



Transparency builds trust.

I saw an advert in the media recently which read: "Transparency builds trust", this advert from a financial services provider made so much sense to me because businesses which are transparent tend to connect with their customers in meaningful ways, which leads to loyalty and other positive connections.

Where the breakdown starts to happen though is when financial services companies start to pick and choose what to be transparent about. One simply has to look at the fee disclosures in contracts which are contained on the proverbial page 12 out of 20 worth of T&C's. Even worse in a South African context, when it comes to disclosures on the level of transformation (meaning Black Economic Empowerment - BEE) in an organisation, too often we are seeing, especially larger organisations, choosing not to be transparent.

Bottom-up makes more sense

The disconnect which stands out is the fact that the same companies which are advertising how their transparency is building trust, are also choosing not to be fully transparent on the level of transformation of their organisation. In fact some are finding all manner of reasons why they are not able or willing to give valuable bottom-up information on their transformation journey so far – 30 years into South African democracy.

In a South African context financial performance is important for economic growth, but so too is transformational performance for broader based empowerment. No doubt, many organisations in South Africa have pretty complex organisational structures which have come about over years of growth around unique client value propositions. However, all these complexities are overcome when reporting annual financial performance, but cannot be overcome when transparent reporting is required on their transformation progress - BEE.

Analysis helps focus attention

Based on financial statements, analysts are able to see which division or subsidiary contributed to the overall earnings of the company and which have detracted. Shared services are costed appropriately and are accounted for appropriately being careful not to double count. So, when it comes to transparency on the question of transformation, should we not see which divisions or subsidiaries are contributing to transformation and which are detracting from transformation and in this way company leadership can show where they are directing their attention on this matter.

Complexity can be overcome

Complexity which has been so deftly managed on the financial reporting side is used as a reason for not providing insight on the transformation side. And the only solution put forward is a simple report at the top-level, as a group. If you are talking the talk of transparency and talking the talk on transformation within your organisation, then why are we not seeing you walk the walk on transparency in transformation at your organisation.

Conclusion

So, the question then becomes why. Why the need to go the route of obfuscation, and not, as it would seem, demonstrate a willingness to give the true bottom-up picture of transformation. Yes, it may cost more to fully disclose, but are we using this as a distraction. Which cost are you concerned about, the financial cost or the reputational cost, or is it both for different reasons. I would argue that the marginal financial cost now will save you on the reputational cost in the future. Too many more questions are raised once we go down the route of showing less. Demonstrate that you have an attitude of willingness to transform your business and we will walk with you on your transformation journey.