

Radical Transparency©

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2.3.16

It's possible that I spend too much time thinking about how to improve business so it benefits everyone.

But sometimes it leads to some pretty funny observations.

Take, for example, one of our Best Practices, which we call "Radical Transparency."

Before I tell you what that means and how you can use it to build a great company, let me show you how easy it is to misunderstand it.

Transparency Confuses Harvard

Back in 2014 the [American Psychological Association \(APA\)](#) released a famous study.

They discovered that one out of three employees thinks their employer doesn't tell them the truth. And, as you might expect, they found out that one in four employees doesn't trust their employer.

Transparency is supposed to solve this problem, and it does -- but only if you know what it is, and how to make it work for you.

Which brings us to an article published a year after the APA study by an assistant professor at the Harvard Business School. In the Wall Street Journal, no less, he described "transparency" as: "making sure employees conduct their work in plain view — visible in open offices, monitored with sensing technology and tracked through digital activity."

Yikes. Seriously?

That sounds more like a police state to me.

But he was just an assistant professor when he wrote that. I think we can fill in some of the wisdom he has yet to acquire.

First, transparency has nothing to do with being able to see people. And it certainly has nothing to do with monitoring them.

Just the opposite, in fact.

Transparency begins with trust.

Businesses That Trust, Thrive

Think about your best friend. You tell your best friend everything. You are always honest with them. Why? Because you trust them. They know things about you, and you know things about them. That part is the transparency in your relationship.

The trust came first. And it didn't happen overnight.

If you're afraid that some of your employees are like the ones in that APA study, then you need to address trust before you move on to transparency.

How do you do that?

Since you're the leader, you have to make the first move. You can't expect things to change unless you go out and change them.

And if you want to know what to change, take a look at some of the great CEOs around us today.

They use honesty to create trust. They take responsibility, and they're honest when things don't turn out the way they planned.

Last year, for example, Twitter's CEO Dick Costolo sent out [a memo that went viral](#):

We suck at dealing with abuse and trolls on the platform and we've sucked at it for years.

It's no secret and the rest of the world talks about it every day...

There's no excuse for it. I take full responsibility for not being more aggressive on this front. It's nobody else's fault but mine, and it's embarrassing.

That's honesty. That's leadership.

And, as you can imagine, it had an electrifying impact on his workforce. Everyone at Twitter was proud to work for someone that honest.

True Transparency

Did Costolo feel like a fool who made a mistake?

No. Just the opposite.

His troops rallied around him. They fortified the company. Ideas about how to handle the situation flowed in. In no time, developers created a two-tier authentication process that all but eliminated the trolls. And compliance officers developed better and better algorithms that surfaced abuse and let them enforce the company's etiquette policies.

Costolo didn't have to do much of anything, in fact. By saying "it's all my fault" he inspired his crew to handle the problem -- immediately, and in no uncertain terms.

That's the opposite of "monitoring people with sensing technology."

You can do the same thing.

Be sure you do it in the same way. Costolo's honesty didn't have anything to do with his personal life or his political opinions. It was pure business.

And when it comes to you and your employees, that's where trust matters most. All of you are deeply, wholly interested in protecting the business.

I've noticed a real change along these lines since the recession, and with the Millennials coming into the workplace.

Employees are not messing around these days. They want their company to succeed. They'll give you everything they've got -- if they trust you.

So let's say something you do has an effect along those lines, and it begins to establish trust between you and all your employees -- including the ones who might have been dissatisfied.

It's at this point that you can start using transparency to really take your business to the next level.

A [study done by GlassDoor](#) concluded that we should "make sure that everyone from senior leadership to managers down to front line employees and so on, are on the same page."

There's only one way to make that happen, and that's through transparency.

Your people have to understand the business. There's no way around that today. If you don't bring them in, they'll leave as soon as they think they've found someone who will.

The opposite is also true. Bring them in, and they'll do everything they can to help you succeed.

Transparency At Work

This is where the art of transparency begins. Understand it correctly: transparency is about work. It's about "my job." It's about "my co-worker's job." It's about "my company."

If you're going to be honest, you need to tell your people what's going on in those three areas.

As Glassdoor says, that means everyone is on the same page. An easy way to make this happen is to create Key Performance Indicators (KPIs) for each employee. Two employees with the same job have the same KPIs. Everyone around them knows what those KPIs are. That's proper transparency.

Several things happen in that situation.

First of all, if everyone knows everyone else's KPIs, they feel that they understand exactly what's happening around them. They "get" the business.

If someone is stressing out, they know why, and they'll try to help. If someone is doing a great job, they'll know why, and they'll celebrate their success and try even harder to be like them.

That's when the magic really begins.

You put yourself into a Costolo-like situation where you don't really need to do much -- other than lead. Your people trust. Your people understand.

They own your company as much as you do.

From there on out, just stay out of their way, and you'll be fine.