

23 June 2008

Corporate Hush Hush!

Does confidentiality amount to secrecy? Is it fair to keep corporate secrets in the name of confidentiality? These questions need to be addressed because of the critical role knowledge management is beginning to play in business. The task of balancing corporate confidentiality without slipping into the zone of corporate secrecy is, however, tough. Knowledge management encompasses effective dissemination of relevant information across levels with an objective of propagating a transparent and open culture. Despite the openness that many corporates swear by, there is always a certain chunk of information that needs to be handled with discretion. This cannot be let out for reasons that justify the well being of business. This constitutes the corporate secrets that are best kept by the management and other business partners.

The need for keeping business secrets is well understood. However, it is important for corporates to communicate concerns about corporate confidentiality in a way that prevents communication barriers from cropping up. Managers should thus clearly chalk out a communication plan that serves the interest of the organization without hurting employee sentiments. For instance, layoff strategy, employee compensation and retrenchment plans fall under the purview of “confidential” issues. Statistical data regarding company performance, growth plans, change initiatives and organizational development initiatives are not confidential. These have to be openly discussed and communicated to employees across levels.

Going a step further, corporates would be better off having little or no secrets at all. Earlier, information was one of the most powerful weapons; seniors often used information to pull up their juniors. Today the scenario is strikingly different. Information forms a critical infrastructural component. Organizations are doomed in the absence of a transparent and permeable communication system. The art of communicating relevant and useful information enables organizations to gain in today’s knowledge driven world.

Steering information

It is time corporates shed the power-puff image of information and use it as a tool to build corporate character and strength. However, corporate leadership best judges the level of transparency, openness and confidentiality. The leader has to live through the advantages and disadvantages of letting out information. It is also factored by the nature of business and external factors that would affect its strategic plans. Nevertheless, experts believe that there are five definite ways of ensuring a healthy balance between confidentiality and transparency. These are:

Awareness of goals and objectives

Transparency begins at the macro level and then trickles down to micro issues. Hence corporates should begin by clearly stating long-term and short-term goals. They should involve employees fully in the process of defining and redefining their objectives. Making the entire organization a part of the process ensures commitment and loyalty

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toward one goal. Keeping employees informed about corporate goals and strategies being planned to achieve them will only accelerate the growth process.

Train employees to interpret the financial statements and correlate each component of the financial charts to department-specific performance. This will enhance the level of transparency. Enabling every employee to read and translate the financial literature is a big step towards building a transparent and open culture. Information sharing thus can go a long way in realizing corporate objectives.

Understanding business operations

Keeping track of the entire business cycle is easy in a small company; in large organizations the task gets difficult. The reasons are obvious. In a small organization, the jobs are less specific and are done by fewer people. Hence, each one in the cycle knows the placement and role of people involved. In a large company, there are sub-functions of sub-functions and one job gets broken down into even more minute components. These involve a large number of people.

In such a scenario it becomes very difficult for people to understand the flow of knowledge and processes. So it is the responsibility of the management to initiate processes to make employees aware of their role in relation to other functions. It is also important for employees to know jobs that are not under their jurisdiction. A clear demarcation of work prevents duplication, resulting in higher efficiency.

Justify or perish

People need justification for every action. Thus organizations should mark their moves, carefully keeping in mind the morale and sentiments of employees. One of the most conflict-fraught issues is that of pay and promotion. Managers often fear revealing the salaries they pay to their subordinates. The disparity in compensation levels can never be justified, but discussing the reasons for disparity openly can surely help. An open discussion and acknowledgement of the existing pay structure can alleviate the pain of fellow workers and sober the bitterness. When things are under wraps they create a greater furor than when they are brought out in the open and discussed.

A partner in crime

Organizations need to be extra cautious in handling sensitive issues like layoffs and mergers and acquisitions. Keeping such events secret can worsen the mental state of employees, leaving them completely insecure and unmotivated. There are times when the management itself is unsure of the situation. Experts say that even uncertainty should be communicated to employees. Communication and openness can dispel many apprehensions and beliefs that would otherwise prove to be detrimental if kept under wraps.

Take a call

Despite all the fuss over transparency and openness, companies have to maintain confidentiality in certain strategic issues. Secrecy in aspects like possible mergers, tender details and restructuring strategy needs to be maintained. Managers should explain the



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need for confidentiality vis-à-vis customers and competitors and make employees responsible to prevent leakage of critical information.

A clear communication strategy specifying confidential and non-confidential issues makes it easier for employees and the management to strike a healthy balance. This helps build a transparent organization.