



## Winning the Influence Game

What Every Business Leader Should Know About Government

by Michael Watkins, Mickey Edwards and Usha Thakrar  
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### Take-Aways

- Businesses have always sought to influence government.
- The influence game is often crucial to corporate survival.
- Organizations must be as proficient at the influence game as they are at their business.
- Savvy strategies can help you win the influence game.
- Governmental rules, regulations and decisions affect how your firm does business.
- To shape governmental rules, you must build coalitions, even with your business competition.
- The influence game has become more complex in the global economy.
- Access to governmental officials isn't the same as influence over them.
- Effective influence is built on a foundation of relationships.
- The relationships you build have inherent limitations.

### Rating (10 is best)

Overall

**7**

Applicability

**7**

Innovation

**8**

Style

**7**

## Relevance

### What You Will Learn

In this Abstract you will learn: 1) How to influence government policy that affects your organization; 2) Why such influence is vital to your company's survival; and 3) What not to do when trying to influence government.

### Recommendation

If you've ever wanted to be part of a special interest group or a corporate lobbying machine, but didn't know where to start, experts Michael Watkins, Mickey Edwards and Usha Thakrar have written a handbook for you. The authors write intelligently and provide information in great detail with no fluff. *getAbstract.com* recommends this book to those in business and organizations of all sizes who are — or should be — playing the influence game.

## Abstract

### The Influence Game

As a savvy businessperson, you need to be aware that your ability to play the government influence game can perform a critical role in the viability of your business. The very survival of your organization could depend upon your ability to get the attention of, and successfully influence, officials who make and enforce the rules that affect you. In today's economic and political environment, you must be as proficient in the influence game as you are in all other areas of your business.

You can learn the strategies of the influence game and the steps you must take in order to become a player, from diagnosing government's impact on your business or industry to ending up with favorable governmental decisions. Government rule-makers — whether legislative or regulatory; local, state or federal; domestic or foreign — shape the playing fields on which businesses compete. These rules are made and enforced through overt competition for influence with government rule makers and referees.

The influence game is just as competitive as selling your products and services, although it is played by a different set of players, including corporations, governments, unions, lobbying organizations and many special interest groups.

As one government relations expert explained, "Decisions made by governments impact everything we do. You have to have the patience to understand how to shape them over a long period of time." Those who don't participate in creating rules and regulations will end up being left behind. Consider the following government-controlled areas and ask how they affect your work.

- Government determines who owns what information.
- Government influences which standards prevail and how they are developed.
- Government restricts mergers, alliances and acquisitions.
- Government decides what can and cannot be exported.
- Government imposes taxes.

"The rules of the new economy have yet to be written. Those who do not participate in the crafting of those rules risk being left behind."

"You cannot just decide that you want to influence government action and expect to be successful instantaneously."

“The implication for coalition building is that asking allies for trivial gestures of support can soften them up for larger commitments; they become entangled in your purposes.”

“If you wait until the last minute to try to influence key decision makers, you will have no base of relationships and hence no credibility. This is a mistake that novices often make, comparable to introducing yourself to your neighbors when your house is burning down.”

“Once you have a solid foundation in place, you will be ready to craft winning strategies to achieve your objectives by influencing rule makers and referees.”

## The Principles of Influence

Seven fundamental principles can guide you through the influence game.

1. Never discount the potential impact of government.
2. Effective influence is built on a foundation of relationships, or relationship capital.
3. To shape the rules, you have to build coalitions, even with strange bedfellows.
4. To influence the rules, cooperate with your competitors to advance shared interests.
5. Where you play is as important as how you play. Whether you are playing offense or defense, you must identify the correct forums in which to play your influence game: local, state, federal or international; legislative, regulatory or judicial.
6. The ability to influence rule making is a competitive weapon, a form of business competition in disguise.
7. The influence game never ends.

To lay a foundation for playing the influence game, define your goals, organize internally and build relationships with influential players. Create influence strategies that:

1. Identify leverage points in government processes.
2. Build coalitions.
3. Frame persuasive messages.

The following common mistakes can undermine your efforts:

1. A lack of clear and realistic goals.
2. Failure to recognize when to shift goals.
3. Being unprepared to play both offense and defense.
4. Failure to have a backup plan.
5. Having preconceived notions about allies and adversaries.

To stay ahead of the curve you must anticipate how the influence game will change, especially given the powerful impact of the Internet. The Internet doesn't obviate the need for in-person lobbying, and it doesn't make up for the advantages another company might have in terms of budgets for campaign donations and lobbying, but the Internet can streamline and support monitoring and mobilization during your influence efforts. Globalization and the Internet compel corporations and government relations professionals to conduct corporate diplomacy in an increasingly boundary-less world. This ongoing diplomatic relationship between the two sides of the influence game always existed, but it is even more complex in today's climate of rapid, worldwide economic change.

## Value Net Games

Games companies play with each other in the normal course of business take place within their individual clusters of customers, suppliers, competitors and complementors. These clusters are their value nets, to use the term coined by Barry Nalebuff and Adam Brandenburger in their seminal 1996 book, *Co-opetition*, which explained game theory and business strategy. Players come together to wield influence as companies craft strategies for cooperating with other players in their value nets. Parties in a value net continually seek to change the game to create and claim more value with five classic strategies:

1. Imitation — Imitating successful products, processes and systems, while preventing imitation of their own goods, services, methods or strategies.

“Globalization is raising the game to new levels and altering how it gets played in existing ones.”

“Your employees are a priceless resource in your efforts to influence. They have a direct stake in the success of your company.”

“You cannot tell the players without a program. So the starting point is to be sure you understand who the influential players are. Do not cast your net too narrowly in choosing the players: resist limiting yourself to the existing set.”

2. Combination — Increasing concentration within their industry, and their own position in it, by acquiring or merging with other businesses.
3. Shutout — Closing the door to competing technologies.
4. Entry — Going into new markets, either alone or in alliances or joint ventures.
5. Holdup — Promoting competition among suppliers or customers to prevent being held up by solo providers.

This value net game is monitored by government, whose rule makers and referees shape businesses’ ability both to initiate and to defend against these strategies — to play offense or defense in value net games. The ability to implement game-changing moves is constrained by laws and regulations governing competition, antitrust activities, intellectual property, technical standards and the product-approval process. For example, when government agencies review applications for mergers and acquisitions or mediate or adjudicate cases regarding intellectual property rights or takeover disputes, the government is, in effect, acting as rule maker and referee in value-net games.

### Cultivating Relationships

The influence game rests on the foundation of relationships. Like personal capital, you must invest time and resources to build up relationship capital so you can draw on it when you need it. Building this base long before it’s needed is crucial. One expert lobbyist explained, “The biggest mistake CEOs make is that they don’t think they need anything here in Washington. You don’t go to Congress when you are in trouble. You’ve got to build up to it.”

These relationships must be built. They can’t simply be bought when you need them. Relationships also play another role: The right network can help you anticipate problems and prevent them from becoming major crises. Therefore, intelligence gathering is an important function of your relationships with people in government: The best information about what is going on is not available from the media or on the Web. It can only come from people who are enmeshed in the day-to-day flow of public affairs. You want to build relationships for both offensive and defensive functions. To build relationships, you should:

- Cast a wide net.
- Approach relationships as a two-way street.
- Be prepared to spend some money.
- Assess potential relationships in light of your goals, not party affiliations.
- Leverage internal and external resources.

Your credibility is difficult to build, easy to lose and often impossible to re-gain, so don’t mislead those in government, presume too much when dealing with them or put them in untenable positions. When mapping the areas in which you may be able to develop influence, identify which relationships are important and establish your priorities. Focus on:

- Staff members in Congress (or, on the state level, legislatures) and regulatory agencies.
- Members of Congress who have particular interests or serve on committees that directly or indirectly affect your business or industry.
- Generous party supporters who can help you influence those in government.

“Decisions about who conveys your message should not be made lightly. You have limited opportunities to access the relevant people; do not waste those opportunities by sending the wrong messenger.”

“Information is power, and the Internet provides a great deal of information at very low cost.”

- Public interest groups, which already have relationships with people in government.
- Other businesses and industry groups you can work with to leverage your efforts.

Once you’ve determined which relationships to pursue, you can gain access by:

- Working locally where you employ people — For elected officials, all politics is local. If your company has local employees, area politicians and Congressional representatives will care about you because you employ their constituents. Get to know local politicians since they have connections to state and federal officials.
- Learning what decision-makers care about — What issues are important to them, and where do they stand on issues you care about?
- Getting to know the people behind the people — A congressional staff person’s job includes knowing the interests, concerns and problems of the local constituency, and tracking key issues under legislative consideration. You can take advantage of this.
- Making yourself visible — Be proactive about getting to know officials and regulators.
- Using the media — If you develop relationships with members of the press, you can help meet their need for stories while advancing your own interests publicly.

Relationships have some key limits. They can benefit you, but they only go so far. For example, relationships do not outweigh strong differences of opinion. If you take a stand on an issue that’s in direct conflict with the political philosophy of key decision-makers, your relationship will not overcome that gulf. Some relationships will be limited due to potential conflicts of interest and other constraints. As a constituent, you have leverage to build a relationship with a legislative figure, but it is more difficult to build relationships with regulators. And, access isn’t the same as influence. Campaign contributions and fundraisers will give you access to politicians, but they won’t necessarily give you influence.

Government’s work takes place amid a great din of voices representing competing interests. Be one of them. Somebody will get involved, somebody will be heard and somebody will exercise influence. If it isn’t you, make sure it is someone whose interest matches your own.

## About The Author

Michael Watkins is an associate professor of business administration at Harvard Business School and taught at Harvard’s Kennedy School of Government. He co-authored *Right From the Start* and consults on negotiation and coalition building. Mickey Edwards, a Republican Congressman for 16 years, teaches about Congress and public advocacy at the Kennedy School, writes a weekly newspaper column and broadcasts on National Public Radio’s *All Things Considered*. Usha Thakrar, a research associate at Harvard Business School, graduated from the Kennedy School, worked in state government and founded her own company.

## Buzz-Words

Corporate diplomacy / Influence game / Relationship capital / Value net