IMPROVING TRANSPARENCY

Improving Transparency

The purpose of this resource is to help you develop a clear action plan for improving this area.

Each resource follows a common structure:
- What we mean by this area
- Why it matters
- What good looks like
- Common traps to avoid
- Possible first steps
- Links to additional resources (where applicable).

What we mean by transparency

Transparency refers to how open and honest an organisation and the people within it are, in their communication of information. And how freely that information flows. Between each other, and with outside stakeholders.

Why it matters

**'The best leaders figure out how to get great outcomes by setting the appropriate context, rather than by trying to control their people.
When one of your talented people does something dumb, don't blame them.
Instead, ask yourself what context you failed to set. '**

Source: Netflix original culture deck

Transparency is key to enabling:

- **A culture of empowerment that frees up people to use their talents.** If you want to support people to make decisions and act on their initiative, they need information to inform their decisions. Netflix, who have become famous for their culture of giving people at all levels a lot of responsibility and freedom, emphasise the importance of contextual information to enable them to make decisions that help the whole organisation.

- **Trust.** In the absence of information, people make it up. Real information is replaced with the 'mis-information' of rumours and assumptions. You tend to assume the worst when you feel information is being hidden from you. This undermines trust, which in turn affects motivation and engagement of staff and athletes. The best way to counter 'mis-information' is to get better at providing real information in real time. Building trust that you will provide all the information you can, whether it's comfortable or not.

  Being transparent about the rationale behind difficult decisions will help reduce conflicts and the risk of misunderstandings. Frustrations are often based on incorrect assumptions and an incomplete picture of the facts. A lack of transparency with the Board or external stakeholders, can lead to a loss of confidence in the competence of the team.

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- **Accountability for high standards**, and the continuous improvement that flows from this. This is why good governance puts such a big emphasis on transparency.

  Transparency with bad news is difficult in the short term, but it helps us to raise standards.

  Imagine you're an aspiring athlete with access to information on the number of minutes when you weren't putting 100% effort in. You can choose whether you share this information with your coach or teammates. By sharing it you know you'll be inviting some short-term focus which won't be comfortable. Long term though, it's likely to benefit you.

From the perspective of effective safeguarding, transparency is important because:
1. A culture of <u>not</u> sharing difficult news increases the chances that issues will be avoided, and even if it is unintentional, this creates the ideal conditions for people with negative intentions to get away with dangerous behaviours.
2. Being transparent significantly increase the chances that issues will be learned from, and processes improved.
3. External transparency has an impact on making sure undesirable employees don't apply to work with you - because it sends a clear message that they will be held to account for high ethical and behavioural standards

What good looks like

Read the following description, and make notes on where you most want to improve transparency in your organisation

Internally, high performing organisations have an aspiration to give people accurate and relevant information to inform their decisions, as well as explaining the rationale behind decisions that have an impact on them. Including:
- **Clarity of your goals and what success depends on**, made available to people at all levels and in all roles. Equipping people to make decisions with an understanding of the organisation's priorities in mind. Good decision making depends on having relevant information. If you want to empower people to make decisions at the appropriate level, you need to provide information to inform those decisions.

- **Information on potential risks.** Inviting input on risks you might be missing, accountability to ensure you do something about an identified risk, and initiative from all in helping to avoid these risks.

- A subset of 'insights on what success depends on' is **clear communication on behavioural expectations**, and policies to provide clear guidance on how to act in different situations.

- **Accessibility of information is key.** This means making it available to all, **but** it also means making it clear and easy to understand. E.g. Financial information shared in a way anyone can understand.

- **Feedback on weaknesses you'd like people to work on**. Such as reasons for not being selected for a team or role. Enabling people to learn from this feedback and respond.

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- **The rationale and criteria behind key decisions** - sharing your 'working'. So people understand the why, and can challenge your assumptions where useful. E.g. Sharing assumptions that the strategy is based on is useful to both invite challenge of those assumptions where relevant, and explain the rationale.
- **Performance metrics.** Sharing information about your day-to-day results and progress towards goals. Best practice is people know how well you're performing against your goals at any point in time. The benefit of this is it encourages ownership for these performance results, and for people to show initiative in helping to figure out how you can improve.
- **Processes that make it possible to track performance** – accessible by all, including individual performers themselves. There is power in individuals having access to relevant information on their own performance. E.g. Imagine the impact of feedback on how you spend your time - in making you more mindful of what you spend time doing!
- **Information on where you're investing your finance and resources**. Enabling analysis of return on that investment, and helpful challenge in maximising this
- **Mistakes and your learning from them.** Sharing the benefits of this learning, so others can avoid making the same mistakes.
- **Successes, and learning from them.**
- **Insight into each-other's priorities** across the organisation, enabling people to spot opportunities where the can add value to and help each other.

Externally, best practice is to embrace a mindset of 'performing in public' by reporting on key areas of performance that it is useful to be held accountable for.

Transparency of negative information may hurt the organisation in the short term, but it has a lot of benefits in the long term. It invites accountability which raises standards.

Common traps to avoid:

Again, read through these traps, noting which you recognise a need to work on.

1. **Avoiding communicating bad news.** There are lots of reasons you do this as leaders. One of the most tempting and therefore worth watching out for, is falling into the trap of thinking 'this is an exceptional case, a one off, and there will be little gained by communicating it. The negative impact on confidence in the work we do will outweigh any benefits.' This quickly becomes a slippery slope to norming a culture of not sharing negative and uncomfortable information.

   Another reason you avoid communicating some information is a fear of misinterpretation. E.g. Charities are often fearful about being challenged on money spent on overheads rather than going directly to recipients of support. They worry the public will assume that the higher the overhead, the less impact the charity has. But what about when that overhead adds massive value to final impact – such as research into causes?

It is important to educate people on how to interpret information, so they don't misinterpret shared data. This however is not about putting a positive spin on it – see next point – it is about giving people the full picture.

2. Related to the 1st point, is **putting a positive spin on information.** Framing information in such a way that it reduces people's concerns and thus pressure/accountability to address it.

3. **Forgetting to communicate information**. 'Out of mind, out of sight.' A lot of examples of where transparency of information is poor are not intentional. People are so busy focusing on getting on with the 'doing' of their role, they forget to pay attention to their role in communication. They fail to ask 'who else should I keep in the loop on this?'

   When we watch a great sports team performing, communication of information flows across the field. They see themselves as one team, they understand that sharing information is key. When a fellow athlete is struggling, it's easier to see it on a sports field, and people respond immediately. When there's a pause in play, the best teams come together to pool their insights and align on how to adapt tactics accordingly.

   All this is much harder in the workplace and requires more deliberate effort from you as leaders to encourage and facilitate it. Just asking people to communicate and work together won't do it!

4. **Ruinous empathy** – a term coined by Kim Scott in her model 'Radical Candour'. It refers to the very common temptation to avoid sharing negative feedback that we know would help the person improve, because we don't want to upset them. By doing this, you deny them the opportunity to learn from your insight.

5. **Because <u>some</u> information is quite rightly confidential, it leads to ways of working where information which doesn't need to be confidential, is treated as such.** For example: In the minutes of board meetings. Some of the information will no doubt be confidential, but lots won't be. But all parts of the minutes are treated as confidential. Equally, with safeguarding cases; while the individual details of a case are confidential, the learnings from it absolutely should not be.

6. **Communication is unclear,** and difficult to interpret for at least some people. Jargon can act as a barrier – e.g. financial information which only a few people can interpret reduces accountability and prevents people acting on this insight. Transparency requires us to focus on making the information accessible and easy to understand by all.

7. **Failure to define effective measures of progress -** Meaning people don't know if they are performing well or not.

8. **Confirmation bias** – As humans we have a natural tendency to only pay attention to information which confirms our existing assumptions. This means we can unintentionally ignore or undervalue important information which contradicts what we believe. For example, if we consider a coach to be brilliant, we will be susceptible to what is called the 'halo effect' of dismissing or playing down the importance of any information which contradicts this view. They of course may still be brilliant in many areas, but require feedback in this particular area.

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9. **Mistakenly equating the communication of information with people's understanding of it.** The meaning of our communication is the response we get, not what we say. The power of this statement is that it forces us to take responsibility for ensuring people receive the information and understand it.

10. **Responsibility for effective communication sitting only with the communicator.** High performing environments set out a clear expectation for people to invest time in keeping themselves up to date on information that is relevant to their role.

Possible actions to improve transparency in your culture

1. **Set a goal to be radically transparent.** Be clear in setting out your desire to make transparency, openness, and honesty a strength of your culture. Challenge yourselves as senior leaders to set a strong example, by being transparent where it isn't comfortable to be so.

2. **Embrace the idea of performing in public.** Make information on your performance against key metrics public. Invite people in, who you think are well placed to challenge you and provide useful feedback. The longer-term benefits of accountability and trust will easily outweigh any short term hit to stakeholders' confidence.

3. **Hold regular 'town hall' type meetings** – face to face and/or virtually – where the whole organisation is invited to hear updates on key information, and for you to invite questions. These types of meetings are a key way of working in all organisations who've made transparency a strength of their culture. Done well, they signal the value you place on transparency, and provide an ideal platform to model what good transparency looks like, such as two-way interaction.

4. **Bring people together to share priorities and learning.** For example, Netflix bring all teams together twice a year to share the learning from their biggest wins **and** their biggest failures.

5. **Make sure communication is two-way.** Provide an opportunity for people to ask questions, to check and improve their understanding. A good example of the difference two-way communication can make is in the sharing of behaviour standards and values. One-way communication of values and behaviour standards has absolutely no long-term impact. None. But when combined with asking people to reflect on and score the extent to which the environment lives these standards right now, understanding of and buy-in to these standards is instantly transformed.

   This also is about the importance of ensuring the free flow of information **up** the organisation and across teams. There is always someone buried down the hierarchy who has information or insights needed by those at the top.

6. **Think about the key performance metrics** it would be useful to held accountable for as an organisation, and make information on them widely available.

7. **Ensure you answer the why behind information** like goals and decisions.

8. **Use technology** to make it easy for people to access the information they need.

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9. Challenge yourselves to **make all information you're sharing easy to understand** by all relevant people. E.g. Making financial information easy to understand.

10. **Seek feedback from all relevant groups** – including staff, athletes, your board etc – on their satisfaction with your transparency and clarity of communication. It will seldomly be as effective as you think it is - which is why seeking this feedback is so important.

11. **Hold people accountable for their responsibility to keep themselves informed** of relevant information to their role, and for their responsibility to share key information.

12. **Praise those who are open and honest with difficult news** and with their feedback.

Additional Resources – insights from some of the world's leaders in this space

- Great article on what we can do as leaders to build a culture of transparency, and the benefits of this: https://hbr.org/2009/06/a-culture-of-candor
- How to go beyond creating safety for people to speak up, and make it an expectation that they do: https://hbr.org/2017/05/how-to-make-raising-difficult-issues-everyones-job
- Highlighting two key building blocks of effective transparent communication of tough messages. Trust, and 'checking' your emotions before communicating: https://www.youtube.com/watch?v=VtO7FDKnzd8
- Combining autonomy with alignment in Spotify. The stronger alignment we create, the more autonomy we can give. Leaders' job is to communicate what problems need to be solved and why. And teams collaborate with each other to find the best solution: https://www.youtube.com/watch?v=_qIh2sYXcQc
- Radical Candour talk by Kim Scott. How to give, and get, candid feedback: https://review.firstround.com/radical-candor-the-surprising-secret-to-being-a-good-boss
- Example of transparency: New Zealand Rugby Annual Report - Go to contents (page 3) then click on 2022 performance report. NZ Rugby Performance Report – an update of a scorecard methodology they've been using since 2007; where they publish publicly how they've performed against their priorities. Notice the honesty in their 2022 report. One tick and one partial success out of 9 strategic priorities. That's inviting accountability: https://reports.nzrugby.co.nz/2022/
- Measure what matters most. Objectives and Key Results - The simple idea that drives 10x growth. By John Doerr. Interview.
- Netflix Culture Deck - See pages from 75 to 84, on 'context not control': https://igormroz.com/documents/netflix_culture.pdf

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