19. Establishing a Culture of Transparency in the Earliest Days Has Proven to Yield Steady Benefits

Committing your career to a startup means with virtual certainty that you will be thrust into a fairly unpredictable environment characterized by unforeseeable highs and lows. The learning that takes place in the frenzied world of startup-land provides an accelerated education in business and is certain to test the resolve of even the most seasoned professionals. It requires resiliency, patience, perseverance, and a level of trust in the leadership team that is consistently earned over time. More often than not, the founding teams spend far more time working together than they spend with their own families and loved ones. Team members commit to something seemingly so much bigger than themselves. Entrepreneurs and early leaders must take great care to build a level of trust that drives loyalty across all segments of the organization over time. One of the important keys to achieving this goal is the ability to establish a culture of transparency from the very start.

Open communication and consistently providing honest feedback are fundamental to the process. In *Radical Candor*, Kim Scott touches on the important subject of how communication factors heavily into forging a transparent culture. "How do you criticize without discouraging the person?... focus on your relationship, ask for criticism before giving it, and offer more praise than criticism. Be humble, helpful, offer guidance in person and immediately, praise in public, criticize in private, and don't personalize. Make it clear that the problem is not due to some unfixable personality flaw. Share stories when you've been criticized for something similar."

The news is not always great but being honest and transparent on all fronts will help avoid unwelcomed surprises to the troops who are making sacrifices daily for the good of the team. Keep the team up-to-date on the status of key customer engagements, rounds of funding, and any strategic dialogue underway between partners or potential suitors when it makes sense. Never lose sight of the fact that each employee is heavily invested in the company's success. Use setbacks as a rallying cry and an opportunity to forge tighter bonds company-wide.

It is not uncommon for newer members of the team to feel intimidated or lack confidence in approaching the leadership team with their thoughts and suggestions. Yet, a culture of transparency encourages that dialogue which can be enabled in creative, efficient ways. Scott details one successful approach that eBay employed in its early days. "Employees should have an organized system for suggestions and complaints. Michael Dearing, who defined Product Marketing at eBay in 2002, used a simple, but effective technique for getting people to criticize him. He put an orange box with a slit on the top in a high-traffic area so that people could drop questions or feedback into it. At his all-hands meeting, he'd reach into the box and answer off the cuff…he was always amazingly respectful and took on each question thoughtfully." This willingness to openly accept criticism and consider ideas that may run counter to the company's current path gives every employee a voice further strengthening a culture built on trust.

Ohio State University's Fisher College of Business led a study published in the *Journal of Management* in 2004 as detailed in Dov Seidman's *Why How We Do Anything Means Everything*. The findings suggest that "a willingness to take blame and offer amends may be necessary to help repair a loss of trust in a business relationship. Cynicism exists, in all its

corrosive forms, but this kind of proactive transparency flies in the face of cynics precisely because its authenticity disarms them… When plans fail, management needs to give credible and verifiable reasons for the failure to employees."

The secretive nature of startups that tend to go to great lengths to protect their product planning secrets can and should coexist with a comprehensive theme of building a culture of transparency. A healthy sense of paranoia and anxiety has proven to fuel many of the most notable positive outcomes over the years. It is important, however, to pull back the veil and promote an inclusive culture that has proven time and time again to play an important role in employee retention built on a foundation of trust. The startups that weave this strategy into their early corporate fabric are not only able to build teams that last, they also build companies that prosper.