



Growing Influence Without Authority

Speakers: Allan Cohen, Distinguished Professor & Author
Dan Levin, Box Board Member & COO Emeritus

Interviewed by: Austin Dannhaus, Free Range CEO

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Transcript:

Lynn Santopietro: Welcome to THRIVE. This is a series we started last year, of conversations. This is our first of the series in 2018. I'm thrilled to kick it off with two really great speakers. Tonight we have our very own Professor Allan Cohen, who is author, consultant, distinguished professor of global leadership. Over Allan's long, distinguished career, he's written many books, many which are widely used by managers. One of them is this book, it's called Influence Without Authority, that was first published in 1991, yes?

Allan Cohen: I think. Something like that.

Lynn Santopietro: Something like that. Almost 30 years ago, and now it's just released in its third edition, and it's still widely read and very relevant actually, but maybe even more so today, wouldn't you argue Allan? When we invited Allan to speak, we asked him to invite a guest, and thankfully he chose Dan, who's a contributor in his book, he wrote the foreword. This is Dan's second time at Babson. He was here for Babson Connect, so we're excited to have him again. Dan was with Box for seven years as COO, grew the company exponentially. He has lots to add to this conversation about influence without authority. Thank you both for being here.

Tonight's conversation is facilitated by Austin Dannhaus, who's the CEO of Free Range. Free Range is our partner on this series. Thank you all for being here.

Please, this is intended to be an open conversation, so at the end there'll be lost of time for Q&A, so please process your questions and feel free to ask. Thanks.

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Austin Dannhaus: I will just turn to you first, and I'd love to understand, when you wrote the first edition of the book, what made you write about influence without authority, and what was sort of the context within which you were writing?

Allan Cohen: Very straightforward. David Bradford, with whom I wrote the book, and I were doing leadership workshops, and we had written a leadership book with, what at the time was a fairly radical notion about leadership, that heroic leadership didn't make sense. The idea that the leader had all the answers, should decide everything, didn't work. That was in the 80's, and people still believed it.

We were teaching it in workshops, to executives from all kinds of companies. The people in the workshops would say, "This is kind of interesting, but my boss will never buy this if I go back and try it out. My boss resists it. My colleagues think it's kind of dumb. How do I get anybody to let me do it?" After we heard that several hundred times, we said, "Maybe we better think about how to help people get their bosses and their colleagues to give them space." That literally led us to think about writing about influence.

I will tell you what I have said a million times since. When the book first came out around 1990, somewhere around there, people said, "What's this stuff about influence? What is it? What does it mean Influence Without Authority? What's important?" Now I never tell anyone the title who doesn't say, "That's my life." It's a very dramatic change in 25 or 30 years.

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Austin Dannhaus: Dan I'd be curious, one of the things that I think has been true for a lot of folks is, as you sort of start your career out, you're trying to play one game. Then shortly thereafter you realize there's like a game happening within the game. I would love to hear just from you, like when did you, in your long and distinguished

career, start to figure out that this notion of informal influence was going to be really important to your success?

Dan Levin: A couple weeks ago. Yeah, I've got all the answers, by the way, so this whole like ...

Allan Cohen: That is as it should be.

Dan Levin: Yeah, it really does. Just super briefly. Allan's an academic and extremely accomplished, and I'm absolutely nobody, except I've been around the [Silicon] Valley for about 30 years, and I've been doing this stuff for real in companies. I've started several companies, so companies of zero or one person, and I've had teams of up to about 2,000 on a couple of occasions, and pretty much everywhere in between. This is my life. How do you get things done? How do you get shit done? As we like to say in the Valley.

When I joined Box, it was 50-person company run by a 24-year-old CEO. One of the very first things he said to me was, "Dan, how do I get people to do what I tell them to do? I'm the boss. I'm the CEO. I have all the authority in the world, and they won't do what I tell them to do." Because it turns out that having titular authority is pretty much irrelevant, especially here in Silicon Valley, where in common parlance labor has all the leverage. Management doesn't have any leverage. People won't do what you tell them to do because they work for you. They will only do what you tell them to do because they think you're right.

You've got this complicated process of, how do I earn people's respect? How do I establish context for them so that they are comfortable with the way decisions are getting made? How do I influence their behavior in ways that do not involve baseball bats, but rather involve a very complicated emotional and interpersonal dance that results in 2,000 people working together to accomplish some amazing thing?

I was not the most thoughtful about interpersonal stuff early in my career. I'm a very typical engineer, a very black and white, thought content was the only thing that mattered. Interpersonal process was sort of irrelevant. In my 30s I had a real epiphany and I came to understand that I was rather naive.

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Austin Dannhaus: One of the things we talked a little bit about just before this talk, was about the idea of reciprocity, which is core to the theories that you talk about a little bit in the book. I'd love to hear more about how you guys think about the role of reciprocity and influence, and just any sort of experience with that in the workplace.

Allan Cohen: That is the basis for influence. That's what I came to see. I learned it way before I learned it as an academic. I think this audience might like to hear the story of when it was driven home to me. I grew up in a family business. It was a retail business, so all hands on deck at Christmas, because that's when you do a large portion of your work.

I had a roommate from Brazil in college, he came home with us at Christmas because he had nowhere to go. We put him to work, like everybody in the family. We were on our way to work a couple days before Christmas, actually on our way home. My uncle, who was my father's partner, his brother, said, "Tomorrow morning, why don't you come to my house and I'll make my special pancakes before we go downtown to work." Everybody said, "Oh, great idea."

Now, my father and his brother had all the complexities in their relationship that brothers have. On the way there the next morning my father said, "Look, just for a joke, when we've had the pancakes, don't say anything. Don't say they were good. Don't say they were bad. Just keep quiet." We all said, "Oh that's a pretty good joke. That will get Uncle Harry." It happened.

My uncle made his pancakes, they were spectacularly good. We were of course a little late. We rushed, got in the station wagon. Before the car started my uncle said, "I think the frying pan wasn't right." Dead silence. The car started. "The butter must have been bad." Not a peep. Car started down the driveway. "Dammit, I should have bought fresh milk. I knew something was wrong. I was going to get milk." I was the weak one, I had a little kindness in me, and I said, "Uncle Harry, they were delicious. It's just a joke. We loved the pancakes." It was a 45-minute ride to work. The whole way my uncle in the front seat kept saying, "I

think it was the frying pan." Even when told that it was a joke, he couldn't stand not having gotten any positive response about the pancakes.

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I certainly didn't know the concept of reciprocity. I didn't know there was a name for it, I just saw that something really got him, because he didn't get back what he expected. Now, did he say to himself, "I will invite them for pancakes and they will appreciate me." Probably not, but take it away and he was completely discombobulated. It was only years later that I read that anthropologists had a name for this, it was the law of reciprocity. That exchange was the basis of how people got cooperation.

When we thought about it, and we spent a lot of time thinking about it, we realized that the way you get influence is by giving people something they care about in return for what you care about. Now, in everyday life it's automatic. You don't go around thinking, "I will think up something to give you in order ..." No. You have relationships, your friends, it goes back and forth.

I'm going to add one more story because I think it's worthwhile, since you're at Babson. This is an absolutely true story. When I was working on the first edition of the book, my then secretary was working on the manuscript. I now do it all by using Dragon, so I dictate and it happens automatically. But then, she would type stuff.

Dan Levin: Because you can't type.

Allan Cohen: I type very badly, yes.

She said to me one day, "You know what? There's something in here, this is not fair. This is not fair. You drink tea, and Professor Kassarian" — still at Babson, had been my friend for 30 years — "You and Professor Kassarian drink tea, and he never buys the milk."

I said, "That's right."

She said, "What's worse, if you forget, he complains."

I said, "That's right."

She said, "That's not right. It's really not fair."

I said, "There's nothing wrong with it. Because we've been friends for a long time, I know how he lives. There's nowhere and no time when he passes any place where he could stop for milk. For me it's easy, because of where I live and how I come to work. Forget about it." She couldn't stand it.

By wonderful magic of coincidence, the next week I had a big birthday, and he brought me a present. Now he's not a sports fan. He knows I am. In fact, some of you already know I'm a Boston sports nut. He brought me an oversized Celtics t-shirt, and where did he find it? Where's the most expensive place you could buy any sports object in Boston? Got a lot of Boston people here.

Audience: The pro shop itself.

Allan Cohen: Close. Even more expensive than that. At the airport, right? Where did he get it? He drove to the airport before the big dig. Where's the hardest place to get to in Boston before the big dig? The drive to the airport. He drove to the airport. He bought this t-shirt, put it in a package, and gave it to me as a present.

That was his symbolic payback for I don't know how many years of me bringing milk for us to drink tea. I laughed so hard. That was reciprocity at work.

From that, I derived a lot of stuff around, when you're close you don't keep score. You get a long line of credit, and a whole bunch of things. I mean, I could go on and on. That's part of the model. That's what works in influence. You give, and in return you get. When you're close, you never count.

Unless, like Uncle Harry, suddenly what you expected doesn't happen. Most of you aren't old enough, but some of you are, to know what it's like to have a friend who you've invited to dinner a bunch of times and one day you suddenly say, "Wait a minute. I never get invited back." Then you notice what exchange and reciprocity are about.

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What Bradford and I did was build a model out of that. We only did one thing different from what was already out in the social sciences, not in business literature. We turned it sideways and said, if this is how it works, could you use this proactively? If in fact it turns out that giving is how you get, what if you actively thought about it? When you're trying to get somebody to do something, what if you said, and I'll use the language we ended up with, "What currencies do they like to trade in?" Currency is just a metaphor for, what do people care about? Since you're making exchanges, the metaphor of currency came to hand.

What if you thought about their currencies? It turns out people trade in more than one currency. Some people like to get for their currency recognition. Some people like to get hard cash. Some people like to get cooperation. Some people like to get praise. Some people like to get new knowledge. Some people like to get challenging tasks. The list could be infinite. We built the model right off that. We turned sideways what was the natural state of affairs. That's a little bit of a long answer, but the model is just built on an elaboration of that.

Then we had a wonderful time taking the metaphor and saying, what are the things you could figure out from that metaphor? Then we looked for all the examples we could find, and we have a million examples from around the world, of how it works at work.

[00:15:13]

Austin Dannhaus: Yeah. Dan, what are some of those examples?

Dan Levin: Well I'll circle back to that. I want to ladder up from this briefly. How many of you are undergrads? How many of you are MBA students? All right, so the undergrads may gloss over a little on this. You get the previous point though, you do this all the time instinctively. I'll bring the cups, you bring the ping pong balls. I'll buy pizza this time, you buy pizza next time. I'll take notes in biology, you take notes in chemistry. It's a constant exchange.

Then in the workplace we assume that it just vanishes. Your boss will tell you what to do. You think there's some kind of magic happening in the workplace.

There isn't, it's just like any other interpersonal context, but we don't think about it that way.

Sort of the ladder up is this. You would never build a spreadsheet without using the best tool you could find, probably Excel. You would never write code without using the best programming interface that you could find, the best idea that you could find. You would never build a house without the best circular saw.

We routinely, despite the fact that we walk around with these damned things attached to us all day long, don't think about using tools in the interpersonal context. We don't think about tool using around culture. We don't think about tool using around motivation. We don't think about tool using around influence.

It's insane, because there's no reason that you shouldn't be purposeful and intentional about interpersonal stuff. There's no reason you shouldn't be tool using about interpersonal stuff, the same way you are around the concrete world. This book is a fabulous set of tools around influence, but it's just one example of applying sort of fundamental social science concepts to motivating and creating the community and the culture and the context with the other humans around you that you want.

Austin Dannhaus: Yeah.

Allan Cohen: Where were you when I was writing Dan?

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Austin Dannhaus: What does that look like in complex systems? We've talked a little bit about, on a one to one level it's pretty easy to intuit, but from a management perspective, as you're thinking about equipping your team to think in this way, and as you're thinking about sort of moving the chess pieces in a way to sort of optimize for influence. How have you thought about that in previous roles?

Dan Levin: I think the really interesting problem is for people who are sort of in the belly of the organization. The really new people, the 23-year-old who's still trying to figure out like what a meeting is, and how do I do this job? This is probably not top of

mind for them. Honestly, people like me can be a little less thoughtful about this stuff, because although I don't tend to wield a lot of sort of explicit authority when I do my job, I carry a lot of implicit authority. If 2,000 people work for you, then the probability that your phone calls are going to get answered, your emails are going to get returned, people are going to say, "Of course." When you say, "Would it be possible if ..." Is just massively higher.

In the middle of the organization, those people who are maybe 5 to 15 years into their career, they tend to have a lot of situations where they need something to happen, but they don't have any explicit authority to get that thing to happen. It might be a product manager who wants engineers to prioritize something. It might be a sales engineer who wants some expert in a given area to write a demo for them. It might be any number of these kinds of situations where the two people are sort of parallel from an organizational authority point of view, and one of them needs something for the other.

That's where what you see is massive differentiation between the people who are good at this stuff and the people who aren't.

[00:18:46]

Austin Dannhaus: Yeah. This book is in its third edition coming out, right?

Allan Cohen: Yeah.

Austin Dannhaus: Obviously it has continued to resonate. One of my questions is, what do you notice about what's shifted? I think we spoke a little bit about even just the shifting nature of where work is located and how we have to manage across multiple locations, different loci of power, different teaming structures. How do you think about the ongoing necessity for thinking about influence and authority in the ways that you've outlined, in the context of an even more complicated sort of business operational system that there is?

Allan Cohen: Well, increasing numbers of organizations work on essentially a project basis. That's the short answer. That less and less is fixed. You don't have very many huge, steep bureaucracies where you can predict over the next five or ten years

what everybody's job is going to be. Where you have careful job descriptions that a person can read, master what's in the job, know that they're going to be doing the same thing for a very long period of time. That there's a hierarchy they can climb by mastering a few more skills and a few more skills, and go up the ladder. Because by the time you get to the next level, a lot of the tasks have changed.

The very nature of work, because of changing technology, because of changing competition, because of internationalization, because of changing government regulations, and a whole bunch of other things. The very nature of work is requiring increasing amounts of cross lateral, across organizational kinds of work. That's the real answer.

It's the nature of the universe. It's exaggerated out here. The famous pivot I tell the undergraduates that we're doing consulting projects and they last 10 to 14 weeks, and it's almost guaranteed that whatever we decide, this is the second week of the program, whatever you decide with your client, there will be at least one and maybe five pivots in the project. It's just the nature of the beast.

That's the core issue. Almost everybody, from the lowest level up, has to do the skills. Now, there were plenty of people who had to do it before.

I can remember being in a consulting firm back in the 80's, and we celebrated the young woman, who was I think all of 22, who had to go and deal with the people who were developing film for slides. That's how slides were done back in those days, who insisted they had never gotten the slides that were sent over to them. They brushed her off and said, "Nope. Never happened." She took the initiative. She went to their place, faced them down, tracked the things down. It was miraculous, it just never happened. She knew how to do it. She came from a big family. She was the youngest kid in the family. She'd had to do it to survive. She had the skills. That was a big rare event.

Now, nobody could survive if you didn't have those skills spread throughout the organization. I think that's the answer to the question.

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Austin Dannhaus: Yeah. How has this played out for you in just thinking about shifting organizational dynamics?

Dan Levin: It's interesting, because of course here in Silicon Valley we live in this weird bubble of abnormality. We live in a knowledge industry hub, where traditional hierarchy has never been all that strong. Although my father worked here in the Valley, he's obviously even older than I am, believe that or not. I remember vividly him describing to me the difference between his job, as what he called an engineer, and the job of a technician. The job of an engineer was to design. The job of a technician was to build. He didn't build anything. If he wanted something built, he had a technician in the shop to build it for him.

Those days are gone. We're in the era of sort of mass customization and mass personalization. We're not in the era of the assembly line anymore. We're in an era where information is easily accessible. One of the great drivers for hierarchy used to be that information flow was very hard. Information had to be moved around on paper, and making copies of those pieces of paper was difficult. You had to use, any of you even know? If you're over 40, don't cheat, do any of you under 40 know how you used to make a copy of a piece of paper, before xerography?

Audience: It smelled so good.

Dan Levin: No, no, you're talking about ditto machines. I'm talking about carbon paper. Like you would type, and you'd put multiple pieces of paper on the typewriter, and in between you would put this sort of ink imbued paper that would transfer the characters, but you could only do like four pages at a time. Disseminating information was this huge PITA.

Now disseminating information is trivial. You can use email, Facebook, Slack. It's very easy to move information laterally through an organization, even if that organization is global. That is driving massive changes in the interpersonal dynamics and the cultures of these organizations. Because when information flows hierarchically, power flows hierarchically. When information can move laterally, power moves laterally as well. You just have this very different dynamic,

where peers are engaging with each other, even on a global basis, in a way that they never did 30 or 40 years ago.

At Ford Motor Company, at American Airlines in the 70's, there was no such thing as two peers in the belly of the organization engaging with each other to do work. They were being told what to do in a hierarchical top down kind of a way. At Facebook today, I mean I suppose every once in a while Zuck tells somebody what to do, but for the most part the innovation is happening through peer to peer interaction, among people in the organization who have no power dynamic relationship. To get each other to do things in pursuit of those shared visions requires this kind of influencing behavior that in the past was just not all that important.

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Allan Cohen: Let me just flip roles for a second. You said that I'm the academic and you're going to give the concrete example. Here's my favorite story from Box. I did a case with Box. Aaron Levie, who was one of the great high energy, visionary geniuses, top guy in the firm, still just barely 30 now, right?

Dan Levin: He's 32 now I think.

Allan Cohen: 32. Incredible, hard to move, hard to change his mind, visionary. Here's what one of his three co-founders, close buddies since junior high school, said about him:

"When he gets an idea, trying to change his mind is like attacking a rhinoceros with little pygmies picking at him, and it's really hard to slow him down. Occasionally we can, but it's hard to get him to change his mind."

Now the reason I love this story is because 20 years ago it's unimaginable that anybody below the top person would even be trying to slow him down. Let alone ganging up and having at him, and occasionally winning. It's just, it's unimaginable for the old days. That's just supporting your thing about how hierarchy changes. The reason they could do it is because Aaron isn't an engineer. He's not a technology person. He's thinking about, we can't let any device be unable to use Box's product. They're thinking, "Oh my god, we'll have a

million errors and we'll have to change them and it'll slow us down." There's no right answer, so they just go at it.

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Austin Dannhaus: One of the things I want to ask about, coming from education, both through K-12, higher ed and corporate L&D. One of the things I'm really curious about is, oftentimes the things that are clear indicators of success for a person in the workplace tend to be these things that are of the interpersonal nature. Knowledge is cheap, you can learn and teach yourself anything. The learning how to do, learning how to influence, learning how to get stuff done is at a premium.

How, as a professor in an academic context, do you think about teaching people how to have this? Similarly, in the corporate world, what does it look like to have someone who, super smart, knows everything, can be an Excel monkey all day, but at the end of the day lacks some of the things that make them effective at getting it done? It's a really difficult thing to figure out how to teach these types of skills.

Allan Cohen: I'll give you the short answer. I think about nothing else, because all the traditional methods of teaching are useless. They don't happen this way. They don't happen, I mean you know about the flipped classroom and all that stuff, I've been working on that for about 50 years. I started teaching in a field, that had a subgroup of which I was a member, that said standard telling isn't the way you learn the things that matter. We've been trying, we have case method with one variation, but cases are a problem because they don't talk back, and all the characters look alike, about a 16th of an inch high in black and white.

I've been working at methods forever, at trying to create experiences in the classroom. I did a textbook that lasted seven editions, that's not too bad, where we tried to make the classroom an organization, and made things happen. Made cases have things be discussed in ways that were like the issues in the case, and put students in dilemmas where there was no way they could get out of them, except to struggle with the same issues. I'm still trying to figure it out, and I

get it right about as often as managers get it right. You're constantly dealing with putting people in dilemmas that they have to figure out. Over time, if you put them in enough and you help them learn from their experiences, they might get it. That's how you try to do it. It isn't by telling them.

I mean I write books, but I know damn well that it isn't the book that teaches it. The book only gives frameworks.

[00:29:57]

Dan Levin: Telling doesn't work because of a very fundamental and important thing, which I hope you've all already been exposed to, and forgive me for repeating it if you have. There's this really important concept called the four stages of learning.

We all start off unconsciously incompetent. When you're a baby, you don't know that tying your shoes is an interesting thing to do. Eventually you become consciously incompetent. You know that tying your shoes is an interesting thing to do, but you still can't do it. How many of you have tried to learn to snow ski, or to what's that thing called? Snowboard. Yeah. If you're snowboarding in particular, you spend a lot of time being consciously incompetent on your butt.

Then eventually, and for most of us the best example of this is when we learn to drive, you become consciously competent. I distinctly remember asking my father, how many millimeters should I push the gas pedal down to go 25 miles an hour? Like that's conscious competence in its purest form. You're thinking about everything. You can sort of do it, but you have to think about it really hard. Then eventually you become unconsciously competent. When I drive today, I'm not thinking about pushing the gas pedal. I'm thinking about the flow of traffic, and where I want to go, and what I'm going to cook for dinner.

Okay, here's the problem with smart people. Teaching them shit is easy. I can teach any smart person who wants to learn almost anything. The problem is we all think we know everything, especially people like us in this room. We are massively unconsciously incompetent about all kinds of things. We have hubris out the wazoo. We've managed to get into these amazing educational institutions. We get patted on the back by our parents all day long. God forbid

they should say anything bad to us, suggest for a moment that we're not perfect in any way. Then we wake up and we're 25 and we think we walk on water, and we don't.

Getting people out of unconscious incompetence, getting them to understand that these things are worthy of their attention is the hard part. Once a smart person wants to learn something, you can hardly stop them. You would be shocked at the number of people whose careers have been capped, and I mean capped, shut down, at some relatively low level in an organization, because they just can't come to grips with the fact that this interpersonal stuff matters.

[00:32:24]

Austin Dannhaus: Yeah. Early in the conversation, Professor Cohen, you talked a little bit about just this idea of currencies, and you mentioned a few of the currencies that you've seen be really important, and that are particularly barter-able. Can you say a little bit more about just this idea of currencies and the way you've seen organizations, individuals use it really well? Then I'd also just be curious, in the modern workplace, what do we see as being some of those most valuable types of currencies? In your experience, do they tend to shift greatly between silos within an organization, or between personality types, or are there some commonalities?

Dan Levin: You think for a second, because I have the perfect anecdote here.

Allan Cohen: Go, yeah.

Dan Levin: If you're a people manager, that is to say people work for you, motivating excellence is sort of your foundational objective. That turns out to be amazingly hard for a broad variety of reasons. One of them is everybody's motivated by something different. As a manager, one of the great challenges you face is to try to figure out what the hell this person cares about, so that when they do something good you can give them that thing, so you get the positive feedback going.

Just a brief example of this is, I once had a guy who worked for me who was amazingly hot shit, and who loved watches. He collected watches. Not expensive

watches. Not Swiss mechanical watches, interesting watches, cool watches. Watches of weird colors and shapes. I was walking down the street in Paris, and I saw this French watch, and I just knew he would love it. It wasn't expensive, it was probably 70 bucks or something, but I knew he would be ape shit for it. I bought it. I put it in my suitcase. I brought it home, and then I waited, for months. I'm like, please, please do something good.

Finally, he did, and I whipped out this watch and I gave it to him, because immediate gratification is the key to success with stuff like this, and he has never forgotten. This was 20 years ago. One watch. But the fact that I was paying enough attention to know that that's what would float his boat, and that I went out of my way on a personal vacation to buy him this thing. And then he knew when I had gone to France, he could see it was wrapped in French stuff with a French price tag on it. He could put two and two together and realize it had been months, that I had had this on my mind. Those things really change behavior in a big way.

Austin Dannhaus: Yeah, it's interesting, my wife works in HR, and we were talking about something similar. I think it's interesting that a lot of managers, and maybe it's in part because of what we're taught in previous experiences, over index on the value of things, like even cash bonuses. I think that similar stories about someone who's been working a lot of overtime, and their parents were coming to visit, and a manager had a limo pick them up and send them up to Napa for a weekend. The long term benefit of that over something sort of simple and as commonplace as a cash bonus, goes a really, really long way. Despite its inflexibility.

Dan Levin: I'll give you one more quick one, and then I'll shut up.

Allan Cohen: It's good.

Dan Levin: Somebody's going on an anniversary, or they're going to get married or something like that, upgrade their hotel room. Pay for a nice bottle of wine to be delivered to their table at dinner. These little things. You have to know what they care about, but these little things that demonstrate a personal connection are hugely impactful.

[00:35:49]

Allan Cohen:

I'm going to go completely the opposite way. Bradford and I said one day, "Well let's just write down all the things we've ever seen in organizations that people use that are the common currencies." We got to, I don't know, 120 and said, "Nobody can remember all this stuff." We said, "All right, let's see if we can induce categories, because that's a way to help people." We actually came up with five categories, what I'll just tell you. These aren't perfect. These aren't scientific, but I just find them handy.

Ok, so the five categories:

Vision, or things that are really transformative. That is a category of currencies that some people really kill for. I'm making a huge difference. My favorite example came from research that Rosabeth Kanter did for a book called *The Change Masters*, where she studied people in the middle of organizations who had made big change.

It turned out 12%, one out of eight, of the people who successfully pulled off a big change in their organization said, "I knew when I started that not only wouldn't I be rewarded, I'd be punished if I were successful." And they were. So why'd you do it? "Because I knew it was the right thing for the organization."

That's somebody who's working for the bigger vision of what really matters. That's one whole category of currencies. If you can find people like that, all you have to do to reward them is talk good. Talk about the difference they can make in the world with what they're doing. That's one.

Another category is very obvious, and that's task related currencies. You get the job done, you'll get resources, maybe you get a bonus. Those are obvious, but a lot of people care about that.

A third category are what I call organization related currencies. They aren't about positional related currencies. They aren't about necessarily getting something immediately, but they put you in the position to do better. Like recognition. A good example of that is, somebody's worked together with you in a task force, you let them make the presentation to the higher ups, so they become visible.

I loved an example from Babson, which I can quickly tell you, a woman named Mary Rose was working at Babson. We tried to do re-engineering once, terribly. We had task forces, they refused to cooperate. No matter what we said about how this wouldn't cost anyone their job, they didn't believe it. They didn't like the idea we would do anything by automation. This is a university, you've got to do everything personally. We had reports from the task forces, each time they said, "Well we don't think we should do anything."

The task force Mary Rose was on made a really fabulous report to the president and me, when I was in my administrative role one time. She was working for a very charismatic admissions guy. She was the back room admissions person. Nobody even knew who she was. Literally she got done with her report and the president and I looked at each other and said, "Who was that?" Literally. She ended up as the Chief Information Officer of Babson, because we knew who she was, gave her some more responsibility. She could do that, she worked her way up, then she became the Chief Administrative Officer. She still works at Babson. That's a category that's organization position. Recognition, visibility, and so on.

Then there's a set of currencies that are more personal, and you could have a million in that category. My Uncle Harry is in that one, I told you the story about the pancakes. Gratitude is one in there. He was working for gratitude.

Some categories, and I just use those to remind myself to look for the ones I'm not thinking of, because most of us only notice currencies that matter to us, which is the downfall. We only think about what I would.

By the way, here's one thing you can take away for sure. Forget the golden rule. Everybody here has been taught the golden rule, whatever your religion. It's wrong. Why is it wrong? You don't want to do unto others as you want to be done unto. You go by the platinum rule, do unto others as they want to be done unto. It's just a slight switch. George Bernard Shaw, by the way, noticed that. He said, "Don't do unto others as you want to be done unto, their tastes might be different." That's a great line from George Bernard Shaw.

[00:41:13]

Austin Dannhaus: I want to just give you guys a quick heads up. We've got a couple of questions. Go for it.

Audience: Out of curiosity, you guys said that all of a sudden it's people working different currencies, so that's true definitely. I could see that, at least I'm creating that in some cases some people might feel like they're being compensated less than others since it's in different forms. If you get someone to launch a job race for someone else, or get them up to a high position, might be considered a different level. How do you balance the idea of conflict there?

Dan Levin: If you really understand what they care about, and you balance the magnitude of the thing on their dimension, then they'll feel fine about it. If you think that somebody cares about cheeseburgers and somebody else cares about Krugerrand, you've got to be very careful how many cheeseburgers do I have to give them if I give this person a Krugerrand?

Generally speaking my experience is this is actually way easier than money, because money you have to assume everybody compares. This stuff, first of all they don't tend to compare as much, and second of all, it really is what's important to them that matters. They generally don't externally, there isn't the same kind of competitiveness that there is when you're talking about economic compensation.

[00:42:28]

Allan Cohen: I could tell you, the first time that happened to me. Slightly different context. Using judgment in relation to MBAs, treating one differently from another, and I got some backlash. This is way, way back.

I said, "Right, so you'd like me to use a bureaucratic rule that's the same for everybody, and use no judgment, that's how you'd like me to run the place." There was a very long silence, and the person backed away. I said, "Makes my life much easier. I have a rule that fits everybody. No judgment for anyone. That's not how I'd like to do it, but you want me to do that?" That ended the argument.

Dan Levin: This is a really important concept, and there's actually another book also called *Influence*, on a completely separate topic, that's really interesting, written by a guy at University of Arizona. One of the things he gets into is humans need for fairness. Fairness is like massively foundational to our worldview, and it goes exactly to what you're talking about. You can give this one a watch and give that one smoked salmon, but they better believe they're being treated fairly, or you have a huge problem.

Allan Cohen: Right. That is foundational. I have five year old grand twins, and man do they work on the fairness.

Austin Dannhaus: We've got a microphone here that we can pass around for other questions.

[00:43:57]

Audience: Thank you for the discussion. That brings up so many different questions in my mind. First off, in business school students are typically taught this idea of guanxi in Asia, where it's tit for tat, is a pretty shady deal. You don't want to be doing things, bribing people, because eventually it raises transaction costs and makes business ultimately more difficult to do later on. Now if we develop this organizational culture where it's tit for tat all the time and you have a drawer full of watches and things people want, and you're handing out gifts all the time just to get what you want, doesn't that make the organization very much of an exasperating place to work?

I'm finding that there's a spectrum of people, the higher their qualification or their expertise, the greater their hubris and the greater it is to break down their mental walls. They just don't move. You were talking about engineers. It's very difficult to work. Another question that comes to mind is, has it always been this difficult, or has the Silicon Valley or San Francisco startup culture really created for us, without knowing it, a very insidious kind of culture where people have to be bribed with rewards or higher pay, or other things, just to get basic things done?

Dan Levin: What do you mean not knowing it?

Audience: Unintentionally I'm saying that within this ...

Dan Levin: We know it very well.

Audience: Okay. Whether or not you know it or not, but there's this workplace is not what it used to be, whereas you mentioned, it's a sense of gratitude for having that job. There's a loyalty to that community that you're working with. Instead, it's now become, I'm willing to go to the highest bidder. You quote a higher salary for me, I'm willing to move.

Austin Dannhaus: Yeah. Say more about some of that potentially.

[00:45:41]

Allan Cohen: First of all, guanxi carries the connotation of above and beyond what's appropriate, but it is a form of exchange and reciprocity. What I say from the beginning, and I've said this in each of the editions of the book is, I'm only interested in reciprocity and exchange and influence to do what's right for the organization. The very same principles can be used for evil, and have been. They've been used in politics, to get bad things done.

If you want to read about some fascinating use of influence, read any of the books written by Robert Caro, C-A-R-O. One's about Lyndon Johnson, another one's about Robert Moses, the guy who did a lot of damage to physical New York. They are brilliant books that have fascinating stories about what they did to make people do bad things.

The same principles can lead to very bad behavior. Here's the saving grace. In organizations everything comes back, and even the people who use reciprocity and exchange to get ahead and put people under their thumb, in the long run reciprocity is used to get them back. The only good thing about economic recessions in my point of view is the bad guys always get screwed and get thrown out of their companies, because they've got people waiting to get them. That's the first part of it.

The second thing is, even in Silicon Valley, and you can say if I'm wrong, even in Silicon Valley there is a subset of people who aren't leaving just because you offer them higher pay, who do care about making their organization successful.

It's not universal. There are subsets who have different currencies that matter to them. They may not be the majority anymore, but there are still plenty of people who care passionately about doing what their company does, because they think it's going to change the world and make a difference.

You got to be careful about the big generalization. There are cultures that have formed that are viciously self-preoccupied in a negative way, and it's very hard to break those.

[00:48:07]

Austin Dannhaus: Dan, at the beginning you said that this is a pretty human thing though, in a sense, and it doesn't always have to rise to the level of that sort of pernicious tit for tat. Could you say a bit more about what your experience with this?

Dan Levin: I would say first of all, on a really good day with a stiff tailwind, maybe 10% of any given employee population is competent at this stuff. The risk of it sort of running out of control is not really there. Second of all, 90% of this stuff is not physical goods, it is the exchange of non-physical things that I don't think are undermining to an organization at all.

I do think that the ability to get things to happen cross functionally is a foundational skill. I get asked all the time, what is a great ... My normal spiel has been interrupted, so I'm picking pieces out of it. Like what does a great 23-year-old look like in the workplace? A, can you tell? B, can you not tell? I can tell in the first ten minutes, first of all. That's a horrifying thought. What does a great 23-year-old look like? Well, they're proactive. That's one thing. They're curious. They're selfless. They believe in teamwork, and they understand that they're allowed to use tools around other human oriented things like this.

There's nothing wrong with saying, "If you help me out with this project, I'll introduce you to my friend, the dance teacher." Or, "If you help me out with this project, I'll let you make the presentation." Or whatever. Those are sort of skid greasing kinds of favor exchanges that enable cross-functional effectiveness and are incredibly powerful tools in an organization, where otherwise cross-functional cooperation is unlikely. Companies can't succeed without cross-functional groups

of people working together. They don't have any way to motivate each other in more explicit economic and power based kinds of ways.

Allan Cohen: If you're sophisticated, you can use negative reciprocity. That is, you can say, "Listen, if you keep it up, I'll make sure that you never get a chance to present." Or, "I won't give you a chance to work on the interesting stuff on this project." "I won't invite you to the meeting." Now, you don't want to use negative if you can use positive, ever. Never start with that, but if somebody won't play, part of being skillful at influence is being able to say, "Listen, you're forcing me to not play back in a way that you'd like very much." I believe in warnings before you act. Always give the person a chance to choose to be a different way.

[00:51:04]

Austin Dannhaus: I think we've got time for probably one more question before we wrap up and spend a little bit of time. Is there anyone else who wanted to ask anything?

Dan Levin: Okay. I have to say this because this is who I am, and I hope I don't offend anybody, but it really disturbs me that all four questions have been from men. I just want you guys to think about that. Go ahead.

[00:51:29]

Audience: Thanks so much for taking the time. Really appreciate it. Was curious, since influencing with authority is something that now is moving more into this space where we can consciously and competently execute on it. I was curious now, has there been any thought on kind of what the next unconscious thing that we do incompetently, as a general workforce, would be?

Dan Levin: Yeah, what's the next book?

Allan Cohen: I don't know. I'd sure like an idea.

Austin Dannhaus: One of the things we've talked about just briefly maybe as a potential thing to explore in our last few minutes here is, and one of the things I noticed is that you talked a lot about the role of fear, and overcoming fear. One of the things I think

is people sort of being, it's easier to sort of act within standard operating procedure. It feels ambiguous and potentially risky to start to think about achieving my goals in ways that sort of fall out of what I was taught mechanically in business school and those types of things. I wonder about like, from an organizational and emotional health perspective, how do we think about the fact that these systems really rely on the sort of emotional health of organizations to ultimately thrive?

Dan Levin: Answer quickly. I feel the hook coming.

Allan Cohen: I don't know. Healthy organizations get a lot better behavior from everybody. There are a whole bunch of things that are obvious about what makes organizations healthy. Get people like Dan to run them, that's a start.

Dan Levin: I have an answer for you, it's the book I'm going to write, which is I am really disturbed at the lack of thoughtfulness that goes into ... I'm sorry, it was you who asked that, right? See, there's a little micro reciprocity there. People are so lacking in thoughtfulness and intentionality around culture in organizations. I think that's at the root of a lot of this horrible stuff that's been coming to the surface in the last six months or so.

You see these bro cultures grow up, especially here in Silicon Valley, these exclusive cultures. These cultures where people don't feel comfortable, don't feel welcome, and it's 100% because there's nobody steering the damn ship. There's nobody who wakes up in the morning and says to themselves, "I'm going to make this culture be what I want it to be." If you just allow a group of people to sort of drift aimlessly, you will get a culture. Every group of people has a culture, but you may not like it. That's my next book.

Allan Cohen: I'm going to say, discouragingly, it's very hard to intentionally create a culture.

Dan Levin: It is.

Allan Cohen: Culture is the unconscious assumptions people make about how things are supposed to work, which is why it's so hard to create it or change it.

Dan Levin: Well, your culture is what you reward, and what you punish. If you want to have a culture intentionally, you have to hire and fire based on it. You have to reward based on the values that underlie your culture, and you have to punish even excellent performers in technical areas, when they are out of line culturally.

Allan Cohen: Today's news is giving us a wonderful example exactly of that.

Dan Levin: 100%.

Allan Cohen: Yup.

[00:54:48]

Dan Levin: Do we have time for one more?

Austin Dannhaus: Yeah.

Audience: I have two questions. To the point that you just described, how do you balance those decisions that compose of resources from different countries, specific different locations?

Dan Levin: How do I balance the what from different countries?

Audience: The resources that are located in different countries. Somewhere maybe a bit of product, difficult for design or cost. There's probably one thing that is located in China or India, the others Silicon Valley and New York. The point that you described, you are driving the system in a way.

Dan Levin: Well I would say resource allocation on a global basis is not significantly different than resource allocation in any other portfolio dimension. Which business am I going to invest in? Which product line am I going to invest in? Which geography am I going to invest in? That's a fairly academic exercise, from my point of view.

The really hard thing is when you get people who speak different languages and come from different cultures, all this interpersonal stuff gets 100 times harder. Because it's one thing when we have some shared experience, I know he grew up in wherever he grew up, he probably likes baked beans, blah, blah, blah. It's a

whole other thing when I'm dealing with somebody from Kyoto, whose language I don't speak, whose culture I don't understand. Then how do I understand what their currencies are? Even how to communicate with them about those currencies in a way that will allow me to be effective on a global basis? That's really hard.

Speaker 8: Yeah, but still you have to get through, it's going towards the same objective of developing the same product or the same US market. Given the direction of those guys to work together, trying to understand then to work together, to sing together, and be friends in the environment. I find it is challenging. That's why I wanted to go about.

Dan Levin: It's very challenging. I'm not sure it makes a huge difference whether they're in Shanghai or Atlanta. I mean, you've got an internal competitiveness, is the issue. Any time you have internal competition, aligning motivations, aligning objectives is really I think the secret sauce.

[00:57:24]

Austin Dannhaus: Yeah. We've got one last question before we're going to wrap up.

HIGHLIGHT 6 How Understanding Currencies Relates to Communication

Audience: I just finished taking Professor J. B. Kassarian's Leading and Managing Change last weekend in Boston. I would say the main point of that class, I would say we talked about like a lot of communication. During the whole event today I was just trying to link personal connection, you guys mentioned with that class. That's why I haven't raised my hand. I would love to ask, how do you guys manage, or leverage different expectations from your coworkers or people under you, or your supervisors? Because those are different ways to handle.

Allan Cohen: How do we manage different expectations?

Audience: Yeah. Leverage the expectations from people, or the communication techniques, or personal connection building.

Dan Levin:

I mean, probably one of the hardest things in any professional existence is the fact that the people who surround you 360 don't want the same thing. If they all wanted the same thing, life would be super simple, but they never do want the same thing. Your boss wants one thing. Your peer wants one thing. The people who work for you want something different. We could spend an hour talking about that topic.

What I would say is, again to try and ladder this up to a bigger concept. Situational leadership is fundamental to success, which is to say, being able to understand that your boss wants something different than your peer, and that you're going to present yourself differently. That you're going to manage them differently. That you're going to interact with them and use different language as a result of that, is really important. There are a lot of people who are hammers, and they see the world as a nail. Whether they're talking to their boss, or somebody who works for them, they talk the same way, in the same language. That's just wrong.

A 25-year-old who works for me wants guidance, they want direction, they want structure, they want to be told to operate. They want flexibility, but they want to be given a box to play in. My boss wants the opposite. My boss wants strategy, big picture thinking, lots of options. I could be talking about the same thing, but I have to talk about it in different terms to those different constituencies, or I won't be successful.

Austin Dannhaus:

Yeah, there's a sense in which we often focus so much on ourselves and what can I do to get better? How can I be more effective? I think maybe part of that point too is that being a lot more aware of what other people want, and how you can sort of be a person that facilitates that, and supports them as a focus. To, how do I be a better hammer? As opposed to, how do I understand that each of these different things need to be dealt with in a different way?

Dan Levin:

Yes. As somebody said to me once, communication is for the receiver, it's not for you. If you can understand that, then you're better off than I am. It's a very powerful concept.

Austin Dannhaus: Yeah.

Allan Cohen: I agree with all that. What I'd say is, learning to be explicit and put it on the table when it's not clear, or when you don't agree, or when you're puzzled, or when there are differing expectations that conflict. Instead of trying to manipulate around them, is to say, "Look, you're expecting something different from these other groups. We've got to work it out."

It's not magic. It's just this is a different perspective, and we need to figure out what to do about it. That alone takes some of the tension out, is just acknowledging there are differences. That's the natural order of things. I'm a real believer in that.

[01:01:30]