Few jobs in business are as exciting as that of adviser to the CEO. But those who sit at the right hand of power learn that the influence game has to be played by the rules.

CONFESSIONS OF A TRUSTED COUNSELOR

by David A. Nadler

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ADVISING CEOs SOUNDS LIKE a dream job. The comer office is the seat of power and the center of action, home to some of the smartest, most charismatic men and women in business. Working side by side with the highest-caliber leaders on issues affecting tens of thousands of people, you have an unparalleled opportunity to make a real and lasting difference.

But if counseling CEOs is a heady experience, it can also be perplexing and perilous. At times, the questions you must ask yourself-about your own motivations, loyalty, and behavior-are thornier than the organizational problems you tackle with clients. I know, because I have been asking myself such questions for a quarter century while advising the chiefs of more than two dozen corporations. In that time, I have experienced or observed hazards ranging from political banana peels to strategic Burmese tiger traps.

The role of CEO adviser is unique because the role of the CEO is unique. All advisers have symbiotic relationships with their clients, breathing the same air, grappling with the same challenges. And in business, no air is as rarefied, and no challenges are as complex, as at the top. In the past five years, corporate chiefs have grown increasingly beleaguered under pressure from boards, investors,

special interest groups, the press, politicians, and regulators. But even in the relative calm before this perfect storm, the CEO's job was like no other. Consider these distinctions:

• No one else in the organization is so starved for unbiased information. While CEOs understand in principle that everyone who seeks their attention has an agenda, they don't always know a bias when they see one. In fact, their inside advisers may not recognize their own biases. Those insiders simply describe the view from where they sit without considering the distortions implicit in that perspective.

• No one else so needs to hear hard truths. Yet in the CEO's presence, people are guarded, unwilling to raise difficult topics. Richard Parsons, the CEO of Time Warner, has been on both sides of that dynamic. "For years, Gerry Levin was one of the guys here I was closest to, but there were just certain issues I was reluctant to bring up to him because he was the CEO," Parsons told me. "So I have to assume the same thing is happening with the people who work for me."

• No one else is such a lightning rod for criticism of the business, with all the anger, frustration, and occasionally outright humiliation that such a role entails. The CEO of one embattled health care company said he looked forward to weekends "because I knew I could open the front door in the morning without seeing the *Wall Street Journal* lying there and wouldn't have to explain to my wife and kids why the newspaper was saying all those terrible things about me."

• No one else is the final arbiter in so many vital business decisions and, consequently, so vulnerable to self-doubt. "CEOs are the most insecure people in the world, and anyone who says we aren't is lying," confided one corporate chief- a regular on lists of the nation's top performing CEOs, no less. "Every night, I go to bed asking myself, 'Why do people think I have all the answers?' And every morning I wake up thinking, 'Is today the day they figure out that I don't?'"

• No one else is the subject of so many statements beginning "No one else." Within the company, the CEO has no true peers, no colleagues in whom he can unreservedly confide. "The thing that was the greatest surprise to me in this job," a new CEO once told me, "was the intense and profound loneliness."

> You may know your stuff, but that won't do you any good if you ignore the basic rule of consulting to CEOs: Adviser, know thyself.

For those reasons and others, CEOs sorely need close, long-term relationships with trusted professional advisers. And if you are one of those advisers by profession - a group that includes lawyers, investment bankers, public relations professionals, governance experts, business strategists, and specialty consultants-it's likely that you're eager to fill that role. Operating so close to power can be intoxicating. But you will also face dilemmas that could derail you, your client, or, in extreme circumstances, your client's company.

There are no easy answers; in some cases, there aren't even *good* answers. However, recognizing the pitfalls of consulting to CEOs may help you sidestep them. And understanding a problem's nuances and implications may help you find a solution - if not the perfect fix, at least the best one under the circumstances.

What follow, then, are the six most common dilemmas facing CEO advisers and suggestions for resolving them.

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The perils in the first set are organizational and political. Overcoming them requires a sophisticated understanding of reporting relationships, management processes, and the CEO's role. Missteps in this area can weaken - even irreparably damage - the institution.

The Loyalty Dilemma

Is my ultimate responsibility to the CEO who pays for my services or to the institution that pays for his? When these interests collide, what is my professional obligation?

For CEO advisers, the growing ambiguity around loyalty marks a dramatic change from the past. During the 19805 and early 1990s, my obligations were clear. Those were the days of the imperial CEO: a power unto himself, accountable to no one (except under extreme circumstances). What's more, the CEO and the corporation were

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perceived as being practically synonymous. By helping the CEO who retained my services, I was by extension helping the organization. And if at some point I concluded that the CEO could not or would not take measures I deemed critical to his and the company's success, then the two of us would discuss the problem in private. My job-my only job-was to help him succeed.

Today, shorter CEO tenures, greater board oversight, and more-vocal shareholders have diminished the top leader's power and autonomy. As CEO and company interests diverge, things get complicated, particularly if the CEO consistently chooses to ignore my advice. Then I have to ask myself: If I am getting nowhere with this person, should I persevere in the possibly deluded hope that I can still do some good for the institution? Or am I actually hurting the institution by colluding in the myth that this CEO can somehow succeed?

I faced that situation in the late 1990s while consulting to the CEO of a major technology firm. In a frank conversation with my client, I explained my concern that the company's flashy results masked pervasive, potentially disastrous organizational rot. I cited unsound business strategies, questionable methods for booking sales, and deteriorating morale among the firm's key people. At my persistent urging, the CEO reluctantly appointed a top-level committee of very bright people to investigate my complaints. Several months later, they came back with findings even worse than I had expected.

As the committee presented its report, I saw the CEO's eyes glaze over. He didn't buy it, or he didn't want to buy it. Weeks passed, and he did nothing. Eventually, I had to accept that he would never act. This CEO was steering his company toward a crisis, and I was powerless to stop it. So I told him how I felt: that I was no longer having any impact and it was time to end our relationship. He readily agreed. All the problems uncovered by his task force persisted. Within a year, the company's results cratered, and the CEO was fired.

More vigilant board oversight-while generally desirable - further clouds the adviser's role. I cannot recall having a single substantive conversation with directors about the top leader's performance during my first 20 years consulting to CEOs. Today, such conversations are routine, and I regularly share in-depth feedback about my client with the board, frequently as part of the CEO's regular 36o-degree evaluation. To do so, I gather volumes of feedback on his performance from many sources, and in some cases that feedback is highly critical. Then the questions arise: What information am I obligated to share and with whom? Should I err on the side of disclosure or discretion? Should my audience be the entire board or just the lead director and the nominating and governance or compensation committees?

Complicating matters further, it is generally deemed inappropriate - if not downright unprofessional - to go over the head of the person who retained your services. But in the course of my discussions with executives and directors, I may unearth doubts about the CEO's competence or character. In that case, do I have a responsibility to share the information with the board, even if the directors haven't asked about it? Twenty years ago, the answer might well have been no. Today, it is probably yes. Still, it's a question that is much easier to answer in the abstract than in the face of a specific set of extenuating circumstances.

To defuse loyalty issues, I raise them with the CEO at the outset of the relationship rather than wait until I am

sitting across from him with a folder full of potentially explosive information. Enlightened CEOs generally welcome a frank discussion of conflicting interests, taking it as evidence that I understand the new rules of corporate governance.

The Communication Dilemma

How much and what kind of information should I convey between employees and the CEO?

It is one of the great ironies of the adviser role: CEOs listen to you because you are independent, but once employees see that you have the leader's ear, they try to exploit you, compromising the very quality that makes you valuable. Does becoming a backstairs channel for communication do more harm than good?

First, the good. CEOs need to hear the scuttlebutt, but their access to it decreases over time. People talk to them differently. "A CEO loses the ability to be informal," Stan O'Neal, the chairman and CEO of Merrill Lynch, told me. "If you pick up the phone to just gossip, this becomes an event. Any time you ask for information, people start to wonder why you're asking for it, and they anticipate you. Just by asking, you influence the situation. The longer you're in this role, the more isolated you can become. Therefore, it's important to try to find mechanisms to combat the natural course of isolation."

The adviser can be one of those mechanisms. It thus seems logical that the more you know what is on the minds of people in the organization, the more use you are to your client. But here's the harm: Often, what advisers hear is propaganda rather than intelligence. People try to use you to lobby the CEO, particularly when she is mulling promotions or a significant strategic move or a major restructuring that will shift assignments. Falling for such stratagems is a risk every consultant faces. I've learned, over the years, to resist overtures from people who hope to exploit my relationship with the CEO for their own advantage.

More than once, for example, someone two or three levels below the top slot has urged me to recommend that the CEO fire the person's boss. Such arguments often raise my suspicions - less about the executive being criticized than about the motivation and character of the critic. At other times, managers have lobbied me on behalf of their bosses. That happened in the 1980s, when I was consulting to David Kearns, then the CEO at Xerox. One day I received a call from the human resource director for a division run by one of three executives widely viewed as a potential CEO successor. She asked if we could meet for dinner to discuss an important matter. As the meal was served, she launched into an impassioned argument about why Xerox's future rested on her boss's promotion to CEO. It was awkward and inappropriate, and I had to abruptly end the conversation.

Others have found more creative ways to game me. Several years ago, when I was consulting to Roger Ackerman, then the CEO of Corning, an ambitious executive contracted with my company for some work. The project never got off the ground, but this executive kept sending us a check every month while continually postponing the meetings necessary to get started. I finally realized it was a sham; the executive hoped that Roger and I would view him as CEO material if he demonstrated his wisdom by using the same consultants as Roger.

Some managers try to fish for confidential insights. During one assignment, a top executive repeatedly asked me what the CEO had thought of a major presentation he'd made to the board. After refusing (as politely as possible) to answer, I finally said, "Why don't you just ask him yourself?" He, like many senior executives, was evidently worried that the CEO might perceive such a question as a sign of insecurity. I understood but insisted that the CEO's feedback come directly from the CEO, not through me.

Another risk - more of a temptation, really - the consultant faces is becoming a conduit for potentially inaccurate or misleading information he picks up on his own. As I circulate in organizations, I occasionally hear something about a product that's running behind schedule, say, or a leader who's out of touch with her people, and my first instinct is to swing by the CEO's office and pass along the tidbit. But if I did, I'd risk making a mistake I warn clients about: overreacting to isolated facts or events. And if I were to overreact, the CEO would be likely to overreact too. So when I hear something, I do nothing with it for 24 hours. And about 90% of the time, I end up keeping it to myself. At some later date, that bit of information may become part of a larger trend that will merit the CEO's attention. My job is helping my client see the entire puzzle, not rushing upstairs every time I discover a stray piece.

Becoming a prized source of information is an attractive way to demonstrate my worth. But I can never become a tool for weakening or circumventing a company's management processes or reporting relationships. So I refuse to act as a messenger, even if that means I hear fewer messages.

The Assessment Dilemma

Can I share my opinions about individual employees without inappropriately inserting myself into the assessment process and internal politics?

If the CEO values your judgment, sooner or later he will ask for your views on specific people. That is no trivial request. A CEO's most important decisions fall into two categories: big bets on people and big bets on strategy. The people decisions are arguably more important because they heavily influence the strategy decisions. They also

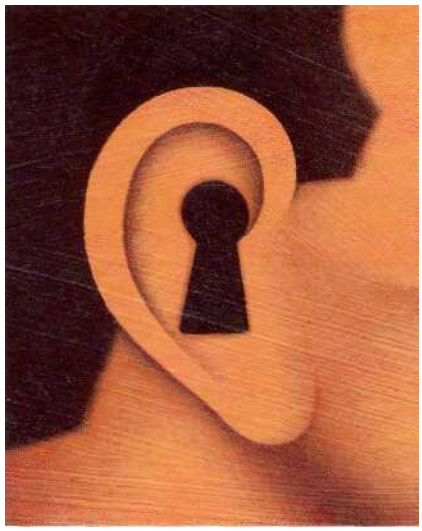
TALK SO THEY'LL LISTEN

Communication is at the heart of all counseling relationships. CEO advisers know that, yet many repeatedly fail to make their points.They ignore the requirements of individual clients and contexts.They talk but don't illuminate.

The following rules for effective communication target CEO counselors, but most apply to anyone trying to build a close advisory relationship.

Use discussions, not decks. I'll often see a consultant marching into the CEO's office with an 86-slide PowerPoint deck, expecting the executive to sit spellbound through a two-hour presentation of how smart the adviser is. But CEOs don't have the time or the disposition to be lectured to. They prefer lively exchanges about big ideas, and they want insights that don't condense neatly into bullet points.

Synthesize, don't dump. CEOs deal in forests that consultants create from many individual trees. You must be ready if your client asks about a particular detail, but, in general, your job is to present a whole that is the coherent sum of many, many parts. For example, a colleague and I recently gave Stan O'Neal at Merrill Lynch the detailed results of a complex organizational assessment we had conducted at his request After staying up much of the night reading it, he confessed to experiencing some "vertigo."The real value we provided was helping him work through the data to understand the implications and real-world applications to the business.



Understand how the CEO processes information. Whenever I take on a new CEO client, I study his cognitive processes and then tailor my communications to suit them. For example, I learned never to send documents to Xerox's David Kearns before a meeting, because he liked to talk through everything as he absorbed it. By contrast, his successor, Paul Allaire, much preferred to discuss an issue after he'd had a chance to read and thoroughly digest the materials. Different CEOs will also prefer different presentation formats. Ted Brophy, former CEO of GTE, disliked visual depictions and graphical models. A lawyer by training, he wanted to see everything outlined. Russ Lewis, former CEO of the New York Times Company, also started out as a lawyer and was an avid reader. Russ, however, liked ideas presented in graphical formats.

Use the CEO's vocabulary. Just as CEOs have preferred methods for processing information, they also have their own speaking styles. Some are formal-almost courtly-even in private meetings; others sound like longshoremen. Many use language that reflects their industries or professional backgrounds-in engineering, for example, or finance. Although you never want to mimic the CEO's speech patterns, it's a good idea to match your tone to his and to be familiar enough with his areas of expertise that you can understand his references. And at all costs, avoid consultantspeak. "People hate jargon," Henry Schacht, the former CEO of Lucent, told our consultants. "They think you use it to mystify what you do, to make it sound more important and technical than it really is. Just be clear and direct with us."

Talk to the CEO as you would to a colleague, not to your boss. CEO advisers are outside the normal hierarchical chain of command. You are not the CEO's peer, but neither are you an underling. So be direct, relaxed, and respectful, but not deferential. If you talk and act like a subordinate, you'll be treated that way. Always.

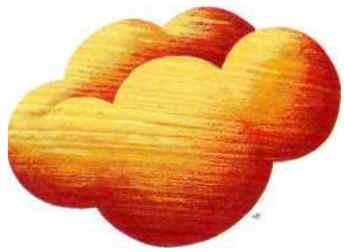
Fit communications to the CEO's calendar. I'm always stunned when I see a consultant send a CEO background material for a meeting to be held the next day. That demonstrates a fundamental ignorance of just how busy the CEO's life is. If I need a client to look at something before we meet, I start working with her assistant more than a week in advance to find a time when she'll actually be able to read it-usually on an airplane. I will then make sure she has the material in good time. The term "last minute" should not exist in your vocabulary.

Just listen. Everyone needs a confidant-particularly CEOs. Every word they say in public and private is parsed for meaning; every expression of doubt, frustration, or depression is construed as a sign of weakness. And while friends and family may offer sympathetic ears, sometimes these leaders need to unload on someone who also understands the business. Be that person. Be the audience with whom they can safely be themselves.

have an enormous impact on individual careers. Once someone has been written off by the top leader, it's time for that person to update the résumé.

CEOs understand the gravity of people issues, which are scrutinized by both insiders and outsiders. They also recognize how hard it is to get the full story, particularly about their top reports. After one CEO removed a very visible top executive, he was "overwhelmed by all the [negative] stuff that came out" about the individual who had left. "I realized that people were much more reticent to share information with me than they had been before I was CEO, particularly information about other people," the client said.

A CEO said: "Do not fall in love with us. The minute you fall in love with us, you lose your value."



Often, a CEO will say something like this to me: "You've been working with us for a while, and you've seen my people in action. Tell me what you think of Doug." Even if I have an opinion, my knowledge of Doug's performance will necessarily be fragmentary (a fact I am obligated to remind the CEO of). So my first response is to turn the question around and ask, "What do *you* think of Doug, and why are you asking me about his performance when you have a lot of data about him from other sources?"

It usually turns out that the CEO isn't fully confident in his own evaluation of Doug. So I help him determine what additional information would make him confident-and how to get it. But sooner or later, the CEO will circle back to the original question. "All that's fine," he will say. "But tell me what *you* think of Doug." At that moment, I have to strap on my skates and head for thin ice.

The situation is riskiest when I believe an executive is so incompetent or disruptive that he ought to be removed from his job. That's what happened at AT&T, where I was helping CEO Bob Allen instill a new set of corporate values. As our work proceeded, I pointed out to Bob that one particular executive, through both his words and actions, was subverting the effort by thumbing his nose at the new values. Yet this man kept getting promoted. If it were my call, I said, I'd fire the guy. But it wasn't my call; and for a variety of legitimate reasons, Bob decided that keeping the executive in place was important to the business. While that wasn't the outcome I'd hoped for, I felt I had fulfilled my responsibility by raising the issue.

In that case, I personally lost nothing. But in another, my advice backfired loudly. Several years ago, a CEO confided to me his concerns about a top executive who was widely viewed as his heir apparent. The client asked me to put my analysis and recommendations regarding this person into a report that he could share with the board. I gave the board a highly critical document, and one director instantly leaked it to the executive in question. What followed was a bloodbath. First, I was fired, along with all of the other consultants from my firm who were working with the company. Then the CEO was pushed out in a palace coup orchestrated by the maligned executive, who assumed the top spot himself. It was among the most frustrating experiences of my career.

Despite that debacle, I believe my evaluation of the executive's performance was accurate. In fact, I have no regrets about any of the recommendations I've made over the years. That is because, on people issues, I always follow three rules: Never rush to judgment. Do not take decisions lightly. And always remember that the consultant's job is to help the client make the right decision, not to make a decision for him.

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The second set of dilemmas concerns the adviser's personal relationships and emotional maturity. Because your ego is at stake, these can be more painful than political problems. Persistent introspection is critical. You may know your stuff, but that won't do you any good if you ignore the basic rule of consulting to CEOs: Adviser, know thyself.

The Overidentification Dilemma

How do I immerse myself in the CEO's view of the world without making it my own?

To help us stay focused on the CEO's perspective, my company routinely invites clients to our annual off-sites. A few years ago, our guest speaker was Russ Lewis, then the CEO of the New York Times Company. When we asked what advice he had for us, Russ didn't hesitate. "Do not fall in love with us," he said. "Our people are smart, they're funny, they're interesting to be around. But the minute you fall in love with us and start thinking we have all the answers, you lose your value. You're not there to be one of us."

That advice is especially pertinent for CEO advisers. To work effectively with a chief executive, you must empathize with her. You must understand her business, speak her language, and see the world through her eyes. Yet you must also provide her with disinterested advice and an independent perspective. How do you balance empathy and objectivity?

Most CEOs believe that either empathy or objectivity will lead to the same conclusion, because, after all, *they are right.* And they believe you will come to understand this once you know what they know. Considering the chief executive's privileged grasp of the big picture, that's a tough argument to counter. Years ago, when I was consulting to Rich McGinn, CEO of Lucent Technologies, he would deflect my criticisms this way: "Yeah, I see what you're saying. But you don't understand what's going on. Let me explain why I did this." Rich could be enormously persuasive.

If you don't push back, however, you're not doing your job. Blunt disagreement rarely works; tactful but probing questions are a better approach. Having followed the CEO's thought process and studied her argument, you are in an excellent position to spot lurking vulnerabilities and avoid asking questions you know she can parry. What information has she not considered? Are there alternate interpretations of the set of circumstances in question? If other people could see the particular problem through her eyes, what issues might still raise concerns? The trick, of course, is to ask these questions without shaking the CEO's confidence that you fully comprehend the complexity of the situation she faces and the nuances that shape her views.

Unfortunately, the adviser's situation, over time, nibbles away at independence and objectivity. The closer you get to the CEO, the more likely you are to share her isolation and, consequently, her views. Making matters more difficult, many CEOs are narcissists who live to be loved. Working a crowd, the CEO won't rest until everyone has fallen under her spell. Closeted with you, her adviser, she focuses her considerable powers of persuasion on *you.* And she won't just want you to agree with her; she will want you to believe in her. It's your job to withstand that extraordinary force, to maintain the necessary balance of engagement and detachment.

If you are part of a team working in the company, your colleagues can provide reality checks. But if you're flying solo, you must stay connected to the outside world and maintain your own independent sources of information. Don't restrict yourself to meeting with the CEO and her closest internal advisers. Instead, speak regularly with people of different minds, ranging from mild doubters to outright dissidents. And when you feel yourself succumbing too easily to an argument, ask yourself this: Are you reacting to what the CEO says or to how eloquently she says it?

A VALUABLE ALLY: THE CONSUMMATE INSIDER

My consulting work often benefits from collaboration with a trusted internal adviser, someone who has known the CEO for a long time and is intimately familiar with the company, its people, and the industry. Insiders grapple with many of the same dilemmas described in this article, but for them the job is harder. How do you speak truth to power when that power signs your one and only paycheck? How do you urge the CEO to make tough decisions that could hurt your friends and colleagues?

The best inside advisers manage to navigate those murky waters while delivering extraordinary value to the CEO. Having observed many of these people in action, I have identified some qualities that the best ones share:

Limited Career Expectations. The most effective internal advisers have already reached the capstones of their careers. Consequently, their advice is untainted by ambition.

Professional Excellence. Whatever the adviser's position-CFO, human resource director, general counsel-she has proved she can do her own job exceptionally well before advising the CEO on how to do his.

Personal Connection. Internal advisers must be very sensitive about when and how to offer advice. They know their CEOs as people, not just as leaders, and can operate in sync with them.

Courage and Candor. Effective inside advisers are not afraid to deliver bad news or unwelcome advice. Their unquestioned integrity and embodiment of company values make the CEO more receptive to their messages.

Good Judgment and Common Sense. Even when internal advisers lack deep knowledge of an issue, their instincts are usually sound. And influential people in the company know that.

Involvement in the Business. Valuable inside advisers do more than just advise. They stay engaged in the business and maintain connections with a variety of people throughout the company.

Appropriate Distance. Like outside advisers, good internal advisers don't become too close to the CEO, even though they may work beside him every day and travel in the same social circles.

Limited Tenure. CEO-adviser relationships require time to develop, and they need personal chemistry. It is exceptionally rare, though not unheard-of, for an internal adviser to sustain that role from one CEO to the next.

The Ego Dilemma

How do I prevent my privileged position from going to my head?

The fact that you are advising chief executives implies substantial professional success. Rookies don't get to play at this level. So your ambition and ego larders are probably well stocked. But as a trusted CEO adviser, you must make sure that nearly all of your work remains invisible. You actually destroy value if you are perceived as the man behind the curtain giving voice to Oz, the Great and Powerful.

Eschewing recognition of your status and credit for your contributions requires considerable restraint. On occasion, while a CEO delivered a speech to thunderous applause, I have sat in the back of the room, remembering how bad the original version was and thinking, "Those are my words. Those are my ideas." But if others in the company suspect your influence, you could lose everything. At best, people will regard you as part of the power structure, someone to be resented or feared. At worst, they'll paint a target on your back.

That happened years ago at AT&T, where a consultant (not me this time) was working closely with then-CEO Jim Olson. The consultant flaunted his clout, implying that he personally was responsible for some of the CEO's important decisions. Randy Tobias, who was then vice chairman of AT&T (and afterward CEO of Eli Lilly), later told me he decided it was dangerous for an outsider to wield so much power. He had the consultant removed.

I've observed the ego trap from the other side of the desk, as well. As an executive of the large company that owns our firm, I have had to endure the self-important puffery of consultants working with the CEO on various projects. The worst of them invoke his name repeatedly and always make it sound as though they've just come from a meeting in his office. I itch to shoot back, "I know my own CEO. I don't need you to tell me what he thinks." Their behavior is a constant reminder of what not to do when I'm the consultant.

The simplest treatment for an inflated ego is to self-administer regular doses of humility. Remember that your access to the CEO is a function of your job. It is not a sign of power.

If you're still longing for recognition, find it in another context. Talk about your successes with members of your family (assuming they'll listen). Share your experiences with colleagues-but in moderation, or they won't like you any better than your clients' employees do. Perhaps the best idea is to pursue other activities, such as writing or public speaking, that earn you wider recognition. My solution was to run my own company. I find it easier to advise from the back when I also get a chance to lead from the front.

You destroy value if you are perceived as the man behind the curtain.

The Friendship Dilemma

If the CEO and I like each other personally, can we-should we-become friends?

The final dilemma is the most difficult, because it is the most deeply felt. A successful, long-term advisory relationship with a CEO requires a strong personal connection based on reciprocal trust and respect. In some cases, that connection becomes a friendship.

Of course, it is easier to work with a friend than with someone you actively dislike. On occasions when I felt antipathy toward clients, the work quickly turned to drudgery, and I had trouble summoning the energy to sustain me through meetings. But that has happened rarely. Most of the CEOs I work with are smart, interesting, engaging people whom I like, trust, and respect. I enjoy being around them. And I want them to feel the same way about me.

But wanting it too much can hurt you. I recall one former colleague who, while consulting to a celebrity CEO, misconstrued offhand comments and insignificant incidents to mean that he and his client were becoming best friends. He boasted about their relationship, to the point where he sounded positively delusional. He lost his objectivity, his judgment, and, ultimately, his value to the CEO, who wanted a counselor, not a buddy.

Still, the best long-term partnerships transcend the purely professional. Over time, you and the CEO must map out what I call a "zone of connection" that balances strong personal bonds with strong personal boundaries. I shared such a nuanced relationship with Jamie Houghton, the former CEO of Corning. Jamie and I discovered a mutual interest in sailing when, at one of our early meetings, he showed me pictures of a sailboat he had just purchased. After that, we started every meeting by trading a few pleasantries about our boats or recent sailing trips. We

also talked about someday going sailing together. But Jamie and I never went sailing together, and I think both of us knew we never would. Nonetheless, the boat chat allowed us to be people together, without necessarily being close friends.

On another occasion, however, I allowed my zone of connection with a client to expand inappropriately. While working with the CEO of a major company, I began consulting to his president and heir apparent, who was approximately my age and with whom I shared several interests. We became close, socializing and sailing together. But our friendship blinded me to huge holes in his CEO qualifications. So disarmed was I that I foolishly discounted the concerns of people I normally trusted-concerns that were borne out by his brief and disastrous tenure as CEO.

The best consultant-CEO relationships are characterized by candor and the participants' clear-eyed recognition of each other's frailties, tempered by genuine affection and easy rapport. I achieved that perfect balance with Xerox's David Kearns. Over the years, we became quite close but never lost sight of what brought us together. I could always be honest with him - sometimes painfully so. In December 1984, for example, I helped David prepare for his annual self-assessment session with the board. Running down a list of accomplishments, David awarded himself an A for a major restructuring. I pointed out that the restructuring had been on his to-do list for three years, and I gave him a D. The grade irked him, but he accepted it. Twenty years later, he still refers fondly to that incident as the first time someone made him face up to his shortcomings as a CEO.

There's another exchange with David I will always remember. I had started one of our meetings with a polite "It's good to see you." "It's good to see you, too," he responded, "and that's not just a pleasantry. When I look at my calendar and see I've got a meeting with you, I look forward to it. I also find it useful-but that isn't enough. If I didn't enjoy it, I wouldn't keep doing it."

CEO advisers must enjoy these relationships as well, because in the end, the relationship is the job. For those who manage to avoid the traps, it is a job that offers an incomparable perch from which to watch the grand battle and a chance to teach and learn from some truly inspiring leaders.

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