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COMMUNICATION

Nobody Trusts the Boss Completely—Now What?

by Fernando Bartolomé

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Managers who can head off serious problems before they blow up in the company's face are two steps ahead of the game. Their employers avoid needless expense or outright disaster, and they themselves get the promotions they deserve for running their departments smoothly and nipping trouble neatly in the bud.

In practice, of course, it's never this easy. Everyone knows that one trick to dealing with problems is to learn about them early. But what's the trick to learning about them early? How do effective managers find out that trouble is brewing? What are their warning systems?

All good managers have their own private information networks, and many develop a kind of sixth sense for the early signs of trouble. But by far the simplest and most common way to find out about problems is to be told, usually by a subordinate.

It is easy to get information when things are going well. People love to give the boss good news. But subordinates are never eager to tell their supervisors that the latest scheme isn't working, to assume ownership of a problem by giving it a name, to look like an informer, or to sound like Chicken Little. A subordinate's reluctance to be frank about problems is also related to risk. While it's fairly easy to tell the boss that the machines sent over by the purchasing department aren't working properly, it's much harder to admit responsibility for the malfunction, and harder still—and perhaps dangerous—to blame it on the boss. Yet it is terribly important to get subordinates to convey unpleasant messages. The sooner a problem is disclosed, diagnosed, and corrected, the better for the company.

> Subordinates are never eager to give the boss bad news.

Almost any organization would operate more effectively with completely open and forthright employees, but absolute frankness is too much to hope for (and probably too much to bear). Candor depends upon trust, and in hierarchical organizations, trust has strict natural limits.

The Limits of Trust and Candor

In a hierarchy, it is natural for people with less power to be extremely cautious about disclosing weaknesses, mistakes, and failings—especially when the more powerful party is also in a position to evaluate and punish. Trust flees authority, and, above all, trust flees a judge. Managers are inescapably positioned to judge subordinates. Good managers may be able to confine evaluation to formal occasions, to avoid all trace of judgmental style in other settings, even to communicate criticism in a positive, constructive way. But there is no way to escape completely a subordinate's inclination to see superiors as judges.

So one of the limits on candor is self-protection. For example, people often hide the failures of their own departments and hope they will correct themselves. In one typical case, the development group for a piece of special software fell terribly behind on its schedule, but no one told the manager until the delivery date could no longer be met. Delivery was three months late, and the company had to absorb a financial penalty.

The lack of candor was not self-protective in the long run, of course, because the development group was ultimately held responsible for the delay. But human beings are often shortsighted. At one time or another, most of us have chosen an uncertain future calamity over today's immediate unpleasantness.

A variation on this theme is when subordinates protect their own subordinates in order to protect themselves, as in the following example:

"I was vice president of finance for a large manufacturing company and supervised a staff of 27. One new hire was failing on an important assignment. Her supervisor—who had hired her—withheld this information from me until her failure could no longer be corrected without serious disruption. He didn't tell me because he knew I would make him face up to the problem and deal with it, which he knew he would find very difficult to do."

Sometimes a subordinate may try to protect a client. In one case, a salesman withheld the information that one of his largest customers was in financial trouble. The customer went bankrupt, and the company lost $500,000.

We can only guess at the salesman's motives—eagerness to get his commission before the troubled company failed, fear of losing an old customer, reluctance to give official warning of a danger that might be exaggerated. The fact remains that he failed to communicate the problem, his boss saw no sign of danger, and the company lost half a million dollars.

Often the motive for silence is at least superficially praiseworthy: people keep quiet about a developing problem while trying to solve it. Most believe solving problems on their own is what they're paid to do, and in many cases, they're right. Subordinates are not paid to run to their bosses with every glitch and hiccup. As problems grow more serious, however, managers need to know about them.

The difficulty here lies in the bewildering territory between minor snags and major disasters. Handled promptly and decisively, the problems in this gray area sometimes turn out to be insignificant, but self-confident supervisors, particularly inexperienced ones, are perhaps too eager to prove they can cope on their own. This case is typical:

"I am head of medical research in a pharmaceutical company. My job is part of R&D and is on the critical path to marketing any new product. One of my managers saw that we weren't receiving data critical to the timely generation of a licensing package for worldwide registration of a new drug. He spent four months trying to get the data on his own, or proceed without it, and didn't inform me of the problem. We suffered an eight-month delay in applying for a license to sell. That represents 10% of the patent life of the product, which has estimated peak worldwide sales of $120 million a year."

Politics is another common obstacle to candor. Organizations are political systems, and employees are often involved in political struggles. There is no guarantee your subordinates will be on your side.

A U.S. engineering-products company manufactured a successful product on license from a Swedish company, but the American CEO heartily disliked his Swedish counterpart and came to the private conclusion that the licensing fees were out of line. Knowing that his senior staff would object, he began confidential acquisition talks with one of the Swedish corporation's competitors, a much smaller and technically less sophisticated company. Because the negotiations were too complex for him to handle alone, he circumvented the vice presidents who would have opposed the move and secretly enlisted the help of their subordinates. By the time the negotiations became public, it was too late for the senior staff to stop the deal. The Swedish company canceled its license, and the U.S. company has not sold a single piece of new technology since the acquisition.

This CEO made a grave error in letting his personal feelings interfere with his business judgment, but his incompetence, however great, is not the point. The point is that certain employees concealed information from their immediate superiors. Their motives are easy to guess at and perhaps understandable—after all, they were acting on orders from the CEO. But the fact remains that not one of them spoke up, their superiors suspected nothing, and the consequences for the company were extremely negative.

In these days of mergers and acquisitions, political infighting is often acute after absorption of—or by—another company. Restructuring and consolidation can produce epidemic fear and rupture lines of communication, as this case illustrates:

"My electronics corporation acquired a division of another company and merged it with two existing subsidiaries. Many employees were let go in the process of the merger and consolidation. I was named president and CEO of the new company one year after its formation. The new company had its headquarters on the East Coast and its research facilities in the West. The VP for research—whose office was in California—did not tell me that the merger, the layoffs, and the new company policies and procedures had had a terrible impact on employee morale. I was completely unaware of the problem for four months. Then I visited the research facility to announce a new benefits package. After announcing the plan, I asked for questions. All hell broke loose. For the next year and a half I spent about a third of my time and a great deal of other people's time trying to build bridges and establish trust, hoping to lower turnover, improve productivity, and get those Californians to feel like part of the total company.

> Mergers, acquisitions, and office politics can all choke off the flow of essential information.

Why wasn't I told? My guess is that the subordinate who kept me in the dark was afraid for his own job. Or else he felt he had something to gain by undermining my position. I don't know, but it was an expensive failure of communication."

Building and Destroying Trust

Given the natural obstacles to trust and candor—fear, pride, politics, dislike—managers need to make the most of whatever opportunities they have to increase subordinates' trust. Trust is not easy to build in the best of cases, and the kind of trust that concerns us here has to grow on rocky ground—between people at different levels of authority.

The factors affecting the development of trust and candor fall into six categories: communication, support, respect, fairness, predictability, and competence.

Communication is a matter of keeping subordinates informed, providing accurate feedback, explaining decisions and policies, being candid about one's own problems, and resisting the temptation to hoard information for use as a tool or a reward.

> Resist the temptation to use information as a tool or a reward.

For several years, the founder and CEO of a small, South American conglomerate had addressed the needs of each of his six divisions separately. He treated his vice presidents like the CEOs of the divisions, cutting deals with each of them independently and keeping each in the dark about his arrangements with the others. He had always solved problems on this ad hoc basis, and it worked reasonably well. The company had grown swiftly and steadily. But now times were tougher, the company was bigger, and he began getting complaints from his VPs about resource allocation. None of them was satisfied with his own division's share, but none was in a position to consider the needs of the company as a whole.

At this point, the CEO recognized that his way of managing was part of the problem, did an abrupt about-face, and created an executive committee comprising himself and his six VPs. They all took part in setting priorities, allocating resources, and planning company strategy. Conflicts remained, of course, as each vice president fought for resources for his division. But trust increased substantially, and for the first time there was communication between divisions and a willingness and opportunity for the company's leadership to work together as a team.

Another CEO moved the offices of his small company without notice. His staff simply arrived at work one Monday morning to learn that the movers were coming on Tuesday. When asked to explain, the man gave his reasons but clearly didn't feel his employees needed to know. He insulted and belittled the people he depended on for information and support.

It is important to communicate with subordinates not only as a group but also as individuals. This woman's boss may have believed money spoke for itself:

"I have been working for my current boss for two years and never had a performance appraisal. I guess I'm doing okay because I get good raises every year. But I have no idea what the future may hold for me in this company."

Middle- to upper-level managers often find it difficult to talk with superiors about their own performance and career prospects. When they feel they aren't getting the feedback they need, they are uncomfortable asking for it. Communication must flow in both directions if it is to flow at all. Information won't surge up where it barely trickles down.

Support means showing concern for subordinates as people. It means being available and approachable. It means helping people, coaching them, encouraging their ideas, and defending their positions. It may mean socializing with them. It certainly means taking an interest in their lives and careers. Here are three examples of good and poor support:

"During one period of my life, I had some serious personal problems that affected my work. My boss protected me at work and gave me a lot of moral support. Eventually, I was able to solve my problems, thanks in part to her help. That strengthened our professional relationship enormously."

"I presented a proposal to the executive committee. Some members were in favor, others against. I was so young and nervous, I didn't see how I could possibly convince them I was right. Then my boss took on the defense of my proposal, argued energetically in favor of it, and we won. When I think back on it now, I realize that few events in my career have pleased me more or given me a more genuine sense of gratitude."

“I approved a credit and had been authorized by my boss to waive certain credit warranties. Then some other people started questioning what I had done and throwing doubt on my competence. Instead of supporting me, my boss took the side of my critics.”

It is often tempting to abandon an employee who is in trouble, out of favor, or simply unpopular, but the extra effort expended in behalf of such a person can pay big dividends later. When you have to terminate employees, the worst possible method is to let them twist in the wind. Get rid of those you have to get rid of. Support the others for all you’re worth. Subordinates trust most deeply the superiors they feel will stand by them when the chips are down.

Respect feeds on itself. The most important form of respect is delegation, and the second most important is listening to subordinates and acting on their opinions. In the first two examples below, the boss shows genuine respect for the subordinate’s judgment and intelligence. In the third, the relationship actually deteriorates in the course of the meeting.

“My boss put me in charge of a project. It involved a big risk for me, but an even bigger risk for her if I failed. I asked her how she wanted me to do it and who else I should contact for clearance. She said, ‘You have free rein on this. Whatever you do is okay with me.’”

“Six years ago, just after I joined the bank, my boss told me he had decided to buy a company and asked me to look into it and give him my opinion. I did my homework and told him I thought it was a bad idea. So he eliminated me from the team he had put together to manage the acquisition. Somehow I succeeded in persuading him to listen to a fuller presentation of my analysis. He not only took the time, he really listened to my arguments and finally canceled the purchase.”

“My boss and I agreed that we had to reduce the personnel in my department. I wanted to cut five positions; he wanted to cut eight. I argued my case for an hour. In the end he forced me to cut eight jobs, without even answering my arguments, and I realized he hadn’t paid attention to anything I’d said.”

In interpersonal relations, the law of reciprocity tends to rule. When supervisors use a lot of fine words about trust and respect but behave disdainfully, subordinates are likely to respond in kind.

> Not giving credit where it’s due is hugely destructive of trust.

Fairness means giving credit where it’s due, being objective and impartial in performance appraisals, giving praise liberally. The opposite kind of behavior—favoritism, hypocrisy, misappropriating ideas and accomplishments, unethical behavior—is difficult to forgive and hugely destructive of trust. These two examples make the point well:

“One of my subordinates had what I thought was a terrific idea, and I told my boss. He agreed and immediately dictated a memo to the division manager outlining the idea and giving full credit where it was due. I learned sometime later that he never sent that memo but substituted another in which he took a good share of the credit for himself—and gave an equal share to me. I not only felt cheated, I felt I had somehow taken part in a plot to cheat the person who had the idea in the first place. It not only destroyed my relationship with that boss, it almost ruined my relationship with my subordinate.”

“We were involved in a very difficult lawsuit with a former client. The battle lasted four years, and in the end we lost the case before the Supreme Court. When I gave the news to my boss, I was afraid he would take it badly, as a kind of personal failure. But he understood that we lost because of factors completely out of our control, and, instead of criticizing us, he praised our hard work and dedication.”

Chronic lack of fairness will dry up trust and candor quickly, but every act of support and fair play will prime the pump.

Predictability is a matter of behaving consistently and dependably and of keeping both explicit and implicit promises. A broken promise can do considerable damage, as this example illustrates:

“When my boss hired me, she promised me a percentage of the profits on the project I was to manage. My arrival was delayed, so I took over the project as it was winding down—without any profits to speak of. As soon as I cleaned up the loose ends, I took over a new project that was my responsibility from the outset. I managed it well, and profits were substantial. I felt badly cheated when I was told that my percentage deal applied to the first project only, that I had no such agreement on the second. I complained bitterly, and the company made it right. But it left a bad taste in my mouth, and I left shortly afterward.”

Another form of predictability is consistency of character, which is, after all, the best proof of authenticity.

Competence, finally, means demonstrating technical and professional ability and good business sense. Employees don't want to be subordinate to people they see as incompetent. Trust grows from seeds of decent behavior, but it thrives on the admiration and respect that only a capable leader can command.

Learning to Recognize Signs of Trouble

Building trust and candor is a gradual process, a long chain of positive experiences: trusting employees with important assignments, publicly defending their positions and supporting their ideas, showing candor and fairness in evaluating their work, and so forth. And because trust takes time to build and has natural limits once achieved, it is easy to destroy. Betraying a confidence, breaking a promise, humiliating an employee in public, lying, withholding information, or excluding subordinates from groups in which they feel they rightly belong—any of these can do instant and irreparable damage to a trust relationship that has taken months or years to develop.

Given these limitations, can managers rely on subordinates to come forward with problems before they become critical?

The obvious answer is no, not entirely. Honest, forthright communication is the best source of information about problems that managers have, and good ones make the most of it. At the same time, they learn to recognize subtle signs of danger, and they develop and refine alternative sources of information to fill in the gaps. My interviews indicate that there are several important warning signs that managers can look for.

Decline in information flow is often a first sign of trouble. Streams of information suddenly go dry. Subordinates communicate less, express opinions reluctantly, avoid discussions—even meetings. Reports are late, subordinates are more difficult to reach, and follow-up has to be more thorough and deliberate. In this example, the first warning was a series of glib reassurances that didn't quite jibe with reality:

"I was exploration manager for an oil company in Venezuela. I began to notice that when I asked about one particular project, I got very short and superficial answers assuring me that everything was okay. But there were some contradictory signals. For example, labor turnover in the project was quite high. I had a gut feeling that something was seriously wrong. I contacted the area manager, but he couldn't put his finger on any specific problem. I called the field supervisor and still got no clear answers. I went to the field location and spent two days. Nothing. Then I sent a trustworthy young assistant to work with the field crews for a week, and he uncovered the problem. Local labor subcontractors were bribing the workers, increasing turnover, and taking in a lot of money for supplying replacements. We were not only spending more on labor bounties, we were often working with green hands instead of well-trained workers."

Deterioration of morale can reveal itself in lack of enthusiasm, reduced cooperation, increased complaints about workload, a tendency to dump more minor problems on the boss's desk. At a more advanced stage, absenteeism starts to rise and aggressive behavior—increased criticism, irritability, finger pointing, and the like—appears.

Ambiguous verbal messages come from subordinates who aren't quite comfortable with the information they are passing on. They may be reluctant to blow a potential problem out of proportion, or they may be testing to see if the door is open for a more serious discussion.

In one example, the head of an R&D lab asked the woman in charge of a large research project how a newly hired scientist was working out. The woman said, "He's very bright, but a bit strange. But he's working very hard and is extremely enthusiastic. He's okay." The boss missed the message. "I'm glad everything's okay" was all he said.

In this case, the woman's answer was a typical sign of trouble in sandwich form—positive, negative, positive. The subordinate who answers this way may simply be testing her boss's attention. When he failed to pick up on the "he's a bit strange" remark, she dropped the matter. Her boss never found out that she felt threatened by the scientist's brilliance and that his prima donna behavior made her angry. The friction between them grew, and she eventually took a job with another division.

Nonverbal signals can take a wide variety of forms, from body language to social behavior to changes in routines and habits.

The director of the international division of a major U.S. bank noticed that his chief of Asian operations had begun to work with his office door closed during his frequent visits to New York. This was unusual behavior: he was a gregarious soul, always available for lunch or a chat, and a closed door was out of character.

After two or three such visits, the director invited him to lunch to talk business. After a bottle of good wine, the younger man brought up what was really on his mind. He had heard rumors that his name had come up to head the European division—the most prestigious foreign assignment—and that the director had opposed him. The rumors were wrong. In fact, the bank was looking for someone to take the director's job, as he was about to be promoted, and the Asian operations chief was a prime candidate.

Consciously or unconsciously, the man sent a signal by closing his door. The lunch invitation was a nonthreatening way of finding out what the signal meant. At the time this took place, business had not yet begun to suffer, but more serious trouble might have erupted if this man had continued to brood over false rumors. This prompt response to a nonverbal signal kept a small problem from growing into a big one.

Body language, incidentally, is easily misinterpreted. Popular books have encouraged many people to believe they are experts, but interpreting body language is risky business. Distress signals may be triggered by events in a person's private life, for example, and have nothing to do with the office. A more prudent approach is to see body language merely as an indication of a potential problem, without jumping to conclusions about what the problem may be.

Outside signals, such as customer complaints and problems spotted by other company divisions, are also clear warnings, but they often come too late. By this time, the trouble has usually reached the stage of impaired results—decreasing productivity, deteriorating quality, dwindling orders, declining numbers. By now the manager has long since failed.

Turning Hints into Information

When experienced managers see changes in the behavior of the people they supervise, they do their best to amplify hints and gather supplemental information.

As I pointed out at the beginning of this article, by far the easiest way of obtaining information is to get it from a subordinate, in plain English. Managers who have built good relationships with their subordinates often rely on this method. When they see the early warning signs of trouble, they ask questions.

As I have stressed, the answers to their questions will be only as honest as subordinates want to and dare to give. In other words, successful questioning depends partly on the level of trust. However, it also depends partly on a manager's ability to peel away superficial and sometimes misleading symptoms, much like the outside layers of an onion. Effective managers have good clinical sense. This man, for example, had a gut feeling that he had not yet reached the core of the problem:

"My department was responsible for trade with the Far East, and I needed a good manager for China. I found what I thought was the perfect man. He not only knew all the traders but also spoke fluent English, French, Chinese, and Japanese. The new position was a promotion for him in terms of title and meant a big salary increase.

For the first year, he worked hard, things went well, and we made a lot of money. At the same time, he started to complain about his salary, arguing that other managers reporting to me and doing the same kind of work were getting 20% more—which was true. I told him he'd already had a 25% increase and that if he continued doing well, he could expect further raises over the next couple of years.

Then I began hearing his complaint from third parties all over the Far East. I discussed the matter with him many times, and eventually his salary rose to within 5% of the other managers. But something was still wrong. Then he suddenly got sick and disappeared from the office for two weeks. When he returned, his opening words were about salary.

Over the next couple of months, however, his health continued to deteriorate, and I began to wonder if salary was the real problem after all. I had several long talks with him and finally learned the truth. His deteriorating health was related to the job and the level of responsibility, which was too great for him to handle. He was so anxious that he couldn't sleep and was having problems with his family. As soon as we both understood the cause of his problem, I promised him a different job with less stress and frustration. He immediately became more relaxed and happier with his salary and his life."

The salary issue was only a symptom—a particularly misleading one, since the man was in fact underpaid by comparison with his colleagues. Notice also the escalation of symptoms from complaints to illness and the fact that it took the narrator several discussions to get at the actual truth. His persistence grew from a gut feeling that salary was not the real problem but rather a masking symptom.

When conflicts arise between superiors and subordinates, the most common method of punishing the boss is to withhold information. So the greater the conflict is, the less effective direct questioning will be. Furthermore, if an honest answer means pointing out some of the boss's own shortcomings, almost anyone will think twice.

One way of circumventing this difficulty is to design anonymous forms of communication—suggestion boxes, questionnaires, and performance appraisals of managers by the people who work for them.

One manager took advantage of an odd condition in his office space to coax anonymous information from his staff. The offices were on the ninth and tenth floors of an office building and had two elevators of their own, which every employee rode several times a day. The boss put a bulletin board in each of them and posted frequent notices, including a weekly newsletter about office activities, personnel changes, and industry developments. He then let it be known informally that the bulletin boards were open to everyone—no approvals required—and when the first employee notices appeared, he made a point of leaving them in place for a full week. There were only two rules. First, no clippings from newspapers and magazines—contributions had to be original. Second, nothing tasteless or abusive—but complaints and bellyaching were okay.

The bulletin boards flourished, partly because most people had at least an occasional chance to ride alone and post their own views in private. For a while, there was even an anonymous weekly newspaper that handed out praise and criticism pretty freely and irreverently. It made some people uncomfortable, but it had no more avid reader than the boss, who learned volumes about the problems and views of his staff and organization.

Criticizing the boss's managerial style and professional competence is probably the hardest thing for employees to do. Remember two critical points: First, top performers are the most likely to feel secure enough to criticize, so ask them first. Second, many of your subordinates have learned the hard way that honest negative feedback can be dangerous. Never ask for it unless you are certain you can handle it.

Building Information Networks

There are big differences between consuming, disseminating, and creating information. Effective managers seem to have a talent for all three.

Using information well is primarily a matter of not *misusing* it—of being discreet about its sources, of using it not as a weapon but only as a means of solving problems and improving the quality of work life.

Spreading information well means not spreading gossip but also not hoarding the truth. People in organizations want—and have a right to—information that will help them do their jobs better or otherwise affect their lives. In general, they also work better and suffer less stress and fewer complications when they are well informed. At the same time—and more important for this discussion—information attracts information. Managers who are generous with what they know seem to get as much as they give.

Creating information, finally, is a question of assembling scattered facts and interpreting them for others. Shaping data in this way is a skill that needs exercise. It is an act of education and, of course, an act of control.

The final positive outcome for information-rich individuals is that information flows to them as well as away from them. This ability to attract, create, and disseminate information can become an immense managerial asset, a self-perpetuating information network, and a means of creating the trust that the upward flow of candid information depends on.

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Fernando Bartolomé (fernando.bartolome@ie.edu) is a professor of management at the Instituto de Empresa Business School in Madrid and an adjunct professor of organizational behavior at Insead in Fontainebleau, France.

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