Successful businesses encourage whistleblowers

WELCOMING CRITICISM RESTORES CONFIDENCE

Congress is busy passing new laws in response to the latest news about corporate misdeeds. Is this really the best solution to the problem of corporate fraud?

The answer is no. Most of the recent corporate mischief — Enron, WorldCom, etc. — violated one of the “go-to-jail” laws we already have. In addition, with every one of our recent corporate scandals, people inside the organization knew that what the company was doing was wrong, but tried to tell the truth about it and yet their unpopular opinions were squelched.

There will never be enough laws or enforcement money to prevent all possible corporate malfeasance. Instead, we should insist that corporations:

- Incubate what I call “good fights.”
- Educate all managers and executives about business law and ethics.
- Educate, encourage and protect whistleblowers.

Of course the idea of educating and encouraging whistleblowers sends most corporate executives scurrying to their foxholes. But a CEO who embraces this concept would gold-plate his or her own reputation and help restore public confidence in the stock market and corporate America — trust that’s essential for our economy to recover and thrive.

Corporate insiders are the best possible police for corporate scandals. We need to build and nurture organizations that understand the power of productive conflict. Any organization that does welcome diverse opinions would reap other benefits as well.

It may be helpful to you and others in your organization as you do the hard work of learning to welcome a different opinion if you understand just how critical this essential skill is for the future of your organization.

Sally Helgesen, author of “The Web of Inclusion: A New Architecture for Building Great Organizations,” found in her study that the ability to create open communication where people felt comfortable giving and receiving feedback at all levels of the organization was one of the key predictors of organizational success.

Southwest Airlines, for example, has always created an inclusive culture where everyone from a vice president to a baggage handler knew they could offer suggestions and feedback. Everyone refers to President Herb Kelleher as “Herb,” and he seems to know all the employees by their first names. The new head of Southwest, Colleen Barrett, is well known for her encyclopedic knowledge of employee birthdays, anniversaries and work preferences.

When new employees start at Southwest, they’re given a list of 100 questions to answer about the company. Everyone’s door — right up to Herb’s — is open to these questioners.

From an employee’s first moment at Southwest, they know that they can approach anyone with questions or concerns.

What is the benefit of such extraordinary access? When other airlines were forced to lay off employees after the Sept. 11 attacks on the World Trade Center and the Pentagon, Southwest instead assured employees that it would stand firm and asked employees to suggest any cost-saving ideas they might have. The strategy worked, and Southwest flew through the storm.

Another one of my clients, a manufacturing company, has always avoided unions in an industry that’s largely unionized. How does it manage this feat, I once asked the vice president of employee relations. “If you don’t want a union,” he responded, “act as if you already have one.”

Indeed, the company recently fought off an attempted organizing effort by stepping up its normally frenetic schedule of town meetings, management/labor baseball games and CEO informal lunches with employees — all emphasizing access, access, access. The would-be union lost again, gaining only 10 percent of the workers’ votes. In addition, profits were up for the third year in a row, running against the industry norm.

Likewise, a large school district in our state was fraught with dissension from teacher unrest, parent unhappiness and student agitation. When the new superintendent took over, she announced that she was delegating most of her day-to-day duties to one of her deputies. Instead, she would spend her first year “listening and learning.”

She found that teachers wanted more pay and more support. Students wanted open campuses and smoking lounges. Parents wanted higher education standards. Voters wanted better administration accountability.

The superintendent realized that there was only one way to achieve everyone’s objectives — a new bond issue to raise money. The only problem? The past three bond issues had failed miserably.

Continuing to listen to the suggestions from the various stakeholders, she told the voters that she had adopted one citizen’s group’s gussy idea: The district would receive new money from voters only if they managed to achieve specific educational objectives. No gains, no money. The bond issued passed.

Creating a confrontable organization doesn’t happen overnight, and the process can challenge some of our most cherished assumptions about the way things should be.

Yet as these examples illustrate, welcoming a different opinion can lead to good fights as well as increased success. And protecting employees who speak up when they witness wrongdoing would have the additional benefit of helping restore trust.