

Influence

The Influencing programme is written by Professor Gavin Kennedy BA MSc PhD, Managing Director of Negotiate Ltd and a Professor at Edinburgh Business School.

Professor Kennedy taught at the University of Strathclyde Business School for 11 years and was a Professor in the Department of Accountancy and Finance, Heriot-Watt University, Edinburgh, from 1984 to 1988. He has written extensively in negotiation and is the author of *Negotiation*, an Elective course in the Heriot-Watt MBA series. Other books include:

Everything is Negotiable! (1983; 3rd edition, 1997)

The Economist Pocket Negotiator (1988; 3rd edition, 1997)

Kennedy on Negotiation (1997)

The New Negotiating Edge: the behavioural approach for results and relationships (1998)

Profitable Negotiation (1999)

The following are some of the companies with which he has consulted:

Scottish Enterprise (since 1984)

Co-operative Wholesale Society (since 1985)

Royal Bank of Scotland (since 1986)

National Health Service (since 1992)

This Course text is part of the learning content for the Edinburgh Business School postgraduate course in this subject.

In addition to this printed Course text, you should also have access to the Course website in this subject, which will provide you with more learning content, the Profiler software, and past examination questions and answers.

The content of this Course Text is updated from time to time, and all changes are reflected in the version of the Text that appears on the accompanying website at www.ebsglobal.net/coursewebsites.

Most updates are minor, and examination questions will avoid any new or significantly altered material for two years following publication of the relevant material on the website.

You can check the version of the Course text via the version release number to be found on the front page of the text, and compare this to the version number of the latest PDF version of the text on the website.

If you are studying this Course as part of a tutored programme, you should contact your Centre for further information on any changes.

Full terms and conditions that apply to students on any of the Edinburgh Business School courses are available on the website www.ebsglobal.net, and should have been notified to you either by Edinburgh Business School or by the centre or regional partner through whom you purchased your course. If this is not the case, please contact Edinburgh Business School at the address below:

Edinburgh Business School
Heriot-Watt University
Edinburgh
EH14 4AS
United Kingdom

Tel + 44 (0) 131 451 3090

Fax + 44 (0) 131 451 3002

Email enquiries@ebs.hw.ac.uk

Website www.ebsglobal.net



Influence

Gavin Kennedy BA, MSc, PhD, FCIInstM

First published in Great Britain in 2000

© Gavin Kennedy 2000, 2002, 2004

The right of Gavin Kennedy to be identified as Author of this Work has been asserted by him in accordance with the Copyright, Designs and Patents Act 1988.

Release IL-A2-engb 1/2006 (1015)

All rights reserved; no part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the Publishers. This book may not be lent, resold, hired out or otherwise disposed of by way of trade in any form of binding or cover other than that in which it is published, without the prior consent of the Publishers.

Typesetting and SGML/XML source management by CAPDM Ltd. (www.capdm.com)

Contents

Acknowledgements		7
Preface		9
Module 1	Introduction	1/1
	1.1 Introduction	1/1
	1.2 Prisoner's Dilemma	1/4
	1.3 Red-Blue Games	1/5
	1.4 Some Common Plays of Red-Blue	1/6
	1.5 Tit-for-Tat	1/7
	1.6 Co-operation and Defection in the Game of Life	1/9
Module 2	The Need for Influence	2/1
	2.1 Introduction	2/1
	2.2 Type I and Type II Models	2/2
	2.3 Politics of Decision Making	2/4
	2.4 The Scope for Politics	2/6
Module 3	What is Influencing?	3/1
	3.1 Introduction	3/1
	3.2 What is Influencing?	3/3
	3.3 Benefits of Influence	3/4
	3.4 Influence and the Modern Manager	3/5
	3.5 Relationships and Results	3/7
	3.6 Stakeholders	3/9
Module 4	Building Relationships	4/1
	4.1 Introduction	4/1
	4.2 Two Behaviour Styles	4/2
	4.3 Pull Behaviours	4/3
	4.4 Behaviours for a Push Strategy	4/12
Module 5	The Currencies of Influence	5/1
	5.1 Introduction	5/1
	5.2 First Rule of Influence	5/3
	5.3 The Reciprocation Principle	5/4
	5.4 Non-reciprocation	5/5
	5.5 Bad Turns	5/7
	5.6 The Currencies of Influence	5/8
Module 6	GAME	6/1
	6.1 Introduction: New Harbour Co (I)	6/1
	6.2 Preparation Tools	6/3
	6.3 GAME 1 – Generate Objectives	6/4
	6.4 GAME 2 – Arrange Access	6/5

	6.5	GAME 3 – Mobilise Allies	6/10
	6.6	GAME 4 – Execute Strategy	6/13
	6.7	Sequences of a Game	6/15
Module 7		Influencing for Results	7/1
	7.1	Introduction	7/1
	7.2	Inter and Intra Games	7/3
	7.3	Will it Play?	7/4
	7.4	Who to Access?	7/7
	7.5	Winning Allies	7/11
	7.6	Influencing for Results	7/12
	7.7	Imperatives	7/15
	7.8	The Grid	7/18
	7.9	Content of the Influence Messages	7/26
Module 8		Power and Influence	8/1
	8.1	Introduction	8/1
	8.2	Power	8/2
	8.3	Politics	8/7
	8.4	Political Activity	8/9
	8.5	Managing with Power	8/12
Module 9		Retrospection	9/1
Appendix 1		Answers to Exercises and Case Studies	A1/1
Appendix 2		Practice Final Examinations	A2/1
Index			I/1

Acknowledgements

All academic texts covering established subjects are seldom the work of their authors alone. We draw on a body of knowledge and practice from many predecessors and contemporaries, most of whom it is impossible to acknowledge, let alone identify by name, except when their published work is cited.

Among those I can identify who have influenced my authorship, I am happy to name Bob Lee, formerly of Loughborough University, who is now a business consultant specialising in the politics of work. Others include Charles Jack, Tina Jones and Lesley Wilson.

The material alluded to in the text, particularly in some of the Case Studies and examples, came from my consultancy work and also from live cases brought to my notice at influencing workshops by participants. Necessarily, many people who have helped me cannot be named for various reasons because they include men and women whose careers I have followed over the years from the world of politics, the Civil Service, the Ministry of Defence, the European Union, NATO, the Food and Agriculture Organisation, UNESCO and the United Nations. These people have been willing to discuss anonymously their many influencing triumphs (and a few of their 'disasters'), either on their own account or as professional lobbyists.

All manuscripts are improved by editing and this book is no exception. What merits it has have been enhanced through the inspired (and patient!) editorial work of Charles Ritchie, colleague and friend, at Edinburgh Business School. Editors spare the blushes of authors with their deft excisions of an author's split infinitives, wrong cases, misplaced gerunds and hopeless clausal (mis)constructions. If there is a special place in heaven reserved for the self-effacing and saintly, it is surely heavily populated by retired editors. Those authors who fail to acknowledge their debt to their editors may plead ignorance (unconvincingly) but not for sure their integrity.

Lastly, a word of thanks to my family who have endured for many years my work schedules while I have been writing various books and facilitating workshops. Writing is hard work, highly focused and time-intensive. Without the stoic support of one's family, writing would indeed be an onerous burden. Happily, I have not had to test that proposition in practice.

Preface

Education and training in the subject of influencing emerged as a regular inclusion in management development programmes in the UK at the end of 1980s and quickly accelerated in take-up throughout the 1990s into a popular topic for study. In this trend the UK, as ever, followed developments in the United States, which remains the major source of research and publication on influencing and also in the legitimising of influencing as a field worthy of research and of teaching in the Executive and MBA level curricula of the world's top Business Schools.

These developments were reflected to some extent when I was commissioned in 1990 to design and deliver a negotiating programme to project managers at Lothian and Edinburgh Enterprise Limited (LEEL), an economic development agency. After interviews of the personnel who were scheduled to be on the programme and of the LEEL directors, it became clear that pure negotiation skills were not really sufficient to address what LEEL required of its project managers in order for them to complete their work assignments. For a start, although negotiation is ubiquitous in management behaviour, it is not general enough to cover managing in circumstances where the manager has clear aims but little authority or power to achieve them, particularly when dependent on the behaviours, motivations and aims of managers in other functions and, sometimes, in other organisations.

Further discussion and reassessment of the needs of the project managers, led to a decision to shift the emphasis from negotiation to what was loosely described as 'influencing'. While aspects of what was meant by influencing were familiar to myself, a requirement to move, from *en passant* references to influencing during a four-module negotiating programme to making influencing the main focus of three of the four modules, posed preparation and design problems. Thus, during the December 1990 break, all but two days were taken up with intense design activity.

The influencing programme that I produced was eventually undertaken by most of LEEL's project and administrative staff and, later in 1991, the programme, *Influencing for Results*, was rolled out by LEEL's parent agency, Scottish Enterprise, to its national network of local enterprise companies. Since 1991, versions of the LEEL programme have been presented to numerous public and private corporations in the UK and it soon developed from linked concepts into a structured management development programme.

One feature of the influencing programme has been its bias to what is relevant for managers in their work, and this is evidenced by the extent to which 'live data' formed the core of the application of the influencing concepts. This is reflected in this Elective in the use of activities, examples, cases and exercises, which give meaning and substance to the array of concepts typical in an organisational behaviour programme.

Influencing, as taught in several Business Schools and Executive programmes, has two quite distinct approaches to the subject.

The first approach is the study of how people in powerful positions in organisations – corporations, political parties, government offices, intergovernmental agencies and such like – use their power to influence those with whom they interact, both formally and informally. One of the best exponents of this approach is Professor Jeffrey Pfeffer of Stanford University, US, in his *Managing with Power: politics and influence in organizations* (Harvard Business School Press, 1992). In fact, his use of the title ‘Managing with Power’ highlights the basic difference between the approaches. Pfeffer, and others in this genre, write as observers of how powerful men and women behave, how they acquire power, what they do with it, and how they lose it. Those researchers are backed by a formidable and growing body of scientific evidence, plus a rich field of commentary, biography and autobiography, about their subjects.

The second approach to the study of influence, and the one I have chosen in the bulk of this text, can be summed up perhaps by reversing Pfeffer’s title into ‘managing *without* power’, or into ‘how to influence with neither power nor authority’. This text is not the study of how already powerful men and women in the prime of their careers exercise influence over others. It is about that often long period before such people achieve the powerful positions from which they will exercise influence.

In my view, as an MBA student you are normally at the beginning, or at the very early stages, of your managerial career; for that reason you are more likely to benefit (apart from completing an Elective) in a practical sense from my following the second approach than from following the first (though it is inevitable that we trespass occasionally into the first approach at certain points for illustrative purposes).

In addition, by my presenting the concepts, examples, applications, cases, and tools in the context of the world of the relatively new manager, you will reach a higher level of understanding than if you were to remain in vicarious awe of the behaviours of people in worlds you have not yet experienced. These influencing tools are for you to use in the acquisition of the power you seek rather than for you to exercise influence through power you have already acquired. They are applicable to your present world rather than being insights into the worlds to which, hopefully, you are heading.

Hence, Modules 1–7 are about influencing without power and Module 8 is about influencing with power. The ideas about influencing contained in Module 8 are for academic completion. They are less comprehensive or detailed than those in the earlier Modules, but they help put these ideas in context for when you complete your MBA and have opportunities to commence acquiring more power in your organisation.

Module 9 is what nowadays is called ‘closure’ – a signing off before you embark on preparations for your examination and, hopefully, a period in which you apply and practice the techniques you have studied.

In preparing this contribution to the Heriot-Watt University MBA programme, I have followed the well tried (and well received) approach of my companion MBA text, *Negotiation* (1992, 1998), in which I see you, 'the reader', as someone who has achieved competence in a functional specialism and who, with ambitions to increase your managerial responsibilities, now want to acquire education in general management. In order to do so, you seek assistance in selecting from the numerous concepts and techniques of managerial analysis. To these sentiments, I would add that you probably require more structure in this approach to influencing than was normally found in the early days of influencing studies, which can be characterised as 'informed gossip'.

To assist in these aims, the text is written in the style of a conversation between me as the author and you as the reader. I prefer a discursive to an overly formal style of communication in a learning situation. To assist me in this style, I use a structure familiar to students of classical Greek rhetoric and drama, namely the division of each module into three parts: *Prologos*, to set the scene for the theme; *Dialogos*, to present the argument and the imagined discourse between us; and *Epilogos*, to draw together the threads of the argument and to summarise the whole. These divisions are more familiar in their English form of Prologue, Dialogue and Epilogue.

Exercises are included to test your understanding through application of the concepts. My suggested answers to the Exercises (in Appendix 1) permit you to review your own answers, and where necessary to look over the material from which they are derived.

There is also a numbered series of Activities running throughout the text, in which you are invited to reflect upon your experiences of the topic under discussion by relating it to situations with which you are familiar or to the behaviour of people with whom you interact in your work roles. These are reflective of your personal experience and they do not have common answers applicable to other readers; hence they are different from the Exercises. Take a few moments to pause and think about the problem posed by each Activity and try to see and feel yourself in the past situations to which they refer. You have a rich core of experience upon which you can draw for enlightenment, though you may not see it that way when you first read the task set for an Activity.

Each module has a Case Study relating to its main theme, plus some short question-essays for you to practise analysis of the influencing issues, either as a 'consultant' or the relevant 'player'. As you will see in the Practice Final Examinations (Appendix 2), Case Study questions account for 40% of the final marks in this course of study and the cases in the text are therefore an important part of the learning process and of your preparation for your Final Examination. All Exercises, Case Studies and Final Practice Examinations have fully worked model answers for you to study (*after* you have attempted your own answers!).

From my experience of grading MBA examinations since 1992, the most common cause of a poor mark is when candidates do not answer the question in front of them and try to get away with answering a question they have come prepared to answer (which, unfortunately for them does not appear on that Diet's question paper). This avoidable error stems from a lack of practice in answering questions placed into the text, similar in scope and content to those

you will experience in the Final Examination. The remedy is in your own hands.

For those who are unsure (even muddled!), and provided that you have read the relevant parts of the text (it is always evident when this is not the case), I am prepared to respond to questions of clarification about the concepts and their application if you e-mail your query to me at: gk@ebs.hw.ac.uk

Gavin Kennedy
Edinburgh Business School.

Introduction

Contents

PROLOGUE

1.1	Introduction	1/1
-----	--------------	-----

DIALOGUE

1.2	Prisoner's Dilemma	1/4
-----	--------------------	-----

1.3	Red-Blue Games	1/5
-----	----------------	-----

1.4	Some Common Plays of Red-Blue	1/6
-----	-------------------------------	-----

1.5	Tit-for-Tat	1/7
-----	-------------	-----

1.6	Co-operation and Defection in the Game of Life	1/9
-----	--	-----

Case Study 1		1/13
--------------	--	------

EPILOGUE		1/14
----------	--	------

PROLOGUE

1.1 Introduction

George and Rodney, of Phoenix Enterprises, were on a visit to OgoLand on business. One evening, looking for some excitement in what had been a boring week spent tramping round various ministries in search of elusive contacts for what appear to be even more elusive contracts, their taxi took them to the Ex-Pat's Club, supposedly a place guaranteed to excite the most jaded of visitors to OgoLand. It was run by Effusi, an MBA graduate who, despite his academic success, failed to get the job he believed his uncle was keeping for him. Denied his corporate destiny, he had put his MBA to good use and was now running the Ex-Pat's Club, a house that specialised in games of chance and skill that are known in his *alma mater* as decision theory.

Throughout the evening, George and Rodney played the tables and sampled the local beverage, Kwagasani beer. They enjoyed themselves for a few hours and prepared to return to their hotel. Effusi approached and offered them one more game, the house speciality. 'Only played by special guests,' he told them. 'It will give you an opportunity to get back your evening's investments,' he said, using the Club's euphemism for gambling losses. Ignoring their feeble protests (their decisions had truly been sub-optimal and they were much poorer than when they had arrived), he ushered them into a side room where a single table was lit by a small bulb suspended 10 centimetres above it. This cast the rest of the room into total darkness.

George and Rodney were guided to a table and were gently sat down either side of it. They had a clear view of the tabletop but could not see each other or anything or anybody else. They were told that speaking was not allowed, nor were questions, and that they must not utter a word nor make a gesture of any kind. They must also play strictly by the rules of the game, which they would play only once. These rules, Effusi's voice assured them, were simple. They were told to pick up the two cards placed before them.

On one side the cards had a common nondescript pattern. On the other side, one card was marked 'C' with a picture of a coconut and the other was marked 'D' with a picture of a doughnut, two local delicacies. Next, on the table was placed a large sheet of paper on which a rectangle was printed that was divided into four compartments, each containing pairs of numbers (*see Exhibit 1.1*).

Exhibit 1.1 Effusi's game

		George	
		C	D
Rodney	C	\$200 each	0, \$400
	D	\$400, 0	\$10 each

They were told to study the box. Effusi said, 'You will each choose independently which card to play, either "coconut" or "doughnut". Having made your selection, and on the count of 3, you will toss your selected card onto the table. The numbers in the box are your winnings, which you will be paid before you are escorted back to your hotel by Henri and Claude.' Effusi continued: 'Now listen carefully, while I explain what you get for what you play. You each choose separately but your winnings are determined by the combination of the choices you both make. If you both play coconuts, then you each get \$200. If one of you plays a coconut and the other plays a doughnut, the person who plays the coconut gets nothing and the person who plays the doughnut gets \$400. Lastly, if you both play doughnuts you each get \$10. And remember, gentlemen, in this game, the Ex-Pat's Club is not even asking you to make an investment. You can't lose but you can win.'

Effusi told them they had two minutes to make their choices and reminded

them of the rule that they were not to speak until after they had played their cards simultaneously.

What should George and Rodney have played? That is not as easy to answer as it appears. They not only had to think about what they would do themselves but also what the other would do too. For it mattered what they played in combination and not just what they played themselves. But under the rules they could not tell the other what to play or ask them what they intended to play.

They could only decide what to play in anticipation of what the other will play. Anticipating the other's play – perhaps because they believed they 'knew' the other's personality and likely behaviour – did not remove the problem.

Suppose George was sure of Rodney's outlook on the moral problems of life. How did this give an unambiguous clue as to what to play himself? If he was sure that Rodney would play a coconut, should George – would he – play a coconut too? If he did, they would both win \$200 for certain (Effusi runs an 'honest' house). But if George knew that Rodney was certain to play a coconut, and played the doughnut instead, he would double his winnings to \$400, which was no mean amount in view of their evening's 'investments'.

In similar vein, if George was sure that Rodney would play the doughnut, would this help him choose what to play? Perhaps. He could have decided to cut his losses and play a doughnut himself to get \$10, which is better than the nothing he would get by playing a coconut. However, George, by playing a doughnut in anticipation of Rodney doing the same, would deprive Rodney of \$400, which would no doubt be a subject of conversation in the taxi back to their hotel (Claude might have found it necessary to sit between them to protect them from each other, rather than protect them and their winnings from the crime-ridden streets of downtown Ogotland at 2 o'clock in the morning).

What was true for George was also true for Rodney. He knew what George knew and had the same degree of ignorance about what he might have done as George had about him. In the two minutes they had to decide which card to choose, ignorance was not bliss. George and Rodney were in a dilemma for which there was no clear optimal solution, excepting that in choosing a card they provided their own (possibly sub-optimal) solution.

Their best joint decision was to play 'C' (\$200 each). 'C' is the co-operative play. Their best individual decision was to play 'D' when the other player plays 'C' (\$400 for 'D' and nothing for 'C'). 'D' was the defection play for one individual to gain at another's expense. Their worst joint decision was to play 'D'; (then they only got \$10 – hardly enough for Claude's taxi).

When both of them defected, they did much worse than they could have done by both of them co-operating. And this is the source of the tension when one is confronted by this dilemma: the individual's benefits from one-sided defection versus joint benefits from two-sided co-operation.

In business you face similar dilemmas though you may not recognise them as such. How should you behave when you are unsure of the intentions of other people – either colleagues, suppliers or customers? Are you going to co-operate or defect?

In the dilemma game, each player's co-operation or defection is simultaneous, just as it is, more or less, in a negotiation. But in influencing, the players' co-

operation or defection is separated in time. To what extent will they co-operate and then reciprocate, perhaps long after your act of co-operation with them? Will they reciprocate in kind when it is their turn, or will they be devious and untrustworthy? Should you protect yourself from their future defections by refraining from co-operating with them now?

If you received some benefit from their past co-operation, should you hold back from reciprocating when they expect you to do so, or should you slink behind excuses and tell them 'that was then and this is now'?

DIALOGUE

1.2 Prisoner's Dilemma

'Prisoner's dilemma' was invented in 1950 and its applications have spread from politics to economics, biochemistry, microbiology, genetics, evolution, law and moral philosophy. It was originated at the RAND Corporation, a 'think tank' in Santa Monica, California. RAND, known affectionately as 'Research And No Development', attracted brilliant scholars and some of their best work began in modest speculation about how they might buy second-hand goods from each other (cars, typewriters, cabinets, etc.).

You will recognise the structure of a generic Prisoner's Dilemma from Effusi's game. My version reports that two prisoners, Slug and Gripper, are suspected of a major crime. They are held in separate cells and cannot communicate with each other. The police do not have enough evidence to convict them. Instead, the prosecutor offers them separately the same deal:

'If you confess to the crime and give evidence, you will go free and your erstwhile associate will do 12 years; if you do not confess but your associate does, then he will go free and you will receive 12 years; if you both confess, you will receive 5 years each and if neither of you confesses, you will each do 1 year for a minor misdemeanour.'

Activity 1.1

How would you respond to the prosecutor's offer of a deal?

Both prisoners must contemplate what the other prisoner will choose. Their fate is contaminated by the choice of the other prisoner; neither of them can unilaterally choose the final outcome because their choices are inextricably bound together.

Clearly, compared with their other choices it would be best if they both chose 'not to confess' because they would receive a one-year sentence instead of five years or twelve. But will Slug and Gripper choose not to confess? Or will they choose what is best for themselves alone, i.e. confess in the hope that the other doesn't – and thereby gain their freedom?

If Slug chooses not to confess, he risks Gripper confessing, which gives Slug 12 years and Gripper his freedom. But why would Gripper not see that the optimum choice for both of them is 'not to confess'?

Exercise 1.1

Why would Gripper choose not to confess?

Gripper, of course, is vulnerable to Slug's reasoning in the same way and instead of Slug naïvely not confessing (which gets Slug 12 years if Gripper defects and confesses) Slug too might decide to 'confess', giving them both 5 years. They are now both worse off than if they had both 'not confessed'.

This is the dilemma of choice for Slug and Gripper and for everybody else who faces similar dilemmas in the game of life.

1.3 Red–Blue Games

There is an extension of the prisoner's dilemma game known as the Red–Blue game, which is played in pairs over several rounds rather than just one. We can examine its lessons without playing it, however, from introspection.

In Prisoner's Dilemma the choices are to 'confess' or 'not to confess'. In this game the choices are to play a red or a blue card. In red–blue there are three possible outcomes, each with a different pay-off. Two players (as in Effusi's game) each independently choose and then simultaneously reveal their choice. Unlike Effusi's game with its single round, in red–blue there are ten rounds.

The combinations of their independent choices and their pay-offs are shown in Exhibit 1.2.

Exhibit 1.2 Red–blue pay-offs

<i>Player's choices</i>	<i>Pay-offs</i>
Both play blue	+ 4 points each
Both play red	– 4 points each
One plays blue	Blue player loses 8 points
Other plays red	Red player gains 8 points

Source: *The Negotiate Trainer's Manual*, Negotiate Ltd, 1996, p. 11.6

As positive points are preferred to negative points, gaining as many positive points as you can, what would be your choice of play for the first round of the game?

Activity 1.2

Which card would you play in the first round? (Tick one)

Red ☐

Blue ☐

You might ask whether the players are to choose according to ‘what is best for me alone’ or ‘what is best for both of us together’. Suppose I reply that you are to choose what is best for both players because if you play blue in the expectation that you both play blue, *and both of you do so*, then you get 4 points.

Activity 1.3

Can you spot the possible flaw in my advice?

The problem, however, is that in choosing ‘what is best for both of you’, you have no way of knowing what choice the other player will make. If she chooses what is ‘best for both of you’, she too will play blue. But how do you know she will co-operate with such a helpful choice? Remember, you reveal your choices simultaneously and neither of you may change your choice once the cards are played.

What would your choice have been if I had said that you should choose what is ‘best for you alone’? Your best personal choice is to play red to her blue, but only if she plays blue to your red!

You do not know what she will play and you cannot be sure that choosing what is ‘best for you’ will give you more points than choosing what is ‘best for both of you’. And, worse, if she too plays red, what is best for you gives you both –4 points. Why should she play red? Because she expects you too will play red. You are back at a prisoner’s dilemma!

When you behave how you behave is your choice! Once you do something it is for ever done. Time does not flow backwards – ‘the moving finger writes, and having writ moves on’.

Exercise 1.2

If you play red at any time, do you think your partner will notice what you have done?

1.4 Some Common Plays of Red–Blue

What is the most common play in the first round in the red–blue game? Are people rational (and moral) enough to choose what is best for everybody? Or do they seldom do other than seek what is best for themselves?

The experimental evidence of red–blue games is overwhelming. In thousands of plays of the red–blue game that I have observed, only 8 per cent of players have chosen behaviour that produces maximum points from a blue–blue outcome. Just over half of the players have played red in round 1, leaving just under half to play blue, which has meant that blue players have had a marginally higher chance that their partner would play red rather than blue. Yet for a blue–blue (or win–win) outcome, both players must play blue in round 1 and must sustain blue play throughout all ten rounds.

However, if your partner plays red in round 1 to your blue play, what should you do in round 2? Play red, of course! Some blue players who are hit with a red, play blue again in round 2 (and some even play blue again in rounds 3 and 4!). They report, in a triumph of naïvety over experience, that they hoped to shame the red player into blue play.

The majority of round-1 blue players reacted to red play by switching to red themselves in round 2. If this red–red exchange happened to continue, both of them ended up with low or negative scores over the ten rounds. If, however, round-1 blue players continued to play blue against red, they ended up with high negative scores and the red players ended up with high positive scores.

Exercise 1.3

Why will the red player ‘win’ in these circumstances?

Players who eventually agree to play blue–blue sometimes are ambushed by red play in the final round. Why? Because players carry their grievances from round 1 and retaliate in the last round to punish their partner’s original round-1 red defection. This behaviour provokes heated arguments about ‘trust’ and ‘betrayal’.

You must not assume that people will choose joint maximising behaviours solely because they ‘ought’. If you play with people who are among the minority who try to co-operate, all well and good; but as it is much more likely that they won’t co-operate, it is risky to behave as if they will.

Exercise 1.4

Why is it risky to assume co-operative behaviour?

1.5 Tit-for-Tat

Is it all bad news? Not at all. But blue play is only viable if the other party reciprocates. In short, a blue–blue outcome has to be worked for before it is a safe choice.

Why, then, should you open with a blue in the red–blue game or make a blue move in an influencing exchange? While you may be disappointed if your partner plays red, you are compensated by useful information about the intentions of your partners because their behaviour is the safest indicator of their intentions.

Red players in post-game debriefs claim they played red to protect themselves from the other player’s red play. Some candidly admit that they played red intending to exploit any chance of their partner playing blue. Although people predominantly play red in the belief that this will enhance their own interests, in doing so they usually frustrate their intentions. Two players attempting to

exploit each other by playing red undermine their own interests with their negative scores.

Nobody can be sure why people do what they do but, as their behaviour is more reliable than their explanations, it is safest to assume that they intended exploitation. Accordingly, you must protect yourself by playing red in the next round.

Exercise 1.5

Why is people's behaviour more reliable than their explanations?

What if they did play red to protect themselves from you? Surely, by attributing to them the malign motive of exploitation, we deny to them the benign motive of protecting themselves? Well, their behaviour harms you whatever their explanation, and you must protect yourself by putting your interests at least risk.

When harmed by somebody's red behaviour, it is less risky to assume that they have exploitative rather than protective motives. Fortunately, your assumption is not an irreversible final judgement. So, if you play blue and your partner plays red, it is safest to play red in the next round but everything now turns on what your partner plays. Should she play blue, you may conclude that the risk diminishes of her intending to exploit you. Should she play red, that risk increases. Her behaviour is your safest guide to her intentions and you should adjust your behaviour accordingly.

When she switches from red to blue play, you may safely revert to blue play and continue so to do for as long as she reciprocates. If she plays red again in the next round you must resort to red play (should you continue playing) until she reverts to blue.

These simple guidelines (known generically as Tit-for-Tat) also apply in negotiation and influencing exchanges where your interests are affected by the behaviours of others. If they play red, you play red; if they play blue, you play blue. Your opening with blue play is a small investment to identify their intentions from their behaviour.

The power of the Tit-for-Tat strategy was discovered from two tournaments, in which computer programs for a red-blue game were played against each other. (Full details can be found in Robert Axelrod, *The Evolution of Cooperation*, Basic Books. New York, 1984.) The winner, Anatol Rapoport, wrote the shortest program – which said: 'Play blue in round 1 and then play whatever the other player played in the previous round'.

Always playing blue whatever your partner plays is suicidal – you will last only so long as you have resources. Always playing red whatever your partner plays is self-defeating because you will last only so long as you can find affluent blue players who will always play blue and who are willing to lose their assets. Most will revert to red after one round and Tit-for-Tat strategies will block the gains from red play.

Tit-for-tat behaviour therefore has three main elements, as follows.

- 1 It is 'nice' but 'ruthless'. It is nice because it signals blue co-operation to the other player and it is ruthless because it switches immediately to red when the other player defects. A Tit-for-Tat player never initiates red play.
- 2 It is instantly 'forgiving' of past red behaviour whenever a player switches to blue and it also ruthlessly 'forgets' past blue behaviour if she switches to red. It does not persist in punishing a red player once she has switched to blue, but responds with an instant blue instead. It also instantly punishes her with a red response if she switches to red, no matter how long she has played blue. You know for certain where you are with a Tit-for-Tat player.
- 3 It is an easy to read strategy and it is so simple that anybody can identify a Tit-for-Tat strategy after only a few exchanges. Thus, experienced influencers who spot Tit-for-Tat quickly adjust their behaviour: if they play red, they know they will be punished; if they play blue they know they will be rewarded. There is no room for ambiguity with Tit-for-Tat players.

Exercise 1.6

What is a possible weakness of a Tit-for-Tat sequence?

1.6 Co-operation and Defection in the Game of Life

Co-operation has a long and venerable history in human behaviour. Defection, also, has been practised for as long as co-operation. Humans defect when it suits them and this prospect poses a problem for every co-operator. People punish delinquent defectors if they can, both formally and informally in all known societies – sometimes by mild chastisements and sometimes (in some cultures) by violent revenge.

That the choice of co-operation is understood widely suggests that its roots lie deep in the human psyche. It is a universal behaviour practised by humans. Because something is a universal, however, it does not follow that it always applies; and although a universal such as co-operation may be approved, it does not follow that its methods are always benign – people can co-operate for evil ends or can use dubious methods to ensure co-operation.

The principle of co-operative reciprocity is central to the practice of influencing and it is worth contemplating its historical context. For this we shall consider some concepts from Darwinian natural selection.

Modern *Homo sapiens*, the species to which you and I belong, evolved over a very long time (how long is controversial; some say six million years). The distinguishing characteristics of humans include relatively rich brain power, the ability to communicate in language forms beyond that prevalent in even closely related species, and the phenomenon of culture – socially transmitted knowledge from generation to generation.

Natural selection states that a minute biological characteristic that enables a life-form to replicate itself in its environment more successfully than those of the same species that are deficient (for whatever reason) in that characteristic will

spread throughout the species until it becomes a distinguishing characteristic of its descendants. That is the motive power behind biological evolution. The same principle of natural selection operates in social evolution (a wholly faster replication process than found in biology).

Humans share many characteristics with the animal life forms from which they have evolved. Some of these can be summed up, briefly, as the proclivity of animals to behave 'red in tooth and claw', a vivid allusion to the capacity of animals for violence. Animals distribute the bounties of nature by behavioural substitutes for overt violence, such as dominance and display, but may resort to actual violence on occasion. Some animals also demonstrate capacities for co-operative behaviours, the incidence, details and depth of which are beginning to be understood by zoologists.

Humans also show forms of these behaviours in their capacity for violence (and its near substitutes), as well as for co-operation. For the moment, our interest is in the replication advantages of co-operation, not merely in co-operation as a moral choice. We are also interested in the obstacles to co-operation and the consequences of succeeding in overcoming them.

As a thought experiment, consider the replication results of two small isolated bands of early humans, way back in the Pleistocene era somewhere in Africa. One band is heavily biased towards 'red in tooth and claw' behaviour – they fight each other and nature for everything – and the other is similarly biased but occasionally individuals in the band moderate their behaviour with co-operative gestures.

Both bands have similar lifestyles. Some of the time they forage for roots, berries, fruit, insects and birds' eggs, etc., and some of the time they feast on a recently dead animal, which they happen to find before their rivals (other human bands, animals, or its poisonous bacteria) pillage the carcass. Spread out across the savannah, individuals forage as best they can. What they find they eat themselves, which might include sharing some meat with their children. If they find nothing, they go hungry; if they find a feast, they eat their fill (providing a more violent member of the group does not take it from them first). If they are more often hungry than satiated, they waste away from disease and become vulnerable to minor accidents that fitter humans would survive.

Because their survival is at stake, individuals have an incentive to eat their fill and to keep quiet about what they forage or find. A hungry and violent individual has an incentive to punish anybody he (it is almost certainly a he) suspects of good fortune in foraging and keeping it from him (which is not the same as sharing it within the band).

The band as a whole succeeds as replicators only if they and their children live long enough to breed, and this imperative is passed on to every generation that follows them. All else is transient, short-term and of no consequence.

Clearly, many bands – perhaps the majority – did not succeed as replicators. Their reproduction ratio fell below the minimum level and they became extinct. That enough bands did fulfil this role we know for certain because we are all the product of the successful breeding groups. Throughout the many millennia since *Homo sapiens* appeared, there is an unbroken chain to each and every one

of us from a band that lived long enough to breed through all of the successive generations right down to ours.

Now consider the other band in this thought experiment.

We know from the study of primate behaviour (our nearest biological ‘relatives’) that mother primates take care of their young, even if somewhat roughly by our standards. They feed their children, sometimes letting them take food from their very mouths (tolerated theft rather than deliberate sharing). Humans also inherited this parental instinct from our common ancestor and it is an advantage to the obvious extent that nurturing assists in the survival of their young into the next breeding generation.

Those primate individuals, and humans too, who are less careful with their children, lose them to hunger, disease or predators. If minute biological characteristics that promote carelessness appear by accident in any individual, it is a characteristic that is likely to be eliminated within a generation or two by the brutal course of events. Inherited characteristics need somebody to inherit them! Similarly, anybody experimenting with carelessness as a behavioural option is at risk too.

Suppose, for whatever reason or accident of circumstance, an individual on the savannah comes across a recently dead large antelope, in prime eating condition. His choice is instinctive – eat what he can and, when satiated, return quietly to camp and his less successful companions of the day and leave what is left – probably most of it – to the hyenas, jackals, vultures and its parasitic bacteria. In short, his find is mainly wasted. ‘Eat it or lose it’ is the rule.

Suppose, again by the accident of his relatively marginal superior cognition – including, perhaps, some dimly remembered past incident – he overrides his instinct, and as a deliberate act he calls out to members of the group to reveal his lucky find to them. They too can eat their fill of the high-protein meat; little is left to rival predators. The group returns to camp satiated and becomes stronger for it.

If the members of the band can learn from this co-operative incident then, potentially, the situation changes completely. If they don’t learn anything, they revert to random scavenging and secretive consumption and waste potential food resources. They could learn, however, to store in their bodies surplus food from the finds of individuals. Sharing in this way serves the same purpose as that of modern refrigerators – instead of storing today’s surplus in a cold box, it is stored in the muscles and energy of the other members of your band. And if they reciprocate in the future, the energy from the surplus food they shared helps finds meals for those who shared their finds with them, providing only that they co-operate.

If – and, agreed, it is a big if – any one or more of our forager’s companions followed his co-operative example and revealed what they found in future to him, their changed behaviour would benefit his and their descendants. If the minute changes in his own powers of cognition that led him to an act of co-operation were successfully passed on to his descendants and were reinforced by social evolution – co-operation was successfully ‘taught’ to others, including the necessary social measures to enforce it on defectors – their band would

slowly diverge behaviourally from the unreconstructed bands that continued in the old wasteful ways.

If acts of co-operation gave individuals an advantage in replication, they would increase the numbers of their surviving descendants over the descendants of those who remain inescapably driven by their animal instincts to distribute the random bounties of the savannah through 'red in tooth and claw' means.

A single act of co-operation, of course, could not and did not change the course of human history (for it is only a thought experiment). This is true of the individual too – one act of co-operation does not ensure a meal-ticket for life, any more than a single act of defection would necessarily deprive that individual of one.

Relationships consist of a sequence of actions and reactions that reinforce or undermine their defining qualities. Positive actions between individuals reinforce the strength of the relationship; negative actions do the opposite. A sudden isolated change in behaviour is unlikely to do too much one way or the other for or against the relationship; however, several instances of co-operation, or the lack of it, might shape the pattern.

Activity 1.4

Think of a relationship with someone and how it was changed, positively or negatively, by an action or actions of theirs (or yours). Was it a single action? How serious was it? Were there several incidents that changed the relationship? Were they cumulatively serious?

Of course, do not for one moment think that slight shifts in behaviour towards acts of co-operation led to a tribe of humans harmoniously at peace with themselves and their nearest neighbours that eventually out-bred 'sinners' and replaced them with 'saints'. 'New Age' man was a fantasy then as it is now. 'Noble Savages' were mental constructs of 18th-century speculation.

The only assertion I make is that human bands with co-operators in them have had a reproductive advantage over bands without co-operators in them. Bands that socially enforced co-operation through sanctions, such as the exclusion from the band of defectors (those who persistently took their fill of the co-operators' finds but who were caught hiding their own finds from others), would also gain a reproductive advantage over bands that had subdued their proclivities for co-operation, or who were unable to deal with too many defectors.

A capacity for independent acts of co-operation is not a unilateral disavowal of violence in all circumstances. If the two groups met, they were as likely to engage in violent acts against each other as any other two groups, and woe betide any unfortunate (male) individual from the other group who strayed into captivity.

There was (and still is) a long struggle to expand the areas for beneficial human co-operation. Modern humans with highly developed co-operative social mechanisms remain every bit as capable of defection and of committing the most appalling atrocities on each other (as Bosnia, Rwanda, Northern Ireland and Kosovo have shown recently), and even in the most routine of conflicts

people are capable of degrees of regrettable behaviour that reflect as badly on their perpetrators individually as they do on our species generally.

Case Study 1

[Please note that the names of the companies and their personnel have either been changed or withheld to protect confidentiality.]

Portcullis BioChem (PB) concluded that its current contracts with OrganTran plc, a biotechnology company, should be renegotiated. PB supported its detailed case with a statement of some new collaborative principles that it thought would be in the interests of both companies, and it was therefore disappointed to receive a lukewarm response from OrganTran. 'It was like a kick in the teeth,' said Jose Fraquelli, Managing Director of Portcullis BioChem. 'They seemed deeply suspicious of our motives and appeared not to have read our detailed case with much care.'

The gist of what PB proposed to OrganTran was that, in view of the two companies' close relationship, they should agree to share information on costs, profit, R&D, and future marketing intentions of Z28, a patented bioculture that PB sold to OrganTran, which then used it for one of its major product lines to the livestock industry.

'Clearly, the substantial amount of Z28 sold by PB to OrganTran has shown it to be a significant source of revenue for both companies,' said Fraquelli. 'Getting closer together seemed to make sense.'

'We know that we could invest more in R&D to improve Z28, but we don't know whether future sales to OrganTran would justify the investment. If it did, we would be glad to do so. But if they won't tell us their intentions, we can't invest in the dark when we have other products looking for funds.'

Industry observers commented that OrganTran believes that having several suppliers of Z28 and its substitutes suits its interests in keeping prices down. 'It keeps them on their toes,' said one unnamed source.

Fraquelli dismissed the notion that having several competing suppliers was in OrganTran's interests or in PB's. He denied that PB wanted to monopolise its supply to increase prices. 'As it is, Z28 is highly profitable for us at current prices, but that is not the issue. We are prepared to cut the price of Z28 if that is what OrganTran needs, but they must talk to us about it. For us to cut our price we need to see the profit OrganTran makes in selling Z28 in its products. But if they won't show us that, how can we cut our price?'

One insider reported that while OrganTran agreed in principle that some sort of benefits from a partnership were possible in theory, it was unlikely to be agreed in practice because the management team at OrganTran were deeply divided on where such a partnership would lead. 'OrganTran's profits are excellent this year from keeping suppliers at arm's length,' she said, 'and such a deal may have clear benefits long term. But for the moment nobody in the company wants to jeopardise next quarter's figures.'

Fraquelli summed up the problem as being one about 'short-termism'. 'Can they not see that the benefits outweigh the risks?', he asked. 'PB is prepared to invest in a major ingredient into one of OrganTran's product lines. We would

even share the patents if they put in some cash into the R&D. With a secure future market we could reduce the unit price of the Z28 derivative, supply them with a better product that none of their rivals would have for years, and both of us would make profits.'

'I just don't understand why otherwise sensible people prefer to shoot themselves in the foot when, with a modicum of co-operation, they would be better off,' concluded Jose Fraquelli.

Question

- 1 Would a knowledge of Prisoner's Dilemma help Jose Fraquelli understand the actions of OrganTran?

EPILOGUE

Essentially, influencing is about creating opportunities for co-operation and limiting temptations for defection. Formal procedures may exist to ensure co-operation among individuals in organisations – even supported by legal statutes – but to make formal procedures work it is necessary to mobilise informal relationships between those charged with working the procedures.

Influencers seek to enhance co-operation and prevent or circumvent defection. People do not have to co-operate with alacrity, and they have many opportunities to be less than enthusiastic about their commitment to and beyond the boundaries between co-operation and defection. Nor need they make conscious decisions to co-operate or defect. They may not recognise they are in a game with you as a player. They may act – and often do – in this or that manner by default.

If you do not deploy influencing skills in relationships with other players, you leave them to act in ignorance or disregard of your interests. Their defection need not be born of their antagonism towards your preferences. It could be a result of their being influenced that way by somebody else.

Deigning to influence them is not protection against their 'defection' in respect of your preferences. Influence or be influenced by others – not all of these others being sympathetic to or aware of your interests – is an iron rule of the games played in and between organisations.

You are much better placed than the nascent co-operators in our mind game. Influencing for co-operation is not something stumbled on in the minds of modern mankind. It is already widely understood by people in modern organisations through our culturally derived universals of co-operative choices to achieve an organisation's goals. The very existence of organisations presumes the co-operative imperative, for what else is an organisation but the realisation of co-operation?

Moreover, relationships are barriers to defection, which is why influencing strategies aim to develop strong relationships with the implicit goal of preventing defections. It is easier to defect when the 'victim' is a stranger; it is much more difficult to defect when the 'victim' is a close ally.

True, as Slug and Gripper demonstrate, relationships do not preclude defection and personal interest can prove overwhelming for the defector, but influencing

through relationship-building strategies, particularly those that serve individual interests by building strong coalitions of interests, is a powerful barrier to defection for trivial ends. By raising the 'price' of defection, the influencer goes a long way to ensuring the best chances for co-operative outcomes.

