

# Why Honesty Is The Secret To A More Profitable Business

## Honesty: The Secret to a More Profitable Business by Halley Bock President and CEO of Fierce Inc.

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Honesty is the best policy, plain and simple. But in business, it's more than just good ethics—it's good for your bottom line. In fact, a 2010 study by the Corporate Executive Board that found companies encouraging honest feedback were not only “happier” workplaces, but also more profitable.

The CEB study found that firms with cultures of open communication outperformed peers by impressive margins: companies who regularly practiced candor delivered a ten-year shareholder return that was 270% greater than their peers.

Honesty, it would seem, is extremely important to an organization's long-term success. Fierce performed its own investigation this year, surveying 1,400 executives and employees, reinforcing the findings of the CEB study. In

Fierce's survey, 70 percent of respondents believed a lack of candor impacted their organization's ability to perform at its best. But more interesting perhaps was that 37 percent of their companies suffered from false professionalism, or "terminal niceness."

Being polite and being honest are vastly different beasts, but a culture of honesty doesn't just happen organically, so how can organizations create an atmosphere where candor is highly valued? Here are a few tactics you can employ at your company.

### **Be Honest, But Brief**

Don't avoid issues until pressure builds to a breaking point, effectively "dumping" a long list of complaints on an employee's head. Address issues as they arise, clearly and calmly stating the issue and how you think it should best be fixed.

### **Don't Skirt the Issue**

Don't complicate a problem by preceding the issue with compliments and small talk. Tell your colleagues what is at stake, and outline steps they (and you) need to take in order to address the issue.

For instance, instead of saying something like, "We're concerned about your attendance rate, so please try to remedy it," put it more directly, and say: *"Our records indicate that you've been absent five times in the past two months. That exceeds the three personal days we allow employees. Any additional days you take will be docked from your salary. If you exceed eight days, we'll have to let you go. Please tell us if there's a personal or medical issue, and we will do what we can to address it."*

### **Don't Mix Good and Bad Feedback**

When supervisors try to cushion "bad" feedback by sandwiching

it between two positives, it's a sure-fire way to confuse employees and muddy your attempts at clear communication. Not only will employees always be wary when you pay them a compliment, they might not know how best to remedy the disfavorable actions you've cited.

Instead, focus only on positive accomplishments—when warranted—thereby giving staff members the opportunity to enjoy the compliments they receive. Recipients will hear and appreciate it. On the other hand, when you need to face a negative issue, focus on the problem and potential resolutions. Don't muddle it with "a compliment sandwich."

### **Join the Candor Club**

These tips might not be easy to implement, but they're well worth it. In the end, nurturing a workplace culture of honesty and open communication will not only increase the level of happiness your employees experience in the workplace—it may also increase your revenue. And what business wouldn't want that?



*This guest post was contributed by Erin Osterhaus, a Managing Editor at Software Advice—a company and online resource for HR professionals seeking to buy software. Erin writes for The New Talent Times, a Software Advice blog offering tips on talent management, leadership skills to those in the HR space. To read Halley Bock's original article, [click here](#).*

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