



TOKENOMICS

USING BUSINESS WISDOM

OUTLINE

Mapping the organization entails pooling all the data you have about how your culture works, Many organizations accumulate bodies of wisdom about their own habits and rituals, but it's often expressed using a mixture of terms and methodologies. Furthermore, a lot of that understanding about how a company works is often locked up in the heads of its leaders and trainers.

We recommend integrating all of this information into a single framework. Fortunately, Tokenomics evolved out of the intensive study of a variety of other interpersonal business tools, from coaching techniques to influence psychology. Much of the wisdom about how organizations function can easily be represented in token terms. Here are a few examples to show you where the parallels lie.

DRIVE

BY DAN PINK

The terminology of motivation theory, as discussed in books like Drive, maps well onto Tokenomics. Here's what the three 'drives' equate to in terms of tokens:

Autonomy

The desire for autonomy is essentially the desire to exercise control over how goals are matched. Note that the kind of matching, and the kinds of tokens being collected, will change what autonomy looks like to different people.

Mastery

The idea of mastery captures the desire we have to feel skilled. In token terms, this reflects the need that people have to be able to obtain self-rewarded tokens. For example: have you ever worked on a puzzle and not wanted to someone to interfere to help you solve it?

It often doesn't matter whether someone else gives us that puzzle to solve, or whether we pick it out for ourselves, we still seek to master it on our own terms. Good leaders hand problems to others that they can't solve themselves.

However, not everyone is interested in the same kinds of puzzles. As leaders, we need to be careful what kinds of puzzles we hand people. If we give someone a task for which they don't usually get a token payoff, they're not as likely to seek to master it.

Purpose

The desire for purpose comes from our hunger to obtain socially acquired value. Tokens are much more valuable if they come from others, and types of token that enable us to feel that we benefit our community are more likely to be highly valued than many other kinds.



WHAT GOT YOU HERE WON'T GET YOU THERE

BY MARSHALL GOLDSMITH

Almost every behavior pattern identified in this book , the twenty habits, can be framed in terms of token transactions. Here are two examples.

Winning too much

Managers who 'win too much' obtain tokens at the cost of others. The act of winning by definition imposes an 'I win/you lose' pattern onto an interaction. When those with power are the ones imposing this pattern, the sensation of token loss experienced by those around them is amplified.

Making excuses

Leaders will sometimes attempt to characterize their limitations as features of their personality that others have to work around. This usually happens when someone is at risk of receiving input or feedback that would force them to change their behavior and thus jeopardize a source of tokens.

PREDICTABLY IRRATIONAL

BY DAN ARIELY

Ideas from Predictably Irrational, and other books on behavioral economics like Sway by Ori and Rom Brafman, also map well onto the Tokenomic model. Here are some of the concepts that behavioral economists have generated, and where they fit in.

Loss Aversion

The automatic aversion we have for any choice that will cause a goal to not be matched, or which will restrict our ability to match goals in the future.

Relative Value Assignment

The human habit of attributing value in relative terms has much in common with the idea of 'I win/you lose', though arguably is somewhat broader in scope.

Social vs. Market Norms

Social norms reflect the human focus on validation outcomes, as described in the example earlier, and represent the main focus of Tokenomics. Market norms, on the other hand, tend to reflect what happens when people build goals that aren't directly tied to self-validation.

THE TIPPING POINT

BY MALCOLM GLADWELL

This book outlines an important element of Tokenomics modeling that hasn't yet been discussed: the importance of understanding the network of human interactions through which social value passes, as well as units of social value themselves. The 'hubs' in social networks, or as Gladwell refers to them: mavens, salespeople, and connectors, have a huge impact on how value is maintained and transferred.

USING PERSONALITY PROFILES

As mentioned in the previous section, there's a relatively strong match between the ideas raised in Tokenomics and themes that arise in some personality tests. The DiSC profile provides a straightforward example, as shown below.

