Chapter 7

Accountability

The Anti-Hypocrisy Principle

David Tensmeyer

It is not only what we do, but also what we do not do, for which we are accountable.

Molière

Accountability breeds response-ability.

Stephen R. Covey

When I'm at the bottom looking up, the main question may not be 'how do I get out of this hole?' In reality, the main question might be 'how do I get rid of the shovel that I used to dig it?'

Craig D. Lounsbrough

Let's face it: No organization is actually virtuous enough to call itself virtuous. Or, really, to live up to that name even if others called it virtuous. In fact, it seems that the surest way to expose an organization's flaws is to praise its goodness. Critics appear virtually overnight, out of nowhere.

All organizations risk hypocrisy precisely because they are organizations—made up of people with different ideas, experience, and values. No matter how many posters you make with the organization's mission statement emblazoned upon them, no matter how many times you hand out company swag and letterhead bearing the company's values, the individuals in your organization will make—at least to some extent—their own decisions about how to act.

It may also be that in the due course of business—risking and innovating in order to better achieve your mission—something goes horribly, terribly wrong. Something you couldn't predict and didn't intend.

How do you maintain accountability in the face of so much potential for misalignment? How do you assert your commitment to organizational virtue even when so many departments or people within the organization might not yet have caught the vision? How do you control the unknown and unexpected?

How can you use accountability to help bring alignment to your organization's people and processes?

In the context of creating the virtuous organization, accountability can be defined as a determination to accept open and responsibility for the actions of both the organization as a whole and of the individuals who act in its behalf.

Accountability does not define specific impact areas or goals for our organization; rather, it encourages improvement toward the goals we have already defined. Accountability involves introspection, enforcement, and putting values into practice. In other words, it’s where the rubber meets the road.

Accountability can be one of the most difficult areas to navigate in creating a virtuous organization. Part of the difficulty lies in a fundamental tension between the need to admit mistakes and the desire to maintain appearances. If there is a hierarchy of virtuous organizational thought, the motivation to look good is the lowest form of goodness. The desire to do good is better; the desire to be good is best.

The paradox is that in order to be virtuous, you must admit the ways in which your organization is failing to achieve virtue. If you want to be good, you have to know how you are bad.

Accountability brings your organization into alignment and provides natural motivation to improve. It demonstrates to the public and to the people inside your organization that perceptions that lead to profit are less important to your organization than honesty that leads to the achievement of the mission.

Especially if we have made a commitment to be a virtuous organization, it can be difficult to admit our shortcomings to ourselves or to the general public. Accountability can also be difficult because it also involves change management. Aligning employee expectations, incentives, and even disciplinary actions with new goals takes time and consistency to yield results.

Being accountable helps the virtuous organization stay virtuous through tough times and builds its resilience in bouncing back from mistakes.

Accountability is the antidote to hypocrisy.

So how do we create a culture of accountability within our organization? This chapter lays out six key principles to consider when designing an accountability strategy, providing real-life examples and ideas for putting each principle into practice. Armed with a knowledge of our stakeholders and the key principles of accountability, we can create a roadmap for holding ourselves responsible and staying on the path of organizational virtue.

Letting the sunlight in

Louis Brandeis said, “Publicity is justly commended as a remedy for social and industrial diseases. Sunlight is said to be the best of disinfectants; electric light the most efficient policeman." Perhaps the most vital element of accountability is transparency. In practice, transparency takes on different dimensions according to an organization’s sector, industry, governance model (e.g., private vs. public company), and stakeholder set. In general, though, the concept of transparency refers to the ability of relevant stakeholders to readily observe the decisions that drive an organization and the consequences of those decisions.

Transparency is valuable because if stakeholders are able to observe what is going on at all levels of your organization, they will create natural pressure to move toward agreed-upon goals. Having different people evaluate organizational decisions from diverse viewpoints can also help to surface problems and potential mistakes earlier rather than later.[1]

Consider the example of Zappos, an online shoe-delivery company now owned by Amazon.com. A key point in Zappos’s value statement is the drive to “build open and honest relationships with communication.”[2] The company puts this into practice through its Zappos Insights department, which organizes tours of facilities and open-invitation training sessions. Customers are even invited to schedule question and answer sessions with different departments within Zappos.

Zappos’s practices are examples of how a company can provide transparency into supply chain, production, and marketing. Different—but related—practices may be needed to shed light on other areas such as finance and employee practices.

The power of apology

As long as organizations are composed of fallible human beings, they will continue to make mistakes. A virtuous organization, therefore, is not one that never makes mistakes, but one that responds to mistakes in accordance with its stated values and then actively learns from them.

When responding to mistakes, and particularly to ones that have already been made public, timeliness is key. While leaders can and should take the time to ensure they understand the circumstances of the misstep, they should also be urgent in responding.

Immediate responses are possible if an organization has a clear mission, vision, and values. These guiding principles allow the organization to say, “We are sorry for this problem, and we will make it right. This action was not in line with our mission, our vision for the world, or our values. We are working on a plan for providing restitution and preventing this from happening again.”

As much as possible given the information they have, leaders can lay out their plan of action. Beyond simply apologizing for any wrongdoing or negligence, they should outline a clear vision of how they will correct the problem going forward. This should include short-term steps to mitigate the immediate damage as well as long-term steps to prevent similar mistakes in the future.

On April 12, 2018, a Philadelphia Starbucks manager called the police to complain about two black men who had entered the store and occupied a table without buying anything. The men were arrested for trespassing, though no charges were filed and both Starbucks corporate headquarters and the Philadelphia prosecutor’s office later said that the men had done nothing wrong. Before issuing a public statement, Starbucks CEO Kevin Johnson met personally with the men who had been wrongly arrested to apologize and talk about their concerns.

“I’ve spent the last few days in Philadelphia with my leadership team listening to the community, learning what we did wrong and the steps we need to take to fix it,” said Starbucks CEO Kevin Johnson in a press release five days after the incident. “While this is not limited to Starbucks, we’re committed to being a part of the solution. Closing our stores for racial bias training is just one step in a journey that requires dedication from every level of our company and partnerships in our local communities.”

"The company's founding values are based on humanity and inclusion," said executive chairman Howard Schultz. "We will learn from our mistakes and reaffirm our commitment to creating a safe and welcoming environment for every customer."

In addition to the public apology, the Starbucks response exemplified accountability to a broad set of social stakeholders. In a Facebook post detailing the company’s response, Starbucks wrote, in part, “On May 29th, we will close our company-owned stores in the US to conduct racial-bias training in order to address implicit bias, promote conscious inclusion, and prevent discrimination so everyone feels welcome at Starbucks. The curriculum will be developed with guidance from national and local experts . . .These experts will hold us accountable by monitoring and reviewing the effectiveness of the measures we undertake. We’re ashamed and recognize that racial bias is a problem we need to—and will—address.”

For further examples in contrasting methods of responding to corporate mistakes, consider two American airlines: United and Southwest.

In April 2017, United Airlines came under fire after a video went viral showing a passenger being bodily removed—bloody and unconscious—from a United flight for which he had paid. That morning, United’s CEO issued a statement expressing regret for the “overbook situation” but not directly addressing the removal of the passenger.[3] Later in the day, United apologized “for having to re-accommodate these customers.” In the following days, the CEO also sent out a memo to employees saying that he supported them. Underlying all of this was the sense that United did not understand the gravity of the problem or feel that their process needed to be fundamentally changed in any way, despite the obviously traumatic experience for the customer who was removed from the flight.

Contrast this with Southwest Airlines, which in April 2018 experienced an engine failure on one of its flights that depressurized the aircraft and killed one passenger. Southwest's response was swift. Within an hour, "a plane full of specially-trained Southwest employees was dispatched to Philadelphia to take care of customers."[4] Another team of four was sent to help the family of the deceased passenger make travel arrangements. Southwest's CEO Gary Kelley issued a video apology, and the company continued to give frequent social media updates throughout the following days. "We are giving the National Transportation Safety Board our full attention and cooperation and support as they go about the important business of investigating this engine failure," Kelley said in the video. "The safety of our customers and our crew is always our uncompromising priority."[5]

While these examples show public companies dealing with public stakeholders (e.g., consumers, investors, and governments), the principle of taking responsibility for mistakes also applies in smaller organizations and in situations dealing with fewer public stakeholders (e.g., suppliers, internal managers, consultants, etc.).

Values in action across the organization

Too often we see organizations that have beautifully written mission statements and value statements, only to find that they simultaneously propagate internal incentives that teach employees that different behavior is truly valued. While an organization may have a robust social impact program, it cannot be virtuous if its leadership is unethical or it is lax about aligning incentives for valuing humankind. Virtue is a call to arms for a higher standard.

The end goal of organizational accountability is to ensure that the values agreed upon by leadership are actually being put into practice across the organization. This comprehensive view distinguishes the virtuous organization from one that simply engages in a number of disconnected virtuous practices.

A common approach that organizations use to promote their values is to run an initiative. Such initiatives may take the form of an internal informational campaign that educates employees about an issue and provides new regulations or procedures to change behavior around that issue. If executed well, a values initiative can be a very effective tool for engaging stakeholders in a conversation around one of the organization's values.

For example, consider Intermountain Healthcare, a not-for-profit system of hospitals and other healthcare services that is the largest healthcare provider in the American Mountain West.[6] It is often cited among the most cost-effective and patient-focused healthcare systems in the United States, including by President Barack Obama, who used Intermountain as an exemplar of quality care.[7]

Already known for its commitment to evidence-based best practices, in 2015 Intermountain launched a program called "Zero Harm."[8] As indicated by its title, the program had a goal of dramatically increasing safety for patients and employees within the system. In the long term, the goal was to reduce to zero instances of harm caused by operational mistakes and in-hospital contraction of disease. Key attributes of the Zero Harm Initiative were prevention, detection, and correction.

Recognizing that most medical errors begin as communication problems, Intermountain made clear communication a central part of the initiative. It implemented a "commitment to a pause,"[9] empowering caregivers to pose questions and seek feedback from colleagues before making a diagnosis or administering medicine. Intermountain also began posting signs and whiteboards in hospital rooms encouraging patients to ask questions about their care.

Although its long-term impact remains to be seen, Zero Harm has certainly been effective in communicating the desire for a cultural shift around safety practices.

Nevertheless, a simple program or campaign will never be sufficient by itself to effect lasting positive change in an organization's value areas. It is entirely possible for a program to improve culture in one region, department, or functional area of the organization while leaving other areas unchanged.

In order to ensure that values are being propagated consistently across the entire organization, leadership needs to engage the next principle of accountability: introspection and regular evaluation.

Introspection and regular evaluation

Just as individuals are prone to cognitive bias, often believing themselves to be more virtuous than they behave in practice,[10] organizations can fall prey to internal bias and complacency. And like individuals, organizations can work to overcome their biases by engaging in introspection and healthy self-criticism.[11]

An introspective organization takes a progressive approach, accepting that it will never reach perfection in any value area, but determining nevertheless to continue moving in a positive direction.

It is useful to draw a parallel here with the social entrepreneurship space, in which distinctions are made between outputs, outcomes, and impact.[12] Outputs represent easily countable units of a product or service provided by the organization, such as beds provided by a homeless shelter. Outputs may (or may not) produce outcomes, which are positive incremental changes in behavior related to the goal. Continuing the example of the homeless shelter, outputs here may represent beds used per night or the number of homeless individuals served over a month. Outcomes in turn may or may not create real impact. Impact refers to substantial, long-term progress toward the organization's vision for the world. For example, impact for the homeless shelter may mean a long-term reduction in homelessness in the area served.

In a similar way, the virtuous organization is focused on total impact rather than on outputs or outcomes. Since the beginning of the "social accounting" movement in the aftermath of World War II, several methods have been developed to help organizations measure their impact across social and environmental goals.[13]

One of the earliest measures was the cost or outlay audit, which tracked the amounts allocated by the organization towards activities specifically related to their social impact goals. This approach was very crude, however, in that it only dealt with inputs, not outputs—much less outcomes or impact.

Following this came the stakeholder dialogue and community consultation movements, in which companies engaged outside stakeholders to help them design robust social metrics. From these roots sprang a number of approaches that have seen widespread adoption today: triple bottom line, B corp certification,[14] LC3 certification,[15] etc. Most recently, the Boston Consulting Group has developed "total societal impact" (TSI) methodology, which includes triple bottom line principles but also considers the intrinsic value or harm of the goods and services provided by a company.[16]

Implementing a system of social accounting such as those above can be very helpful in keeping an organization accountable. But whether standards of reporting are adopted from one of these approaches, hybridized from several of them, or a new and tailored approach to impact measurement, organizations should ensure that the metrics match their values and are accepted by senior leadership as well as middle management.

Enforcement and incentives

Members of the organization must be empowered to act according to the organization's mission and values and—especially when the mission or values are new to the organization—must be given detailed guidance on how the new approach will affect their performance evaluations, incentive structures, and day-to-day operations.

Once a system of regular evaluation has been decided, it is important to check that incentives for employees and leadership match the goals of the evaluation. If leadership has determined goals that are tied to the organization's values but has failed to put any incentives in place related to those goals, it is highly unlikely the goals will be reached.

Just as bonuses and other compensation can be tied to financial performance, they can also be tied to performance across metrics collected in the established social audit.

And incentives need not be limited to monetary compensation: evidence shows that non-monetary incentives such as promotion, prestigious work assignments, and recognition can have as much or more influence on employee behavior as simple dollars and cents.[17]

Taking responsibility for third party actions

Finally, the virtuous organization recognizes that living its values goes beyond the boundaries of the organization itself. Every organization exists within a network of outside stakeholders—including government, civil society, competitors, suppliers, and unions to name a few—and decisions made in one organization can have effects on many other stakeholders in the network.

For example, consider a car manufacturer that treats its employees very well and is committed to creating more sustainable, lower-emission transport options. If the company designs a new electric car but sources parts from foreign factories with little labor oversight, powered by coal-fired plants, it is acting inconsistently with its stated values.

So the virtuous organization must not only create a system of introspection, evaluation, and incentives for internal stakeholders but also for external stakeholders to some extent. Luckily, the modern organization need not start from scratch. Many tools exist to help companies source responsibly. Among these are Fair Trade Certification,[18] home-country diplomatic representation in the source country (e.g., U.S. State Department economic offices and private boards of trade), and responsible sourcing networks.[19]

In summary, the virtuous organization recognizes that accountability is key to aligning its day-to-day activities with its stated values. Accountability is a determination to accept responsibility for the actions of both the organization as a whole and of the individuals who compose it. Accountability involves introspection, enforcement, and putting values into practice.

Key principles to consider when assessing your organization's accountability are: transparency, taking responsibility for mistakes, putting values in action across the organization, regular evaluation, incentive alignment, and taking responsibility for third-party relationships.

Guided by these principles, an organization can begin to confidently hold itself accountable for living up to its stated values.

In this way, transparency, accountability, and apology can help an organization fight its own hypocrisy. Transparency helps the organization say, in effect, "These are our values. We are working hard to honor them. Our vision for the world is aspirational, and our mission is ambitious. We're not there yet. But we are committed to everything we say we are committed to. Here is exactly where we fall short. And here is what we are doing to try and be better."

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[3] https://www.nytimes.com/2017/04/14/business/united-airlines-passenger-doctor.html

[4] https://www.wsj.com/articles/at-southwest-airlines-the-minutes-after-disaster-struck-1524586032

[5] https://www.youtube.com/watch?v=fz2rC1deJd0&feature=youtu.be

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[18]https://www2.fairtradeamerica.org/For-Business/

[19]https://www.sourcingnetwork.org