

Insights for Executives

Honesty, Transparency, Credibility.

By Jeffrey Walsh, Ph.D.
Executive Vice President, KLC Associates

Whether you are responsible for internal or external communications, The Era of Spin is over. Seeming to take liberties with the facts is not well received by the customers, shareholders, employees, or the general public. People have become hyper-sensitive to double-speak, obfuscation, and distortion, and their revulsion for such nonsense grows daily. Yet in a 2005 survey by the International Association of Business Communicators 47% of respondents said their organizations did try to spin internal communications issues to some degree.

There is no shortage of compelling examples of what spin can do for your reputation. CNN's Money.com awarded the Grand Prize in its 101 Worst Business Bloopers contest to Wal-Mart and their PR agency, Edelman, for a public relations strategy inspired by political campaigning and attributed the retailer's poor 2006 performance to it, saying "because if there's anything America loves, it's a politician."

The internet has not changed the rules regarding what is ethical and what is not; but it has certainly raised the bar and driven up both the risks and attendant costs of seeming to cross the line. Today, everyone can easily access most everything you say or do. Databases, search engines, blogs abound; content persists. Running "said then – says now" video clips has become routine for bloggers, pundits and TV comedians. The New York Times reports that Google cut the link between the search term "miserable failure" and US President George W. Bush's web page, but that search term will still lead you to an assortment of articles about the link. The story of the link lives on, and Google has another censorship issue to manage.

Strict ethical behavior, with the media, with employees, and with shareholders is the only sound foundation on which to build a communications strategy today. Honesty, transparency, clarity and responsiveness are the hallmarks of the ethical approach to communications.

Five rules for communicating bad (and good) news.

1. Give people the facts, especially when some of the facts are unfavorable. Audiences have many sources to which they can turn; you are the only source with a vested interest in providing a complete picture of your situation. Putting both the positive and the negative into context builds confidence in your integrity and credibility for your message.

2. Be clear. Obfuscation, deliberate or otherwise, breeds misunderstanding, suspicion, or worse. Writing clearly is not rocket science: William Strunk and E.B. White's style book is less than a hundred pages long, glossary included. Read it.

3. Choose the most direct channel - it is always the most appropriate. CNN Money included this vignette among their 101 worst business bloopers from last year: "In August, RadioShack fires 400 staffers via e-mail. Affected employees receive a message that reads, 'The work force reduction notification is currently in progress. Unfortunately your position is one that has been eliminated.'" As the survivors open their email every morning what do you suppose they're thinking about their employer? Some things can be communicated most effectively by email or phone; some things, especially the difficult things, are best said face-to-face.

4. Be responsive. Give people a chance to ask questions, and answer their questions. For Chrysler's sake, let's hope Home Depot's ex-CEO now realizes that allowing one whole minute for Q&A was probably not the best way to address the concerns of hostile shareholders at the Annual Shareholders Meeting. Times have changed and unanswered questions bounce around cyberspace far longer than tough answers to tough questions.

Unfortunately, answering questions has never been more of a challenge for companies. Externally, the media work 24/7 and expect answers fast in real time, 24/7. Internally, employees have come to expect fast answers as well, and if you don't provide them then they will look elsewhere and do their looking on your time. The most efficient way to maximize gossiping during work hours is to dodge employees' tough questions. "No comment" sounds more and more like "no confidence" and everybody knows about "bridging." Today, a direct question requires a direct answer. If there is a good reason you cannot comment, give the reason. Only if you answer the question to the best of your ability will your audience let you bridge to your message. Your employees will listen to both, and good journalists will cover both.

5. Allow people to think for themselves. Reassuring people that all is well just seems to strengthen the belief of a great many folks that the opposite is true. To build real support for your message, present the facts, the context, and the logic of your position and allow your audience form their own conclusions. Psychological research has shown that people who reach a conclusion on their own are more invested in that decision. When faced with negative information later, they are more likely to persevere in their belief than people who simply accepted the conclusion of another. If your presentation of the facts is candid, and your logic sound, reasonable people are likely to at least give you the benefit of the doubt. And those that do buy into your message are unlikely to be swayed by contrary perspectives they hear later, unless those contrary perspectives contain factual material that you chose not to disclose.

The bottom line.

Yes, communicating with the public and employees is all about getting your message out. Putting your company in the best possible light requires more thought, hard work, and initiative when the issue is complex and the available facts are less favorable than you would like. Omitting an inconvenient fact or two may help things go a bit easier, avoid an unpleasant reaction from your audience, and grant the boss's wish that you "make it go away." For the moment.

But conceal or misrepresent the facts and sooner or later you are likely to incur the wrath of those you deceived. We have seen a steady parade of high-flying executives and prosecutors alike pay the price for playing fast and loose with the facts. Yes, you may get away with it, and you may believe that the risk is justified in your situation, but it is still a bad business decision.

Communicating in an ethical manner has no long term downside risk fro your company and substantial upside opportunity in the form of credibility and a reputation for integrity than can be harnessed for marketing purposes. Unethical communication practices, however appealing in the short term, carry no long term benefits, yet the downside risk of exposure persists long after the original issue has faded away.