



Truth, Lies and [Unicorns](#)

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What is lying?

On a conversational level, we take “lying” to mean speaking an untruth; overtly saying something that is not the case. Webster’s first definition is “to make an untrue statement with intent to deceive.” “To lie” is an active verb, with a connotation of intent.

But Webster’s second definition is far broader: “to create a false or misleading impression.” That definition includes lies of omission; it even extends beyond speech.

It’s that second definition we’d like to explore. By that definition, business advisors (or for that matter, people) who don’t lie are like unicorns: not inconceivable, but pretty infrequent. In the same sense, Diogenes never found an honest man.

Yet we say trust is critical to client-advisor relationships. How do we reconcile these two “truths”?



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HOW WE LIE

Here are five common ways we lie to clients:

1. *Saying an untruth.* This means flat-out dishonesty. Even something seemingly innocuous like saying we're fine when we're not erodes trust. What if we're clearly stressed?
2. *Speaking truth by technicality.* Using the subtleties of language to exonerate ourselves doesn't work. Ask Bill Clinton.
3. *Telling "harmless" fibs.* Even something like calling in sick when you're not quietly erodes trust.
4. *Lying by omission.* It is possible to mislead our clients with silence. Not raising the issue of scope creep, for instance, is a lie of omission. The client asks herself, "Well, why wasn't this discussed sooner?"
5. *Habitually exceeding expectations.* Underpromising and over-delivering is a peculiar form of lying; it is saying one thing and

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doing another. Consistently exceeding expectations causes disbelief and skepticism over time.

The pervasiveness of at least four of the five types of lying demonstrates that we'd all generally rather tell small lies, or omit lots of information, than face one encounter with the truth.

Why is that?

WHY WE LIE

Let's first explore the motives behind lying from a purely self-serving, utilitarian perspective. That is, evaluate the decision to lie or not via a simple equation comparing the costs and benefits of lying vs. truth-telling.

Let's say the question at hand is whether or not to tell our client that we will likely exceed our delivery date, where saying nothing clearly constitutes a "false or misleading impression" (in other words, a lie).

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On the Lie side of the scale there are the benefits we perceive of maintaining a positive image (and therefore our client's confidence), offset by two things: the cost of disapproval should the delay actually materialize, multiplied by the probability of getting away with the decision to lie—the cost of covering up.

The utilitarian advisor would simply weigh the two sides, and choose the optimum from his or her point of view.

And therein is the difficulty: we are not rational, calculating utilitarians. In particular, human beings in the real world systematically misestimate several of the factors in the calculus of self-interest, and therefore choose to lie in cases where an objective analysis would suggest that truth-telling would benefit us more. Here's how.

On the Truth side:

- We underestimate the value of truth-telling. Forthrightness and willingness to face facts are quickly perceived by others as virtues, often outweighing an uncomfortable message.

- We overestimate the cost of disapproval for telling the truth. Clients who face an uncomfortable reality usually see it as something to be dealt with and to move beyond.

On the Lie side:

- We overestimate the benefit of falsely maintaining a positive perception with our lie. When a client says, “we want your best people on this job,” do you answer, “All our people are the best,” or perhaps “certainly, we will do that”? Both responses avoid truths—namely that “best” is situational, and resources are finite. An off-handed guarantee may sound confident; in fact, it's a time bomb. Speaking the truth creates a much deeper positive perception.
- We underestimate the cost of disapproval if the truth is revealed. We lie doubly because we focus on the immediate transaction, and rationalize that we aren't really lying (we are being optimistic, maintaining a “can do” attitude). Except we are lying by avoiding or omitting the truth, and getting caught affects our reputation for the long term.

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- We overestimate the probability of getting away with lying. We convince ourselves that somehow we'll be saved from ever having to face the truth. How many times did you think you were fooling your parents as a child only to find out they knew what you were up to all along? In the heady days

of 2000-2001, how many officers and directors backdated options because “everyone’s doing it?”

In short, lying seems to make sense in a psychological way and therefore masquerades as the rational choice. But even when analyzed from a purely self-serving perspective, truth-telling is under-rated.

Consider an experience Andrea had with a trusted colleague, Catheryn. Catheryn and the client learned that Andrea would be rolling off the project—before Andrea was told. When Andrea directly asked Catheryn if the client knew, Catheryn made the (seemingly) rational choice of telling an untruth: “Ummmmm ... I’m not exactly sure what the client knows.”

But she was tortured. More on Catheryn’s response later.

Early in Charlie’s career, a senior consultant suggested to Charlie on the way into a client meeting that there was no need to let on to the client that Charlie had been with the firm for only a few months. Of course, the question arose in the first few minutes with the client. More on Charlie’s response later.

The interesting question is, why are even the most trustworthy, well-intentioned people – Catheryn, Charlie’s senior manager, and all of us – predisposed to act in ways that seem rational but are not actually in their (our) self-interest?

LYING IS ROOTED IN FEAR

Simply put, we act in ways that are not ultimately in our own self-interest because we act out of fear. Specifically, we underestimate long term benefit and over-estimate short term fear.

Not just rational fear of consequences, but the echoing, reverberating fear in our brains when we allow ourselves to have nothing better to do than to cogitate on how bad

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things might be. In its milder forms, this is simply neurosis. In more virulent forms, it approaches low-grade terror.

This tendency is pretty common. Freud even argued (*Civilization and Its Discontents*) that it was the predictable price of living in a complex, interdependent society.

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More prosaically, this fear lies at the heart of most television situation comedies. Think nearly all *I Love Lucy* episodes; think most *Seinfeld* episodes (and all of those involving the character George). The characters just can't quite deal with the truth—so they tell a little fib, let a

little misperception go by uncorrected, and hopefully figure the odds of getting caught are pretty low. Of course they're not, and *Lucy/George/everyperson* get caught up in an ever-expanding hilarious web of lies, ending in the dramatic exposure. Comedy is tragedy writ small, funny because we all recognize the truth in it.

Whatever the cause, we know well that people lie. Cognitive therapy focuses on getting

people to rationally see the true probabilities of harm in situations instead of the fear that we obsess about. Spiritual approaches talk about acceptance, or the turning over of the will where we have no control.

Simply put, our lower-level brain systems are wired to over-estimate the downside of risk, and downplay the upside. In evolutionary terms, this makes perfect sense. The downside of getting eaten by a saber-tooth tiger gets weighted very heavily despite the low probability of its happening.

Today's civilized versions of the saber-toothed tiger are confrontations, harm to our reputation, losing face, being disrespected, looking bad. These we fear, for they devalue our social worth, and therefore some important sense of self-worth. Therefore, lying becomes a matter of survival in the business world—or, so we think.

WHY LYING COSTS US—BIG TIME

Lying doesn't just affect relationships. It shoots holes in P&Ls, bonus plans, and compensation structure. It destroys profitability.



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Here's how.

Lying is the most corrosive anti-trust action we can take. Most obviously, when we are found to have lied, our credibility is damaged. People stop trusting what we say. That quickly spreads to not believing what we have said in the past. And that in turn destroys credibility in who we say we are.

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But it doesn't stop there. Lying undercuts not only what we say, but the perception that we are reliable. If we lie to the client about something, we may lie again—in particular, about promises we make. Hence we are seen as unreliable.

If we are seen as non-credible and unreliable, then our clients are unlikely to trust us with certain critical information or perspectives. They will not share their confidences, their secrets or their opinions. We are unsafe.

But worst of all, being seen as non-credible, unreliable and un-safe, our very motives are brought into question. If we would lie to a client, it must have been for our benefit, not the

client's. So thinks the client, and he quickly becomes suspicious of the motives behind all our actions. We don't really care, the client thinks, and perhaps never did; else why would we be lying?

This kind of mistrust leads quickly to the P&L. It reduces confidence, cuts repeat business rates, increases RFPs, reduces our access to key information, introduces legal agreements where none existed, drives multiple vendor relationships, and increases elapsed time through processes.

Loyalty economics are compelling. It costs four to seven times as much to generate a dollar of income from a new client as it does from an existing client. But that's just repeat business. Trust produces the deepest, most sincere loyalty.

Add trust into the repeat business picture and the benefits multiply. Secure in our honesty, clients reveal more to us and listen to what we say. They take our phone calls. They are likely to call us first when a new challenge or opportunity arises. They more often sole-source business to us. They listen to us, partner with us, and are transparent in



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return. The economic benefits of deep trust and cooperation are massive.

HOW TO TELL THE TRUTH

What's a poor business advisor to do to reduce fears and therefore decrease the survival-based tendency to lie? Sometimes the

answer is very simple, even if it feels hard to do. The answer is to coldly assess the long-term cost of lying to you personally. In Charlie's case, despite considerable felt pressure from the senior consultant, he figured the cost to his own reputation

exceeded the pressure he would get from his senior. He was almost certainly right.

In cases where our emotions obscure our clear thinking, there is a lot to be learned from various approaches to therapy, more physically-based approaches like exercise, and in mental-state approaches like meditation. They all work. But they are also perceived by some to be out of the mainstream path of business. So we have a mainstream suggestion.

Caveats are forewarnings that compensate for what we are about to say.

Name It and Claim It is a socially acceptable way to be honest, even when handling tough situations. It starts with a caveat and ends with telling it like it is.

Caveats are forewarnings that compensate for what we are about to say. An example might be, "I wish I had better news ..." Acknowledging the sometimes harsh truths that follow, we rob them of their power.

Another style of caveat is to speak with humor: "You're gonna love me for this ..." By using humor, we lighten a tense situation.

After the caveat, the next part is simple: Tell it like it is. Say, for instance, "This job is going to take longer and cost more." It's easy.

Remember Charlie's story, where a senior consultant suggested to Charlie on the way into a client meeting that there was no need for the client to know that Charlie had been with the firm for only a few months? Predictably, within the first two minutes of meeting, the client asked Charlie, "So, how long have you been with the firm?" Charlie gulped and said, "Oh, not too long." Like a heat-seeking missile (or so it felt), the client replied, "Really, how long?" Charlie gulped



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again, and honestly answered, “Two months.” The senior consultant glared, but the truth was out there. The conversation went on, and the “issue,” deemed earlier as requiring spin control, was quickly forgotten.

Name It and Claim It functions as a meta-tool: by speaking the thing we fear most, we

disarm its power. It is a form of emotional risk management. By incurring a small amount of discomfort, we reliably defuse much larger amounts of discomfort later.

Back to the Andrea and Catheryn story. Catheryn, faced with whether or not to confess an uncomfortable truth to Andrea, initially made the rational choice of telling an untruth: “Ummmmm ... I’m not exactly sure what the client knows.” Having lied to Andrea, Catheryn called back five minutes later and boldly named it and claimed it—“This is really awkward, but I have to tell you I lied to you.” She then briefly explained why and apologized (“I was like a deer in headlights and I made the wrong choice; I’m sorry.”)

By telling the truth, we solve problems and simultaneously build trust.

The irony? The trust Andrea now feels for Catheryn – trust that was pretty high before this incident – is now exponentially greater; not despite having told a lie, but because she called herself out on having told one.

By telling the truth, we solve problems and simultaneously build trust. The result: our client (or colleague) opens up to us. He takes our advice, seeks us out, and listens carefully to what we say. Isn’t that what we’re really being paid for?

THE REAL VALUE OF TRUTH-TELLING

Honesty helps relationships. It builds trust and profitability. But the ultimate value of openness is the plane of professionalism where it lets us operate.

When we speak the truth, clients see that we have no hidden agenda. We are seen as worthy of collaboration. Our motives are clear and transparent. It encourages clients to share.

Truth-telling sets us free from fear. And it is precisely this condition that makes us of maximum use to our clients.

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