



REPUTATION MATTERS

Why great leaders seek out uncomfortable truths

Individual and group biases make us blind to risks and our own weaknesses.

by Anthony Fitzsimmons



Published: 6 hours ago Last Updated: 4 hours ago

TSB's leaders did not expect their IT upgrade to become a reputational disaster. No-one was more surprised than the trustees of the Presidents Club when it imploded. Philip Green was preparing an upbeat message to markets only five days before announcing Carillion's £845m profit warning. Bell Pottinger's leaders seemed blind to their impending disintegration.

The pattern repeats endlessly. In **'Deconstructing Failure'**, we found that in over 80% of the crises we analysed, the board seemed to be taken by surprise. What is going on?

Anthropologists have observed that social groups develop shared mental maps. These aren't just a common world view. They define who is a group 'insider' and who is not. They influence how the outside world is perceived, what is discussed and what is not - leaving what 'outsiders' see as crucial subjects undiscussed. As Gillian Tett, a trained social anthropologist, put it, these topics 'become labelled as dull, taboo, obvious or impolite'. The result is that a social group - such as a board or leadership team - can't or won't see, let alone discuss, things that well-informed outsiders - such as their subordinates - know are important.

If we feel we know little, we can learn easily. But when we are presented with information that contradicts our world view, we face what psychologists call 'cognitive dissonance'. This is stressful. I have pinned to my wall words from the Tao Te Ching: 'A [leader] considers those who point out his faults/ as his most benevolent teachers.' Yet I still feel discomfort when someone is considerate enough to tell me I may be wrong.

Most people become defensive when faced with cognitive dissonance. They turn over the page. They hear but do not listen. They bully the bearer of bad news. So doing, leaders lose the opportunity to discover that something is not as they hoped or believed. In failing to assimilate dissonant information, we deprive ourselves of the opportunity to fix incubating, often systemic, weaknesses before they cause crises.

Shutting our eyes, blocking our ears and shouting are not our only responses to uncomfortable truths. We tend to seek information to confirm our world view, rather than to challenge it, because of our confirmation bias. Faced with information that a particular weakness probably affects 'us', overconfidence and our egocentric bias lead us to believe we are immune. Optimistic bias leaves us believing that bad things are less likely to afflict us. The Ikea Effect makes us disproportionately proud of what we have produced.



Biases like these and more make it harder to accept the idea that even ubiquitous weaknesses, such as leaders' blindness to important information - which obviously apply to 'them' - also apply to 'us'. As Daniel Kahneman put it, 'We're blind to our blindness. We have very little idea of how little we know. We're not designed to know how little we know.'

Behaviours and biases such as these leave us predictably vulnerable. The phenomenon is so widespread that we named it the 'unknown knowns' problem. There are things leaders need to know, that are widely known to others in the organisation, that they cannot discover until it is too late. Many can be seen by analytical outsiders, including investors, who are able to see through corporate PR, market groupthink and their own psychological biases.

Zen philosophy has an answer to the problem: the cultivation of 'Beginner's Mind'. Shunryu Suzuki summarised it as 'Wisdom which is seeking for wisdom'. The challenge for a leader is to be as open-minded and inquisitive as a novice with no vested interest in the way things are. Few achieve this state of mind.

Most of us need outsiders to our group with access to corporate knowledge to uncover these uncomfortable truths. Once found, bringing truth to power needs courage and social skills: courage because powerful leaders forced to confront dissonant information can be aggressive; social skills because unwelcome news needs to be presented in a way that helps leaders to change their world view, overcoming dissonance and their cognitive biases.

Research shows that leaders should expect to face a major crisis during a period as short as five years. By overcoming social and behavioural tendencies that affect everyone, including themselves, leaders can search for and fix unknown knowns before they cause trouble. Prevention comfortably beats having to deal with a reputational crisis and face public vilification.

Anthony Fitzsimmons is chairman of Reputability LLP and a specialist in reputational risk and its behavioural, organisational and leadership risk drivers. With the late Derek Atkins, he is author of 'Rethinking Reputational Risk: How to Manage the Risks that can Ruin Your Business, Your Reputation and You'

Image credit: Pixabay/Pexels

Tags:

MORE ON THIS TOPIC

- [#SMEToo: Smaller firms shouldn't be complacent about executive scandals](#)
- [Health and safety sentencing guidelines: The impact on business](#)
- [A company's values are an asset, not a nice to have](#)
- [Mike Ashley is an unlikely saviour](#)
- [It's time to invert the organisational pyramid](#)

Find this article useful?

Get more great articles like this in your inbox every lunchtime

SUBSCRIBE

Find out more about our weekly bulletins



LATEST ON MT

- [Why great leaders seek out uncomfortable truths](#)
- [Rejection can be the best thing that ever happened to you](#)
- [How one marketing campaign quadrupled Vanarama's turnover](#)
- [#SMEToo: Smaller firms shouldn't be complacent about executive scandals](#)
- [The UK needs a manufacturing resurgence - and a weak pound](#)
- [How this company went from sheet metal to robotics \(via advertising\)](#)



STREAMS

- [Entrepreneurs](#)
- [Leadership lessons](#)
- [Reputation matters](#)
- [Future business](#)
- [Women in business](#)
- [Your career](#)
- [Any other business](#)

SITE HUBS

- [BMAC](#)
- [35 Women Under 35](#)
- [MT Events](#)

HELP AND INFORMATION

- [About us](#)
- [Contact Us](#)
- [Register](#)
- [Advertise](#)
- [FAQ](#)
- [Accessibility](#)
- [Editorial complaints](#)
- [Cookie Notice](#)
- [Privacy Notice](#)

GET OUR BULLETINS IN YOUR INBOX

SUBSCRIBE

Find out more about our weekly bulletins