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The Geography of Trust

by Saj-nicole A. Joni

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Last autumn, George W. Bush made news by denigrating the media. The president told a Fox television journalist that he insulates himself from media reports because they are tainted by opinions. "The best way to get the news is from objective sources," the president explained. "And the most objective sources I have are people on my staff who tell me what's happening in the world."

Now I'm neither a political commentator nor a presidential biographer, so my attempt to parse that statement may appear presumptuous. But I'm going to take a stab at it anyway, because here Bush suggests a paradox at the heart of our misconceptions about trust. The president appears to associate trust with objectivity, which is exactly right. But he also assumes that objectivity can coexist with professional interdependence. It is on just this assumption that many careers have foundered.

It is tempting to believe that trust derives from affinity and esteem: that we trust those whose characters make them trustworthy. Certainly that is—or ought to be—the case for personal relationships. Competence, too, is crucial to trust in a business context—it is not enough that Brutus be an honorable man; he must be an honorable man who knows his way around a balance sheet. In the early stages of careers, trust based on integrity and capability is woven into the bonds that nascent leaders forge as they labor shoulder to shoulder with colleagues on project teams and planning committees. But as individuals rise through the organizational ranks, their trust of others changes in response to relative status, competition for projects or promotions, politics, and other factors. At higher levels, it is no longer enough to ask about a trusted source, "Who is he?" It is also necessary to ask, "Who is he in relation to me?"

A leader needs informed, disinterested advice from sources committed to that leader's success but who have no personal stake in it. Such advisers are in positions of high *structural trust*. A function of roles and responsibilities rather than of affinities, structural trust is eroded by changes in professional, not personal, relationships. For instance, a peer transforms into a direct report; a colleague moves to another department competing for the same limited funds. Such shifts may pass unremarked by the leader, particularly when they are the result of her own momentum. Trust becomes a habit, unexamined and impervious to context. Meanwhile, conflicting interests, emerging loyalties, parochialism, and plain-old personal ambition gradually diminish the usefulness of established ties.

The irony, of course, is that the higher leaders rise, the more impact their decisions have on greater numbers of people and on the company's direction. That puts them in dire need of advisers who can be counted on to provide a full and frank exchange of opinions. In addition, expanding portfolios of responsibility require leaders to consult an ever-broader range of trusted advisers. Yet leaders' growing power to affect the financial, professional, and personal aspects of so many lives makes perfect candor difficult to find. "Nations don't have friends; they have interests," said the late French president Charles de Gaulle. Leaders do have friends, but the greater the leaders' power, the more interested those friends are likely to become. And the more interested those friends become, the less leaders should rely solely upon their counsel.

That is not to say, as Intel's Andy Grove famously put it, "Only the paranoid survive." But leaders who rely forever on the same internal advisers, entrusting them with issues of ever-greater sensitivity and consequence, run the risk of being sold short and possibly betrayed. (Come to think of it, Grove may have a point.) Conversely, leaders who trust no one and try to lone-wolf it through difficult decisions may make enormous, yet preventable, mistakes. Leaders who develop a sophisticated understanding of trust can be protected from both fates.

The Truth About Trust

My first insights into structural trust sprang from a period during which I found my own stock of it declining. As a new executive managing field service and sales for a global company in the early 1990s, I had grown accustomed to acting as a sounding board for several corporate leaders. But as I scaled the ranks, I noticed that the higher I rose, the less those leaders consulted me about their most sensitive issues. My character and competence had not changed, so what had? Over time I learned the truth: My superiors presumed that my opinions had come to reflect my advanced position and its consequent agenda. And while that presumption pained me then, I look back now and think, How could it not be so?

As it turned out, my most valuable advisory work lay ahead of me. A few years after I retired from executive life, a freshly promoted former colleague asked me about a challenging issue that was largely new to him. No longer freighted with an agenda—either real or presumed—I could be perfectly frank with him. He, in turn, was confident that his interests were foremost in my mind as we crafted a solution to the problem.

During the past decade, I have researched and studied leadership in more than 150 European and North American companies. In time, I came to understand just how mutable and conditional a thing trust is, yet how little scrutiny it receives. Leaders must recognize the type and level of trust that characterize each of their relationships and, by extension, whom they can safely talk to about what. My research revealed three fundamental types of trust:

Personal trust, based on faith in a person's integrity, is trust at its most fundamental and widely understood. It is the trust of confidences shared without thought of betrayal, ideas revealed without fear of appropriation, and tasks doled out to teammates with the assurance that they will try hard not to let you down. Personal trust develops in the workplace through shared experiences and knowledge of colleagues' characters. From such crucibles as impossibly tight deadlines or shop-floor emergencies, we quickly learn on whom we can rely.

High personal trust exists when we answer yes to the following questions: Is this person honest and ethical? Will he make good on his word? Is he basically well intentioned? Will he handle confidential information with care and discretion? Will he be straightforward about what he doesn't know?

Executives may persevere in relationships based on personal trust no matter how exalted they become in their leadership roles. But such relationships are unlikely to remain static. They are also unlikely to provide the kinds of

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deep, often specialized knowledge leaders need. In circumstances where advisers' competence matters as much as their character, *expertise trust* enters the picture.

Expertise trust is reliance on an adviser's ability in a specific subject area. In our daily lives we show expertise trust every time we board a plane or schedule surgery. In organizations, leaders develop expertise trust by working closely with people who consistently demonstrate their mastery of particular subjects or processes. Or, lacking personal experience with qualified people, leaders seek out those with the strongest reputations. Unlike with personal trust, the parameters of expertise trust tend to be limited to a particular content area. You've worked with a colleague enough to know that he has a world-class mind when it comes to thinking strategically about markets and segmentation. But you would hesitate—correctly—to consult him on any subject outside that realm.

High expertise trust exists when we answer yes to the following questions: Is this person expert in her field? Is her knowledge up-to-date? Does she present credible information to support her positions? Is she able to apply her expertise to our specific situation? Can she offer sage advice on risks, options, and trade-offs?

Structural trust reflects how roles and ambition color insight and spin information. High structural trust provides leaders with a channel for pure insight and information. Advisers in positions of the highest structural trust generally reside outside organizations to prevent not only self-interest and self-serving agendas but also cultural assumptions from tinting their views. Of course, externality doesn't automatically translate into objectivity: Not all outside advisers are in positions of high structural trust. But strong outside advisers provide leaders with a resource that their organizations cannot. They supply a kind of "outside insight" that inoculates leaders against myopia. They are often the best sounding boards for sensitive questions with far-reaching ramifications.

High structural trust exists when we answer yes to the following questions: Given this person's role and responsibilities, can he offer judgment untainted by his goals or interests? Is he in a position to be fully loyal? Is he unlikely to spin or filter information? Is it reasonable to assume he will not move into a role that places structural constraints on our level of trust (for example, will we someday compete for the same position or for the same client)?

The Quintessential Trustee

The executives at my former company were rightfully sensitive to structural trust: They charted my progress on the corporate map and noted when I crossed out of neutral territory. Many leaders, unfortunately, continue to rely on advisers who have outgrown their objectivity or whose practical knowledge has become dated or irrelevant. Such decisions can be fatal. For example, one executive I knew lost his job after confiding in a subordinate that manufacturing glitches would significantly delay the launch of a new product line and hurt profits. The subordinate had long doubted his boss's competence. And at the time of the confidence, he had reached striking distance of his superior's job. The subordinate informed headquarters and as a result moved up, while his boss moved out.

The majority of successful leaders, by contrast, understand this concept very well. Although confidentiality cloaks many of the closest leader–adviser relationships, high structural trust underpins such celebrated pairings as Bill Gates and Warren Buffett, and Jack Welch and Ram Charan. Few, though, have managed the tricky balance between distance and intimacy as adroitly as Clark Clifford, for half a century the intellectual foil to presidents and corporate leaders. Clifford used the term "third opinion" to describe the outside insight he provided to such leaders as John Kennedy and Lyndon Johnson. His memoir, *Counsel to the President* (Random House, 1991), laid out a kind of manifesto for high structural trust:

"Even if he ignores the advice, every President should ensure that he gets a third opinion from selected and seasoned private citizens he trusts. (The second opinion should come from congressional leaders.) Though cabinet members and senior White House aides often resent outside advisors, a President takes too many risks when he relies solely on his own staff and the federal bureaucracy for advice. Each has its own personal or institutional priorities to protect. An outside advisor can serve the role of a Doubting Thomas when the bureaucracies line up behind a single proposition, or help the President reach a judgment when there is a dispute within the government. They can give the President a different perspective on his own situation; they can be frank with him when White House aides are not."

Clifford's career also illustrates how changing roles affect loyalties. Clifford rendered undivided allegiance to Johnson as an unofficial adviser in the mid-1960s. Johnson was resolutely committed to the troop buildup in Vietnam, and Clifford dutifully helped him succeed in that endeavor, although he personally doubted its wisdom. When Clifford became secretary of defense in 1968, however, the structural trust foundation of his relationship with Johnson dramatically changed. In his new role, the secretary had to face a competing claim on his loyalty, which was the nation's interests. And in those interests, he felt obligated to seek an end to the war.

Although the relationship between Johnson and Clifford was no longer characterized by the highest structural trust, their personal and expertise trust endured. The secretary of defense joined the president's official team, becoming—to use his own terms—a second opinion rather than a third opinion. The ongoing value of Clifford's insight makes an important point. Perspectives informed by advocacy and multiple loyalties are not bad; they can fruitfully shake up a leader's thinking and inject productive friction into dispassionate debate. Such perspectives generally belong to company insiders—people in positions of medium structural trust—who intimately understand the issues at hand. Leaders, therefore, should cultivate relationships based on varying levels of structural trust, while distinguishing between agenda-laden perspectives and true Cliffordian third opinions.

Leaders who rely forever on the same internal advisers run the risk of being sold short and possibly betrayed.

The Construction of a Cabinet

Many executives miss cues that their trust relationships have changed. Others so fear misplacing their trust that they avoid placing it at all. This is especially common among leaders who suddenly find themselves in new positions requiring new competencies. I recall one recently promoted regional vice president who was charged with consolidating several small operating groups. Assigned a team of direct reports with whom he had no history, the new VP worried that his subordinates knew the territory and players better than he did and feared they would exploit that knowledge for their own purposes. Struggling to master this alien domain alone and scared of appearing ignorant, the VP refused to ask for help in thinking through complex issues. As a result, he missed important nuances, made costly mistakes, and the pace of his trajectory slowed to a crawl.

This executive came late to the realization that leadership is not a hermetic undertaking. Otherwise, he could have done something about it. Before reaching this stage in his career, he should have put in place what, since Andrew Jackson's day, has been called a "kitchen cabinet": unofficial advisers operating at the highest level of structural trust.

It is never too soon to start fashioning such a network. Even early leaders—those in their first executive roles with teams of 20 to 50 people and budgetary responsibility—can benefit from the exercise of testing for bias and soliciting multiple perspectives. Leaders at this stage have an easier time building networks rich in structural trust than do their more experienced counterparts. For one thing, the stakes aren't so high: In general, decisions made by budding leaders create ripples rather than waves. (Much of the value high structural trust advisers provide to early leaders is candid feedback about their performance.) For another, novice leaders exercise little influence over large swaths of the organization, making unencumbered relationships common. Early leaders may, with a fair degree of confidence, look for help from managers in other divisions, executives encountered during the hiring process, senior people who act as development coaches or mentors, and the brightest coins in the corporate talent bank. Of course, all such relationships could sprout conflicts of interest at any time. As leaders rise through the ranks, they should begin to track the shifting status of their networks with the diligence of seismologists monitoring tectonic plates.

Structural trust is far more important—and elusive—for key leaders, the top 200 or so executives in large corporations or division heads in smaller companies. At this stage, the quality of leaders' kitchen cabinets begins to significantly affect their careers. In my conversations with senior leaders, most credited a few pivotal third-opinion advisers with aiding and accelerating their ascents. And theirs aren't the only perceptions that matter: A majority of those responsible for filling top jobs said they

Whom Do You Trust?

Every trust-based advisory relationship is unique: a bond fashioned from need, chemistry, expertise, and circumstance. Still, you can define rough levels of structural trust for certain categories of advisers. Although the following are generalizations, they should help leaders assess the trustworthiness of potential third-opinion sources. The scale is one to five, with five representing the highest possible structural trust.

Academics

Structural trust level:

1 2 **3** **4** **5**

What they offer:
Business-school professors and faculty in other disciplines live to question assumptions. They should also be conversant with the full spectrum of current thinking in their fields.
What to consider:
A professor associated with a particular theory may try to make it the one size that fits your company. Academics may also want to use your organization as a petri dish for their ideas or simply observe it in action to bolster their research. Beware of conflicts of interest over research funding or grants.

Consulting and Professional-Service Firms

Structural trust level:

1 **2** **3** **4** **5**

What they offer:
Lawyers, accountants, management consultants, and other professional-service providers promise a very high level of expertise trust; otherwise, you wouldn't be paying them. They also possess experience with many companies and consequently have a broad frame of reference.
What to consider:
Many firms generally offer reliable, replicable products and services. But their ability to offer structural trust is limited to the two to three range by their business models, which require them to leverage their senior people and continue to increase their work for you. For high structural trust, look for firms that don't rely on these models.

Family and Friends

Structural trust level:

1 2 **3** **4** **5**

What they offer:
Many leaders include spouses or other family members as important members of their kitchen cabinets. When it comes to loyalty, familial bonds and friendships are hard to beat. And because they are made up of nonprofessionals, such relationships are as external as they get.
What to consider:
What you gain in structural trust you may sacrifice in expertise trust. You also run the risk that excessive loyalty may produce unhealthy overprotectiveness. Some personal issues, such as the prospect of relocation, may cause structural trust to fall to zero.

Alliance–Partner Contacts

Structural trust level:

1 **2** **3** 4 5

What they offer:
Leaders linked through partnerships and alliances share similar concerns and goals. Yet they also possess multiple perspectives. Both can be a boon for joint inquiries.
What to consider:
Unstable competitive landscapes mean some companies change partners more often than square dancers. Contractual obligations may also create conflicts. Be careful when sharing information about strategy, intellectual property, and performance.

Corporate Peers

Structural trust level:

1 **2** **3** 4 5

What they offer:
Insiders, by definition, know more about everything from processes to politics than outsiders ever could. Early leaders in different functions may be free of overlapping interests, although such relationships should be closely monitored. New hires can open key leaders' eyes to how the company is changing around them. Most important, peers are the people with whom you get most things done.
What to consider:
Minefields abound. When in doubt, assume bias. Competition among employees can be good for business, but it is tough on trust.

Board Members

Structural trust level:

1 **2** **3** 4 5

What they offer:
The best directors offer CEOs the benefits of experience, independent thinking, wisdom, access to networks, and vision. They know a great deal about the business. And they can be excellent sources of big-picture insight.
What to consider:
Board members of public companies are not disinterested in leaders' decisions. Their first responsibility is to shareholders, not management, and they hire and fire CEOs. Sarbanes-Oxley increases the requirement for board-member independence and is fundamentally changing relationships between board members and executives. Proceed at your own risk.

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Internal relationships of high structural trust are not out of the question for key leaders. For example, I recently worked with the head of a large division that had serious union issues. The division head forged a powerful relationship with an expert in labor law who had been hired to provide unvarnished insight to all the company's top people. High structural trust was actually built into this staff person's role.

As their need for new kinds of expertise, fresh perspectives, and high structural trust grows, however, key leaders should increasingly look to external sources of insight—Clifford's third opinion. By this time, leaders will, one hopes, recognize their own weaknesses and blind spots, which third-opinion advisers are expected to both remind them of and help them correct for. In addition, leaders should at least be sophisticated enough to sniff out factors that could impair structural trust. (For more on choosing third-opinion advisers, see the sidebar "Whom Do You Trust?")

Because key leaders are more experienced and judicious than early leaders, their most important advisory relationships are more likely to endure. They will draw on those relationships when contemplating issues that could significantly influence the trajectories of their companies or careers, that require big-picture thinking, that could severely test structural trust within their internal peer groups, or that will likely force the confrontation of difficult—or just plain ugly—truths.

At this stage, kitchen-cabinet advisers also engage with leaders' internal teams. Brainstorming sessions and off-site meetings are effective for such interactions. The danger is that proximity can breed bias. Leaders must be careful that structural trust not erode as advisers are exposed to the abrasive forces of politics and personalities. I have observed several instances in which advisers were enlisted by the internal team as mediators or—worse—were suborned into the role of back-channel message carriers, feeding leaders an underground stream of objections and discontents. In these cases, the adviser's ability to serve was hopelessly compromised.

Senior leaders—those at the corporate pinnacle—face issues similar to those of key leaders but amplified in complexity, scope, and impact. Their decisions, after all, will affect the entire company, sometimes an entire industry. High structural trust with most insiders at this stage is consequently extraordinarily difficult to sustain. In addition, the more senior the leaders, the more they are surrounded by executives and staff who want to protect them from distractions, unpleasantness, or any undue influence except their own. The mere fact of these people's proximity to the leader bestows power, which they protect jealously, trading structural trust for access. The result is an isolated leader exposed to limited perspectives and subsisting on a diet of artfully prepared "truths" that may be anything but. If this were a dictionary entry, a portrait of Kenneth Lay would be the illustration.

Senior leaders naturally require advisers in positions of high structural trust to debate such issues as mergers and acquisitions, global strategy, and succession. Third-opinion counsel can also diagnose organizational maladies: the paucity of dissonant thinking, a reluctance to butcher sacred cows. Perhaps most important of all, third-opinion advisers discuss with senior leaders the dangers of senior leadership. These advisers help leaders understand their past successes and judge whether the lessons from those successes apply to current problems. They encourage leaders to consider their legacies and discourage them from believing their own press.

Enormous levels of personal, expertise, and structural trust characterize top leaders' enduring relationships. But more often than not, their trusted advisers are not highly visible. Heidrick & Struggles senior chairman Gerry Roche, the internationally known executive recruiter of CEOs for global organizations, put it this way in a recent interview: "[Senior] leaders, strange as it may sound, as capable as they are, and sometimes being the stars that they are, would prefer to not have to reveal their vulnerabilities or their levels of relative ignorance to their boards or senior managers....Advisors—to be really effective—tend to operate on a subterranean level of anonymity so that everybody involved is comfortable."

The degree to which a senior leader's kitchen cabinet needs to be invisible is situational and arguable. But uncompromised relationships, extraordinary expertise, and unimpeachable integrity—those characteristics are mandatory. Such deeply layered trust cannot be bought or coerced. It develops over long periods of time. And leaders cannot succeed without it.

It can't be put off. It's time to start building those trust relationships now.

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