



Stanford eCorner

Structuring Interactions for Alignment

Mike Rothenberg, *Rothenberg Ventures*

May 06, 2015

Video URL: <http://ecorner.stanford.edu/videos/3530/Structuring-Interactions-for-Alignment>

Mike Rothenberg talks about turning "one shot" business interactions, where the relationship ends once the goal is achieved, into "multi-shot games" that extend collaborations. The founder and CEO of Rothenberg Ventures says the key to empathizing and creating win-win solutions is to first understand that "everyone is rational" and incentive driven.



Transcript

It is very difficult if you find yourself in a one-shot game, so in terms of game theory, where there is nothing afterwards, because then it's just a matter of how do you divide up the pie, whatever the pie is. Whatever it is, time, money, whatever you're trying to split up, it's - so my first piece of advice is don't be in a one-shot game, just don't be in that game. And secondly, if you're in one, there is way more opportunities to turn it into a multi shot game than you might imagine. So what you try to do is, you try to find a reason to do business again with somebody. I'm talking about a business standpoint, but this should just apply overall. But if you're in a situation with somebody where you believe it's a one-shot game, then try to find a way to make it a multi shot game. So we were in a position, a couple of weeks ago, where we got to - there was a large financial organization that kind of pulled out from supporting a cause, it was the Global Citizens Festival, in Washington DC and they had a partner that said they were no longer going to help out and there was only a few days notice and because we are built on improv and sort of just-in-time principles and things, and we have friends there, then they said is there something you might be able to do to help us out? And so that is really interesting, because that could have been a one-shot game or maybe we give some financial support or some time and then we're done or we could say, yes actually let's look at the whole thing, maybe we could film this in virtual reality, maybe we could help you out with that, but maybe our capabilities of hosting so many events, we could host one of your like - one of your events for one piece of that. Maybe we could also bring the virtual reality demos and people could actually experience that and love that, and maybe your next event we could be part of that too. Now we just turned that into a relationship and a multi shot game and it becomes - and there are win wins everywhere. And that's actually really true.

So when you are looking for alignment, try to either be in a multi shot game or create a multi shot game out of it. The other thing is - oh, everyone is rational. That's not necessarily what I believed for a long time, because it's too easy to say, because they are doing that, that is not rational. Actually everyone is an incentive creature, and we all are. And when you think somebody is acting irrationally, you don't yet understand them. Be really careful what you do when you don't know why - what somebody is doing is rational. And then if you have this general philosophy that everybody is acting rationally for them, they're acting with their worldview, their incentives, what they believe, and then that allows you to be empathetic and you try to understand what is that? And if you work hard to be empathetic, and really understand where they're coming from, what that perspective is, that will allow you to find the win wins and create the multi shot games and structure things for success. So we have a very strong focus on trying to make sure that there are win wins everywhere and we are aligning ourselves like that. And that ties back into building the network as well.