



Honest Communication

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Last, but equally important is for great leaders to have Honest Communication.


Honest Communication

- Great leaders
 - Tell the truth
 - Have transparent communication processes
 - Don't operate a 'culture of blame'
 - Don't practice scape-goating
 - Speak in plain language

Great leaders...

- Tell the truth
- Have transparent communication processes
- Do not blame others for mistakes or allow others to do so
- Don't try to find a scape-goat when things go wrong
- Speak in plain language that is not confusing or misleading

Let's take a look at SRC Holdings and the CEO's communication style



Case Study: Jack Stack

- CEO of SRC Holdings Corporation in Springfield MO
- Started as the manager of one of the business unit factories in 1979
- Looming bankruptcy--Losing \$2Million/year
- Jack created The Great Game of Business
- CFO—"...like having 700 internal auditors..."

Here is a business leader who understood these 5 Leadership behaviors and used them to turn his business around –his name is Jack Stack.

- Jack is now the CEO of SRC Holdings Corporation
- But he started as a manager in one of the business units-- SRC Remanufacturing. Jack Stack was assigned to the unit, based in the Ozarks community of Springfield, Missouri, in January 1979.
- At the time, the factory was on the edge of bankruptcy, losing \$2 million a year on sales of \$26 million. The company's business was disassembling and rebuilding diesel engines, water pumps, and other components. So definitely not a glamorous business!
- Under Stack's leadership, employees started playing "The Great Game of Business". The Game was a way to teach employees how business worked in a way that was unintimidating and would make sense to everyone: using the analogy of a game.

Corporate managers tend to keep a great deal of information private that could easily—and usefully—be shared widely. For the past 20+ years every employee at SRC Holdings has had access to all financial

and managerial information, and each is taught how to interpret and apply it.

- The net effect, in the words of the company's CFO, "is like having 700 internal auditors out there in every function of the company."

The firm has extremely high ethical standards and has been a financial marvel, generating impressive profits, creating jobs, and spinning off new businesses sustainably year after year.

Case Study: Jack Stack

- Extensive sharing of information up and down is critical
- Reward openness and disagreement
- Momentary discomfort / better information = better decisions

As this example illustrates,

- Extensive sharing of information is critical to both organizational effectiveness and ethics.
- That's why exemplary leaders encourage, and even reward, openness and respectful disagreement.
- They understand that whatever momentary discomfort they may experience is more than offset by the fact that better information helps them make better decisions

Case Study: Jack Stack

- SRC Holdings Corporation has received international recognition
 - Top 100 Companies to Work for in America
 - WorldBlu Most Democratic Workplaces
 - National Business Ethics Award
 - Business Enterprise Trust Award

Using this method of open-book management and making learning about the financials a Great Game,

- SRC became one of the biggest turn-around stories of its time.
 - Thirty years later, SRC Holdings Corporation has received international recognition because of its success,
 - including the Top 100 Companies to Work for in America,
 - WorldBlu Most Democratic Workplaces,
 - the National Business Ethics Award and
 - the Business Enterprise Trust Award.

A photograph of two construction workers shaking hands in a factory or industrial setting. One worker is wearing an orange high-visibility jacket and the other is wearing a blue jacket. They are both wearing work gloves. The background shows industrial structures and lighting.

Case Study: Jack Stack

- 100% employee owned
- \$450M in annual sales

- SRC Holdings Corporation is a 100% Employee-Owned Company employing over 1,200 people,
- with sales of over \$450,000,000 a year

This is what can happen when leaders have honest communication.

Now, this case study was very much a big picture example of honest communication, right? We see how Jack Stack's behavior of having honest open communication with all the employees made it possible for the employees to understand how the business financials worked to their benefit and even how they could have an impact.

So now let's bring things to a smaller scale because Honest Communication is also critical on a more individual basis. Throughout Jack's years of leading the company he has also been a keen supporter of honest communication in his one-on-one relationships.

Even if you're not the CEO, you will need to be able to have honest communication with your employees and that begins with giving feedback on a one-to-one basis.

Exercise

1. Recall the last time you gave honest feedback to an employee
 - Positive or negative
 - Immediate
 - Direct
 - Specific

So here is an exercise to help you learn to help you learn a structured way to provide one-to-one honest communication.

Recall the last time you had to give an employee feedback.

- Was it positive or negative?
- Did you give the feedback immediately when you observed the behavior?
- Were you direct? If it was negative or should I say “constructive” feedback, were you respectful in how you addressed the employee?
- Were you specific? Did you give examples of the behavior or were you vague and general?

Remember, even positive feedback is most effective when you’re direct, specific, and immediate.

Let’s take a look at some common mistakes leaders make when it comes to that and then we’ll do another exercise.

Common Mistakes

- Not providing honest feedback
- Not providing prompt feedback
- Not providing positive feedback
- Blaming someone else for change

So as I've said, some common mistakes that leaders make when it comes to honest communication revolve around giving people feedback.

- Not providing REAL feedback – honest feedback
- Not providing PROMPT feedback
- Not providing POSITIVE feedback

Providing clear and honest communication includes providing positive and constructive feedback PROMPTLY! If you don't, you are depriving someone of the opportunity to correct the mistake or you're depriving someone of recognition and confidence and the satisfaction of knowing they've done a good job and are appreciated.

- Blaming someone else for change is another very common mistake you might make. When a decision is made to do something you are not a big fan of, or that you even strongly disagree with, it's easy to tell your team "The boss wants us to do this—I don't like it either...."

That is not what I mean when I say honest communication—that's too honest—bringing your personal feelings into something and it's not

helpful to your employees. They need to understand why it's important to make the change, not what your personal feelings are about it.

Exercise

1. Recall the last time you had to make an announcement about a new company directive
 - How did you prepare?
 - Environment appropriate?
 - Well received or resistance?
 - Take ownership or deflect?
 - What positives have you seen as a result?

OK, now this second exercise is geared to examine your skills in sharing group messages with your employees.

Recall the last time you (not your boss) had to make an announcement about a new company policy or change in work procedures.

- How did you prepare to make the announcement? Did you spend a few minutes planning the best way to share the news?
- Did you make the announcement in the best environment—in a conference room or in a place with no distractions so people could hear and pay attention?
- Was the news well received or was it met with resistance?
- Did you take ownership of the news or did you deflect it to your boss or upper management?
- What positives have you seen as a result of sharing this information?

As you examine what happened, think of ways you could have improved on delivering the message and make a list of what you need to keep in mind and/or avoid the next time you have news to share.

Make sure the information is accurate and timely and gives the employee useful insight.

Keep this list and refer to it when you're planning your next announcement. This will help you to map out your message and ensure you are using honest communication methods.