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**“...It ultimately is management’s responsibility to demonstrate its commitment to welcoming both good and bad news.”**

## Should Companies Offer Employees a Lifeline?

By Peter W. Lilienthal

Just like the uncertainty experienced by contestants on the TV game show “Who Wants to Be a Millionaire,” employees have uncertainties and insecurities about their jobs. These doubts can include questions about company policies and procedures, confusion over benefits, not knowing where to go to share ideas, or reluctance to raise concerns about organizational problems. However, in contrast to the three “lifeline” options available to the game show’s contestants, employees are typically provided with few, if any, good ways to receive guidance about their workplace-related questions and concerns. That is because most companies continue to rely on traditional and often inadequate and ineffective communication tools. Only in a few well-run organizations do “open door” policies, intranets, and internal hotlines provide trusted, reliable ways for employees to get real help with their ideas, questions, and concerns.

There is good reason why employees are reluctant to raise their hands. In today’s fast-paced, ever-changing workplace environment, there are significant risks in calling attention to oneself. All too often, individuals who ask questions end up getting yet more work heaped upon them, or they get labeled as disloyal and/or troublemakers. Some even end up losing their jobs. So, other than airing their opinions around the water cooler, employees tend to suffer in silence or, worse yet, leave

the organization. With that challenge in mind, what can companies do to improve the likelihood that employees will come forward with their questions, concerns, and those golden nuggets of insight that can improve the firm’s bottom line? Similarly, what can boards of directors and accountable executives do to make certain that no one is cooking the books or hiding information that could embarrass them and perhaps even end in a jail sentence? The solution can be as simple as offering them the corporate equivalent of a “lifeline.”

As used in this article, the term “lifeline” refers to a new breed of outsourced systems designed to encourage employees to speak up about workplace concerns. These programs are different, albeit conceptually complementary, from what are known as employee assistance programs. That kind of widely utilized service is targeted toward individuals who need assistance with personal issues such as marital conflict, substance abuse, and financial woes. In contrast, an employee lifeline service is designed to help in obtaining guidance about frustrations, questions, and challenges related to the workplace. Providing outsourced employee lifelines is a business that is experiencing rapid growth, particularly in response to the push for greater corporate accountability. If boards and CEOs are going to vouch for a company’s conduct, they need to assure themselves that they are doing everything possible to identify problems

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proactively, and an employee lifeline service could be the best way to do that.

For a variety of reasons, many companies fail to accept that their established communication channels aren't functioning effectively. Nevertheless, the evidence is often right before management's eyes in the findings of the periodic employee satisfaction surveys firms conduct. Quite often, the area that is cited most by workers as being in need of attention is communications. Management becomes so focused on the company's mission, culture, and strategies for creating shareholder value that it tends to lose sight of what is most important to employees. The result is a "disconnect" between the organization's leadership and its workforce. It is one issue to state that criticism and feedback are valued; it is another to embrace them unconditionally. Microsoft chairman Bill Gates once described this conundrum by suggesting, "Sometimes I think my most important job as CEO is to listen for bad news. If you don't act on it, your people will eventually stop bringing bad news to your attention. And that's the beginning of the end."

What do most companies counsel employees to do when they have workplace-related issues or concerns? They tell them to talk to their supervisors or pick up a phone that is connected to an attorney, internal auditor, or human resource professional. Even if these options are advertised as being "absolutely confidential," it often is difficult to convince employees that there will be no breach of that commitment and that anything they say won't come back to haunt them. By way of example, a survey of its workers conducted by Lockheed Martin revealed that more than half the respondents did not report misconduct they had observed because they feared retaliation. Then there is the issue of e-mail as a viable, trusted means of obtaining feedback. Another survey, this one sponsored by the American Management Association, indicated that 74% of the corporate respondents routinely record and review their employees' phone calls, e-mail messages, Internet connections, and computer files. It is no wonder that workers are justifiably wary of embracing their computers or voicemail as liberating channels for the discussion or sharing of controversial opinions.

Those board members and executives who believe

that employees are comfortable using the chain of command to "tell it like it really is" may well be deluding themselves and putting their organizations at risk. All it takes is one festering situation to erupt in the form of a lawsuit, regulatory action, or major systemic breakdown. Only then might they belatedly appreciate that their well-intentioned policies and procedures don't hold much sway in either the courthouse or the court of public opinion. The Enron experience is a good case in point. The company reportedly had a 64-page code of ethics and an espoused belief system that stressed respect, integrity, and communication. Yet, despite the fact that many employees had concerns about the company's accounting practices, just one had the confidence to come forward to share them with CEO Ken Lay.

How does a typical employee hotline system work? Most tend to be elegant in their simplicity. As is the case with most new workplace programs, the employees are provided with materials that introduce the concept and contain the instructions for using the system. The access mechanisms may include toll-free phone numbers, e-mail, fax, and multilingual options. In the case of a phone system, employees simply dial it up and, once connected, they can be given the choice of recording their concern on an automated system or speaking about it with an individual who is trained to discuss workplace topics. In addition, they might be provided with a case number they can use to call back and check on the status of their report or that the company can use to request additional information. What is critical in the design of these alternatives is that the user can choose to remain completely confidential and anonymous, and the sponsoring company agrees not to request identifying information from the lifeline provider. All of this ensures a level of security that is impossible to duplicate on any kind of internal company system. As a result, workers truly feel empowered to come forward with their insights for making the company better for its employees and customers.

Usually within hours of receipt, a written transcript or summary of the information provided by the concerned employee is transmitted to a coordinator at the firm. A determination is then made as to the urgency of the information and where it should be routed within

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the organization. Some companies even go to the point of having a copy of every message sent directly to the CEO. Indeed, the elevation of feedback to that level of the organization tends to send a strong message about the commitment of executives to know about what is going on in their companies.

Equally as vital as hearing about issues in the workplace is assuring employees that management is listening and responding to their concerns. That doesn't mean that each and every item will receive attention, only that management demonstrates a commitment to acting on feedback. Even though the identity of most senders may not be known, there are multiple ways to complete the communication loop. These include articles in company publications, questions and answers on company intranets, comments at employee meetings, and postings on bulletin boards. In addition, in a typical organization, roughly one-third of the users tend to leave their names. In those cases, someone can contact them directly, and that helps spread the good word about company commitment and core values. Whatever the situation is, it is ultimately through this cycle of employee input and management action that trust increases and real problems get identified and resolved.

### **Third-party system benefits**

There are numerous benefits to providing such a lifeline. First, most such third-party alternatives are designed to be easier than homegrown systems for employees to understand and use. In many organizations, the mechanisms for facilitating the flow of important information, both up and down the line, have evolved haphazardly. Sometimes, they are compartmentalized (e.g., contact the human resources department about benefits; call the legal department about harassment; report unethical behavior to internal audit). Sometimes, there are so many alternatives that employees frequently can't recall the instructions for using a specific reporting channel. In many large organizations, even the managers directly responsible for internal hotline and suggestion program oversight have no idea as to the total number of programs in place for such purposes. They are equally in the dark when it comes to such basics as times of operation, utilization, and access par-

ticulars. It is precisely because these "Towers of Babel" cause such confusion that outsourced service providers will recommend that as many communication needs as possible be consolidated under a single, easy-to-remember toll-free number. That way, it is cleaner, simpler, and available to every single person around the clock.

Second, employees tend to feel much more confident and comfortable using an outsourced communication system, because the best ones are designed in such a way that workers can decide for themselves how much risk they are willing to take. By using an outside provider as a conduit, organizations greatly reduce employee fears that someone at the other end will be able to recognize their voice, trace a phone number or e-mail address, or confront them about an issue. Thus, outsourced communication systems function as a lifeline for employees, as well as for the companies that sponsor them, because potentially serious, albeit often uncomfortable, issues tend to get aired earlier when they are routed through an intermediary. In addition, the overall utilization by employees is most often significantly greater than that of internal systems. A well-run lifeline program should experience between 7 and 15% employee utilization annually. It has been found that the content of just one important call generally covers the relatively modest cost of taking systems outside. Beyond that, management can expect to receive a steady stream of ideas and insights for improving overall organizational effectiveness. It is not at all unusual for employees to share scores of viable suggestions for new products, methods for streamlining policies and procedures, and alerts about everything from pro-union stirrings to potentially explosive personnel situations.

Another benefit of using a third-party system is that the vendor has a vested interest in the communication program being a success. If employees don't use their service, it is likely it will be discontinued. As a result, vendors tend to take an active role in providing assistance with such key tasks as internal marketing, follow-up procedures, trend analysis, and the design of creative solutions to address specific communication challenges.

Last, but not least, an outsourced system provides a measure of protection against adverse legal and regulatory actions. For example, with a credible, trusted lifeline

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in place for the reporting of perceived improprieties, Federal whistle-blower statutes provide for reduced damages if a company is found guilty of wrongdoing. Similarly, a growing body of case law, stemming from such decisions as *Faragher v. City of Boca Raton* and *Burlington Industries v. Ellerth*, indicates that simply establishing internal focused policies and procedures for the reporting of personnel issues is not always defensible. Conversely, several companies faced with harassment- and discrimination-related lawsuits have prevailed in court because they have provided employees with access to convenient and safe lifelines that the plaintiffs and their attorneys weren't able to denigrate effectively. Should a journalist ever come knocking on the trail of a hot story about possible wrongdoing, it is a lot better to claim that there is a lifeline connected directly to the top that is available 24/7 than it is to respond, as some executives have been doing in their Congressional testimony, "To be honest, I don't know anything about that."

There are some considerations to providing employees with a lifeline. Foremost among these is the obligation to treat seriously the information that is received. Companies need to investigate claims and allegations and attempt to respond effectively to questions, concerns, and ideas. If employees perceive that their input is simply falling on deaf ears, they won't use even the best of these outsourced systems. Although a quality lifeline provider can assist with the challenge of listening, it ultimately is management's responsibility to demonstrate its commitment to welcoming both good and bad news.

Second, an outsourced lifeline flies in the face of the hierarchical, command-and-control structure that is the norm in many organizations. A surprising number of senior executives tend to be struck with fear by the possibility that a frontline worker at some distant facility could share a concern directly with the organization's CEO. They cloak their individual fears by criticizing the

demoralizing effect that an "end-around" system might have on a frontline supervisor. In fact, the long-term effect tends to be just the opposite of what one might expect. That is because frontline managers quickly conclude that the best way to stem the possible flow of negative news to the powers that be is to become more engaged with their direct reports. The result is much improved face-to-face communication. There are also critics who fear that disgruntled employees and possibly outside activists will abuse the system and that significant energy and resources will be diverted to tracking down spurious issues. Theoretically, that risk does exist, but it is extremely rare that employees choose to undermine a mechanism that is clearly provided for their benefit.

Few, if any, senior managers would deny that employees have valuable insights about how an organization can work more effectively for its stakeholders. Despite that belief, most companies are extremely cautious when it comes to considering the possibility of making it as easy and safe as possible for employees to share their thoughts with management. As with the questions asked of contestants on "Who Wants to Be a Millionaire," there are four answers to the question, "Do you think that your organization could benefit from having a corporate lifeline?": A. Yes; B. No; C. Maybe; D. Unsure. Pick the wrong final answer and, just like the game show contestants, companies will miss the chance to win big.



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