A Revolutionary Approach To Success

On a sunny Saturday afternoon in Silicon Valley, two proud fathers stood on the sidelines of a soccerfield. They were watching their young daughters play together, and it was only a matter of time beforethey struck up a conversation about work. The taller of the two men was Danny Shader, a serial entrepreneur who had spent time at Netscape, Motorola, and Amazon. Intense, dark-haired, and capable of talking about business forever, Shader was in his late thirties by the time he launched his first company, and he liked to call himself the "old man of the Internet." He loved building companies, and he was just getting his fourth start-up off the ground.

Shader had instantly taken a liking to the other father, a man named David Homik who invests in companies for a living. At 5'4", with dark hair, glasses, and a goatee, Hornik is a man of eclectic interests: he collects Alice in Wonderland books, and in college he created his own major in computer music. He went on to earn a master's in criminology and a law degree, and after burning themidnight oil at a law firm, he accepted a job offer to join a venture capital firm, where he spent the next decade listening to pitches from entrepreneurs and deciding whether or not to fund them.

During a break between soccer games, Shader turned to Hornik and said, "I'm working on something—do you want to see a pitch?" Hornik specialized in Internet companies, so he seemed likean ideal investor to Shader. The interest was mutual. Most people who pitch ideas are first-time entrepreneurs, with no track record of success. In contrast, Shader was a blue-chip entrepreneur who had hit the jackpot not once, but twice. In 1999, his first start-up, Accept.com, was acquired by Amazon for $175 million. In 2007, his next company, Good Technology, was acquired by Motorola for $500 million. Given Shader's history, Hornik was eager to hear what he was up to next.

A few days after the soccer game, Shader drove to Hornik's office and pitched his newest idea. Nearly a quarter of Americans have trouble making online purchases because they don't have a bank account or credit card, and Shader was proposing an innovative solution to this problem. Hornik wasone of the first venture capitalists to hear the pitch, and right off the bat, he loved it. Within a week, heput Shader in front of his partners and offered him a term sheet: he wanted to fund Shader's company.

Although Homik had moved fast, Shader was in a strong position. Given Shader's reputation, andthe quality of his idea, Homik knew plenty of investors would be clamoring to work with Shader. "You're rarely the only investor giving an entrepreneur a term sheet," Hornik explains. "You're competing with the best venture capital firms in the country. and trying to convince the entrepreneur to take your money instead of theirs."

The best way for Homik to land the investment was to set a deadline for Shader to make his decision. If Hornik made a compelling offer with a short fuse, Shader might sign it before he had thechance to pitch to other investors. This is what many venture capitalists do to stack the odds in their favor.

But Hornik didn't give Shader a deadline. In fact, he practically invited Shader to shop his offer around to other investors. Hornik believed that entrepreneurs need time to evaluate their options, so as a matter of principle, he refused to present exploding offers. "Take as much time as you need to make the right decision," he said. Although Homik hoped Shader would conclude that the right decision was to sign with him, he put Shader's best interests ahead of his own, giving Shader space toexplore other options.

Shader did just that: he spent the next few weeks pitching his idea to other investors. In the meantime, Hornik wanted to make sure he was still a strong contender, so he sent Shader his mostvaluable resource: a list of forty references who could attest to Hornik's caliber as an investor.

Hornik knew that entrepreneurs look for the same attributes in investors that we all seek in financial advisers: competence and trustworthiness. When entrepreneurs sign with an investor, the investor joins their board of directors and provides expert advice. Hornik's list of references reflected the blood, sweat, and tears that he had devoted to entrepreneurs over the course of more than a decade inthe venture business. He knew they would vouch for his skill and his character.

A few weeks later, Hornik's phone rang. It was Shader, ready to announce his decision. "I'm sorry," Shader said, "but I'm signing with another investor."

The financial terms of the offer from Homik and the other investor were virtually identical, so Homik's list of forty references should have given him an advantage. And after speaking with thereferences, it was clear to Shader that Hornik was a great guy.

But it was this very same spirit of generosity that doomed Hornik's case. Shader worried that Hornik would spend more time encouraging him than challenging him. Hornik might not be tough enough to help Shader start a successful business, and the other investor had a reputation for being abrilliant adviser who questioned and pushed entrepreneurs. Shader walked away thinking, "I shouldprobably add somebody to the board who will challenge me more. Homik is so affable that I don't know what he'll be like in the boardroom." When he called Hornik, he explained, "My heart said togo with you, but my head said to go with them. I decided to go with my head instead of my heart."

Homnik was devastated, and he began to second-guess himself. "Am I a dope? If I had applied pressure to take the term sheet, maybe he would have taken it. But I've spent a decade building myreputation so this wouldn't happen. How did this happen?"

David Hornik learned his lesson the hard way: good guys finish last. Or do they?

According to conventional wisdom, highly successful people have three things in common: motivation, ability, and opportunity. If we want to succeed, we need a combination of hard work, talent, and luck. The story of Danny Shader and David Homik highlights a fourth ingredient, one that'scritical but often neglected: success depends heavily on how we approach our interactions with otherpeople. Every time we interact with another person at work, we have a choice to make; do we try to claim as much value as we can, or contribute value without worrying about what we receive in return?

As an organizational psychologist and Wharton professor, I've dedicated more than ten years of my professional life to studying these choices at organizations ranging from Google to the U.S. Air Force, and it turns out that they have staggering consequences for success. Over the past three decades, in a series of groundbreaking studies, social scientists have discovered that people differ dramatically in their preferences for reciprocity—their desired mix of taking and giving. To shed some light on these preferences, let me introduce you to two kinds of people who fall at opposite endsof the reciprocity spectrum at work. I call them takers and givers.

Takers have a distinctive signature: they like to get more than they give. They tilt reciprocity in their own favor, putting their own interests ahead of others' needs. Takers believe that the world is a competitive, dog-eat-dog place They feel that to succeed, they need to be better than others. To prove their competence, they self-promote and make sure they get plenty of credit for their efforts. Garden- variety takers aren't cruel or cutthroat; they're just cautious and self-protective. "If I don't look out for myself first," takers think, "no one will." Had David Hornik been more of a taker, he would have given Danny Shader a deadline, putting his goal of landing the investment ahead of Shader's desire

for a flexible timeline.

But Homik is the opposite of a taker, he's a giver. In the workplace, givers are a relatively rare breed. They tilt reciprocity in the other direction, preferring to give more than they get. Whereas takers tend to be self-focused, evaluating what other people can offer them, givers are other-focused, paying more attention to what other people need from them. These preferences aren't about money: givers and takers aren't distinguished by how much they donate to charity or the compensation that they command from their employers. Rather, givers and takers differ in their attitudes and actions toward other people. If you're a taker, you help others strategically, when the benefits to you outweigh the personal costs. If you're a giver, you might use a different cost-benefit analysis: you helpwhenever the benefits to others exceed the personal costs. Alternatively, you might not think about thepersonal costs at all, helping others without expecting anything in return. If you're a giver at work, you simply strive to be generous in sharing your time, energy, knowledge, skills, ideas, and connections with other people who can benefit from them.

It's tempting to reserve the giver label for larger-than-life heroes such as Mother Teresa or Mahatma Gandhi, but being a giver doesn't require extraordinary acts of sacrifice. It just involves afocus on acting in the interests of others. such as by giving help, providing mentoring, sharing credit or making connections for others. Outside the workplace. this type of behavior is quite common.

According to research led by Yale psychologist Margaret Clark, most people act like givers in closerelationships. In marriages and friendships, we contribute whenever we can without keeping score.

But in the workplace, give and take becomes more complicated. Professionally, few of us act purely like givers or takers, adopting a third style instead. We become matchers, striving to preservean equal balance of giving and getting. Matchers operate on the principle of fairness: when they helpothers, they protect themselves by seeking reciprocity. If you're a matcher, you believe in tit for tat, and your relationships are governed by even exchanges of favors.

Giving, taking, and matching are three fundamental styles of social interaction, but the lines between them aren't hard and fast. You might find that you shift from one reciprocity style to another as you travel across different work roles and relationships. It wouldn't be surprising if you act like ataker when negotiating your salary, a giver when mentoring someone with less experience than you, and a matcher when sharing expertise with a colleague. But evidence shows that at work, the vast majority of people develop a primary reciprocity style, which captures how they approach most of the people most of the time. And this primary style can play as much of a role in our success as hard work, talent, and luck.

In fact, the patterns of success based on reciprocity styles are remarkably clear. If I asked you toguess who's the most likely to end up at the bottom of the success ladder, what would you say-takers, givers, or matchers?

Professionally, all three reciprocity styles have their own benefits and drawbacks. But there's onestyle that proves more costly than the other two. Based on David Hornik's story, you might predict that givers achieve the worst results and you'd be right. Research demonstrates that givers sink to the bottom of the success ladder. Across a wide range of important occupations, givers are at a disadvantage: they make others better off but sacrifice their own success in the process.

In the world of engineering, the least productive and effective engineers are givers. In one study, when more than 160 professional engineers in California rated one another on help given and received, the least successful engineers were those who gave more than they received. These givers had the worst objective scores in their firm for the number of tasks, technical reports, and drawings completed not to mention errors made, deadlines missed, and money wasted. Going out of their wayto help others prevented them from getting their own work done.

The same pattern emerges in medical school. In a study of more than six hundred medical studentsin Belgium, the students with the lowest grades had unusually high scores on giver statements like "I love to help others" and "I anticipate the needs of others." The givers went out of their way to help their peers study, sharing what they already knew at the expense of filling gaps in their own knowledge, and it gave their peers a leg up at test time. Salespeople are no different. In a study I led of salespeople in North Carolina, compared with takers and matchers, givers brought in two and a half times less annual sales revenue.

They were so concerned about what was best for their customersthat they weren't willing to sell aggressively.

Across occupations, it appears that givers are just too caring, too trusting, and too willing to sacrifice their own interests for the benefit of others. There's even evidence that compared with takers, on average, givers earn 14 percent less money, have twice the risk of becoming victims ofcrimes, and are judged as 22 percent less powerful and dominant.

So if givers are most likely to land at the bottom of the success ladder, who's at the top-takers ormatchers?

Neither. When I took another look at the data, I discovered a surprising pattern: It's the giversagain. As we've seen, the engineers with the lowest productivity are mostly givers. But when we look atthe engineers with the highest productivity, the evidence shows that they're givers too. The California engineers with the best objective scores for quantity and quality of results are those who consistently give more to their colleagues than they get. The worst performers and the best performers are givers; takers and matchers are more likely to land in the middle.

This pattern holds up across the board. The Belgian medical students with the lowest grades haveunusually high giver scores, but so do the students with the highest grades. Over the course of medical school, being a giver accounts for 11 percent higher grades. Even in sales, I found that the least productive salespeople had 25 percent higher giver scores than average performers but so didthe most productive salespeople. The top performers were givers, and they averaged 50 percent moreannual revenue than the takers and matchers. Givers dominate the bottom and the top of the success ladder. Across occupations, if you examine the link between reciprocity styles and success, the giversare more likely to become champs not only chumps. Guess which one David Hommik turns out to be?

After Danny Shader signed with the other investor, he had a gnawing feeling. "We just closed a biground. We should be celebrating. Why am I not happier? I was excited about my investor, who's exceptionally bright and talented, but I was missing the opportunity to work with Hornik." Shader wanted to find a way to engage Hommik, but there was a catch. To involve him, Shader and his lead investor would have to sell more of the company, diluting their ownership.

Shader decided it was worth the cost to him personally. Before the financing closed, he invited Hornik to invest in

played a big part in lining up the deal with Danny Shader. But it was hisreciprocity style that ended up winning the day for him. Even better, he wasn't the only winner.

Shader won too, as did the companies to which Shader later recommended Hornik. By operating as agiver, Hornik created value for himself while maximizing opportunities for value to flow outward forthe benefit of others.

In this book, I want to persuade you that we underestimate the success of givers like David Hornik. Although we often stereotype givers as chumps and doormats, they turn out to be surprisingly successful. To figure out why givers dominate the top of the success ladder, we'll examine startling studies and stories that illuminate how giving can be more powerful and less dangerous than most people believe. Along the way, I'll introduce you to successful givers from many different walks of life, including consultants, lawyers, doctors, engineers, salespeople, writers, entrepreneurs, accountants, teachers, financial advisers, and sports executives. These givers reverse the popular plan of succeeding first and giving back later, raising the possibility that those who give first are oftenbest positioned for success later.

But we can't forget about those engineers and salespeople at the bottom of the ladder. Some givers do become pushovers and doormats, and I want to explore what separates the champs from the chumps. The answer is less about raw talent or aptitude, and more about the strategies givers use and the choices they make. To explain how givers avoid the bottom of the success ladder, I'm going to debunk two common myths about givers by showing you that they're not necessarily nice, and they'renot necessarily altruistic. We all have goals for our own individual achievements, and it turns out that successful givers are every bit as ambitious as takers and matchers. They simply have a different wayof pursuing their goals.

This brings us to my third aim, which is to reveal what's unique about the success of givers. Letme be clear that givers, takers, and matchers all can- and do-achieve success. But there's something distinctive that happens when givers succeed: it spreads and cascades. When takers win,there's usually someone else who loses. Research shows that people tend to envy successful takers and look for ways to knock them down a notch. In contrast, when givers like David Homik win, people are rooting for them and supporting them, rather than gunning for them. Givers succeed in a way that creates a ripple effect, enhancing the success of people around them. You'll see that the difference lies in how giver success creates value, instead of just claiming it. As the venture capitalist Randy Komisar remarks, "It's easier to win if everybody wants you to win. If you don't make enemiesout there, it's easier to succeed."

But in some arenas, it seems that the costs of giving clearly outweigh the benefits. In politics, forexample, Mark Twain's opening quote suggests that diplomacy involves taking ten times as much as giving. "Politics," writes former president Bill Clinton, "is a "getting business. You have to get support, contributions, and votes, over and over again." Takers should have an edge in lobbying andoutmaneuvering their opponents in competitive elections, and matchers may be well suited to the constant trading of favors that politics demands. What happens to givers in the world of politics?

Consider the political struggles of a hick who went by the name Sampson. He said his goal was tobe the "Clinton of Illinois," and he set his sights on winning a seat in the Senate. Sampson was an unlikely candidate for political office, having spent his early years working on a farm. But Sampson had great ambition; he made his first run for a seat in the state legislature when he was just twenty-three years old. There were thirteen candidates, and only the top four won seats. Sampson made a lackluster showing, finishing eighth.

After losing that race, Sampson turned his eye to business, taking out a loan to start a small shopwith a friend. The business failed, and Sampson was unable to repay the loan, so his possessions were seized by local authorities. Shortly thereafter, his business partner died without assets, and Sampson took on the debt. Sampson jokingly called his liability "the national debt": he owed fifteentimes his annual income. It would take him years, but he eventually paid back every cent.

After his business failed, Sampson made a second run for the state legislature. Although he was only twenty-five years old, he finished second, landing a seat. For his first legislative session, he hadto borrow the money to buy his first suit. For the next eight years, Sampson served in the state legislature, earning a law degree along the way. Eventually, at age forty-five, he was ready to pursue influence on the national stage. He made a bid for the Senate.

Sampson knew he was fighting an uphill battle. He had two primary opponents: James Shields and Lyman

Trumbull. Both had been state Supreme Court justices, coming from backgrounds far moreprivileged than Sampson's.

Shields, the incumbent running for reelection, was the nephew of a congressman. Trumbull was the grandson of an

eminent Yale-educated historian. By comparison, Sampson had little experience or political clout.

In the first poll, Sampson was a surprise front-runner, with 44 percent support. Shields was closebehind at 41 percent, and Trumbull was a distant third at 5 percent. In the next poll, Sampson gained ground, climbing to 47 percent support. But the tide began to turn when a new candidate entered the race; the state's current governor, Joel Matteson. Matteson was popular, and he had the potential to draw votes from both Sampson and Trumbull. When Shields withdrew from the race, Matteson quickly took the lead. Matteson had 44 percent, Sampson was down to 38 percent, and Trumbull wasat just 9 percent. But hours later, Trumbull won the election with 51 percent, narrowly edging out Matteson's 47 percent.

Why did Sampson plummet, and how did Trumbull rise so quickly? The sudden reversal of their positions was due to a choice made by Sampson, who seemed plagued by pathological giving. When Matteson entered the race, Sampson began to doubt his own ability to garner enough support to win. He knew that Trumbull had a small but loyal following who would not give up on him. Most peoplein Sampson's shoes would have lobbied Trumbull's followers to jump ship. After all, with just 9 percent support, Trumbull was a long shot.

But Sampson's primary concern wasn't getting elected. It was to prevent Matteson from winning. Sampson believed that Matteson was engaging in questionable practices. Some onlookers had accused Matteson of trying to bribe influential voters. At minimum, Sampson had reliable informationthat some of his own key supporters had been approached by Matteson. If it appeared that Sampson would not stand a chance, Matteson argued, the voters should shift their loyalties and support him.

Sampson's concerns about Matteson's methods and motives proved prescient. A year later, when Matteson was finishing his term as governor, he redeemed old government checks that were outdatedor had been previously redeemed, but were never canceled. Matteson took home several hundred thousand dollars and was indicted for fraud.

In addition to harboring suspicions about Matteson, Sampson believed in Trumbull, as they had something in common when it came to the issues. For several years, Sampson had campaigned passionately for a major shift in social and economic policy. He believed it was vital to the future of his state, and in this he and Trumbull were united. So instead of trying to convert Trumbull's loyal followers, Sampson decided to fall on his own sword. He told his floor manager, Stephen Logan, thathe would withdraw from the race and ask his supporters to vote for Trumbull. Logan was incredulous: why should the man with a larger following hand over the election to an adversary witha smaller following? Logan broke down into tears, but Sampson would not yield. He withdrew and asked his supporters to vote for Trumbull. It was enough to propel Trumbull to victory, at Sampson's expense.

That was not the first time Sampson put the interests of others ahead of his own. Before he helped Trumbull win the Senate race, despite earning acclaim for his work as a lawyer, Sampson's success was stifled by a crushing liability.

He could not bring himself to defend clients if he felt they were guilty. According to a colleague, Sampson's clients knew "they would win their case if it was fair, if not, that it was a waste of time to take it to him." In one case, a client was accused of theft, and Sampson approached the judge. "If you can say anything for the man, do it-I can't. If I attempt it, thejury will see I think he is guilty, and convict him." In another case, during a criminal trial, Sampson leaned over and said to an associate, "This man is guilty; you defend him, I can't." Sampson handed the case over to the associate. walking away from a sizable fee. These decisions earned him respect,but they raised questions about whether he was tenacious enough to make tough political decisions.

Sampson "comes very near being a perfect man." said one of his political rivals. "He lacks but one thing." The rival explained that Sampson was unfit to be trusted with power, because his judgment was too easily clouded by concern for others. In politics, operating like a giver put Sampson at a disadvantage. His reluctance to put himself first cost him the Senate election, and left onlookers wondering whether he was strong enough for the unforgiving world of politics. Trumbull was a fierce debater, Sampson was a pushover. "I regret my defeat," Sampson admitted, but he maintained that Trumbull's election would help to advance the causes they shared. After the election, a local reporter wrote that in comparison with Sampson, Trumbull was "a man of more real talent andpower."

But Sampson wasn't ready to step aside forever. Four years after helping Lyman Trumbull win the seat, Sampson ran for the Senate again. He lost again. But in the weeks leading up to the vote, one ofthe most outspoken supporters of Sampson's was none other than Lyman Trumbull, Sampson's sacrifice had earned goodwill, and Trumbull was not the only adversary who became an advocate inresponse to Sampson's giving. In the first Senate race, when Sampson had 47 percent of the vote andseemed to be on the brink of victory, a Chicago lawyer and politician named Norman Judd led a strong 5 percent who would not waver in their loyalty to Trumbull, During Sampson's second Senatebid, Judd became a strong supporter.

Two years later, after two failed Senate races, Sampson finally won his first election at the national level. According to one commentator. Judd never forgot Sampson's "generous behavior" anddid "more than anyone else" to secure Sampson's nomination.

In 1999, C-SPAN, the cable TV network that covers politics, polled more than a thousand knowledgeable viewers. They rated the effectiveness of Sampson and three dozen other politicianswho vied for similar offices. Sampson came out at the very top of the poll, receiving the highest evaluations. Despite his losses, he was more popular than any other politician on the list. You see,Sampson's Ghost was a pen name that the hick used in letters.

His real name was Abraham Lincoln. In the 1830s, Lincoln was striving to be the DeWitt Clinton of Illinois, referencing a U.S. senator and New York governor who spearheaded the construction of the Erie Canal. When Lincoln withdrew from his first Senate race to help Lyman Trumbull win the seat, they shared a commitment to abolishing slavery. From emancipating slaves, to sacrificing his own political opportunities for the cause, to refusing to defend clients who appeared to be guilty. Lincoln consistently acted for the greater good. When experts in history, political science, and psychology rated the presidents, they identified Lincoln as a clear giver. "Even if it was inconvenient, Lincoln went out of his way to help others," wrote two experts, demonstrating "obvious concern for the well-being of individual citizens." It is noteworthy that Lincoln is seen as one of the least self-centered, egotistical, boastful presidents ever. In independent ratings of presidential biographies, Lincoln scored in the top three along with Washington and Fillmore in giving credit to others and acting in the best interests of others. In the words of a military general who worked with Lincoln, "he seemed to possess more of the elements of greatness, combined with goodness, than any other."

In the Oval Office, Lincoln was determined to put the good of the nation above his own ego. Whenhe won the presidency in 1860, he invited the three candidates whom he defeated for the Republican nomination to become his secretary of state, secretary of the treasury, and attorney general. In Team ofRivals, the historian Doris Kearns Goodwin documents how unusual Lincoln's cabinet was. "Every member of the administration was better known, better educated, and more experienced in public life than Lincoln. Their presence in the cabinet might have threatened to eclipse the obscure prairie lawyer."

In Lincoln's position, a taker might have preferred to protect his ego and power by inviting "yes men" to join him. A matcher might have offered appointments to allies who had supported him. Yet Lincoln invited his bitter competitors instead. "We needed the strongest men of the party in the Cabinet," Lincoln told an incredulous reporter. "I had no right to deprive the country of their services." Some of these rivals despised Lincoln, and others viewed him as incompetent, but he managed to win them all over. According to Kearns Goodwin, Lincoln's "success in dealing with thestrong egos of the men in his cabinet suggests that in the hands of a truly great politician the qualities we generally associate with decency and morality kindness, sensitivity, compassion, honesty, andempathy can also be impressive political resources."

If politics can be fertile ground for givers, it's possible that givers can succeed in any job. Whether giving is effective, though, depends on the particular kind of exchange in which it's employed. This is one important feature of giving to keep in mind as we move through the ideas in this book: on any particular morning. giving may well be incompatible with success. In purely zero- sum situations and win-lose interactions, giving rarely pays off. This is a lesson that Abraham Lincolnlearned each time he chose to give to others at his own expense. "If I have one vice," Lincoln said, "and I can call it nothing else it is not to be able to say no no!"

But most of life isn't zero-sum, and on balance, people who choose giving as their primary reciprocity style end up reaping rewards. For Lincoln, like David Hornik, seemingly self-sacrificingdecisions ultimately worked to his

advantage. When we initially concluded that Lincoln and Hornik lost, we hadn't stretched the time horizons out far enough. It takes time for givers to build goodwill and trust, but eventually, they establish reputations and relationships that enhance their success. In fact, you'll see that in sales and medical school, the giver advantage grows over time. In the long run,giving can be every bit as powerful as it is dangerous. As Chip Conley, the renowned entrepreneur who founded Joie de Vivre Hotels, explains. "Being a giver is not good for a 100-yard dash, but it's valuable in a marathon."

In Lincoln's era, the marathon took a long time to run. Without telephones, the Internet, and high speed transportation, building relationships and reputations was a slow process. "In the old world, you could send a letter, and no one knew," Conley says. Conley believes that in today's connected world, where relationships and reputations are more visible, givers can accelerate their pace. "You no longer have to choose." says Bobbi Silten, the former president of Dockers, who now runs globalsocial and environmental responsibility for Gap Inc. "You can be a giver and be successful."

The fact that the long run is getting shorter isn't the only force that makes giving more professionally productive today. We live in an era when massive changes in the structure of work- and the technology that shapes it have further amplified the advantages of being a giver. Today, morethan half of American and European companies regularly use teams to get work done. We rely on teams to build cars and houses, perform surgeries, fly planes, fight wars, play symphonies, produce news reports, audit companies, and provide consulting services. Teams depend on givers to share information, volunteer for unpopular tasks, and provide help.

When Lincoln invited his rivals to join his cabinet, they had the chance to see firsthand how muchhe was willing to contribute for the sake of other people and his country. Several years before Lincoln became president, one of his rivals, Edwin Stanton, had rejected him as a co counsel in a trial, calling him a "gawky, long-armed ape." Yet after working with Lincoln, Stanton described him as "the most perfect ruler of men the world has ever seen." As we organize more people into teams, givers have more opportunities to demonstrate their value, as Lincoln did.

Even if you don't work in a team, odds are that you hold a service job. Most of our grandparents worked in independent jobs producing goods. They didn't always need to collaborate with other people, so it was fairly inefficient to be a giver. But now, a high percentage of people work in interconnected jobs providing services to others. In the 1980s, the service sector made up about half of the world's gross domestic product (GDP). By 1995, the service sector was responsible for nearlytwo thirds of world GDP. Today, more than 80 percent of Americans work in service jobs.

As the service sector continues to expand, more and more people are placing a premium on providers who have established relationships and reputations as givers. Whether your reciprocity style is primarily giver, taker, or matcher, I'm willing to bet that you want your key service providers to be givers. You hope your doctor, lawyer, teacher, dentist, plumber, and real estate agent will focus on contributing value to you, not on claiming value from you. This is why David Homik has an 89 percent success rate: entrepreneurs know that when he offers to invest in their companies, he has their best interests at heart. Whereas many venture capitalists don't consider unsolicited pitches, preferringto spend their scarce time on people and ideas that have already shown promise, Hornik responds personally to e-mails from complete strangers. "I'm happy to be as helpful as I can independent of whether I have some economic interest," he says. According to Hornik, a successful venture capitalistis "a service provider. Entrepreneurs are not here to serve venture capitalists. We are here to serve entrepreneurs."

The rise of the service economy sheds light on why givers have the worst grades and the best grades in medical school. In the study of Belgian medical students, the givers earned significantly lower grades in their first year of medical school. The givers were at a disadvantage and the negative correlation between giver scores and grades was stronger than the effect of smoking on theodds of getting lung cancer.

But that was the only year of medical school in which the givers underperformed. By their second year, the givers had made up the gap: they were now slightly outperforming their peers. By the sixth year, the givers earned substantially higher grades than their peers. A giver style, measured six years earlier, was a better predictor of medical school grades than the effect of smoking on lung cancer rates (and the effect of using nicotine patches on quitting smoking). By the seventh year of medical school, when the givers became doctors, they had climbed still further ahead. The effect of giving on final medical school performance was stronger than the smoking effects above; it was even greater than the think they're important enough."

Peter scheduled an appointment to drive out to see the scrap metal worker and help him with the plan changes. When he pulled up to the house, his jaw dropped. The front door was covered in cobwebs and had not been opened in months. He drove around to the back, where a thirty-four-year-old man opened the door. The living room was full of bugs, and he could see straight through to the roof: the entire ceiling had been ripped out. The client made a feeble gesture to some folding chairs, and Peter began working through the client's plan changes. Feeling sympathy for the client, who seemed like an earnest, hardworking blue-collar man, Peter made a generous offer. "While I'm here, why don't you tell me a bit about yourself and I'll see if there's anything else I can help you with."

The client mentioned a love of cars, and walked him around back to a dingy shed. Peter braced himself for another depressing display of poverty, envisioning a pile of rusted metal. When Peter stepped inside the shed, he gasped. Spread out before him in immaculate condition were a first generation Chevy Camaro, built in 1966; two vintage Australian Valiant cars with 1,000-horsepowerengines for drag racing: a souped-up coupe utility car; and a Ford coupe from the movie Mad Max.

The client was not a scrap metal worker; he owned a lucrative scrap metal business. He had just bought the house to fix it up: it was on eleven acres, and it cost $1.4 million. Peter spent the next yearreengineering the client's business, improving his tax position, and helping him renovate the house. "All I did was start out by doing a kindness." Peter notes. "When I got to work the next day. I had to laugh at my colleague who wasn't prepared to give a bit by driving out to visit the client." Peter wenton to develop a strong relationship with the client, whose fees multiplied by a factor of a hundred the following year, and expects to continue working with him for decades.

Over the course of his career, giving has enabled Peter Audit to access opportunities that takers and matchers routinely miss, but it has also cost him dearly. As you'll see in chapter 7, he was exploited by two takers who nearly put him out of business. Yet Peter managed to climb from the bottom to the top of the success ladder, becoming one of the more productive financial advisers in Australia. The key, he believes, was learning to harness the benefits of giving while minimizing the costs. As a managing director at Genesys Wealth Advisers, he managed to rescue his firm from the brink of bankruptcy and turn it into an industry leader, and he chalks his success up to being a giver. "There's no doubt that I've succeeded in business because I give to other people. It's my weapon of choice," Peter says. "When I'm head-to-head with another adviser to try and win business, people tell me this is why I win."

Although technological and organizational changes have made giving more advantageous, there's one feature of giving that's more timeless: when we reflect on our guiding principles in life, many of us are intuitively drawn to giving. Over the past three decades, the esteemed psychologist Shalom Schwartz has studied the values and guiding principles that matter to people in different cultures around the world. One of his studies surveyed reasonably representative samples of thousands of adults in Australia, Chile, Finland, France, Germany, Israel, Malaysia, the Netherlands, South Africa Spain, Sweden, and the United States. He translated his survey into a dozen languages, and asked respondents to rate the importance of different values. Here are a few examples:

List 1

- Wealth (money, material possessions)

Power (dominance, control over others)

- Pleasure (enjoying life)

Winning (doing better than others)

List 2

- Helpfulness (working for the well-being of others)

- Responsibility (being dependable)

Social justice (caring for the disadvantaged)

Compassion (responding to the needs of others)

Takers favor the values in List 1, whereas givers prioritize the values in List 2. Schwartz wantedto know where most people would endorse giver values. Take a look back at the twelve countries above. Where do the majority of people endorse giver values above taker values?

All of them. In all twelve countries, most people rate giving as their single most important value. They report caring more about giving than about power, achievement, excitement, freedom, tradition.conformity, security, and pleasure. In fact, this was true in more than seventy different countries around the world. Giver values are the number-one guiding principle in life to most people in most countries from Argentina to Armenia, Belgium to Brazil, and Slovakia to Singapore. In the majorityof the world's cultures, including that of the United States, the majority of people endorse giving as their single most important guiding principle.

On some level, this comes as no surprise. As parents, we read our children books like The GivingTree and emphasize the importance of sharing and caring. But we tend to compartmentalize giving, reserving a different set of

values for the sphere of work. We may love Shel Silverstein for our kids, but the popularity of books like Robert Greene's The 48 Laws of Power-not to mention the fascination of many business gurus with Sun Tzu's The Art of War-suggests that we don't see much room for giver values in our professional lives.

As a result, even people who operate like givers at work are often afraid to admit it. In the summer of 2011, I met a woman named Sherryann Plesse, an executive at a prestigious financial services firm. Sherryann was clearly a giver she spent countless hours mentoring junior colleagues and volunteered to head up a women's leadership initiative and a major charitable fund-raising initiative at her firm. "My default is to give," she says. "I'm not looking for quid pro quo; I'm lookingto make a difference and have an impact, and I focus on the people who can benefit from my help the most."

To enrich her business acumen, Sherryann left her job for six weeks, enrolling in a leadership program with sixty executives from companies around the world. To identify her strengths, she underwent a comprehensive psychological assessment. Sherryann was shocked to learn that her top professional strengths were kindness and compassion. Fearing that the results would jeopardize her reputation as a tough and successful leader, Sherryann decided not to tell anyone. "I didn't want to sound like a flake. I was afraid people would perceive me differently, perhaps as a less serious executive," Sherryann confided. "I was conditioned to leave my human feelings at the door, and win. Iwant my primary skills to be seen as hardworking and results-oriented, not kindness and compassion. In business, sometimes you have to wear different masks."

The fear of being judged as weak or naïve prevents many people from operating like givers at work. Many people who hold giver values in life choose matching as their primary reciprocity styleat work, seeking an even balance of give and take. In one study, people completed a survey about whether their default approach to work relationships was to give, take, or match. Only 8 percent described themselves as givers, the other 92 percent were not willing to contribute more than they received at work. In another study, I found that in the office, more than three times as many people prefer to be matchers than givers.

People who prefer to give or match often feel pressured to lean in the taker direction when they perceive a workplace as zero-sum. Whether it's a company with forced ranking systems, a group of firms vying to win the same clients, or a school with required grading curves and more demand than supply for desirable jobs, it's only natural to assume that peers will lean more toward taking than giving, "When they anticipate self-interested behavior from others," explains the Stanford psychologist Dale Miller, people fear that they'll be exploited if they operate like givers, so they conclude that "pursuing a competitive orientation is the rational and appropriate thing to do." There'seven evidence that just putting on a business suit and analyzing a Harvard Business School case is enough to significantly reduce the attention that people pay to relationships and the interests of others. The fear of exploitation by takers is so pervasive, writes the Cornell economist Robert Frank, that "by encouraging us to expect the worst in others it brings out the worst in us; dreading the role of thechump, we are often loath to heed our nobler instincts."

Giving is especially risky when dealing with takers, and David Hornik believes that many of the world's most successful venture capitalists operate like takers they insist on disproportionately large shares of entrepreneurs" start- ups and claim undue credit when their investments prove successful. Homik is determined to change these norms. When a financial planner asked him what he wanted to achieve in life, Hornik said that "above all, I want to demonstrate that success doesn't haveto come at someone else's expense."

In an attempt to prove it, Hommik has broken two of the most sacred rules in the venture business.

In 2004, he became the first venture capitalist to start a blog. Venture capital was a black box, so Hornik invited entrepreneurs inside. He began to share information openly online, helping entrepreneurs to improve their pitches by gaining a deeper understanding of how venture capitalists think. Homik's partners, and his firm's general counsel. discouraged him from doing it. Why would hewant to give away trade secrets? If other investors read his blog, they could steal ideas without sharing any in return. "The idea of a venture capitalist talking about what he was doing was considered insane," Hornik reflects. "But I really wanted to engage in a conversation with a broad set of entrepreneurs, and be helpful to them." His critics were right: "Lots of venture capitalists ended upreading it. When I talked about specific companies I was excited about, getting deals became more competitive." But that was a price that Hornik was willing to pay. "My focus was entirely on creatingvalue for entrepreneurs," he says, and he has maintained the blog for the past eight years.

Homnik's second unconventional move was ignited by his frustration with dull speakers at conferences. Back in college, he had teamed up with a professor to run a speakers' bureau so he couldinvite interesting people to campus. The lineup included the inventor of the game Dungeons & Dragons, the world yo-yo champion, and the animator who created the Wile E. Coyote and Road Runner cartoon characters for Warner Bros. By comparison, speakers at venture capital and technology conferences weren't measuring up. "I discovered that I stopped going in to hear the speakers, and I would spend all my time chatting with people in the lobby about what they're workingon. The real value of these events was the conversations and relationships that were created between people. What if a conference was about conversations and relationships, not content?"

In 2007, Homik planned his first annual conference. It was called The Lobby, and the goal was to bring entrepreneurs together to share ideas about new media. Hornik was putting about $400,000 on the line, and people tried to talk him out of it. "You could destroy your firm's reputation," they warned, hinting that if the conference failed. Hornik's own career might be ruined. But he pressed forward, and when it was time to send out invitations, Hommik did the unthinkable. He invited venture capitalists at rival firms to attend the conference.

Several colleagues thought he was out of his mind. "Why in the world would you let other venturecapitalists come to the conference?" they asked. If Hornik met an entrepreneur with a hot new idea at The Lobby, he would have a leg up on landing the investment. Why would he want to give away his advantage and help his competitors find opportunities? Once again, Hornik ignored the naysayers. "I want to create an experience to benefit everyone, not just me." One of the rival venture capitalists who attended liked the format so much that he created his own Lobby-style conference, but he didn't invite Hornik or any other venture capitalists. His partners wouldn't let him. Nevertheless, Hornik kept inviting venture capitalists to The Lobby.

David Homik recognizes the costs of operating like a giver. "Some people think I'm delusional.

They believe the way you achieve is by being a taker," he says. If he were more of a taker, he probably wouldn't accept unsolicited pitches, respond personally to e-mails, share information with competitors on his blog, or invite his rivals to benefit from The Lobby conference. He would protect his time, guard his knowledge, and leverage his connections more carefully. And if he were more of amatcher, he would have asked for quid pro quo with the venture capitalist who attended The Lobby but didn't invite Hornik to his own conference. But Hornik pays more attention to what other people need than to what he gets from them. Hornik has been extremely successful as a venture capitalist while living by his values, and he's widely respected for his generosity. "It's a win-win." Hornik reflects. "I get to create an environment where other people can get deals and build relationships, and live in the world I want to live in." His experience reinforces that giving not only is professionally risky; it can also be professionally rewarding

Understanding what makes giving both powerful and dangerous is the focus of Give and Take. The first section unveils the principles of giver success, illuminating how and why givers rise to the top. I'll show you how successful givers have unique approaches to interactions in four key domains: networking, collaborating, evaluating, and influencing. A close look at networking highlights fresh approaches for developing connections with new contacts and strengthening ties with old contacts. Examining collaboration reveals what it takes to work productively with colleagues and earn their respect. Exploring how we evaluate others offers counterintuitive techniques for judging and developing talent to get the best results out of others. And an analysis of influence sheds light on novel strategies for presenting, selling. persuading, and negotiating, all in the spirit of convincing others to support our ideas and interests. Across these four domains, you'll see what successful givers do differently and what takers and matchers can learn from their approach. Along the way, you'll find out how America's best networker developed his connections, why the genius behind oneof the most successful shows in television history toiled for years in anonymity, how a basketball executive responsible for some of the worst draft busts in history turned things around, whether a lawyer who stumbles on his words can beat a lawyer who speaks with confidence, and how you canspot a taker just from looking at a Facebook profile.

In the second part of the book, the focus shifts from the benefits of giving to the costs, and how they can be managed.

I'll examine how givers protect themselves against burnout and avoid becomingpushovers and doormats. You'll discover how a teacher reduced her burnout by giving more rather than less, how a billionaire made money by giving it away, and the ideal number of hours to volunteerif you want to become happier and live longer. You'll see why giving slowed one consultant's path to partner but accelerated another's, why we misjudge who's a giver and who's a taker. and how givers protect themselves at the bargaining table. You'll also gain knowledge about how givers avoid the bottom of the success ladder and rise to the top by nudging other people away from taking and towardgiving. You'll learn about a ninety-minute activity that unleashes giving in remarkable ways, and you'll figure out why people give things away for free that they could easily sell for a profit on Craigslist, why some radiologists get better but others get worse, why thinking about Superman makespeople less likely to volunteer, and why people named Dennis are unusually likely to become dentists.

By the time you finish reading this book, you may be reconsidering some of your fundamental assumptions about success. If you're a self-sacrificing giver, you'll find plenty of insights for ascending from the bottom to the top of the success ladder. If you endorse giver values but act like a matcher at work, you may be pleasantly surprised by the wealth of opportunities to express your values and find meaning in helping others without compromising your own success. Instead of aimingto succeed first and give back later, you might decide that giving first is a promising path to succeeding later. And if you currently lean toward taking, you may just be tempted to shift in the giverdirection, seeking to master the skills of this growing breed of people who achieve success by contributing to others. But if you do it only to succeed, it probably won't work.

chairman and CEO for fifteen years. By the time he stepped down, his company was worth $110 billion, with more than twenty thousand employees in forty countries around the world. For five consecutive years, Fortune named his company "America's Most Innovative Company" and one of the twenty-five best places to work in the country. When asked about his success, he acknowledged the importance of "Respect... the golden rule...

Absolute integrity... Everyone knows that I personally have a very strict code ofpersonal conduct that I live by." He set up a charitable family foundation, giving over $2.5 million to more than 250 organizations, and donated 1 percent of his company's annual profits to charity. His giving attracted the attention of former president George W. Bush, who commended him as a "good guy" and a "generous person."

Then he was indicted. His name was Kenneth Lay, and he is best remembered as a primary villain in the Enron scandal Enron was an energy, commodities, and securities firm headquartered in Houston. In October 2001, Enron lost $1.2 billion in shareholder equity after reporting third-quarter losses of $618 million, the biggest earnings restatement in U.S. history. In December, Enron went bankrupt, leaving twenty thousand employees jobless, many watching their life savings practically erased by the company's fall. Investigators found that Enron had deceived investors by reporting false profits and hiding debtsof more than $1 billion, manipulated energy and power markets in California and Texas, and won international contracts by giving illegal bribes to foreign governments. Lay was convicted on six counts of conspiracy and fraud.

We can debate about how much Lay truly knew about Enron's illegal activities, but it's difficult to deny that he was a taker. Although Lay may have looked like a giver to many observers, he was a faker: a taker in disguise. Lay felt entitled to use Enron's resources for personal gain. As Bethany McLean and Peter Elkind describe in The Smartest Guys in the Room, Lay took exorbitant loans fromthe company and had his staff put his sandwiches on silver platters

and fine china. A secretary once tried to reserve an Enron plane for an executive to do business, only to learn that the Lay family was currently using three Enron planes for personal travel. From 1997 to 1998, $4.5 million in Enron commissions went to a travel agency owned by Lay's sister. According to accusations, he sold more than $70 million in stock just before Enron went bankrupt, taking the treasure from a sinking ship.

This behavior was foreshadowed in the 1970s when Lay worked at Exxon. A boss wrote a referencerecommending Lay highly, but warned that he was "Maybe too ambitious." Observers now believe that as early as 1987, at Enron Oil, Lay approved and helped to conceal the activities of two traders who set up fake companies and stole $3.8 million while allowing Enron to avoid massive trading losses. When the losses were discovered, Enron Oil had to report an $85 million hit, and Lay deniedknowledge and responsibility: "If anyone could say that I knew, let them stand up." According to McLean and Elkind, one trader started to stand up but was physically restrained by two colleagues.

How did a taker end up becoming so successful? He knew somebody. In fact, he knew a whole lotof somebodies. Ken Lay profited greatly from claiming his company's financial resources as his own, but much of his success in growing that company came the old-fashioned way: he built a network of influential contacts and leveraged them for his own benefit. Lay was a master networker from the start. In college, he impressed an economics professor named Pinkney Walker and started his ascent on the shoulders of Walker's connections. Walker helped Lay land an assignment as an economist at the Pentagon, and then a position as a chief assistant in the White House in the Nixon administration.

By the mid-1980s, Lay became the head of Enron after engineering the company's move to Houston following a merger. As he consolidated his power, he began to hobnob with political power brokers who could support Enron's interests. He put Pinkney Walker's brother Charls on Enron's board and developed a relationship with George H. W. Bush, who was running for president. In 1990, Lay Co-Chaired an important Summit of Industrialized Nations meeting for Bush in Houston, putting on a dazzling show and charming the crowd, which included British Prime Minister Margaret Thatcher, German chancellor Helmut Kohl, and French president François Mitterrand. After Bush lost his reelection bid to Bill Clinton, Lay wasted no time in reaching out to a friend who was a key aide to the president- elect the friend had gone to kindergarten with Clinton. Soon, Lay was playing golf with the new president. Several years later, as George W. Bush gained power, Lay used his connections to lobby for energy deregulation and get his supporters in important government positionsin Texas and the White House, influencing policies in Enron's favor. At nearly every stage in his career, Lay was able to dramatically improve his company's prospects or his own by making use of well-placed contacts in his network.

For centuries, we have recognized the importance of networking. According to Brian Uzzi, a management professor at Northwestern University, networks come with three major advantages; private information, diverse skills, and power. By developing a strong network, people can gain invaluable access to knowledge, expertise, and influence. Extensive research demonstrates that people with rich networks achieve higher performance ratings, get promoted faster, and earn more money. And because networks are based on interactions and relationships, they serve as a powerful prism for understanding the impact of reciprocity styles on success. How do people relate to others intheir networks, and what do they see as the purpose of networking?

On the one hand, the very notion of networking often has negative connotations. When we meet a new person who expresses enthusiasm about connecting, we frequently wonder whether he's acting friendly because he's genuinely interested in a relationship that will benefit both of us, or because hewants something from us. At some point in your life, you've probably experienced the frustration of dealing with slick schmoozers who are nice to your face when they want a favor, but end up stabbingyou in the back or simply ignoring you-after they get what they want. This faker style of networking casts the entire enterprise as Machiavellian, a self-serving activity in which people make connections for the sole purpose of advancing their own interests. On the other hand, givers and matchers often see networking as an appealing way to connect with new people and ideas. We meet many people throughout our professional and personal lives, and since we all have different knowledge and resources, it makes sense to turn to these people to exchange help, advice, and introductions. This raises a fundamental question: Can people build up networks that have breadth and depth using different reciprocity styles? Or does one style consistently create a richer network?

In this chapter, I want to examine how givers, takers, and matchers develop fundamentally distinct networks, and why their interactions within these networks have different characters and consequences. You'll see how givers and takers build and manage their networks differently, and leam about some clues that they leak along the way including how we could have recognized the takers at Enron four years before the company collapsed. Ultimately, I want to argue that while givers and takers may have equally large networks, givers are able to produce far more lasting value through their networks, and in ways that might not seem obvious.

In 2011, Fortune conducted extensive research to identify the best networker in the United States. The goal was to use online social networks to figure out who had the most connections to America'smost powerful people. The staff compiled a list of the Fortune 500 CEOs, as well as Fortune's listsof the 50 smartest people in technology, the 50 most powerful women, and the 40 hottest rising stars in business under age forty. Then, they cross-referenced this list of 640 powerful people against LinkedIn's entire database of more than ninety million members.

The winning networker was connected on LinkedIn to more of Fortune's 640 movers and shakersthan anyone else on earth. The winner had more than 3,000 LinkedIn connections, including Netscapecofounder Marc Andreessen, Twitter cofounder Evan Williams, Flickr cofounder Caterina Fake, Facebook cofounder Dustin Moskovitz, Napster cofounder Sean Parker, and Half.com founder Josh Kopelman not to mention the former chef of the Grateful Dead. As you'll see later, this networker extraordinaire is a giver. "It seems counterintuitive, but the more altruistic your attitude, the more benefits you will gain from the relationship," writes LinkedIn founder Reid Hoffman. "If you set out to help others," he explains, "you will rapidly reinforce your own reputation and expand your universe of possibilities." Part of this, I'll argue, has to do with the way networks themselves have changed and are still evolving. At the heart of my inquiry, though, lies an exploration of how the motives with which we approach networking shape the strength and reach of those networks, as wellas the way that energy flows through them.

Spotting the Taker in a Giver's Clothes.

If you've ever put your guard up when meeting a new colleague, it's probably because you thought you picked up on the scent of self-serving motives. When we see a taker coming, we protect ourselves by closing the door to our networks, withholding our trust and help. To avoid getting shut out, many takers become good fakers, acting generously so that they can waltz into our networks disguised as givers or matchers. For the better part of two decades, this worked for Ken Lay, whose favors and charitable contributions enabled people to see him in a positive light, opening the door to new ties and sources of help.

But it can be difficult for takers to keep up the façade in all of their interactions. Ken Lay was charming when mingling with powerful people in Washington, but many of his peers and subordinatessaw through him. Looking back, one former Enron employee said, "If you wanted to get Lay to attend a meeting, you needed to invite someone important." There's a Dutch phrase that captures this dualitybeautifully: "kissing up, kicking down." Although takers tend to be dominant and controlling with subordinates, they're surprisingly submissive and deferential toward superiors. When takers deal with powerful people, they become convincing fakers. Takers want to be admired by influential superiors, so they go out of their way to charm and flatter. As a result, powerful people tend to form glowing first impressions of takers. A trio of German psychologists found that when strangers first encountered people, the ones they liked most were those "with a sense of entitlement and a tendency to manipulate and exploit others."

When kissing up, takers are often good fakers. In 1998, when Wall Street analysts visited Enron, Lay recruited seventy employees to pretend to be busy traders, hoping to wow the analysts with the image of a productive energy trading business. Lay led the analysts through the charade, where the employees were asked to bring personal photos to a different floor of the building so it looked like they worked there, and put on a show. They made imaginary phone calls, creating a ruse that they were busy buying and selling energy and gas. This is another sign that Lay was a taker: he was obsessed with making a good impression upward, but worried less about how he was seen by thosebelow him. As Samuel Johnson purportedly wrote, "The true measure of a man is how he treats someone who can do him absolutely no good."

Takers may rise by kissing up, but they often fall by kicking down. When Lay sought to impress the Wall Street analysts, he did so by exploiting his own employees, asking them to compromise their integrity to construct a façade that would deceive the analysts. Research shows that as people gain power, they feel large and in charge: less constrained and freer to express their natural tendencies. As takers gain power, they pay less attention to how they're perceived by those below and next to them; they feel entitled to pursue self-serving goals and claim as much value as they can. Over time, treatingpeers and subordinates poorly jeopardizes their relationships and reputations. After all, most people are matchers: their core values emphasize fairness, equality, and reciprocity. When takers violate these principles, matchers in their networks believe in an eye for an eye, so they want to see justice served.

To illustrate, imagine that you're participating in a famous study led by Daniel Kahneman, the Nobel Prize winning psychologist at Princeton. You're playing what's known as the ultimatum game,and you sit down across the table from a stranger who has just been given $10. His task is to present you with a proposal about how the money will be divided between the two of you. It's an ultimatum: you can either accept the proposal as it stands and split the money as proposed, or you can reject it, and both of you will get nothing. You might never see each other again, so he acts like a taker, keeping $8 and offering you only $2. What do you do?

In terms of pure profit, it's rational for you to accept the offer. After all, $2 is better than nothing. But if you're like most people, you reject it. You're willing to sacrifice the money to punish the taker for being unfair, walking away with nothing just to keep him from earning $8. Evidence shows that the vast majority of people in this position reject proposals that are imbalanced to the tune of 80 percent or more for the divider.

Why do we punish takers for being unfair? It's not spite. We're not getting revenge on takers for trying to take advantage of us. It's about justice. If you're a matcher, you'll also punish takers for acting unfairly toward other people. In another study spearheaded by Kahneman, people had a choicebetween splitting $12 evenly with a taker who had made an unfair proposal in the past or splitting $10 evenly with a matcher who had made a fair proposal in the past. More than 80 percent of the people preferred to split $10 evenly with the matcher, accepting $5 rather than $6 to prevent the takerfrom getting $6.

In networks, new research shows that when people get burned by takers, they punish them by sharing reputational information. "Gossip represents a widespread, efficient, and low-cost form of punishment," write the social scientists Matthew Feinberg, Joey Cheng, and Robb Willer. When reputational information suggests that someone has taker tendencies, we can withhold trust and avoid being exploited. Over time, as their reputations spread, takers end up cutting existing ties and burning bridges with potential new ties. When Lay's taking was revealed, many of his former supporters including the Bush family distanced themselves from him. As Wayne Baker, a University of Michigan sociologist and networking expert, explains, "If we create networks with the sole intention of getting something, we won't succeed. We can't pursue the benefits of networks; the benefits ensuefrom investments in meaningful activities and relationships."

Before we make the leap of investing in relationships, though, we need to be able to recognize takers in our everyday interactions. For many of us, a challenge of networking lies in trying to guess the motives or intentions of a new contact, especially since we've seen that takers can be quite adeptat posing as givers when there's a potential return. Is the next person you meet interested in a genuineconnection or merely seeking personal gains and is there a good way to tell the difference?

Luckily, research shows that takers leak clues. Well, more precisely, takers leak clues.

In the animal kingdom, lekking refers to a ritual in which males show off their desirability as mates. When it's time to breed, they gather in a common place and take their established positions. They put on extravagant displays to impress and court female audiences. Some do mating dances. Some sing alluring songs. Some even do acrobatics. The most striking display of lekking occurs among male peacocks. Each mating season, the males assume their positions and begin parading theirplumage. They strut. They spread their feathers. They spin around to flaunt their tails. In the CEO kingdom, takers do a dance that looks remarkably similar.

In a landmark study, strategy professors Arijit Chatterjee and Donald Hambrick studied more thana hundred CEOS in computer hardware and software companies. They analyzed each company's annual reports over more than a decade, looking for signs of lekking. What they found would forever change the face of leadership.

It turns out that we could have anticipated the collapse of Enron as early as 1997, without ever meeting Ken Lay or looking at a single number. The warning signs of Enron's demise are visible in asingle image, captured four years before the company unraveled. Take a look at the two pictures of CEOs below, reproduced from their companies' annual reports. Both men started their lives in poverty, worked in the Nixon administration, founded their own companies, became rich CEOs, and donated substantial sums of money to charity. Can you tell from their faces or their clothes whichone was a taker?

The man on the left is Jon Huntsman Sr., a giver whom we'll meet in chapter 6, from his company's 2006 annual report. The photo on the right depicts Ken Lay. Thousands of experts have analyzed Enron's financial statements, but they've missed an important fact: a picture really is wortha thousand words. Had we looked more carefully at the Enron reports, we might have recognized thetelltale signs of takers lekking at the helm.

But these signs aren't where I expected to find them they're not in the faces or attire of the CEOs. In their study of CEOs in the computer industry, Chatterjee and Hambrick had a hunch that takers would see themselves as the suns in their companies' solar systems. They found several clues of takers lekking at the top. One signal appeared in CEO interviews. Since takers tend to be self- absorbed, they're more likely to use first-person singular pronouns like 1, me, mine, my, and myself versus first-person plural pronouns like we, us, our, ours, and ourselves. In the computer industry, when talking about the company, on average, 21 percent of CEOs' first-person pronouns were in the singular. For the extreme takers, 39 percent of their first-person pronouns were in the singular. Of every ten words that the taker CEOs uttered referencing themselves, four were about themselves alone and no one else.

Another signal was compensation: the taker CEOs earned far more money than other senior executives in their companies. The takers saw themselves as superior, so they felt entitled to substantial pay discrepancies in their own favor. In the computer industry, a typical taker CEO took home more than triple the annual salary and bonus of anyone else in the company. By contrast, the average across the industry was for CEOs to earn just over one and a half times the next highest paid. The taker CEOs also commanded stock options and other noncash compensation of seven times higher than the next highest paid, compared with the industry average of two and a half times higher.

But the most interesting clue was in the annual reports that the companies produced for shareholders each year. At the top of the next page are the pictures of Ken Lay and Jon Huntsman Sr.that I showed you before, but now they're in context.

The photo on the left appeared in Huntsman's 2006 annual report. His image is tiny, taking up less than 10 percent of the page. The photo on the right appeared in Enron's 1997 annual report. The imageof Lay takes up an entire page.

photos of Lay and Skilling. By 2000, Lay and Skilling had moved upto pages four and five, albeit with smaller images. There were four different photos of each of them, like a filmstrip-only they were better fit for a cartoon. Three of the photos of Lay were virtually identical, revealing the subtle, smug smile of an executive who knew he was special. A fairy-tale ending was not in the cards for Lay, who died of a heart attack before sentencing.

So far, we've looked at two different ways to recognize takers. First, when we have access to reputational information, we can see how people have treated others in their networks. Second, when we have a chance to observe the actions and imprints of takers, we can look for signs of lekking. Self-glorifying images, self-absorbed conversations, and sizable pay gaps can send accurate, reliable signals that someone is a taker. Thanks to some dramatic changes in the world since 2001, these signals are easier to spot today than ever before. Networks have become more transparent, providing us with new windows through which we can view other people's reputations and lekking.

The Transparent Network.

In 2002, just months after Enron fell apart, a computer scientist by the name of Jonathan Abrams founded Friendster, creating the world's first online social network. Friendster made it possible for people to post their profiles online and broadcast their connections to the world. In the following twoyears, entrepreneurs launched LinkedIn, Myspace, and Facebook. Strangers now had access to one another's relationships and reputations. By 2012, the world population reached seven billion. At the same time, Facebook's active users approached a billion, meaning that more than 10 percent of the people in the world are connected on Facebook. "Social networks have always existed," write psychologists Benjamin Crosier, Gregory Webster, and Haley Dillon. "It is only recently that the Internet has provided a venue for their electronic explosion From mundane communication to meeting the love of one's life to inciting political revolutions, network ties are the conduits by whichinformation and resources are spread."

These online connections have simulated a defining feature of the old world. Before technologicalrevolutions helped us communicate by phone and e-mail, and travel by car and plane, people had relatively manageable numbers of social ties in tightly connected, transparent circles. Within these insulated networks, people could easily gather reputational information and observe lekking. As communication and transportation became easier, and the sheer size of the population grew, interactions became more dispersed and anonymous. Reputations and lekking became less visible.

This is why Ken Lay was able to keep much of his taking hidden. As he moved from one position andorganization to another, his contacts didn't always have easy access to one another, and the new people who entered his network didn't gain a great deal of information about his reputation. Inside Enron, his impromptu actions couldn't be documented on YouTube, broadcast on Twitter, easily indexed in a Google search, or posted anonymously on internal blogs or the company intranet.

Now, it's much harder for takers to get away with being fakers, fooling people into thinking they're givers. On the Internet, we can now track down reputational information about our contacts by accessing public databases and discovering shared connections. And we no longer need a company's annual report to catch a taker, because lekking in its many sizes and forms abounds in social network profiles. Tiny cues like words and photos can reveal profound clues about us, and research suggests that ordinary people can identify takers just by looking at their Facebook profiles. In one study, psychologists asked people to fill out a survey measuring whether they were takers. Then, the psychologists