

The Clay Papers

Paper No.6

When Institutions Stop Hearing

An institution cannot learn from truths it has made difficult to tell.

Institutions rarely lose touch with reality all at once.

It happens quietly.

A concern is raised and dismissed.

Bad news is softened before it travels upward.

A difficult question is postponed.

Someone learns that disagreement carries a cost.

Another notices and chooses silence.

Eventually, meetings become more agreeable.

Reports become more reassuring.

Leaders hear fewer uncomfortable things.

And strangely, the institution may interpret this silence as evidence that things are going well.

But silence is not always agreement.

Sometimes it is information that has nowhere safe to go.

The Distance Between Reality and the Boardroom

Every institution has two realities.

There is the institution as it appears in strategies, dashboards, reports and presentations.

And there is the institution as people experience it every day.

Healthy institutions work continually to reduce the distance between the two.

Unhealthy ones can become increasingly comfortable with the gap.

The numbers may still look good.

Meetings may still happen.

Reports may still be submitted.

Yet somewhere closer to the work, people may already know that something is not working.

The question is whether that knowledge can travel.

Because one of the greatest risks in leadership is not simply making the wrong decision.

It is making a decision without access to the truth.

Information Changes as It Travels

Truth rarely arrives at the top untouched.

It passes through people.

And people interpret risk.

They know what their manager likes to hear.

They understand which questions are welcome.

They notice what happened to the last person who challenged an assumption.

So information can become progressively safer as it moves upward.

A serious concern becomes a manageable issue.

A failing initiative becomes a project experiencing temporary challenges.

A missed target acquires increasingly sophisticated explanations.

By the time information reaches the room where decisions are made, its sharpest edges may have disappeared.

No one necessarily lied.

Yet the institution still failed to hear the truth.

Leaders Teach People What Is Safe to Say

Every response from a leader is instructional.

When someone brings bad news, people watch what happens next.

Was the messenger blamed?

Was the concern explored?

Was disagreement treated as disloyalty?

Was the person interrupted?

Was an uncomfortable finding quietly removed from the final report?

Or did the leader become curious?

Over time, these moments teach an organization what can safely be spoken.

Culture is formed not only by what leaders say they value.

It is formed by what happens when someone tells them something they would rather not hear.

Agreement Can Be Dangerous

Harmony is valuable.

But constant agreement should sometimes make us curious.

Strong leadership teams do not manufacture conflict.

Neither do they confuse the absence of disagreement with the presence of alignment.

Sometimes the most loyal person in the room is the one willing to say:

“I think we may be wrong.”

Institutions need people capable of asking difficult questions before reality asks them more painfully.

This requires something deeper than permission to speak.

It requires evidence that speaking matters.

If employees repeatedly raise concerns and nothing changes, silence eventually becomes rational.

People stop contributing not because they have nothing to say—

but because experience has taught them that saying it makes little difference.

Listening Is an Institutional Capability

We often treat listening as a personal leadership quality.

Perhaps it is also an institutional capability.

An institution that listens well creates multiple ways for reality to reach decision-makers.

It values frontline knowledge.

It examines complaints for patterns.

It invites challenge before major decisions.

It treats audit findings as opportunities to learn rather than inconveniences to manage.

It asks what the data may be concealing.

It makes room for minority views.

And crucially, it closes the loop.

People should be able to see that information travelled, was considered, and—where appropriate—changed something.

Otherwise listening becomes ceremonial.

Psychological Safety Is Not Comfort

A listening institution is not one where everyone is comfortable all the time.

Important conversations can be uncomfortable.

Accountability can be uncomfortable.

Challenge can be uncomfortable.

The goal is not freedom from discomfort.

It is freedom to contribute honestly without unnecessary fear.

That distinction matters.

Strong institutions remain capable of holding two things together:

Candour and respect.

Challenge and accountability.

Dissent and shared purpose.

They understand that disagreement, handled well, can be an act of stewardship.

The Stewardship of Truth

Leadership creates an unusual danger.

The more senior we become, the easier it can become to hear what has already been filtered for us.

*That means leaders carry a particular responsibility: **to make truth easier to tell.***

Ask the question no one has raised.

Invite the dissenting view.

Speak last sometimes.

Reward the person who identifies a problem early.

Go closer to where the work happens.

And when difficult information arrives, resist the instinct to defend before trying to understand.

Because eventually, reality reaches every institution.

The advantage belongs to those willing to hear it early.

Reflection

*Perhaps every leadership team should occasionally ask: **What have people stopped telling us?***

Not: What information are we receiving?

*But: **What information might no longer be reaching us at all?***

That question requires humility.

Its answer may be uncomfortable.

But enduring institutions cannot depend only on leaders who know how to speak.

They also require leaders—and systems—that know how to hear.

Because an institution cannot respond to a truth it never receives.

And it cannot learn from a truth it has made difficult to tell.

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