

Andy:

Hey, everybody. Andy Crissinger here, Director of Coaching at Reboot. And I'm here with my friend and colleague, Dan Putt who is the Co-founder of Reboot and also the Director of Client Engagement, today.

Dan:

Good to be with you, too, Andy.

Andy:

And you all listening may recognize Dan as the voice of the Reboot podcast.

Dan:

Hello.

Andy:

We're talking today about navigating power differences to build better relationships. This is one of our short podcast snippets where we take a topic and we dive into it in a short, pithy, hopefully helpful way. And we're talking about power differences specifically as it pertains to investor-founder relationships. So we might expand that a bit to say board member-founder relationships. And Dan, maybe you can start us off by speaking to why we think this is a worthwhile topic to be exploring. This is something that comes up a lot in our conversations with prospective clients, and I know you have a view of that for your seat in the organization, so maybe you could start us there?

Dan:

Yeah. As, as Andy said, I was the Director of Client Engagement. I have the privilege of speaking to so many people, different founders, leaders, and quite a few investors. And I would say probably one of the most common topics that comes up for investors is really, "How do I build more collaborative trusting productive relationships with founders? How do I build more trusting and, and impactful relationships with leaders in my portfolio?" One of the core challenges that we see present in limiting the ability for founders and investors to really connect in a more collaborative way is actually rooted in the dynamics of power. So, as an example, one of my clients, a first-time founder and CEO, uh, but very talented, capable, and experienced operator, started a company. And one of her investors, actually her, her largest investor, also had experience in the same space. So, the investor in a, in an effort to be helpful and, and in a caring way, offered to meet on a regular basis, you know, once or twice a month to really talk about the business and to be supportive to, to my client.

So, on the surface, it sounds great. The experience for my client was terror. It was a horrible and hard experience for her, one where leading up the conversation, she would be incredibly stressed. She often wouldn't sleep because she was kind of scrambling to put together the right stuff, to look the right way for, for this investor, this investor was giving time to the founder in an effort to be helpful, giving time from their very precious calendar, and the, the experience for the founder was really to be stressed and anxious, and overwhelmed, things that aren't really helpful when you're trying to build a company. So, as I got into sort of exploring the situation with my founder, at one point, you know, in just seeing how much anxiety, how much anxiety she was wrestling with, how much turmoil she was in, I asked her, "If I were a fly on a wall in the meeting, who would I assume is the founder and CEO of this company?" In a meeting with one of the invest-, with her investor.

And she sort of paused and took a big breath, and sheepishly said back to me, "Him." So, why is that? Why, why is this dynamic that was in an effort to be helpful ... Why does it ultimately lead to my client feeling demotivated, de-energized, and stressed? So, I'm curious, Andy. And like, just hearing that story, what you notice about how power is at play in this dynamic?

Andy:

So the first thing I wanna do to start to answer that question is actually take a step back and start looking at power. And, and let's look at the different aspects of power, um, that are showing up in a dynamic like this. For those of you who may be familiar with our podcast, um, you know that last year, we interviewed Regina Smith and Amanda Aguilera, Episode 128, Jerry talked with them about power, progress, and generative conflict. So if anyone wants to go deep on this topic go check that episode out. And Regina and Amanda have actually been teachers internally for us; they've trained our coaches on aspects of power, right use of power, and so one of the things that we learned from Regina and Amanda is that power actually has different domains, different aspects, different dimensions. And there are three, I think, that we want to distinguish right off the bat in order to better understand what's happening in the relationship between your client and this investor. So, three domains of power, three dimensions of power that we want to unpack. The first is personal power. Personal power is that which comes to us as birthright. We all have it. We have it by, by virtue of being human, each of us has the right as individuals to have an effect or influence on um, the spheres in which we operate. So, personal power, it's sort of the birthright. Everybody's got it.

Then the second dimension of power that we want to talk about is what we would call role power or position power. This kind of power is earned and awarded through roles that we occupy inside of organizations, so the founder has a level of power than an individual contributor who's hired onto a team, a year after the founding of the company doesn't. It's a difference. There's a power differential there...

Dan:

Mm-hmm (affirmative).

Andy :

... based on role. And the last dimension that we wanna talk about for the purpose of this situation would be status, status power. Status power is the kind of power that is culturally conferred based on cultural norms, so think certain professions, carry with them, based on cultural norms, a kind of status power that are different from others. and so we want to start there.

So three dimensions of power. Personal power, everybody has it. It's our birthright. Role power which is, related to our position in an organization, and status power, related to that which is culturally conferred.

Andy:

So, we have three three dimensions of power that we're talking about here: role, status, personal power. And let's start by unpacking what is at play, or what was at play for your client in this exchange, your client the entrepreneur and then we'll, we'll pivot from that and talk about what might be present for the investor and for those who might be listening to this who are also investors and want to make it better in these type of exchanges we'll talk about those. But let's start with your client, first and foremost.

Dan:

So, certainly those three levels of power are at play here. And if we kind of go back from the top down ... So, the status power is certainly present. So the investor, a former founder with a success- successful exit not only has this sort of, this experience that my client did not have, but also the investor has gender power as a male, and then also a socioeconomic power as someone in a different socioeconomic status with a, with the successful exit of a company. So, that's certainly at play here for my client. Then we go down a notch to role power where you'd say, "Well, my client was the founder and CEO." And that is, that is conferred power, um, in the organization. However, this investor was the largest shareholder in the company. And so in this instance, she's also down-power in terms of role, even though she's really the one tasked with making the company go and the company work. And then the final one, sort of the, the foundational piece, was the personal power.

And this one where she was actually giving up and giving it away. So, how do you actually help someone who's actually giving away their personal power? Frankly, if you don't have the personal power, then the other two levels of power are not gonna be available to one either. So, what was helpful for her was to reconnect her with the core reasons why she wanted to start this company in the pu- first place, the things that were personal and important to her, the core values that she held, the mission and purpose behind why she wanted to build this company, things that were independent of this investor, their power, their status, but were important to her. And finding that helped her actually find a bit more solid ground in taking the role power and dealing with the status power. But the amazing thing about all this is it, it's happening, and we're aware of it on a subconscious level. But consciously, it's not there. We're not seeing it. And, and generally, the more power you have, particularly as we up into the status power the more blind you are to it. So, I'm curious, Andy. If you think about the investor, what do you see in terms of their relationship to the power and how it's showing up in this conversation?

Andy:

Yeah. A couple things come to mind. Um, the first is I'm reminded of the concept of the 150% Principal - which we learned from Regina and Amanda. And the 150% Principal describes the extra relationship responsibility that up power people have in any given relational exchange, and so there's more responsibility on the part of the person with more power, particularly in this case more status or role power to ensure that the relationship is equitable, that the um, that the terms are safe, as we would often say, so that the container is safe. And so that's part of what comes up for me. Um, we don't know in this particular case what the investor's perspective was, we don't know what was going on on the inside for this person. But if I were working with that person as a client, and let's just imagine they said, "Hey, I can sense my, my interactions with this founder aren't going as well as I'd like them to be. Uh, I, I wanna be helpful. But I sense that it's not, it's just not happening." One of the first things I would say is, "Are you cognizant of the fact that you are up-power significantly in a number of different ways in this relationship, both in terms of status and role? And how are you tending to that power differential, are you cognizant of it, are you looking for ways to make that exchange equitable?" And we'll talk about how you could specifically do that in a moment, but that's the first thing that comes to mind for me..

Dan:

Well, there's some of the material from Regina and Amanda that was, that may be helpful here, just to build on that last point. What we have found is that power actually can affect the brain. There's some research that's been done around this. And one of the ways it can actually affect the brain is it, it limits our ability to take in peripheral information. So, in this case, the investor may be focused entirely on the problems at hand, that are being presented, presented by my client as opposed picking other signals like

the stress and anxiety that's present for my client, and thus, losing an opportunity to maybe connect with them on a more human level as opposed to trying to get down to business, so to speak.

Andy:

Right, right. I think that's a great point. They're probably very focused on "what," the data, the expertise, the conversation about the space and less focused on the "we" and what is happening in their relational dynamic.

Dan:

Yeah.

Andy:

You know, what else comes to mind for me is some of the work of Ed Schein in this space. And for those of you listening who may not be familiar with Ed Schein, he was an organization development professor at MIT Sloan for a number of years, has written some wonderful books which have been hugely influential for us internally at Reboot, and I think specifically about his book *Helping*, which is one of the earlier books in this space, where he looks at power differentials in a helping relationship. He has some really, really practical advice on how to navigate those situations.

Dan:

What would he offer? What would he say to ... If he was, say, working with the investor in this circumstance?

Andy:

Well, one of the first things he would say is that effective help occurs when both the giver and the receiver are ready. So, it might be easy for that investor to think, "Oh, well, this founder has reached out to me and has asked for help. Of course, they're ready." But as just talked about earlier, what, what the investor might not be seeing is all the ways that the founder is intimidated, giving up perhaps, or not stepping into owning personal power. And so the investor might do things to signal more an equitable relationship dynamic and by actually ... Rather than leaning into my expert nature in this field might actually ask some more questions, might lead with inquiry as opposed to certainty and answers that might have the effect of balancing out, at least in real time, that sense of equity in the exchange.

Dan:

Mm-hmm (affirmative). Yeah, that's a great one. And, it can be really, really, really, really hard if you have expertise and experience in an area to not lean into an offer that initially is, and to not lead with inquiry 'cause it feels really good. It feels ... In a sense, this is making you a power, perhaps...But it feels really good to be an expert.

Andy:

Yes, absolutely. And often those who are in up-power positions in terms of status, we have a desire to be liked, respected, and validated by those in down-power status.

Dan:

Mm-hmm (affirmative).

Andy:

And so it can be a little bit intoxicating to be in that space where this person that we're helping wants, us, needs us, needs our insight. And so we have to be really careful about overly indulging that because it actually makes it harder for real help to flow.

Dan:

Mm-hmm (affirmative).

Andy:

For, for that exchange to be truly helpful for, in this case, the entrepreneur. Another thing that Schein talks about in the helping relationship is that it's incredibly important for the client, quote, unquote, to be the one who owns the problem. So, I think, you know, this is actually central for us in our work as coaches Dan. So, you might just say a word or two about that. Why is it important for the client to own the problem?

Dan:

So, to own the problem really provides the agency, and the sense of agency to move through it and to move beyond it. In telling someone how to fix something, if they don't have that sense of agency, they're probably not gonna be able to resolve it themselves. And they'll also continually come back, looking for help as opposed to being able to fix it for themselves, going forward.

Andy:

I wanted to pull a direct quote from Schien's book, from *Helping* here.. And, and what he's trying to do here is approximate the way that a person with up-power status might frame the, the helping conversation to the person who's the client or the person in the down-power status which sounds something a little like this, "I'm not in your situation, which only you can assess, but in a similar situation, here's what worked for me." And the goal there is to present some alternative solutions without inhibiting the client's ability to think innovatively about the situation. That's a subtle shift. But an incredibly important one. Again, it's intoxicating when you're in that place where someone is asking you for help to just dive into, "here's what you should do. Do this." and actually disempower the person that you're trying to help. Then they walk away with a sense of they're not in the driver's seat of their own life, of their own organization.

Dan:

Yeah. I mean, for my client, the feeling was um, that their inability to solve their own problems and needing the investor was ultimately gonna lead to a place where the investor's gonna say, "W- who are you? What are you doing here again? Why did I invest in you? You don't belong in this company." One of her greatest fears. And so uh, it was, it was a relationship grounded in fear (laughs) and terror as opposed to one rooted in collaborative and trusting nature.

Dan:

So, with all that said, if this investor that we've spoken about in our time together were on this call with us and he said, "Okay. I wanna be better here." What would be the two or three bullet points you'd offer for him to make a difference in this relationship, to make it a collaborative and trusting relationship?

Andy:

The first thing I would, I would say is more about internal stance actually, recognizing that I have I ... In some way, in some important ways, I am up-power in this relationship. Therefore, I need to be looking at everything that happens in this exchange through that lens. I need to be aware of that, not in a way that makes me tentative or, or scared to say things. But I just need to be conscious of that. And then, and then I need to be watching out for, in what ways might this person might be unnecessarily giving up their personal power, and to remember that that is there's always. So that would be one thing, that's more of an internal stance.

In terms of what to do practically, I would say the first thing is ask way more questions than you give advice or answers. I mean, to perhaps the order of 3:1, 4:1, 5:1. More questions because chances are no matter how similar a problem is their bringing to you to one you've faced before, that it's their problem, not yours. So, that would be one thing. And then the other thing would be to be checking in and gathering feedback ...

Dan:

Mm-hmm (affirmative).

Andy:

...about the helpfulness of your help, "Is working for you? You know, is this kind of help that you need? Is there a way that we could shift this?" In some ways it goes back to that old, kinda tired Twitter meme about, "How can I be helpful?"

Dan:

Mm-hmm (affirmative).

Andy:

That question got a lot of rightful ribbing because of it's sort of vacuousness or it's emptiness in terms of how it's often asked by VCs, but I think there's actually something there and it's less "how can I be helpful?" but "Am I being helpful? Is this the kind of help that you need?, and then being open to the feedback coming back to you and being willing to shift and adjust.

Dan:

I think that's really well said. I mean, I think one thing just to, to build on that or to close out, is, is also recognize that the relationship itself is something that needs attention and attended to. We have this, we have this uh ... You know, maybe a wish to be productive or be connected, to be better. And that often does require work and attention in itself. It's not one of those things that's just gonna resolve on its own. So, in both cases, both with my client and with the investor, they can actually talk about, "How is this going?" Not the results, not the, the solutions to the problems for the company, but actually, "How are we doing? And how can we be better?" And to know that that ... That in and of itself can s- set the foundation for trusting, collaborative relationships because then you're actually working on it together as opposed to a thing like, "Well, I should already know how to do this." Which is something my client felt and, perhaps, the investor felt as well. Like, "No, actually. We're different people with different needs. Let's come together and figure out how we best support one another and actually talk about that." As opposed to a thing in the background.

Andy:

Yeah. That's wonderful, really awesome. You know, we've just begun to scratch the surface on some really big meaty topics here in this little snippet. So, in the show notes, we'll put a link to the article that you cited about power causing brain damage, it comes from the Atlantic a couple years back. We'll also put a link to *Helping*, the book by Ed Schein, that we cited. I think this is probably among my top five books for leaders, coaches, anyone who is attempting to be helpful to others in their profession. So, we'll put that in there as well. And um, this is something we go deeper on in our bootcamps and events for investors, for VCs as well. So, if you wanna kind of dive deeper into this kind of content you might keep an eye out for that.

Dan:

Well, thanks for having me, Andy. It was great to be here.

Andy:

Yeah, yeah. Thanks, thanks for doing this.