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CULTURE, COMMUNICATION AND THE APPETITE FOR KNOWLEDGE  
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Culture is about the values and behaviours which a group of people adopt when they come together in a common purpose. Risk is a threat to objectives or, to put it another way, a threat to that purpose. And one way of making sure that those risks are mitigated is to provide the information and knowledge which will support good risk-based decisions.

When we talk about values and behaviours we usually frame the conversation in the context of ethics and morality. But the practical side of values and behaviours is the simple business of getting information to where it's needed as quickly as possible. Communication and the appetite for knowledge should be a key component of any firm's culture.

So many disasters have their roots in failures of communication, whether it was lack of information before the event which might have prevented it, or after the event so that the impact of the crisis was worse than it might have been.

The UBS sub-prime disaster (2008) was fundamentally caused by senior management's decision (or Nelsonian 'blind eye'?) to ignore repeated warnings about the state of the sub-prime market and the bank's book. The Fukushima disaster (2011) was made worse, in part, by the failure of Prime Minister Naoto Kan, leading the management of the incident, to listen to external experts and to a reluctance by officials to provide him with the information he needed - the 'bad news'. 'The Minister wouldn't want to hear that', as Sir Humphrey might have said. Although the subsequent Government enquiry dubbed the disaster one which was 'Made in Japan', failing to communicate information both from the top down and from the bottom up is certainly not a Japanese phenomenon.

Effective communication is critical to instilling an effective organisational culture. That means openness. A leadership which is open to hearing challenge, whether from around the boardroom table or from further down the food chain. A management which doesn't quietly edit information either vertically or horizontally but lets it flow freely. An organisation which audits whether information is being suppressed or is not being delivered in a timely fashion. We all talk about our appetite for risk and set limits for red and amber traffic lights. But in the case of information flows the risk appetite traffic light must be set at green.