



Authenticity

Have you taken the mirror test?

Just as cultural and behavioural change must extend beyond compliance with a code of conduct, so an organisation's reporting on who it is, what it does, and why it does it must go beyond the regulatory and legal requirements. Only by revealing its genuine DNA clearly and consistently will an organisation become truly trusted in what it says — and thereby in what it does.

Trying to achieve authenticity raises many questions, reaching back to the need to identify the organisation's true raison d'être.

Living in a goldfish bowl

Indeed, companies now find that their true DNA is revealed whether they like it or not. Instantaneous global communications and the internet mean that all businesses now operate in a goldfish bowl, constantly scrutinised by stakeholders, NGOs, and media organisations ranging from global news providers to campaigning bloggers. Gone are the days of being able to manage the messages to different stakeholders and mould external perceptions of the business.

Beyond transparency

As a result of these developments, the requirement to present the true face of the business now encompasses much more than 'transparency'. It means not only revealing the essence of the company, but also ensuring that this essence itself

is actually worthy of people's trust.

For this reason, we have chosen the word 'authenticity' rather than 'transparency'. However, trying to achieve authenticity raises many questions, reaching back to the need to identify the organisation's true *raison d'être*. What really is the essence of the business? How do leaders and staff reflect that in their everyday behaviour? How completely can the board expose its actions and discussions? And how does the level of authenticity achieved measure up against competitors and business partners?

Will people like what they see?

To answer such questions, the business needs to hold up a mirror to reality so that others can see it clearly for what it is. Initially, only organisations that are

confident that people will like what they see may be willing to do this. But, over time, all organisations may well have no choice.

Why? For society as a whole, non-regulatory disclosures on issues such as corporate behaviour and governance are becoming an increasingly important part of the information exchange that underpins companies' license to operate. For boards, it may become the mechanism through which their risk is mitigated and their AAA rating maintained.

Research bears out this shift. For the first time in its ten-year history, the 2010 Edelman Trust Barometer shows that trust and transparency are as important to corporate reputation as the quality

With stakeholders looking for clarity and honesty from businesses, the days of 'never explain, never apologise' are over

of products and services. In the US and in much of Western Europe, these two attributes rank higher than product quality – and far outrank financial returns, which sits at or near the bottom of 10 criteria in all regions. This is in stark contrast to 2006, when financial performance was in third place in a list of 10 attributes shaping trust in businesses in the US. Again, this underlines the shift we noted earlier away from shareholder value as the sole basis of corporate purpose.

Culture is everyone's responsibility

So, what does the rising importance of trust and transparency mean for businesses' communication and reporting strategies? With stakeholders looking for clarity and honesty from businesses, the days of 'never explain, never apologise' are over. Boards that think they can present

a certain face to the outside world while their business behaves quite differently behind closed doors are in for a rude awakening.

This is because today there are no closed doors. Everything is in the public domain for all to see on the internet: the way companies release and 'spin' information, the way their people interact with one another and the outside world, the way they treat their suppliers, the experience their customers get every day. A detailed view of the business is out there, whether or not it is the view the management wants to present.

That view encapsulates how people perceive the business's culture – and since the perception is grounded in actual behaviour by the business and its people,

it is difficult to dislodge it from people's minds. This constant exposure also means that building and demonstrating the corporate culture is the responsibility of everyone in the business.

Substance not form

So, today, every employee is an ambassador, and every action from the shop floor to the boardroom contributes to authenticity. But as has been mentioned on a number of occasions in this paper, the actions of the board and the example it sets has a disproportionate impact on an organisation's authenticity and ultimately whether it is trusted. So it is important that boards reassess and critically question what they disclose about their own activities in the knowledge that too much of today's reporting focuses on the form rather than the substance of what boards do.