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CREATING A CULTURE OF CANDOR

In the spring of 2007 something unprecedented happened in the southern Chinese city of Xiamen. In a nation notorious for keeping citizens in the dark, word got out that a petrochemical plant was to be built near the center of the lovely port city. The factory would have produced toxic paraxylene, and residents who learned of the plans were understandably alarmed. A decade ago, concerned Chinese citizens could have done little to stop the plant's construction. But this is a new age, not just in China but throughout the world. Via e-mail, blogs, and text messages, word of the plan spread and a protest was organized against it. As the *Wall Street Journal* reported, hundreds, perhaps thousands of protesters gathered at Xiamen's city hall to oppose the plant.[1] Chinese officials refused to acknowledge the protest and shut down Web sites that opposed the plant. But using today's ubiquitous communication technology protestors were able to circumvent the official silence. Participants took photos of the protest with their cell phones and posted them on the Web. Much to the chagrin of Chinese officials, some photos were transmitted straight to sympathetic media. The result was a victory of electronics-driven light over official darkness. City officials have postponed construction of the plant until a new study of its environmental impact is completed.

Today the word *transparency* pops up in stories about everything from corporate governance to the activities of the U.S. Justice Department. In the mouths of those in power, its meaning tends to be fuzzy, although, as *New York Times* essayist John Schwartz writes, when officials say they are being transparent, "what they really mean is 'not lying' and 'not hiding what we're really doing.' But that doesn't sound as nice or vague, does it?"[2] The vagueness is understandable, however. As we all know, claiming to be transparent is not the same as actually *being* transparent. Even as many heads of corporations and even of states boast about their commitment to transparency, the containment of truth continues to be a dearly held value of many organizations. Sadly, you can say you believe in transparency without practicing it or even aspiring to it.

While opacity is far less of a problem in the United States than in some other nations, it continues to characterize many, if not most, American organizations. And lack of transparency is usually no accident. It is often systematically built into the very structure of an organization. In the following pages, we look at the forces that conspire against an organizational culture of candor and transparency, and the often disastrous results when those qualities are lacking. We also show that the effort to withhold information from the public has become an all-but-impossible task because of profound changes in the global culture. Most important of these is the emergence of electronic technology that facilitates sunlight, and the rise, over the last decade, of the blogosphere—a development that has made transparency all but inevitable. In today's gotcha culture, no men's room tryst is sure to remain secret, no racial slur goes unrecorded, no corporate wrongdoing can be safely entombed forever in a company's locked file cabinets. A decade ago, secrets often remained buried until a professional journalist could be persuaded to reveal them. Today anyone with a cell phone and access to a computer has the power to bring down a billion-dollar corporation or even a government.

WHAT IS A CULTURE OF CANDOR?

When we speak of transparency and creating a culture of candor, we are really talking about the free flow of information within an organization and between the organization and its many stakeholders, including the public. For any institution, the flow of information is akin to a central nervous system: the organization's effectiveness depends on it. An organization's capacity to compete, solve problems, innovate, meet challenges, and achieve goals—its intelligence, if you will—varies to the degree that information flow remains healthy. That is particularly true when the information in question consists of crucial but hard-to-take facts, the information that leaders may bristle at hearing—and that subordinates too often, and understandably, play down, disguise, or ignore. For information to flow freely within an institution, followers must feel free to speak openly, and leaders must welcome such openness.

No matter the official line, true transparency is rare. Many organizations pay lip service to values of openness and candor, even writing their commitment into mission statements. Too often these are hollow, if not Orwellian, documents that fail to describe the organization's real mission and inspire frustration, even cynicism, in followers all too aware of a very different organizational reality.

When we talk about information flow, we are not talking about some mysterious process. It simply means that critical information gets to the right person at the right time and for the right reason. Although the successful flow of information is not automatic and often requires the leader's commitment, if not intervention, it happens every day in organizational life, often in the most mundane ways. For instance, a few years ago, General Electric became alarmed about a precipitous drop in appliance sales. At meetings on the matter, the conversation soon narrowed to how the problem could be solved by improving marketing: should GE focus on pricing? On advertising? On some other change in marketing strategies?

Then someone from the company's financial services arm, GE Capital, spoke up. He put up a PowerPoint presentation showing that consumer debt had reached near-saturation levels. The problem wasn't that GE was failing to market its appliances successfully. The likelier problem was that customers were too strapped to buy the big-ticket items that GE sold. That single crucial bit of information swiftly shifted the conversation from marketing to financing, as the company began seeking ways to help customers pay for appliances. The right information had found its way to the right people at the right time.

Just as the free flow of information can maximize the likelihood of success, damming its flow can have tragic consequences. An instructive example is the decision of Guidant executives to continue selling their Contak Renewal defibrillators even after they learned that the implanted heart regulators were prone to electrical failures implicated in the deaths of at least seven patients.

Because company officials remain silent on the matter, we can only speculate on why the firm decided not to recall the devices until 2005, three years after insiders learned of the flaw. Perhaps the health-sciences firm was blinded by its then-anticipated acquisition by Johnson & Johnson (it has since been acquired by Boston Scientific). Perhaps its corporate judgment was clouded by its Yale-Harvard-like competition with Medtronic, the leading manufacturer of implantable defibrillators. Whatever Guidant's reasoning, the result was not only needless deaths but a catastrophic trust problem with its primary customers—not heart patients but the physicians who prescribe the lucrative lifesaving devices. According to the *New York Times,* Guidant's share of the defibrillator market dropped from 35 percent to about 24 percent after the recall, apparently because of the disgust many physicians felt at the company's decision to conceal an embarrassing truth on which patients' lives literally depended. As one angry physician wrote to the firm: "I am not critical of Guidant's device problems—these devices are so complex, issues are expected. I will not, however, work with a company that put profit and image in front of good patient care and honesty in device manufacturing."[3]

CHOOSING TRANSPARENCY

It almost goes without saying that complete transparency is not possible—nor is it even desirable, in many instances. Just as national security concerns may justify limiting access to certain information to a small number of carefully vetted individuals, an organization may have a legitimate interest in holding close and guarding from competitors information about innovations, original processes, secret recipes, or corporate strategies. Such secrets are reasonable. However, secretiveness is often simply reflexive. And secretive organizations are vulnerable to exposure by both the mainstream media and their growing legions of amateur competitors. But even when lack of candor is likely to be harmful, many organizations continue to choose it over openness, as Guidant appears to have done.

Because the term *transparency,* like *courage* and *patriotism,* has the exalted ring of eternal truth, it is easy to forget that transparency is a choice. Writer Graeme Wood gives a vivid illustration of this in his analysis in the *Atlantic* of how differently recent U.S. administrations have treated sensitive information.[4] Arguing that the administration of President George W. Bush is unprecedented in its insistence on secrecy, Wood says the current trend began in 1982 with Ronald Reagan, whose philosophy was, in effect, "When in doubt, classify." By 1985, 15 million documents had been classified, far more than had been shrouded under President Carter. President Bill Clinton, who favored declassification, ushered in a new era, saying, in effect, "When in doubt, let it out." Classification surged again under George W. Bush. In 2006, 20.6 million documents were classified, more than six times the 3.6 million classified under Clinton. "Leaving aside the blinkering effect it has on congressional oversight, too much secrecy impedes the routine functioning of the executive branch, by making useful information difficult for many government employees to see," Wood argues. Ironically, he points out, secrecy also has the unintended consequence of making leaks more likely.

Another dramatic example of transparency as choice was the 2007 decision by the Central Intelligence Agency director, General Michael V. Hayden, to declassify the agency's so-called family jewels. Buried by Director William E. Colby in 1973, these are internal documents relating to some of the agency's most controversial activities, including attempts to assassinate Cuban leader Fidel Castro. Hayden appears to have opted for sunlight because he believes revealing even ugly truths would ultimately help the agency. As the *New York Times* reported: "Hayden said it was essential for the C.I.A., an organization built on a bedrock of secrecy, to be as open as possible in order to build public trust and dispel myths surrounding its operations. The more that the agency can tell the public, he said, the less chance that misinformation among the public will 'fill the vacuum.'"[5]

But few leaders in either the public or private sector have been willing, as Hayden was, to choose voluntary transparency. Following Enron's meltdown and the other transparency-related scandals that did such damage to the American economy in recent years, long-needed reforms were enacted. Though flawed, and with unintended consequences of its own, the Sarbanes-Oxley Act has helped make corporate governance more transparent. But legislation alone cannot make organizations open and healthy. Only the character and will of those who run them and participate in them can do that. New regulations can help restore much-needed trust, but they can only go so far. If a culture of collusion exists instead of a culture of candor, participants will find ways around the rules, new or old, however stringent. Candor and transparency become widespread only when leaders make it clear that openness is valued and will be rewarded. Openness happens only when leaders insist on it.

The influence of a leader committed to transparency was evident in the 2007 decision by heads of the New York City Health and Hospitals Corporation to release information on mortality and infection rates at the eleven hospitals it operates.[6]

The largest public health system in the United States, the corporation decided to act in spite of opposition from a notoriously secretive hospital industry in hopes of reducing the rising number of preventable infections and subsequent deaths among the 1.3 million patients treated in its hospitals each year. The corporation was encouraged in its pioneering move by New York City Mayor Michael R. Bloomberg. A crusader for transparency, who believes it encourages collaboration and positive change, Mayor Bloomberg created a free 311 phone line so New Yorkers can directly report their concerns (more than 49 million so far). According to a 2007 profile in *Business Week,* the 311 line is an example of bottom-up transparency that allows Bloomberg to gauge New Yorkers' attitudes as well as their problems.[7] Bloomberg also eschews a private office to work among his aides in a "see-through city hall" with windows in the meeting rooms so the public can literally watch the city's business being conducted.

WHISTLEBLOWERS, THEN AND NOW

The most damaging secrets within organizations are often those that deal with activities that cause harm—exploding gas tanks, brittle O-rings, secret prisons where a jauntily named horror called water-boarding takes place. The exposure of such embarrassing, even shameful, secrets is transparency at its best and most difficult. Traditionally, such secrets have come to public attention because of whistleblowers, courageous individuals who expose their organizations' deepest secrets, often at considerable peril to themselves. (In Essay Two, James O'Toole continues the discussion of whistleblowers.) Sociologist Myron Glazer has studied several hundred whistleblowers in government and industry, and found that almost inevitably the person who exposes wrongdoing suffers, usually by being shunned, demoted, fired, or otherwise punished.

A classic example is Specialist Samuel J. Provance, who revealed that detainees at Iraq's Abu Ghraib prison were being abused by their American captors. A U.S. Army intelligence officer, Provance went public only after he was unable to galvanize his superiors to take action. As an apparent result of his candor, Provance was demoted, lost his security clearance, and was sent to Germany, where, he says, he is assigned to "picking up trash and guard duty."[8]

That kind of retaliation is what keeps most people from telling explosive secrets, whether in families or organizations. Although whistleblowers are often exiled from their organizations for their unwanted candor, Glazer's study revealed that they almost always found the courage to speak out in their deep commitment to the core values of the organization. Even when labeled traitors by their colleagues, such tellers of unsettling truths often feel passionate loyalty to the organization and act because they feel the secret activity violates its mission and ethical core.

While we believe leaders must set the example for their organizations by demanding candor and transparency, current leaders have less and less choice in the matter. In today's world, where information travels globally with the click of a mouse, transparency is no longer simply desirable, it is becoming unavoidable.

Many leaders continue to act as if they can hold awkward or damaging truths so close that the outside world will not learn of them. Those days are over. The rise of the blog has transformed the very idea of transparency. There was a time when the worst thing that could happen to an organization with nasty secrets was the emergence of a determined and credible insider with the ear of a respected journalist. But with the rise of blogs, the once vulnerable and isolated whistleblower has ready access to an electronic ally with a new set of superpowers. Whistleblowers no longer have to make their case to a reporter or put their career at risk by going public. They can now make their charges anonymously, and when they do, blogs allow the information to be disseminated throughout cyberspace at the speed of light.

It was Lian Yue, for example, who raised the alarm about the proposed chemical plant in Xiamen, China. According to Xiao Qiang, a cyber-editor who runs the China Internet Project at the University of California, Berkeley, Lian is one of 16 million Chinese bloggers with increasing clout despite government efforts to control cyberspace, which include hiring "tens of thousands of personnel . . . to police the Internet." As Xiao wrote in the *Wall Street Journal,* Chinese bloggers feel increasing safety in numbers and have growing public support: "Facing these independent voices, the old ideological machine starts to crumble."[9]

But traditional whistleblowers who live in the wrong country at the wrong time still put their lives at risk. In 2001 Antonio Siba-Siba Macuacua, a bank official in Mozambique, discovered that one of the country's banks was being looted by well-connected citizens, including government officials.[10] Siba-Siba outed them, revealing in the country's leading newspaper the names of more than a thousand people who had taken out loans they never intended to repay. Not long after his explosive revelation, Siba-Siba was thrown to his death down a stairwell in one of the banks he was investigating. His murder has never been solved.

Few modern American whistleblowers have been murdered, the suspicious death of anti-nuclear and labor activist Karen Silkwood in 1976 notwithstanding. And today they are almost certain to be heard, if only by blogging their way to public notice. But the hit-or-miss nature of old-style whistle-blowing could make for heart-stopping drama, as fictionalized in director Sidney Pollack's 1975 thriller, *Three Days of the Condor.* The film's protagonist, played by Robert Redford, works for the Central Intelligence Agency. When his entire department is wiped out, he threatens to go to the *New York Times* to reveal that the C.I.A. has assassinated half a dozen innocent Americans. "How do you know they'll print it?" his superior at the agency asks the would-be whistleblower. Today if the *New York Times* won't print your story, any number of bloggers with far more readers will. As writer Clive Thompson writes in *Fast Company:* "So many blogs rely on scoops to drive their traffic that muckraking has become a sort of mass global hobby."[11]

Ironically, even as whistle-blowing becomes easier because of the Internet, it remains dangerous to one's professional health. Whistleblowers continue to risk losing their jobs and harming their chances of finding another. Although official assurances of transparency have increased, the U.S. Whistleblower Protection Act of 1989 has been seriously weakened in recent years. According to *Mother Jones* magazine, the biggest setback was a 2006 ruling by the U.S. Supreme Court denying public employees certain First Amendment protections when in an official capacity.[12] The court also lessened protections against workplace retaliation.

But in at least one instance the Internet has protected a whistleblower from his enemies. The endangered critic is Indian engineer M. N. Vijayakumar, who has repeatedly exposed corruption among his civil-service colleagues in the state of Karnataka. In the past, a number of Indian whistleblowers have been found murdered after making similar charges. But according to the *New York Times,* the whistleblower's wife, J. N. Jayashree, has come up with a high-tech, highly original way to keep her husband safe. With the help of their college-student son, she has started a blog devoted to Vijayakumar.[13] She reasons that as long as the electronic light remains on her husband, he is safe. "We're creating a fortress around him—a fortress of people," she said of her husband's digital sanctuary. "I wanted to inform people that this is happening, that my husband is a whistleblower, so that it becomes the responsibility of every citizen to protect him."

TRANSPARENCY, READY OR NOT

According to *Fortune* magazine, 23,000 new blogs appeared online every day in early 2005.[14] By mid-2007, there were an estimated 70 million blogs in the clumsily named blogosphere, up from 15,000 in 2002. Many of these are focused on a particular industry, organization, or interest group and are able to tap well-informed inside sources eager to leak information without revealing their identities and putting their relationships or jobs at risk. And blogs can do far more than reveal secrets. They are able to spread information virally at stunning speed. In contrast to most mainstream media, which strive to present both sides, many blogs openly reflect a particular point of view, including both political liberalism and conservatism. Perhaps as a result of their upfront partisanship, blogs often trigger and reinforce strong emotional responses in readers. They also provide those readers with ways to act on their feelings. Conservative political bloggers famously helped undermine John Kerry's bid for the presidency of the United States in 2002 and brought a tarnished end to the career of Dan Rather, when bloggers accused the veteran broadcaster of using tainted documents about President George Bush's spotty National Guard service.

Blogs can blindside and cause damage to companies as well as individuals. As the same *Fortune* piece points out, in September 2004, a cyclist revealed on a specialty Web site that popular Kryptonite bicycle locks could be opened with a Bic pen.[15] Within hours, videos showing how to pick the locks appeared on several blogs. Although the mainstream media (so despised and yet increasingly emulated by bloggers) picked up the story a few days later, the blog version was seen by 1.8 million people. Faced with this electronic tsunami, Kryptonite announced little more than a week later that it would replace the flawed locks. The estimated cost? Ten million dollars—almost half of the company's projected earnings for the year.

No leader can afford to ignore such a force. Even when damaging information is first revealed by the traditional media, the public's emotional response seems to be heightened somehow in the blogosphere. Economically lethal boycotts can be launched in seconds through blogs. The primary reason for not releasing a dangerous product, such as iatrogenic Vioxx or Guidant's defective defibrillators, should, of course, be a moral one. But every leader needs to keep in mind that the blogosphere is always there, waiting, watching, opining, and persuading. Blogs are uniquely powerful tools for promoting products, brands, and ideas, but they can also be ruthless and all but unstoppable in punishing what they disapprove of. And as their numbers soar, blogs will only get more powerful.

One reason blogs are so effective is that they can be written and read anywhere by anyone with computer access. Blogs and other electronic media also have far greater reach than their traditional rivals. As the University of Southern California's Jonathan Taplin told attendees at a Canadian conference on Internet issues, a popular video on YouTube recently got 9 million hits. In contrast, a successful cable television program attracts about 800,000 viewers.[16] Blogs exist in a cyberworld of more than a billion Internet users, a universe without national borders serving, and creating, a community whose sole bond is the shared desire to participate. Governments have yet to figure out how to control this vast, ever-changing digital community, try as they may. Thus, as China-watcher Xiao points out, China can mobilize tens of thousands of cybercops to police its millions of bloggers, but no wall is great enough to silence them.

Bloggers have the ability, previously limited to comic-book superheroes, to leap national borders in a single bound. In 2005, for example, the *New York Times* reported on the impact a Minnesota blogger was having on Canadian politics.[17] Circumventing a "publication ban" ordered by a Canadian federal judge, the American blogger was reporting testimony being given in a Toronto courtroom about alleged corruption of Canadian Liberal Party officials. Because of the judge's order, Canadian newspapers were not permitted to report the testimony themselves; instead, they told their readers about the existence of the blog. As a result, Canadians began accessing the Minneapolis-based blog and getting their news that way. The blogger—Edward Morrissey—called the phenomenon "a historic moment for blogs," and rightfully so, since his Captain's Quarters blog was able to give Canadians the transparency their own court would have denied them. "The point of having free speech and a free press is to have people informed," Morrissey said. "These information bans are self-defeating for free societies. The politicians know, the media knows, but the Canadian voters are left in the dark and that's a backwards way of doing things."

Leaders would do well to take what Mr. Morrissey said to heart. The leaders who will thrive and whose organizations will flourish in this era of ubiquitous electronic tattle-tales are the ones who strive to make their organizations as transparent as possible. Despite legitimate moral and legal limits on disclosure, leaders should at least aspire to a policy of "no secrets." The first beneficiaries of such a policy are the members of the organization itself, who are in a position to act on maximum rather than restricted information. According to *Fast Company* magazine, Whole Foods CEO John Mackey has a "no secrets" policy that includes posting every employee's pay.[18] The rationale for this and other egalitarian and transparency-related practices (including limiting executive pay to a modest multiple of everyone else's) is Mackey's belief in the "shared fate" of all who work at Whole Foods. Transparency is a highly valued element in the Whole Foods culture, and likely a contributing factor in its frequent appearance at the top of lists of best places to work.

Even if unattainable, a "no secrets" policy is worth striving for. Given that secrecy and even privacy are less and less likely in a world where every teenager has a cell phone equipped with a camera and Internet access, we all need to remember that each of us is, more or less, always under scrutiny and on display. To forget that is to risk embarrassment or worse. Best to do or say nothing that you might have to apologize for if it makes headlines or is reported in a blog. Whether we like it or not, the new, involuntary transparency calls for a new code of behavior, one dictated by the reality that we can never assume we are alone or unwatched. However unwanted this new exposure, it is increasingly a fact of life. You are not safe even in your own home. There are now real estate blogs that document life in individual neighborhoods, complete with videos of locals who wander nude through their houses without closing the blinds.[19]

Ironically, among those who learned the hard way that secrets are harder to keep than ever is transparency advocate John Mackey. In July 2007, the media revealed that the Whole Foods founder and CEO had been using a pseudonym to make controversial posts to an online stock forum. Using the handle Rahodeb, an anagram of Deborah (his wife's name), Mackey had been promoting Whole Foods and slamming rival Wild Oats, even as Whole Foods was in the process of acquiring the smaller firm.[20] Although the takeover was finally approved, Mackey's deception provided ammunition to the Federal Trade Commission, which had filed an antitrust action against the acquisition.

Mackey's online masquerade was, in the words of one former Securities and Exchange Commission official, "bizarre and ill-advised, even if it isn't illegal." Just how bizarre? When not railing against Wild Oats and boosting Whole Foods, Rahodeb once cooed about his own haircut as pictured in a Whole Foods annual report: "I think he looks cute!" Why post as Rahodeb? "Because I had fun doing it," Mackey said. Perhaps because he was known as a maverick before the Rahodeb affair, Mackey seems to have survived the incident without harming his pricey natural foods chain or permanently damaging his own reputation. Digitally savvy critics scornfully labeled him a sock puppet (someone who pretends to be someone else online and then praises himself), but several employees at a local Whole Foods said they accepted his apology on the firm's Web site. However, it is worth noting how long Mackey was able to maintain his deception. He posted on the Yahoo site for almost eight years, until 2006. That Mackey was able to disguise his true identity for so long is a cautionary reminder that, while the Internet has dramatically accelerated the trend toward transparency, it can still conceal as well as reveal—often for a very long time.

When Mackey was exposed, he quickly turned to the firm's Web site to apologize to employees and shareholders for what he acknowledged was inappropriate behavior. Internet-savvy executives know to reach quickly for the Send key to explain themselves in a crisis. As Clive Thompson shrewdly observes in his *Fast Company* piece "The See-Through CEO": "Google is not a search engine. Google is a reputation-management system." No one is more aware of the truth of that statement than Apple's Steve Jobs, who helped create the digital world we all now live in. He quickly went into crisis-management mode in September 2007, turning to the firm's Web site to appease Apple loyalists outraged when he slashed the price of the $600 iPhone just two months after they had stood in line for hours to be the first to have it. Customer blogs suggest that most accepted Jobs's online admission that the price cut was a mistake and his offer of a rebate on future purchases at Apple stores. Less digitally adept executives need to have surrogates in place who understand the blogosphere better than they do and who can respond at blog-speed to developing crises.

The best companies will have thought through, even practiced, how to deal with such emergencies before they happen, not after. As a rule, genuine leaders who encourage the honest sharing of information create organizations that have reputations for candor. Able to draw on public good will, such organizations tend to weather scrutiny more easily when things go wrong. Such leaders tend to respond in ways that maintain their clients' trust and respect even in the face of a disappointing action, product, or policy. Their organizations have little to fear from bloggers, especially when leaders acknowledge mistakes in a timely fashion instead of waiting for outsiders to discover them.

IMPEDIMENTS TO TRANSPARENCY

In a rational universe, organizations and individuals would embrace transparency on both ethical and practical grounds, as the state in which it is easiest to accomplish one's goals. But that is rarely the case. Even as global forces tug us toward greater openness, powerful countervailing forces tend to stymie candor and transparency. Since many of these forces are unconscious and reflect deep-seated human fears and desires, it is worth looking at them more closely.

First, leaders often routinely mishandle information, setting a bad example for the entire group. A common malady among organizational insiders is hoarding information. This is one of many ways information gets stuck in organizations and is kept from flowing to those who need it to make solid decisions. As Wood notes in his analysis of how recent presidents have treated sensitive information, one result of wholesale classification is to keep information away from the frontline staff actually doing the people's business. (Classification also stymies oversight, Graeme notes.) One reason for the hoarding of information by a small clique of insiders is the all-too-human tendency to want to know things that others do not. Some executives seem to take an almost juvenile pleasure in knowing the organization's inside dope and keeping it away from their underlings. In many organizations, knowledge is viewed as the ultimate executive perk, not unlike the company jet, kept solely for the use and delight of the organizational elite. This stance can be costly in terms of both organizational efficiency and morale.

Second, structural impediments often hamper information flow. A now-classic case of how the very design of an organization can hamper good decision making occurred in America's intelligence community. As with so many instances of bungled decision making, this one only came to light after a disaster: the revelation that the United States had declared war on Iraq largely on the basis of seriously flawed data.

Subsequent internal investigations brought a structural problem to light; inadvertently, the system of information flow had been designed to foster poor decisions by depriving key decision makers of crucial data. The main organizational flaw lay in the different mandates of two divisions at the Central Intelligence Agency: the operations directorate, which gathers intelligence data from around the world, and the intelligence directorate, which sifts through that raw information to draw conclusions.[21]

To protect the identities of their sources, the operations people did not reveal to the analysts their own internal assessments of the reliability of the source of a given piece of data. As a result, sources with low credibility introduced into the mix information that only later was found to be wrong. Had the intelligence directorate known what the operations directorate knew about the unreliability of some Iraqi sources, it would have concluded that Iraq had no weapons of mass destruction, that Iraq had no connection to Al Qaeda, and that it had no active nuclear weapons program. But government decision makers, oblivious to the unreliability of the data, took the supposed facts at face value. The subsequent postmortem resulted in proposals for a redesign of information procedures at the C.I.A. The biggest lesson for the C.I.A. was simple: analysts were no longer to be put in the position of making a judgment on crucial issues without full understanding of the reliability and source of the relevant information.

Businesses, though, tend to operate with less openness about mistakes—and fewer full-scale investigations—than does a democratic government, and so examples from government are easier to find than from corporations. But any time an organization makes a seriously wrong decision, its leaders should call for an intensive postmortem. Such learning opportunities are too often overlooked. The tendency is simply to call on the public relations department to spin the matter, to make another inadequately thought-out decision, and perhaps to scapegoat, even fire, a few staff members. Because most companies cover up their mistakes instead of learning from them, systemic flaws in information flow tend to remain to do their damage another day.

A major pharmaceutical company was the rare exception. The company had prospered and grown over the years by acquiring smaller firms. But one promising-looking acquisition went surprisingly awry. The acquired company had had close to 90 percent of its market. Just one year after the firm was acquired, its market share had fallen by more than 60 percent. Seeing those figures, the corporation's CEO wisely mandated an internal review.

That review revealed a flaw in the process of choosing those charged with integrating newly acquired companies into the larger corporation. Choosing someone for that crucial task was typically left to executives who looked at the business expertise of a small pool of candidates, and then chose the most likely person. But in studying what went wrong with this particular acquisition, the CEO learned that the selection process had neglected the steadily growing body of expertise Human Resources had developed on precisely which abilities made an executive a successful integration manager. The most effective integrations had been led by people who possessed such competencies as empathy and the ability to foster teamwork. Newly acquired companies whose integration managers lacked those qualities were far more likely to founder. As a result, HR now plays an active role in choosing integration managers at the pharmaceutical firm.

The so-called shimmer factor is a third common impediment to the free flow of information. The very public and precipitous fall of so many celebrity CEOs has dimmed the once-shining image of executives to some degree. But despite the discrediting of Enron executives, among others, leaders still tend to be perceived by many as demigods. And that perception still deters followers from telling those leaders essential but awkward truths. As everyone who has ever worked in an office knows, there is a far different standard for scrutiny of the CEO's expense account from that of a file clerk. In too many, if not most, organizations, one of the privileges of rank is a tendency to get automatic approval of behavior that would be questioned in the less exalted. Many leaders encourage this godlike view of themselves in countless nonverbal ways, from the cost and spotlessness of their desks to the size and isolation of their homes.

Again and again, we hear tales of leaders who do something outrageous, undeterred by those who should be watching but who fail to speak up because the leader is so daunting. A classic example was that of the Hollinger International board, which okayed, apparently without asking hard questions, the purchase for $8 million of papers relating to Franklin Delano Roosevelt for then-CEO Conrad Black. The only evidence of the value of the collection, which Lord Black sought for a biography of FDR he was writing, was an appraisal by the seller. Hardly a disinterested party, the seller claimed the collection had tripled in value in less than a year. As to why the board was so quick to rubber-stamp the purchase, according to the *New York Times,* "several people close to the board . . . insist that it was not negligence, but something more like awe, that accounts for the free rein Lord Black was given."[22] Black was apparently trusted, even admired, by Henry Kissinger and the rest of the board, so much so that it failed to remember its obligation to the company's stockholders to scrutinize Black's behavior. As one governance expert put it, the board failed in its "duty of curiosity."[23]

It is not clear what might have overcome the board's dazzled acceptance of Black's behavior and allowed it to question the transaction and other corporate misconduct. At the least the board should have acted in the spirit of the old saw, "You trust your mother but you cut the cards." The board's reputation was seriously tarnished by the matter, and indeed the objectivity of boards as a whole was widely questioned in the wake of the Black scandal. As for Black himself, in late 2007 he was found guilty in a U.S. federal court on three counts of fraud and one of obstruction of justice and sentenced to six and a half years in prison.

The best antidote to the shimmer effect is the behavior of the leader. The wisest leaders seek broad counsel, not because they are so enlightened but because they need it. Power does not confer infallibility. There's a compelling reason to become more open to information from people at every level: those close to the action usually know more about what's actually going on with clients, with production or customer service, than do those on the top floors. (There's truth to the maxim, "None of us is as smart as all of us.") Effective leaders find their own ways to elicit many points of view. The CEO of a Pacific Rim bank, for instance, schedules twenty days each year to meet with groups of his top eight hundred people, forty at a time. Aware that isolation in a corner office may weaken his ability to make good decisions, he seeks frank feedback from many sources on a regular basis.

But leaders have to do more than ask for the counsel of others. They have to hear it. All of us would do well to reflect on how receptive we are to the suggestions and opinions of others and alternate points of view. One motive for turning a deaf ear to what others have to say seems to be sheer hubris: leaders often believe they are wiser than all those around them. The literature on executive narcissism tells us that the self-confidence top executives need can easily blur into a blind spot, an unwillingness to turn to others for advice. Kevin Sharer, CEO of Amgen, keeps a cautionary portrait of General George Custer in his office to remind himself of the dangers of overestimating his leadership ability. And Sharer commissioned a portrait of Horatio Nelson to add to his office gallery, after reading a biography of the English naval hero and learning of his genius for collaborative decision making and consensus building.[24]

In extreme cases, narcissism can lead people at the top to refuse to hear what others say. Leaders in such organizations suffer from what some in the Middle East call "tired ears." The CEO of one international organization, for instance, decried the lack of an informal pipeline within the company—he felt that the executive summaries he received daily from his direct reports were being sanitized for him. Yet he could not imagine himself turning to anyone lower in the ranks for a private conversation—let alone cultivating a nonpowerful confidant—because it might be seen as a sign of weakness on his part.

One of the dirty little secrets of many organizations is a debilitating caste system that identifies a few as stars, who are then rewarded and afforded special privileges, and damns the rest as mediocrities who are expected to be good little soldiers who work hard and keep their mouths shut. Some call this the "Golden Boy" syndrome. Many at the top seek counsel only from this leader-anointed A-team. It is hard to say why such organizational hierarchies develop, although one reason is surely that the golden boys and girls, whatever their other limitations, have the ability to please those above them in the organization. Leaders need to question their willingness to hear certain voices and not others. They need to make a habit of second-guessing their enthusiasms as well as their antipathies, since both can cloud their judgment. There is also a strong case to be made for democratizing the workplace and minimizing stratification. In idea-driven organizations—and which are not these days?—genuine, collegial collaboration leads to better morale, a greater likelihood of creativity, and greater candor and transparency. The more everyone knows and the more equally everyone is treated, the more likely it is that everyone will share the truth as he or she sees it. Greater collegiality lubricates the process of information sharing.

INTERNAL TRANSPARENCY

One obvious value of transparency is that it helps keep organizations honest by making more members aware of organizational activities. That is no small virtue. But an equally compelling reason for organizational candor is that it maximizes the probability of success. We are not even talking here about the reality, still not fully absorbed by many leaders, that any organizational failing is more likely to be exposed these days by digital technology. Rather we are talking about the enormous value of internal transparency. There may have been a time when an imperial leader could know everything an organization needed to know to be successful. But if such a time ever existed, it is long gone. Today, the information an organization needs may be located anywhere, including outside. And the leader who has a narrow view of proper channels for information often pays a high price for its orderly but insufficient flow.

A universal problem is that when staff speak to their leader, the very nature of the message tends to change. The message is likely to be spun, softened, and colored in ways calculated to make it more acceptable to the person in power. In order to continue to receive reliable information, those in power must be aware that whatever they hear from their direct reports has probably been heavily edited, if only to make the message more palatable and to make the messenger appear more valuable. And so wise leaders find ways to get information raw. They solicit and embrace the bad news as well as the good. Among the leaders acutely aware of the need to get unbiased information was George Washington. According to David Hackett Fischer's *Washington's Crossing,* Washington solicited intelligence from as many people as possible, even civilians, before going into battle. Washington seems to have had an intuitive grasp of the dangers of the shimmer effect (and few, even among the founding fathers, shimmered as dazzlingly as he did) and its tendency to make subordinates compliant. As Fischer writes: "It was typical of Washington's leadership to present a promising proposal as someone else's idea, rather than his own. It was his way of encouraging open discussion and debate."[25]

How differently then U.S. Secretary of Defense Donald Rumsfeld behaved early in 2003 in the face of informed intelligence he apparently did not want to hear. When asked by a member of the Senate Armed Services Committee how large a force would be needed in postwar Iraq, General Eric Shinseki spoke frankly and said, "Something on the order of several hundred thousand soldiers are probably . . . a figure that would be required."[26] Wrong answer, in the view of Rumsfeld and others in the administration who claimed (incorrectly, as it turned out) that peace could be maintained in Iraq with a minimum of ground forces. Shinseki, who chose a military career despite being seriously wounded in the Vietnam War, had served with distinction for more than thirty-five years, including a stint as U.S. Army chief of staff. But as Bill Clinton observed, Shinseki "committed candor." As a result, he was publicly criticized by Defense Department officials, and Rumsfeld and other luminaries boycotted his retirement ceremony. For whatever reasons, Rumsfeld chose not to know all that he should have.

The classic example of a leader's apparently willful blindness is Shakespeare's Julius Caesar. He refused to read the signs of impending doom that were everywhere on the Ides of March, including his wife's dream of a statue of Caesar spurting blood.

Moments before his enemies drew their knives, he literally refused to read the last-ditch warning put in his hand by a loyal follower.

Other factors can also distort information flow. The need for speed—more pressing now than ever—also militates against the systematic collection and analysis of information, as does the need for the organization, and especially its leader, to look decisive. Indeed one of the most dangerous myths of modern organizations is that it is better to make a bad decision than no decision. Instead of mythologizing the leader who acts quickly or on hunches, we should cultivate leaders who are not afraid to be labeled wishy-washy when prudent caution and additional study are called for. Action in the absence of good intelligence can be a terribly expensive course, and precipitous leadership is more likely to be reckless than a sign of strength. There is a tendency, especially in the management literature that equates risk-taking with learning, to downplay the real cost of failures and other actions that go awry, perhaps because the full price is almost never paid by the decision makers themselves. It is rarely possible, in today's world, to defer action until everything relevant is known and everyone who will be impacted is engaged. But both adequate knowledge and full disclosure, if not consensus, are worthwhile goals that enhance transparency and tip the balance toward a successful outcome.

Sunken costs are another common obstacle to changing course and to greater transparency. Even more insidious are the negative consequences that can arise in an enthusiastically shared mission. Again and again, we see organizations that blind themselves to institutional flaws and even crimes because they are intoxicated with ambition. The drive to succeed, to be No. 1, can be a giddy race in which the normal moral machinery breaks down. Commitment can inspire an organization and pervert it at the same time. History is littered with examples. On a more mundane level, a marketing executive at a highly successful memory storage company confided to us that its services were so highly valued that salespeople routinely inflated charges to customers. The executive thought the practice was not only wrong but ultimately bad for business: he believed such gouging might boost the company's bottom line for a time but would inevitably backfire once customers realized they were being cheated. The executive had grave doubts about the practice, which was an open secret among the sales force. But his own boss, the head of marketing, was so proud of his sales force—and the short-term boost their dishonesty was giving the company's stock price—that the troubled executive was afraid to pass along the nasty truth. The company's aggressive can-do credo—especially in sales—kept the executive from speaking up, allowing the dishonesty to continue.

A dangerous tendency toward silence may be an accepted but unspoken value of an entire discipline, not just a particular organization. For example, in a paper on factors that silence conflict, Harvard Business School professors Leslie Perlow and Nelson Repenning cite research among automotive industry engineers that found "a basic cultural commandment in engineering—don't tell someone you have a problem unless you have a solution."[27] Such unspoken professional rules may have a profound impact on how an organization functions. We can't help but wonder, for instance, if the lack of a ready solution was what prompted NASA to okay both the tragic *Challenger* and *Columbia* shuttle flights in spite of staff misgivings about the former's O-rings and the latter's foam insulation. Implicit values may be so entrenched that they are never fully uncovered, even in the course of an extensive inquiry following a tragic accident.

In most organizations, hidden ground rules govern what can be said and what cannot. One key question that every leader should ask to encourage candor: Is it safe to bring bad news to those at the top? The first time a top executive blows up or punishes someone delivering bad news, a norm is established. Everyone quickly realizes that it is folly to speak unwanted truth to power, no matter how crucial the information may be (more on speaking truth to power in Essay Two). Leaders must show that speaking up is not just safe but mandatory, and that no information of substance is out of bounds. It is not always easy for even the most confident leaders to embrace hard truths, especially when they are presented awkwardly by someone who is neither a friend nor a trusted colleague. But failing to hear critical information, whoever delivers it, may put the entire enterprise at risk.

A few thousand businesses have decided to mechanize transparency by installing so-called whistleblower software. Offered by such companies as EthicsPoint and Global Compliance Services, the software allows employees to report anonymously to management any suggestions, complaints, concerns about safety or other matters, and evidence of wrongdoing.[28] Some systems also send any complaint about the CEO or other key executives to a member of the board for further inquiry. Publicly traded companies can point to the software as evidence that the firm is meeting its obligation under the Sarbanes-Oxley Act of 2002 to establish mechanisms for identifying corporate transgressions.

A senior vice president told *Inc.* magazine that his privately held Minnesota company had installed an electronic whistle-blowing system because "we want to demonstrate that we are serious about establishing an ethical culture." Only about 3 percent of employee complaints uncovered major problems, *Inc.* reports. But proponents say they value the systems for alerting them to potential problems while they are still in-house. The systems have also saved users money by limiting losses related to fraud and other wrongdoing.

OPACITY BEGINS AT HOME

Although some enlightened organizations opt for openness, many more are characterized by blind spots and black holes that prevent the free flow of information and impede candor. Why? We have to look to the dynamics of family life for the first, most powerful, model for what we notice and how we think about it. The rules we learn as family members teach us what we should pay attention to, and how we should speak about what we notice. Every family tacitly teaches each member four attentional rules:

- These are the things we notice.
- This is what we say about them.
- These are the things we don't notice.
- And we never say anything to outsiders about that third category.

The last two rules lead to the creation of family secrets. Danish playwright Henrik Ibsen coined the term "vital lies" for the operative fictions that cover a more disturbing truth in troubled families. A vital lie masks a truth that is too threatening, dangerous, or painful to be spoken aloud. The vital lie preserves the surface harmony of the family but at great cost. Problems that are not acknowledged rarely get better on their own.[29]

A similar dynamic afflicts many organizations. For instance, at one global company, the new head of HR bemoaned the fact that her predecessor presided over an evaluation system that rated every executive as "excellent," even as the company was losing a quarter billion dollars a year. The vital lie that all the company's leaders were top-notch wallpapered over their palpable shortcomings; it didn't make them go away. Ultimately, continued losses forced the company to confront the fiction of its great leadership. In the turnaround that followed, virtually every one of its "excellent" leaders was replaced.

The emotion that seals people's lips about vital lies is the unconscious fear that if we look at and speak about these dangerous secrets, we will either destroy the family or be expelled from it. The anxiety of living with these secrets is often allayed by ignoring them.

To be sure, not all family secrets are bad. There are "sweet secrets" that have a bonding effect, like the private terms of endearment used within families. The dangers lie in toxic or dangerous secrets, like the fact that a mother is alcoholic and neglects her children, that a visiting uncle was once jailed for sexually abusing children, or that a family fortune has its roots in criminal acts.

When as adults we join an organization, we bring our earlier learning about how to be part of a family into the "corporate family." Without anyone having to explicitly tell us how things are, we automatically learn what to notice and what to think and say about it. We also learn what to ignore—and we already know from childhood not to speak about the things we know not to notice. The fears in work life echo those from family life: if we speak the unspeakable, we may threaten the organization itself, or risk expulsion. Everyone in an organization has experience in keeping secrets—for better or for worse.

But more positive forces are at work here, too. Pride in belonging to a high-performing or high-status group and the cozy sense of belonging to a tight-knit organizational "family" can be genuine sources of professional satisfaction. The paradox is that there is a dark side to belonging—the almost reflexive temptation to spin information in ways that protect the group's shared pride, to make the group look better than it really is, or even simply to preserve the group. All these make it easier for group members to suppress information or distort it.

In the world of work, conspiracies of silence are enormously damaging and all but universal. We have all worked in places where no one addressed the problem that everyone knew about: the office bully no one confronts; the budget games, where people skew numbers and exaggerate expectations; the board of directors that tacitly suppresses dissent to support a charismatic CEO; the arrogant doctor who makes mistakes nurses see but are afraid to point out.

For instance, Harvard Business School's Leslie Perlow studied an office equipment company where vast amounts of time were devoted to weekly meetings.[30] Before sitting down with the boss each week, the company's software engineers took time that might have been better spent on meaningful work preparing impressive presentations. The engineers thought the meetings were a huge waste of time, but none of them dared speak up, believing management wanted the meetings. Ironically, the engineers' boss also thought the meetings had little value. But as Perlow told the *New York Times,* the boss didn't want to cancel the gatherings because he thought it would send the message that he didn't value the work of the engineers. What Perlow calls "the vicious spiral of silence" undermined both productivity and morale.

The vital lies of organizations show remarkable similarities to those of families. Take an example from family life, where the mother is an alcoholic, and the other adult relatives are co-dependents who tacitly facilitate her behavior. The mother often starts drinking before noon and can no longer function by late afternoon. Instead of speaking about her addiction, other family members say she's "had a nip" and is now not passed out but "taking a nap." Just as troubled families do, companies and other organizations often find ways to talk about their guilty secrets in coded, euphemistic language that outsiders won't understand. The C.I.A.'s use of the cozy term "family jewels" for evidence of assassination attempts and other dark deeds is one example. Another surfaced in the court testimony about wrongdoing by the finance department at HealthSouth.[31] The company's accounting and finance specialists actually referred to themselves as "the family," even as they concocted phony business deals to meet soaring earnings expectations. The corporate conspirators referred to the gap between the company's actual quarterly earnings and Wall Street's expectations as "the hole." They called the deals they dreamed up to fill that hole "dirt." Just as in families, organizational secrets distort relationships. Those sharing the secret tend to form a more tightly knit bond while distancing themselves from outsiders, thus cutting themselves off from those who might expose them as well as those who might influence them in positive ways. Many of the corporate scandals of recent years appear to have been perpetrated by insiders who shared real camaraderie until they realized the only way to save themselves from prison sentences was to turn on each other.

STOPPING GROUPTHINK

As we have found again and again, one of the dangerous ironies of leadership is that those at the top often think they know more than they do. There seems to be an inexorable filtering out of bad news that often leaves those in the highest positions with potentially disastrous information gaps. Our research, for instance, shows that the higher leaders rise, the less honest feedback they get from followers about their leadership. Direct reports understandably hesitate to enumerate the boss's leadership failings. And so top leaders easily lose touch with the ways others see them and may remain poor listeners, abrasive, tuned out, or otherwise clueless about their own limitations.

The routine keeping of accurate information from the leader may lead to *groupthink* in decision making.[32] The classic groupthink case, described by Yale psychologist Irving Janis, was John F. Kennedy's 1962 decision to invade Cuba at the Bay of Pigs. For months before the invasion, JFK met daily with a tight-knit, fiercely proud group of top advisers—heads of intelligence, the military, and the State Department—who assured him that their intelligence reports showed that an armed underground of Cubans would rise up against Castro to support the invaders. No one brought up the results of a careful poll, done the year before, that showed the vast majority of

Cubans supported Castro. No one paid attention to the dissenting opinions of the highly informed experts on the State Department Cuba desk. Another key assumption was that if the Bay of Pigs invasion faltered, the invading army could retreat to the nearby Escambray Mountains and hold out there. No one seemed aware that the Bay of Pigs was eighty miles from the safety of the Escambray Mountains.[33]

And so it went for weeks: crucial facts that dictated a "no" decision on the invasion were edited out of the discussion, though each one of these facts was known by one or more people sitting at the table. When the Bay of Pigs invasion turned into an epic fiasco, Kennedy, stunned, asked, "How could I have been so stupid to let them go ahead?" The unspoken answer was that his best advisers had collectively and unwittingly led him into the disaster.

Whenever a tight-knit decision-making group fails to collect all relevant data and candidly analyze it, bad decisions are liable to be made. The Bay of Pigs has its echo today in the ill-fated decision of another tight-knit, fiercely proud presidential advisory group, one whose unquestioned assumptions now resemble vital lies: that Saddam Hussein was conspiring with Al Qaeda, that Iraq harbored a trove of weapons of mass destruction, that the Iraqi people would rise up to embrace a liberating army.

Those assumptions are part of a new textbook case of groupthink, the failure of the C.I.A. to provide reliable evaluations of Iraq's weapons and armed forces in the run-up to the second Iraq War. The subsequent congressional investigation made an explicit diagnosis of groupthink—a process in which unfounded assumptions drive a plan of action and contradictory information is suppressed, along with any doubts about the assumptions themselves.[34] For instance, one claim made in support of a preemptive war against Iraq was that it had mapping software for use inside the United States.[35] That claim was paired with the unfounded assumption that Iraq had weapons of mass destruction to suggest Iraq was planning an attack with such weapons on the United States. The C.I.A. did not reveal that the mapping software was an innocuous component of a larger generic software package for the guidance of drones.

Groupthink-driven decisions are the downside of a dynamic every organization seeks to build: group cohesiveness and pride in belonging. The paradox here is that the very cohesiveness that can make such tight-knit groups highly effective can shade over into a clubby sense of entitlement and superiority. This can lead members to believe that the group can do no wrong—that stretching rules to achieve its goals is, for them, permissible. Just such overweening in-group pride was at play in many of the regrettable corporate scandals of recent years. For this reason, the CEO of a major investment bank recommended to us that companies transfer leaders every five years or so to limit their power and that of their teams.

Genuine leaders learn from their mistakes, including having been blindsided by groupthink. For JFK, the Bay of Pigs was a searing lesson in how not to lead. Freshly aware of how groupthink could subvert the decision-making process, Kennedy demanded his advisers' principled dissent during the Cuban missile crisis in 1962. Kennedy's management of that thirteen-day crisis was a legendary example of a leader drawing the best from multiple advisers and making his decision only after weighing each of their very different contributions.[36] Robert Kennedy later recalled: "The fact that we were able to talk, debate, argue, disagree, and then debate some more was essential in choosing our ultimate course"—a course that averted an international nuclear war.

When Clark Clifford replaced Robert McNamara as Secretary of Defense during the Vietnam War, Clifford abandoned his predecessor's policy of listening only to his direct reports and began talking to people at every level of the department. Clifford felt it was the only way to hear something new and potentially useful.[37] Years later, former Medtronic CEO Bill George said it was his experience in the inbred McNamara Defense Department that made him insist that his Medtronic managers not try to spin and sugarcoat the information they gave him. George said he had to counter a corporate culture of "Minnesota nice" to get his staff to abandon their habit of polite agreement in favor of productive candor. He called it "constructive conflict" and admitted it came hard to many of his Medtronic staff.

CULTIVATING CANDOR

Before an organization can develop a culture of candor, it must examine the cultural rules that currently govern it. Such cultural rules run deep, and they typically resist change. At NASA, for example, the cultural ground rules that contributed to the

Challenger explosion sixteen years before were still operating in 2003, leading to the *Columbia* shuttle disaster. The panel that investigated the causes of the *Columbia* tragedy went beyond the technical cause—a chunk of flyaway foam that damaged a wing—to blame an organizational culture where engineers were afraid to raise safety concerns with managers more worried about meeting flight schedules than about risks.[38] Head of NASA Sean O'Keefe said in the aftermath of the *Columbia* tragedy that no employee who speaks up about safety concerns, even to outsiders, would be reprimanded in any way. But since 2003, NASA has become even less transparent as a result of pressure put on political appointees to the agency to keep employees, including a NASA scientist concerned about global warming, from publicly expressing views not in keeping with current administration policies.

The best way for leaders to start information flowing freely in their organizations is to set a good example. They must accept, even welcome, unsettling information. If leaders regularly demonstrate that they want to hear more than incessant happy talk, and praise those with the courage to articulate unpleasant truths, then the norm will begin to shift toward transparency.

Transparency is one evidence of an organization's moral health. We have come to think that governments, organizations, and other institutions have a kind of DNA. Healthy institutions, including democracy, are more open than unhealthy ones, such as slavery, which fight to keep their ugly secrets. For businesses, openness is not just a virtuous policy that makes the organization feel good about itself, like generous parental leave. Openness and what it says about the nature of the organization becomes a competitive advantage—in creating consumer loyalty as well as in recruiting and keeping the best people. Evidence that values matter to today's consumer include the enormous interest in green products. That values matter to those in the most creative part of the workforce is evidenced by the vast number of people who seek employment at Google, whose motto is famously "Don't be evil."

When we talk about creating a culture of candor, we imply that the organization ultimately has control over the process. Certainly, transparency is enhanced when an organization's leaders are committed to it. But even when leaders resist it, transparency is inescapable in the digital age. The new transparency is not optional. To the evident discomfort of some, recent candidates for the presidency of the United States faced questions during televised debates, not just from participants in time-honored Town Hall forums, but from visitors to the social-networking site YouTube. Used to carefully vetted, controlled encounters, the candidates had to field questions lobbed from cyberspace by cartoon characters and people dressed in goofy costumes. Just as YouTube has changed America's political discourse, Google has made it impossible for any candidate to deny past actions or statements. Within seconds, anyone with a laptop can check on the candidate's past positions and, within a few seconds more, report any distortions or self-serving memory lapses to the entire wired world. Whether the candidates like it or not, a culture of candor has been thrust upon them.