



# LeadersWay

Unlocking the Possibilities

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Kevin Wolfe

## A Culture of Candor

Until recently, the yardstick used to evaluate the performance of American corporate leaders was relatively simple: *the extent to which they created wealth for investors*. But that was then. Now the forces of globalization and technology have conspired to complicate the competitive arena, creating a need for leaders who can manage rapid innovation. Expectations about the corporation's role in social issues such as environmental degradation, domestic job creation, and even poverty in the developing world have risen sharply as well. And the expedient, short-term thinking that Wall Street rewarded only yesterday has fallen out of fashion in the wake of the latest round of business busts and scandals.

It's clear we need a better way to evaluate business leaders. Moving forward, it appears that the new metric of corporate leadership will be closer to this: *the extent to which executives create organizations that are economically, ethically, and socially sustainable*.

How can leaders accomplish such an ambitious task? Their action plans will vary, of course, depending on the nature of their industries, the peculiarities of their companies, and the unique challenges they face. But whatever their strategies and tactics, we believe prudent leaders will see that increased transparency is a fundamental first step. When we speak of "transparency," we mean much more than the standard business definition of the term—full disclosure of financial information to investors. While such honesty is obviously necessary, that narrow interpretation produces an unhealthy focus on legal compliance to the exclusion of equally important ethical concerns, and on the needs of shareholders to the exclusion of the needs of other constituencies. Worse, it's predicated on the blinkered assumption that a company can be transparent to shareholders without first being transparent to the people who work inside it. Because no organization can be honest with the public if it's not honest with itself, we define transparency broadly, as the degree to which information flows freely within an organization, among managers and employees, and outward to stakeholders.

— Portion reprinted from *Harvard Business Review* —

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## What's Needed Next A Culture of Candor

by James O'Toole and Warren Bennis

<http://www.leadersway.com/dnna/Portals/0/newsletters/ACultureofCandorOTOoleBennis.pdf>

## Note from Kevin

Greetings!

For the past 2 months I have been writing the words; "Ignoring Evidence" on the top of my day planner. It is an awareness I see every day in the businesses I work in as decision makers are presented with sound evidence regarding what works and what doesn't work in the new business world we find ourselves in today. Part of that evidence is the realization that every organization that is doing well today (Southwest, Westjet, The Ritz Carlton, Avon, IBM for examples) have embraced a way of doing business that is different than those who are struggling. Fact is this challenging economy has exposed every weakness that our previous economy enabled. There has always been a right and wrong way to build businesses that are sustainable so this is nothing new. The challenge is we can no longer do it the wrong way and survive. Ignoring the evidence and not embracing new and sometimes radical shifts in how we do things is a sure fire way to business failure.



Of the many pieces of "evidence" that must be embraced is the practice of candor. Creating cultures where everyone is encouraged to contribute their thoughts and ideas is undoubtedly the most important endeavor for organizations. Unfortunately, the vast majority are plagued with a level of communication where people (for many reasons) are discouraged from sharing their thoughts and ideas. In my sessions I often describe this type of dysfunctional communication as "cordial hypocrisy." You don't have to go too far to experience examples of this and the damage it creates. Stand by the exit door of the meeting room as people exit after critical issues were supposedly discussed and count the number of people who look frustrated or discouraged. Listen to the "separate" conversations that suggest that nothing will change as a result of the meeting and know that you have just witnessed "cordial hypocrisy."

Patrick Lencioni in his book; "The Five Dysfunctions of a Team" perfectly illustrates how destructive this level of communication is and how it destroys the overall performance of a team. In fact, he and many other experts suggest that artificial harmony or in my words cordial hypocrisy has single handedly taken down the many companies that have crashed in the last 6 months. How could or why would anyone be committed to a plan of action if they didn't agree in the first place or worse yet, never had a chance to share their thoughts and ideas? Fact is most organizations are afraid of candor so therefore constantly fight for consensus, which is just plain irrational thinking. Healthy conflict and the sharing of diverse ideas is the practice of candor and were first taught by Socrates in his teachings of the dialectic. Dialectic is the practice of opposing views where teams, groups, families come to higher truths by exploring the full range of possibilities driven by the differences they each bring. This is the practice of great organizations.

The sensitive part of this challenge lies in the fact that it is weak or insecure leadership that prevents the creation of a culture of candor. The need to be right, the need to win and a need to control limits decision making to a select few. The cost is best illustrated by the bankruptcy of General Motors. It is widely known that decision making for this global company was limited to a few people in an office suite in Detroit. There were thousands of people who knew what was wrong but their thoughts and ideas were never heard. It's too late for GM and the price will be paid for years to come. It is not too late for those of you who understand the idea that everyone at every level of our organization must be involved and more importantly heard if we are to survive and thrive in the new economy.

Happy reading!

KW