company’s reputation. And reputation management falls squarely within the communicator’s purview. Consider a couple of examples in which communication has supported an organization’s transparency efforts.

IBM and the Future Of...

IBM’s podcast *IBM and the Future Of...* has attracted a sizable audience of people interested in the company’s take on the impact technology will have on various dimensions of our lives. Topics covered in the show have included the future of movies, shopping, crime, banking, cities, privacy, sports and driving. Produced by communicators for the investor relations department, the podcast is aimed squarely at investment advisers and fund managers, but has attracted the attention of a much broader audience.

The show features interviews with employees, often accompanied by outside experts, who discuss the role technology will have on the subject at hand. By showcasing employees who are thinking far into the future, IBM is displaying the depth of its talent. It becomes clear that

IBM's ability to compete is in the hands of frontline employees who really know their stuff and are likely to help guide the company in its development of products and services that accommodate the needs businesses will face.

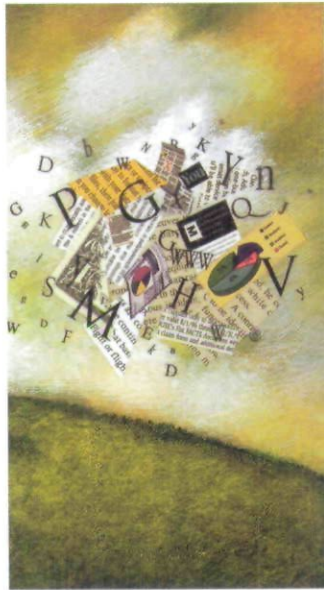
"It's a good strategy, a very clever idea," says investor relations consultant Dominic Jones, whose web site, IRWebReport.com, has become a leading source of insights into investor relations matters. Ultimately, Jones says, the podcast raises the confidence investors need to have that the company is on top of new technologies and trends. "Past performance is one thing, but investors are placing their bets on the future of the company," he says.

In many organizations, policy would prohibit these employees from speaking directly to the public. Instead, information would have to come through the corporate communication/public affairs/media relations department. IBM, embracing transparency, lets employees speak in their own voices.

The podcast is not the only example of IBM's commitment to transparency. The company actively encourages its employees to blog about their work, certain that no investment in advertising or marketing could surpass the passion and evangelism employees can produce in the marketplace about the company's wares.

Deloitte Film Festival

Usually, when a company is in the midst of recruiting new hires, a recruiting video is a task farmed out by the recruiting



department to a professional video production company. Deloitte, the professional services firm, shrugged off that idea and used its budget instead to purchase inexpensive video cameras for distribution to any employee who was interested in making a movie.

The rules were simple: Employee filmmakers had to limit themselves to the prescribed length and be sure to address Deloitte's values and culture in the video. Ultimately, some 370 films were submitted by individuals and teams, and posted to a YouTube-like site on the intranet where employees could view the submissions and vote for their favorites.

Initially, 250 cameras were acquired, but enthusiasm around the initiative led the company to invest in 100 more.

The winning videos were posted to a special channel on YouTube, where they continue to reside today. They cover a range of styles and take a variety of approaches, but all of them

say the same fundamental thing: "I'm an employee speaking my own thoughts in my own voice, and using my own creativity to convey to you how great a company this is."

Again, communicators played a pivotal role in opening the windows to Deloitte so outsiders can see and hear from the employees working on the company's front lines and get an unfiltered view of what it's like to work within its culture and values. (The effort won two IABC Gold Quill Awards in the 2008 competition, including an Award of Excellence in Electronic and Digital Communication Management.)

Starting from scratch

Companies whose cultures are largely opaque need to undergo a change process in order to embrace the principles of transparency. Few organizations succeed in change initiatives without the hard work of the internal communication team.

Corporate culture can be broadly defined as "the way things are done around here." Changing the culture from one in which actions are hidden to one in which they are exposed to the light of day requires rational explanations of the benefits—to both the organization and individual employees—of changing to the new way of doing things.

Communicators also must spotlight employees and teams whose behaviors characterize the desired state, since recognition is one of the most important drivers of an organization's culture. Conversely, employees who continue to be rewarded

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for exhibiting old, opaque behaviors will reinforce old behaviors and make it considerably more difficult to get from the current state to the desired transparent state.

Meanwhile, external communicators can lead the charge by starting to share information there's no good reason to keep secret. In a lot of companies, information isn't shared simply because there is no *requirement* to share it. Transparent organizations identify information that *shouldn't* be shared, and then make the rest available.

Michael Hyatt, CEO of Thomas Nelson Inc., explains his approach: "There are things we don't have to talk about but will, and there are things we don't have to talk about and won't." He's happy to share the privately held publishing company's revenues, but not its profitability. "That's something I don't want in the hands of my competitors. But [what I talk about and what I don't are] subjective on my part. At the end of the day, [I have to be concerned with] what serves my company, what will serve my shareholders. Transparency about most things generally does that."

Accessibility

Communicators should also be at the forefront of ensuring the right people are accessible. Ideally, this goes beyond serving as the gatekeeper for all requests for information and then routing reporters and others to the right person. Instead, it means ensuring all

employees understand their obligations and limitations, then making them available to address questions related to their areas of expertise.

It's this proactive, empowered approach that has let employees from companies running the gamut from Microsoft to Park 'N Fly respond to posts I've written to my blog. Park 'N Fly provided a terrific example of transparency when admin Caryn Healey responded to a complaint I wrote on my blog; she replied with an apology, an assertion that Park 'N Fly is a good company, and that she personally valued my business. In another example, when I complained on my blog about a glitch in the beta version of Microsoft Internet Explorer 7, the head of the Internet Explorer team, Dean Hachamovitch, responded personally, and then got one of the members of his team to elaborate.

In most organizations, an employee finding such posts would need to forward them to the appropriate spokesperson, who would surely craft a typical corporate response that would be nowhere near as satisfying as hearing from the real employees doing the real work.

Communicators can also have an impact on the accessibility of the company's senior leaders.

Business practices

The U.S. Transportation Security Administration, the agency of U.S. Homeland Security that handles passenger and baggage screening at airports, has introduced a blog called Evolution of Security. Authored by a team of frontline employees, the blog

often highlights the organization's practices. A post titled "Layers of Security," for example, explained the 20 possible layers to which a passenger can be subjected upon boarding a plane. This is not information that is widely shared; it's also not information about which most passengers care. However, frequent flyers and road warriors are very interested. The information is not confidential, so TSA used its blog to share this practice. It's not unlike General Motors using its podcast to explain how the Pontiac Solstice was delivered to showroom floors a mere 18 months from concept. Most buyers don't care how a vehicle is made, but car fanatics care a lot.

Tools of transparency

Each of the categories of business, from leaders to strategy, can be made more transparent through the implementation of tools that have become available in recent years. The employment of social media channels such as blogs, podcasts, social networks, widgets, and content-sharing sites like YouTube and Flickr can serve as the cornerstone of a company's transparency efforts. They also, generally, fall into communication's jurisdiction.

As organizations recognize that being transparent is in their own best interest, communicators should be at the forefront of the effort to become more transparent. There are few better reasons to get up to speed on the newest communication tools available in the social media space. ●

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