

## **The Scepter of Influence**

The issue of influence in the business world today is no greater than it has ever been. However, the illusion of power that many of the top executives perceive in themselves is continuing to contribute a great deal to the unstableness of the economy. It is part of the malaise of business that has been heightened with the post-Enron era and is continuing to be in the spotlight almost daily. Why should we be interested in this? Why should our scepter of influence have an affect on our business relationships? How are we dealing with this phenomenon within our own companies and what is the external perception of the company's use of influence?

In a recent book called *Influence; The Psychology of Persuasion*, Dr. Robert Cialdini discusses the weapons of influence that we come into contact with daily on both personal and business levels. The book discusses six principles that impact us within society and how these principles can be manipulated to force our compliance or incorporate them into self-taught tools. These principles which are consistency, reciprocation, social proof, authority, liking, and scarcity, form a basis for our ability to secure successful outcomes to situations that present themselves.<sup>1</sup> These situations can be personal or business. No matter which, the principles remain the same. Cialdini writes that awareness of these principles and the use of them for personal and professional gain are part of everyday decisions that occur.

The rule of material self-interest is ignored in the book. People want the most and are willing to pay the least for the choices they make. This is inherently critical in the exercise of business choices with which today's executives are faced. Underlying these type of decisions are the specific use of principles of influence. Daily opportunities present executives the ability to favorably influence an outcome. All companies develop strategies and programs that seek to influence other companies or individuals to purchase their products or services. Without a clear understanding of the process with which influence plays in our decision making abilities, we are doomed to face and regularly yield to our inability to say no to these influencing factors.

By understanding what influences our decisions, our ability to dissect problems and form favorable conclusions increases exponentially. Additionally, it provides us with an insight that helps us to set personal rules, or principles, by which we make our arguments for both ourselves and to others. It is the blurring of these factors that has created such huge turmoil and furor in the business world of late. Business leaders have used these principles to influence outcomes on everything from product choices to balance sheet statements, taking a "damn

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<sup>1</sup> Influence: The Psychology of Persuasion, Robert B. Cialdini, published by Quill-William Morrow, New York, NY, 1993.

the torpedoes, full speed ahead” approach that societal, cultural and historical literacies demand us to respect.

Why should we be interested in this? It would seem probable that most top executives care about their company in terms of reputation as well as fiscal health. This in turn would lead them to use a scepter of influence that is principled in consistency or liking as opposed to one of reciprocation or authority. Too often, the scepter becomes a multi-edged sword that slices through the abilities of well-founded good judgment only to produce results that provide both the company and the executive a reputation of callousness and self-servitude. Unfortunately, this is being seen more and more often when publicly held companies have to provide short-term results primarily at the expense of company employees, customers, and vendors. As a stark contrast, privately held companies are not required to look at short term results at the expense of long-term objectives and relationships. Executives in the private sector operate on the principle of fairness and acceptance for all involved, not just the individual shareholder.

This is not to say that all executives in publicly held companies operate in an inappropriate manner day in and day out. Many continue to use good judgment and have set up personal operating principles that minimize the issue of influence, even when the stock price dips. It is to say, however, that the external forces requiring performance from top management are very strong and this can often result in quick decisions that have immediate effect on the stock price but large detrimental consequences on the long-term efforts of the organization.

Why should our scepter of influence have an effect on our business relationships? The paths chosen which use acceptable methods of influence form the primary building blocks of the decision-making process. If reciprocation is used as a building block, then the executive has to be very cognizant of fairness for the intended decision recipient and not a scepter of influence used to as self-reward or self-promotion at the expense of others. If executive leadership is viewed by constituents interested in only self-promotion, self-satisfaction and increasing material interests, no proper scepter of influence will gain buy-in at any applicable level. Without buy-in, no matter how the scepter of influence is positioned, the buy-in will be negative and form a foundation for doubt within the constituency and stake holders.

Some influence factors can affect us based on our abilities to not only recognize them, but also the ability to deny them access, or, in other words, our ability to say no. Recognition can provide credible reason either accepting or not accepting decisions provided to us by people of authority. Take the example of church leadership. Their scepter of influence provides an aura of guilt when we turn down specific requests. Whether this is self-imposed or of a divine nature is

certainly debatable, but the fact remains that the scepter of influence used must also be carefully measured in terms of our inability to say no to certain requests. Likewise, business leaders can also use various scepters of influence to gain acceptance for various perceived needs within an organization. Being able to recognize the influencing principle also provides tremendous insight into potential outcomes for all parties being affected.

How are we dealing with this influence phenomenon within our companies? Most company leaders use their influence appropriately and designate the expected outcomes of decisions based on the particular scepter of influence that is used. Top executives in most private organizations remain cognizant of their fiduciary responsibilities and maintain a level of trust from all participants within the organization. In stark contrast, many corporate leaders still believe that their ethics can be made up as they go along, regardless of the long-term costs to the company and without concern for their reputation or integrity. Though legislation has been passed to assure financial integrity, the scepters of influence cannot be legislated and still remain in use coupled with errors in judgment on numerous occasions. Having said the above, it still comes down to individual choice of style and influence exertion. Believing that the path chosen is correct for all involved is very different from manipulation for personal good and self-promotion.

What is the external perception of a company's use of influence? All organization's members contribute to the external perception of influence, even though top management is usually singled out. Every member has a responsibility to use the influence provided to them within the company structure to promote the company's products, services, programs, and policies in an ethical and responsible manner.

For example, recently several stock analysts were censured and fined for unfairly using their scepter of influence to promote companies being favorably promoted by their brokerage houses. Even though it is not known whether these analysts acted on their own or at the request of top management, they paid the price in hefty fines and job loss. Their influence was perceived externally as important and large which resulted in an unfavorable external perception of the company as a whole. The types of influence they used, apparently reciprocation and scarcity, produced the desired effects but their inability to say no gave rise to that raw emotion called greed. They couldn't ignore the external self-promotion nor the specific material wants that their improper use of influence would provide.

Once aware of how influence is being used within your business, you have the opportunity to use it wisely to make a difference for all involved. You also have the opportunity to use it unwisely which can hurt all involved. By understanding

the scepters of influence and remaining cognizant of the specific use of each, your opportunity to benefit the company and all those involved in the company remains at a high level because wise use of influence directly effect the level of perceived leadership integrity. By continually raising the bar for yourself and your employees, your level of influence will grow proportionately to your ethical standards and personal integrity.