

THE DEATH OF COMPETITION: LEADERSHIP AND STRATEGY IN THE AGE OF BUSINESS ECOSYSTEMS

By James E. Moore, Harper Business, 1996

Book Review and Commentary by Herb Rubenstein, President, Sustainable Business Group

Introduction

I read *The Death of Competition* for the first time in 1996 and have returned to it often. Now, thirteen years later, I have decided the basic contents of this book are well worth sharing with our readers and clients. This book introduced a new way of looking at business in biological and ecological terms. Jim Moore, the author, is a highly respected business consultant who spent considerable time in Central America studying the forests and ecology after a long and successful career at ATT. His analytical framework is timeless and insightful.

This book review and commentary blends the key ideas of Jim Moore's book with the insights that Growth Strategies, Inc. has gained over the past five years of providing strategy and leadership consulting services. The central theme of the book is that in order to have a successful business or non-profit organization, the leaders of the organization must learn about and lead the external environment, the ecosystem of the organization as well as get the fundamentals right regarding internal operations. This book sheds great light on strategic thinking and the role of leaders of organizations from small nonprofits to large scale conglomerates that seek to have customers all over the world. This book review summarizes each chapter of the book and provides an in depth look at causes of success and failure among organizations and leaders.

CHAPTER ONE: WHY BUSINESSES FAIL

A basic premise of the book is that businesses (and nonprofit organizations) work hard on doing their work better, more efficiently and with higher and higher levels of customer service. While these improvements are necessary, many organizations fail because they do not recognize or deal effectively with the outside environment. Failure results from the organization's inability to "co-evolve" intelligently with one's overarching business and societal environment. In order for businesses and nonprofits to succeed, they must become knowledgeable about and be able to adapt to their changing environment/ecosystem. Many products and services face limited lives. Understanding the social, technological and economic environment and other major factors that influence an organization's products and services is essential to success in today's world. Without it, failure is certain.

Moore shows by example after example that businesses and nonprofits succeed by developing mutually beneficial long term relationships with others in their "business ecosystem." Moore acknowledges that the quality and cost/price of the services and

products produced by your organization is very important for success. But Moore's thesis is that it is equally important for organizations to create strategies so that what an organization wants to deliver into the economy is intimately related to and supportive of what others are doing and will be doing in your ecosystem. The implication of this is that strategy making must involve having a keen awareness of the "big picture" and finding ways to play a profitable role in it. The future of organizations will depend, in large part, on the organization's ability to establish and maintain co-evolving relationships with a network of other contributors to the overall economic scene. This is the new paradigm in strategy making and makes strategy and leadership intertwined.

Moore believes that too many executives focus their time primarily on day-to-day product and service-level struggles with direct competitors. They work "in" the business, rather than "on" the business.

The most effective organizations develop new business advantages by learning to lead economic co-evolution through understanding the economic and social landscape (the ecosystem) and by seeking out potential centers of innovation as partners. Then their role is to orchestrate the contributions of a network of players under their leadership. Executives of successful organizations not only lead their own organizations, but they also lead their current competitors, their industries. They also serve as catalysts who hasten the coming together of disparate business elements into new economic wholes from which new businesses, new nonprofit organizations, new rules of competition and cooperation and new industries emerge. In effect, they help transform the entire ecosystem in which they operate.

Moore is clear that industry boundaries are being obliterated. New organizational leaders are renegades, not respecting traditional industry paradigms and partitions. They upend business and industry models and redraw increasingly porous boundaries.

Moore explains that a great deal of leadership and business strategy relies on creating shared meaning, which in turn shapes the future. Moore says "We are witnesses to the next revolution beyond multi-divisional organizations and beyond the invisible hand. It is the ability in an environment of immense resources, immense plasticity and powerful information systems to make and break microeconomic relationships with enormous subtlety and velocity. We are entering an age of imagination."

CHAPTER TWO: AN ECOLOGICAL METAPHOR

Today, executives need to think of themselves as part of organisms participating in an ecosystem. See Boulding, *Ecodynamics: A New Theory of Societal Evolution*. Dr. Kenneth Boulding presents a similar discussion dating back to the 1970's.

A biological ecosystem involves all organisms which interact with each other, plus the environment. A business ecosystem consists of all of the individuals, organizations, governmental entities, regulations with whom a business interacts, including customers, competitors, media, etc. The function of an ecosystem leader is to enable members of the

community to move toward shared visions to align their investments and to find mutually supportive roles.

The key to a successful ecosystem is a network of mutually rewarding/beneficial relationships. Each leader of an ecosystem must establish a core capability that can become the basis for providing real value to end customers. For an ecological initiative even to begin to make sense, it must promise that dramatic value will be realized by the combination of players and contributions involved. The key to the ecological leader is to bring forward something of very real value to large numbers of end customers. The ecosystem leader must invest in and generate returns from an ever expanding community of allies. The ecosystem leader must rediscover and reinforce his/her own strongholds and strive to establish business ecosystems around them. The ecosystem leader must tie together his/her stronghold sub-ecosystems to branch out into uncharted waters. The key to business success today is to identify the “undefended hill” –some aspect of value creation where the niche is becoming important and no player has made a really strong stand. Leaders commit themselves to putting together the required competencies. They make the investment and effort required to dominate the niche. They work with many partners to create a defensible position for themselves and their organizations.

CHAPTER THREE: LEADING BUSINESS ECOSYSTEMS

In biology, “mutualisms” occur when one species’ actions help another species. Often mutualisms occur when competitor’s begin to work together. This co-evolution of these actions actually aid the competitors in becoming stronger and more likely to survive. An important lesson this ecological truth has for business and nonprofits is to illustrate the importance of creating and promoting mutualisms. A second lesson is for leaders to learn that they need to try and convert their organization’s antagonistic, competitive relationships into mutualistic ones.

Moore believes and provides examples showing how real wealth comes from finding new, more efficient and effective ways of doing business. Such progress can only be attained by understanding one’s ecosystem, broadly defined. The spaces between status quo, business as usual and its forward looking alternatives are the breeding grounds of primary wealth, for consumers and producers alike. And the breeding grounds for growth of nonprofits. The integration of knowing what is needed in your environment, knowing all of the technologies that are available to help the organization develop and deliver new products and services (with a reasonable margin) and the ability to sell into newly created markets brings wealth and sustainability to organizations. What is usually missing for organizations is the means of designing a workable program that will bridge these gaps time and again with sufficient regularity to maintain a leadership position and to help out the organization when its old products and services are losing their growth trajectory.

A new ecosystem and its paradigm have the power to bring about a fresh consensus in a market about what are desirable goods and services and how to buy them. The new measure of leadership consists of generating broadly agreed upon “values and influence.” Leadership requires an expression of and steadfast commitment to key personal values.

Leaders must become vital members of various organizations within their immediate ecosystems and must also seek to become vital members of other ecosystems. Leaders, in the business, political, nonprofit and educational worlds all must be keenly attuned to the social and business ecology where they live and work.

Leaders must seek to create dramatic value to customers, clients, constituents and all stakeholders in their ecosystem. Leaders must seek alignment of the community around a shared vision of a desired future, work on the road map and identify the key contributions required to achieve the sought after goals.

These leadership dimensions require a dramatic change in the way leaders do business on a day to day basis. Leaders must design business relationships to bring in the most powerful players and contributions possible. Leaders must be both the producer and the choreographer, working to assure the creation of new benefits for the ecosystem as a whole.

Competitive advantage in the new world stems from knowing when and how to build profitable ecosystems, and from being able to steer them to lasting growth and continuous improvement. New ecosystems require leaders who can work across traditional organizational and cultural lines to form a compelling vision that transcends company, industry and often national lines.

The key to the creation or leadership of an ecosystem is the recognition of and ability to harness the driving power of its invisible assets, including community goodwill and innovation. These assets, when tapped properly, translate into legions of creative people and organizations, innovating, co-evolving and extending the influence of the organization and its leadership over the entire ecosystem. Leaders must become ultra-sophisticated at developing business models for their respective organizations, communities and ecosystems.

Innovation requires customers and supplier partners to work well together. This places a premium on learning to manage a very wide community or network of organizations, in which all the players share a vision about how to make the innovation happen. Indeed, the major factor today limiting the spread of realized innovation is not a lack of good ideas, technology or capital. It is the inability to generate, manage and command cooperation across broad, diverse communities of players who must become intimate parts of a far reaching process of co-evolution.

To create innovation one must be conscious of two arenas – what your organization provides in terms of goods and services (your direct contribution) and the preferred ecosystem itself after the leadership of the ecosystem has transformed the industry.

Moore, building on Porter's work believes there are seven levels of competitive advantage:

customers

markets

product/services

processes

organizations

stakeholders

government and society

Rubenstein and Grundy add “industry mindset” to this list. One who best understands an industry mindset and its current limiting effects, will have a competitive advantage over those who just take for granted that that’s the way things are (and will be), without challenging this mindset.

CHAPTER FOUR: THE STAGES OF A BUSINESS ECOSYSTEM

New value is created by creatively linking business elements with symbiotic relationships. Early business ideas galvanize a small number of supporters, who inject additional ideas, capital and if the ideas can demonstrate benefits, this process will cultivate still more support. As it grows, more and more players take their roles in a newly forming and expanding ecosystem. The plan has to anticipate them and have the role for them. Leaders must anticipate what needs to be done to take their ecosystem to the next level. Leaders need a plan for their organization’s own products and services and they must seek to develop a plan for their entire ecosystem.

A simple example of this occurred in 1998, when a great cabaret singer came to Growth Strategies, Inc. to assist her in improving her career in Washington, D.C. Because she had small children, she would not travel extensively to support her career. After analyzing the situation, GSI became acutely aware that there was not really very much cabaret business in the D.C. metropolitan region. Therefore, GSI’s first job was to work toward getting cabaret, itself, more strongly entrenched in the Washington metropolitan area. Our client, joined up with others, formed an informal association of cabaret singers and began to try to stimulate demand not only for her talents and skills, but also the talents and skills of her “competitors.” One year later, on the front page of the Washington Post “Weekend Section” was the story of the “New Cabaret Scene” in Washington. Having built up a “business ecology” through working with her competitors, the budding cabaret singer then had a much better chance for success in the Washington metropolitan marketplace.

When a company or organization is just starting out to make a name for itself where there is already some form of a market for its goods and services, the organization should start with precursor products which are specifically designed to draw customers into a co-creating, co-evolving relationship with the company or organization.

In the new ecosystem one needs:

A supply chain

Complimentary products

Identification of customer and lead supplier competencies

Identification of capabilities

Identification of potential relationships

Make excellent choices about how and when to establish these relationships.

Take the initial set of starting elements, elaborate upon them creating a rich community of interdependent organizations.

Sequence all activities properly.

Be knowledgeable about and sensitive to the current state of capability within an ecosystem.

Moore, then presents his basic framework for the stages of organizations. The stages are a very useful analytical framework since strategy decisions will depend in large part as to what stage an organization is currently experiencing. The basic stages are:

Pioneering (Vision) - when the basic paradigm of the ecosystem is being worked out.

Expansion (with the goal of market domination) – when the community broadens its scope and consumes resources of all types.

Authority (and the inevitable challenges to authority) – when the community architecture becomes stable and competition for leadership and profits within the ecosystem gets brutal.

Renewal (or death) – when continuing innovation must take place for the community to survive or death.

Each stage has particular developmental challenges. Each stage requires particular talent and resources to resolve. In each stage, leaders define and redefining cooperation and competition differently.

BASIC ELEMENTS TO PIONEERING AN ECOSYSTEM:

Stage One – Pioneering/Visioning

Leaders must identify particular seed innovations that will create radically better products and services. The goal at this stage is create proof of concept, unmistakable evidence that your organization (or you personally if you are the sole inventor) have created a viable and exciting alternative to the status quo. One must create value that is much superior to the status quo, sometimes 10 times the value of status quo products and services, either in cost cutting or in top line benefits in order to gain quick, widespread acceptance.

Leaders at this stage must integrate resources in new combinations and redefine the nature of the value for the customer. Leaders must establish the capabilities for creating value more effectively than any other approach that is currently on the market or will be coming to the market in the next six months.

Leaders must have a strong supply and a strong value chain. A value chain is the set of activities required to produce a product or service and get it to market where each part of the supply chain adds more value to the final product or service that exists in previously developed value chains. Leaders must benchmark their organization's capabilities.

Leaders must ask themselves what opportunities are there for dramatic product or service improvements in their industries and nonprofit sectors. They must ask what performance dramatic improvements can be obtained from the workforce, machinery and financial capital. Leaders must be able to recognize all of the direct and complementary capabilities that are currently not being tapped to their fullest in their organizations and ecosystems including:

technologies

customers and customer segments

markets and market segments

regulatory regimes

Leaders who can conceptualize “value chaining” then are able to develop and implement the right strategies for mixing and matching capabilities, processes and organizations to invent new offers, capabilities, networks, and eventually, new ecosystems.

The key to this stage is designing and implementing an offering that customers will desire at a price point that makes it profitable for your organization to deliver the goods or services in large quantity. As a former President of Battelle, a multi-billion dollar nonprofit used to say at the start of every meeting: “Battelle is a not for profit organization, but it is also a not for loss organization.”

In stage one, the visioning stage, leaders must be somewhat protective of their ideas, while at the same time learning everything they can from others. This protectiveness gives way to strong, evangelical spreading of these same ideas in Stage two.

Stage Two: Expansion of an Ecosystem

At this stage, a leader has developed an ongoing operation and has established proof of concept and proof of profitability (or proof in the nonprofit that funding is available and cost overruns won't break the bank of the organization). Leaders at the beginning of this stage need to begin to identify a core set of synergistic relationships and invest in increasing their scale and scope, just as the cabaret singer did earlier.

Leaders and organizations know that expansion is a must for survival. Leaders and organizations identify and find cost effective ways to meet demand. They stimulate demand by advertising. They link up with appropriate suppliers or tie up available supply of key components or related products and services and make sure that the ecosystem begins to support the leader's position. Leaders and their organizations must identify how much demand exists in their natural market. They must know what other products and services are entwined with those offered by your organization. In order to achieve market dominance, the organization must design a system to meet all of the demand for the organization's products and services.

The first rule of stage two is to plan adequately to establish a critical mass of sales and activity within whatever market boundaries within which the organization plans to participate. At this stage leaders must beware of the inter-ecosystem struggles for potential customers, suppliers and partners. At this stage an organization's goal must not just be market expansion. It must be market domination.

Stage Three: Authority and Challenges to Authority In An Established Ecosystem

One result of stage two is that your organization becomes part of the establishment, if not the establishment. Such organizations and its leaders must become central to the communities it serves. One's community at the end of stage two must broadly defined.

As stage two merges into stage three, the architecture of the new ecosystem and its communities becomes more fixed. The agreements and relationships among the participants that compose the business ecosystem become fixed reference points around which the community organizes its work.

Those organizations which have achieved great success in stage two, have done so, in part, because their leaders became original members of the new establishment, the new ecosystem. Early in stage three, the goal is to maintain one's authority within the business ecosystem. Leaders and leading organizations must maintain and fortify their ability to shape the future direction and investments of the ecosystem's key customers and suppliers. Leading organizations must maintain bargaining power over other members of the ecosystem. In stage three maintenance and defense of authority are the key challenges for the leader. Dominant designs are product, service and process designs that become the industry standard and are widely accepted and built upon by others.

Stage Four: Death or Renewal

Stage three, which will be revisited below, involves significant, inevitable challenges to the leader's and the organization's authority. Stage four is where the sands again shift very quickly for the organization and its leaders. Trends like deregulation and diffusion of technology are increasing the rate of improvement and transformation in business and often dislodge leaders and leading organizations who do not keep up with technological progress. For every successful, established business ecosystem, there are dozens, if not hundreds, of entrepreneurs plotting to create new alternative ecosystems that will blow it away. They will often use new technological developments to give them a competitive advantage over the stage two winner.

The key challenge in stage four is continuous product, service and process improvement. All leaders and organizations must focus their attention and investment on creating networks of competencies and relationships that will meet four tests:

Establishing a system and sequence of symbiotic relationships that result in the creation of something of real value relative to what else is available.

Establishing critical mass as the ecosystem expands across the available customers, markets, allies and suppliers.

Lead innovation and co-evolution across the ecosystem.

Ensuring that the business sustains continuous performance improvement to avoid becoming obsolete.

Both cooperation and competition are important in the ecosystem. A holistic approach to leadership required is the shaping of co-evolution. In the renewal stage, leaders must look beyond the industry in which they operate for innovative contributions.

Mastering business evolution means to influence the future. Companies need to become able not simply to operate their current business models but to envision those of the future. A company must marry ideas of what to do to meet customer needs with ideas of

how to do it. An ecosystem takes a mixture of factors – technological, capital, managerial and regulatory to survive.

Stage two is the dramatic expansion battle. The pioneers of an ecosystem who continue to lead in stage three must lead from principles and continue to create products with increasing value.

CHAPTER SIX – STAGE ONE REVISTED:

Skillful planning is required to anticipate needs and the problems that lie ahead. One way to look for new product ideas or service ideas is to track surprising, and even renegade uses of technologies, such as Napster. The ultimate aim of leading business strategists is to manipulate predictably the assembly rules of business ecosystems. The fundamental cycle of entrepreneurship is the conversion of ideas and opportunities into value for customers and profits for investors. In researching and strategizing one must establish a program of directed learning that is able to reflect deeply upon the “experiment” as it is being undertaken. Leaders must seek in stage one to understand value creation within the context of the new possibilities.

In Stage one, the leader must find a set of interdependent relationships in which to participate in the creation and realization of the vision. Stage one participants must establish a center of learning and experimentation. Leaders must be able to articulate the dream. Stage one is where the visionaries galvanize customer support and participation, creating “pioneer customers.”

In stage one, an organization’s business or strategic plan must identify major trends in the industry or industries that are leading up to the success of the organization’s proposed venture. The business plan should identify why the leaders of the organization are uniquely suited to accomplish what others are not even trying to do. The leaders must be shown to be experienced in a way that directly enables them to be able to implement the business plan successfully. The business plan must conceive of a particular set of resources and relationships that, if put together, would be far superior to what is currently available in the chosen market.

In stage one, it is important to choose customers and customer segments that support learning and improvement. Microsoft’s use of thousands of “beta testers,” free volunteers who found bugs and contributed billions of dollars of value to Microsoft as it created new software products, was a brilliant use of this strategy.

Stage one customers must realize that the organization is beginning a new venture and all of the bugs will not be worked out from its inception. There must be intense customer interaction to learn from the customer. Customers must be faithful. Leaders must create a buzz or early customer interest. There must be a goal early on to land a key name or what is called a “reference-able” client. This is not easy. Jack Biddle of Novak and Biddle Venture Capital Funds states that it takes a start up \$100,000 in marketing dollars to land a significant first order from a Fortune 100 company.

Customers and the innovators must perceive the dramatic potential of the innovation even during the embryonic period when it is only partially formed. The press, media and what leaders write for public consumption in magazines, journals, on websites and newsletters is critical to success of the Stage one establishment of an ecosystem.

It is important to have the organization's innovation trajectory well planned. Initially, the organization can offer precursor products. Stage one products are not the final products/services in terms of quality or functionality. However, these products and services must be very valuable in their own right. The product/service must be able to be easily incorporated in the world of the customer, with the customer bearing little risk at this stage. The problems and challenges that customers are experiencing must be clearly stated and the solutions offered by the organization must be specifically tailored to their needs. The price must be within the customer's tolerance level for spending on solving the problem. There needs to be a clear plan for product and service improvement that the customer can believe in so that the customer buying your product, in part, is buying it for what he or she is now receiving and in part for the expected future benefits of the new business relationship.

Stage one must be characterized by a quick pace of product and service improvements. These improvements must be planned and they must be phased in. Assets and activities must be deployed in the proper manner, adding increasing value over time. The technology employed must be reliable and certain, yet newly available and state of the art. Suppliers of material and financial capital must have trust in the organization and be eager to serve the new market. Suppliers must be capable of rapid expansion.

At this stage one must invest in business processes that can eventually be scaled up. In stage one, leaders must document all business processes in writing as they are being designed and when they are changed by implementation forces. Stage one organizations take a mock up of their services and products to potential customers. Stage one organizations may use beta testers or give their products and services away for free in exchange for guaranteed feedback. This feedback is essential since it allows the organization to reflect, experiment, get more feedback, experiment again and keep the process moving in a scientific manner documenting all inputs, reflections, modifications and new products/strategies that result from this process. As the initial designs are implemented, the organization will converge into traditional business processes such as product/service development, marketing, sales and customer service.

One of the most important strengths in stage one is generated by the amount of business and organizational process knowledge that is carried around in the heads of leaders. At some point, this knowledge must be put in writing, in process form and communicated to trusted others. Then, as the organization grows, organizational differentiation (different people doing different things) must be established in an orderly way, without turf battles. At this stage the organization must demonstrate sophistication in a manner that insures that the community knows that your organization, now a stage one leader, is going to go somewhere.

Leaders must now begin to establish an organizational architecture that promotes creating allies and strategic partners. Usually new ecosystems emerge on the edge of a current one, or are grafted upon it or come about because of a transformation of some aspect of an existing business or industry. Stage one ecosystems depend on the generation and co-evolution of multiple new organizations. Thus, a key part of the stage one challenge is to come up with an initial architecture that gains the stage one ecosystem support it needs without unduly swamping it or distorting its operations drastically from the original vision.

Partners, suppliers and customers must work harmoniously with each other under the leadership of the organization seeking stage one success. The network must be guided and be able to learn together. The system of governance must be fair and powerful and disputes must be arbitrated quickly and efficiently.

The lead organization must provide the structure for the alliance among the players. The lead organization must provide end-to-end performance oversight. The lead organization must make sure that a key portion of the value it creates cannot be replicated easily by others and is not a likely future target of successful competitors.

Strategic partners at this stage are created with written agreements that call for joint activities and a sharing of risks, rewards, roles, responsibilities and investments. In the for profit world, one can use allocation of ownership interests and other forms of business relationships to cement relationships with key supporters. In the nonprofit world, revenue and other resource sharing agreements can be the glue that forges a strong bond between and among nonprofits.

At this stage, identifying and working with key stakeholders is critical. Five conditions define the ideal stakeholders:

They must be real movers and shakers in the broader environment and marketplace.

Their support must preclude involvement in competing ecosystems.

The collaboration and effort they will give to the stage one organization should be central to their overall interests.

Each stakeholder must have complementary, rather than competing interests.

There must be a shared ethic that allows all stakeholders to work together without anyone cheating the other.

Ultimately, the stage one organization's leaders must decide how to lead the revolution. Strategy and tactics must be mapped out to recruit others to help create a full, rich

ecosystem. How others are recruited and enrolled has important implications for the emerging architectural structure of the ecosystem and the ability of the organization to move successfully from stage one to stage two..

CHAPTER SEVEN: STAGE TWO: THE REVOLUTION SPREADS

Colonization – the process whereby an initial community of pioneer species transforms itself into a robust, dynamic ecosystem.

The readiness to sustain itself through slow periods of growth and limited cash flow and the ability to expand rapidly are the two critical issues early in stage two. An organization needs the ability to scale up the ecosystem to provide value to a broad base of customers. It must be clear on the long term value of the new product/service.

Organizations must be able to deal effectively with the problem that in order to use the product or service the “start up” costs (be they financial or learning” may be prohibitive for the customer, the suppliers or even the stage two growing concern itself. This can be especially true for the organization if its products and services generate value over the long run, but the costs/expenses associated with producing these products and services are generated primarily in the short run. Sometime it makes sense for one of the larger members of the ecosystem to subsidize the entry of these players with some sort of long term loan or capital investment. Although the new organization seeking to dominate a field may have to give up some of its financial return, power or decision making authority, such financial support may be essential to help keep initial costs to customers reasonable in the early stages of expansion.

Stage two expansion has tripped up many an organization. It is one of the reasons why the distance from “founder” to “flounder” is often a very short distance. Leaders of stage two expansion must be process, quality and mass production experts, even in the service industries. Organizations at this stage must be able to replicate value over large quantities. Quality control must be built into all systems and must include tests that show that the product or service is of consistently high quality. How do you guarantee high value results every time? One approach is at first, limit supply to the deeply committed customer. Have a waiting list. Have measures/criteria to cull out the best prospects for customers. Be able to grow rapidly, but make no mistakes that cut quality.

Key questions at stage two rapid expansion include: How to achieve great economies of scale? How to insure that profits will be reinvested wisely in expansion and growth? What do you outsource? What are the right activities and right sequence of initiatives to expand the ecosystem without wasting a lot of time and energy.

During stage two expansion, key challenges to an emerging ecosystem are:

External - -

How do the leaders differentiate our ecosystem from current ecosystems?

One answer is to pay special attention to the sequence of customers, markets and products pursued. Leaders must know the buying needs and attitudes of early and subsequent customers. The ecosystem stage two leaders now lead must adapt to serve these existing groups as well as create new groups of customers.

Internal - -

How can a stage two organization avoid imploding under the heavy burden of growth?

The best answer is that scaling and replication require well designed, standard processes and well managed organizations. Also, finding the right capital at the right price with the right set of conditions attached is critical in stage two expansion.

Growth requires establishing marketing channels that are guided by your organization and have allegiance to it.

TO CREATE AN ECOSYSTEM, CHANGE LIVES!

An organization's product or service should spark a personal revolution. The ecosystem the organization's leaders build must foster excitement and opportunities for individuals within the system, and for customers. To remain vital after the beginning, a species of products must be developed, all complimentary, yet diverse. These new products can not all be envisioned in the beginning of stage one. Often new value (product) is identified and pursued by outsiders who come to the ecosystem seeking help for their own purposes. Outsiders become insiders.

Leaders must create a framework for participation. Expansion is fundamentally about getting new partners to join the economic opportunity. Expansion is only secondarily about growing one's organization. Partners help to fill out and enrich the ecosystem's total package of value and by having partners, leaders keep them from joining or forming another ecosystem.

An ecosystem must have an openness to allow contribution, to allow those to see the opportunity and propel themselves with motivation to join up. Evangelizing is the key way to do business for leaders of stage two organizations.

Leaders must decide, in all stages, who else needs to be involved, find ways to recruit them and maintain structure, incentives and fair play in the community. In growth organizations, then a key question is how will others, be invited and allowed to participate? Holding on to all power and decision making authority is the wrong medicine for growing organizations, especially in stage two growth. Leaders must create the framework for participation that draws in and coordinates the efforts of disparate actors. The ecosystem must be so attractive that people and companies and resources self identify themselves for inclusion and seek out the leadership. The leader must be open to suggestions from others about new directions to move with the new resources.

One must establish a strategy for long term leadership and involvement of the newer partners.

What is a new ecosystem that becomes well molded as a result of stage two growth? It is a new framework for cooperation and co-evolution – a new set of synergistic relationships which is formed and maintained and provides competitive advantages over alternative arrangements. Leaders know how to adroitly utilize existing ecosystems to provide powerful advantages to this new ecosystem, this new set of relationships.

Leaders must define the stakeholder groups broadly. Leaders must understand the full extent the organization is part of a larger ecosystem, with linked products and services. Learning this external information must be part of the organization's formal research and development strategy.

CHAPTER EIGHT – STAGE TWO CONTINUED: DEFENDING THE REVOLUTION

The business or nonprofit microclimate - - that little sliver of the market where an organization starts, provides protection for the organization. Leaders know to start small and build an ecosystem exquisitely tailored to specific micro-conditions. Ecosystems benefit from wide membership, scale and continuous innovation. Ecosystem to ecosystem battles permeates stage two competition.

To win an ecosystem match your ecosystem must:

Be higher performing

More diverse

More robust

Master the distance effect-metaphorically nudging your ecosystem closer to other potential participants and encouraging them to contribute.

Inject diversity and richness as you grow in size.

Make better links with other ecosystems, accelerating the growth of a world of mutually beneficial relationships.

Create and defend ecosystem boundaries, building them where none exist and shoring up those that do.

There are three ways of establishing defensible boundaries:

Find ways of deeply involving customers in your ecosystem. Encourage psychological identification and membership, day to day dependence and recurring, regular engagement.

Dominate the market and the marketing channels. Absorb all the demand with a market and set the prices of the organization's goods and services as low as possible to keep others out.

Create offers that provide total solutions, which meet all of a customer's needs in a particular category.

Leaders can identify all potential sub-markets and know how to partition the market to serve each sub-market with exactly what it wants. Since stage two is characterized by rapid growth, it will not be even. Stage two organizations need to store ample cash and have ample lines of credit to offset temporary downturns and allow for rapid expansion

As the organization expands, its leaders must learn to manage remotely. There are three key elements to succeed in managing remotely:

Build a set of incentives and measures that ensure the commitment of employees and managers.

Manage communication and information throughout the network, including shared learning.

Establish efficient distribution systems that allow for joint purchasing, shared facilities, a network of networks.

Stage two rapid expansion supports stage three success. It gives an organization both authority and a leadership mantle. Wal-Mart began to tell its suppliers how to price, how

to sell, how to be managed (parallel communication systems, etc.) and established joint ventures with suppliers such as electronic ordering systems that linked the two and kept out third parties.

To create boundaries around your products and services, an organization must create close connections to customers so they will not accept the incentives of competitors.

The goal of every organization and its leaders must be to add value to people. The current goal of the University of Chicago, created by its new President, Don Randall, is to reduce pain and suffering on the planet.

When a business ecosystem is powerful enough to reshape the social ecology of a local community (or a national community) what responsibilities does it have? How much does it have to contribute to charities, improve social welfare, employ the community, continue with losses in some areas? These are questions leaders of organizations will face in stage three.

Since success is ensured by the designing and building of an ecosystem in which the organization and its leadership thrives, the business case has been made by organizations must invest in relationship building, conduct public campaigning, contribute to the knowledge in their fields and support their communities. All this is necessary to be at the center of the ecosystem and to succeed.

CHAPTER NINE – STAGE THREE: THE RED QUEEN EFFECT

The “red queen effect” is a principle that states: for an evolutionary system, continuing development is needed just in order to maintain its fitness relative to the systems it is co-evolving with. (Source: Principia Cybernetica Web). See also, Escaping the Red Queen Effect, by Stuart A. Kauffman, McKinsey & Company, Inc. The McKinsey Quarterly, 1995 Number 1, pp.118-129 this article can be found at:
<http://gemini.ntech.edu/~mwmcrae/esre95.html>

While quantitative growth will continue in early stage three, qualitative, structural change within the organization and the leadership of an organization slows down dramatically. Products and services, business processes, and organizational arrangements have become established and are harder to change. The architecture of the community has emerged with stability. This stability has a profound consequence for leadership and strategy-making. Once an ecosystem becomes stable, new entrants with new processes, new technology, new value propositions, new visions begin to jostle for position in the ecosystem. As fresh participants join the ecosystem, rancorous leadership struggles may erupt when the interests of traditional leaders and the new combatants drift apart. These leadership battles may erupt first internally within the leading organization, or may come from challenges to the organization from outside.

From the standpoint of the leaders in stage three, competition within the ecosystem and within the organization itself heats up with leaders vying for leadership and bargaining

power. Innovative leaders become frustrated by the increasing stability and resistance to change of the ecosystem architecture and the squeeze on margins. They fight. Moore says “Cooperation becomes ever more important in these intramural squabbles.” Yet, it becomes more scarce. In stage three the rules of competition and cooperation change markedly from the previous stages. Allies fight. If the leader stops driving innovation, the leader’s power will erode quickly. If the leader pushes innovation too fast, the system will either resist the drive for change or buckle under the competing pressures for change and stability. Longtime incumbent contributors (near leaders) will try to hold onto their declining businesses. However, as the ecosystem strains more and more (demand declines) they eventually cut back, downsize, retreat and move from vertically integrated companies to disintegrated companies via outsourcing, spinoffs and other strategies.

Leaders in stage three – challenge to authority – are faced with a critical question: How does a leader keep expansion and innovation percolating in stage three in spite of the pressures for stability and the energy that must go into defending the organization from attack?

To do this leaders must:

keep the entire ecosystem innovating

keep themselves beyond reproach

insure that their organizations can not be attacked for financial irregularities or other illegalities

ensure that retention of employees remains high and continue to improve the value proposition for their products and services

Customers in stage three are constantly learning and becoming more discriminating. New alternatives are popping up. They can reduce their reliance on the dominant leader. Thus, in stage three, ideally, the community gets more value for its money. The ecosystem has more money and capital, more talent, players and new ventures are launched every day. At this stage only new innovation that substantially improves the performance of the ecosystem will continue to fuel large scale growth. In a biological environment, all plants, species, etc. are evolving, becoming better and if one is not improving, it will be taken over by the other improving plants, animals and become extinct. This is the red queen effect. Innovate or die is the motto of the jungle. Unfortunately, 2002-2003 shows us that often when companies or nonprofits can no longer innovate to create value for the customer, they begin to manipulate the financial books and records and if caught, quickly go into a downward spiral and lose their leadership position in the stage three ecosystem.

In stage three, cost cutting, in the categories of sales, administrative and general costs, is a way to stay ahead for a while. It is merely defensive. Cutting prices and maintaining

margins is the goal. But it is a short run solution. Big firms, IBM, Apple and Sony always take a new look in this stage at cutting the burdensome cost structure associated with market development and expansion. Outsourcing and retreating to their core competencies are typical choices in stage three for the big players.

But there is a limit on this type of activity. The winners in stage three are the companies that learn how to influence the structure and evolution of their business ecosystems and opportunity environments. Clear cut winners and losers emerge in stage three.

The keys to becoming a winner in stage three are improved value position and maintenance of bargaining power with customers and vendors. To win an organization and its leaders must be vital and essential to customers, the community and the ecosystem. The products and services offered by the organization must now become a “necessity.” High bargaining power comes from having something the ecosystem needs and from being the only practical source. A patent, location, reputation and brand, quality differentiation, enhanced customer experience or the lowest price can give organizations the sole-source protection they seek. Advertising, product knowledge and precise trademarks help loyalty. But generally constant innovation in creating value which is critical to the whole ecosystem is the key to success in stage three. An organization, be it a nonprofit or for profit, must achieve “price/performance improvement” to be successful. To obtain high margins, your organization must set the standard in the ecosystem. To sustain high margins, the organization must differentiate its products and services in tangible, recognizable ways and continue to build relationships with thousands of other businesses and customers.

The major potential sources of bargaining power include:

Developing an innovation trajectory and economies of scale;

Criticality--making sure that your contribution is valued with distinction by the end customers as well as other members of the ecosystem;

Embeddedness--the marrying of your own products, business processes and formal and informal organization with those of the rest of the ecosystem. To accomplish this, an organization must work with the other firms to advance the structure and conventions of the ecosystem and continue to improve the framework of cooperation and co-evolution.

Thus, a key question in stage three is “How can your organization develop an innovation trajectory where offerings keep improving over time through performance improvements and improved customer service?” This requires the orchestration of many individual and organizational capabilities, a plan, a timetable and a total understanding of all new, available technology.

Embedding is a strategy that organizations use by making other products rely on yours, joint production, marketing, a marrying of your product to the industry. An organization must have a permanent campaign to reinforce criticality and embeddedness. Innovation trajectory + criticality + embeddedness = bargaining power, stable, growing revenues and high gross margins.

THE PERMANENT CAMPAIGN

Stage three success is the result of a permanent campaign in several distinct areas:

Customers – Have a campaign to teach your organization’s current and potential customers about the contribution your products and services make, how they create value in people’s lives.

Markets – Dominate them. Invest in capacity building.

Offers and Processes – Create relationships with other firms, being very important to each link you create. Be at the center of each activity. Lead when you can; follow when you should.

Organizations – Invest in building understanding and appreciation among members of the wider business and political environment. In order to be a strategic planner, one must get a grip on the whole business, the whole evolving ecosystem, where it is and where it is headed.

To be a leader of an organization, one must give speeches and tell the story of the organization over and over. One must also deal with those who have competing ideas about where the future of an entire ecosystem is headed. These competing visions have dramatic consequences for the margins, and the power of the respective players.

As one does strategic planning in any industry ask:

What are the current and most likely future organizing paradigms for products and services in this sector?

What constitutes a total offer? What roles do various companies and individuals play?

Who are the thought leaders and what are their interests? How do the leaders of our organization become thought leaders?

What assets and capabilities do the current leaders possess? What assets and capabilities do the future leaders need to possess?

What do these qualities tell me about how they will seek to shape the future products, services, processes and organizational arrangements in this environment?

For your own organization ask: What is our own capacity to contribute?

What core capabilities for continuing innovation do we have that might help this ecosystem and its members attain its goals?

How unique is our potential contribution? How differentiated is our product or service?

At what rate can we improve it over time? What processes will help us improve it faster?

What sorts of competitors and substitutes will we face who are either striving to take our organization's leadership role or trying to prevent us from achieving a leadership role?

Thus, in each stage, a leader must: Design the role for one's self and your organization.

Design the role for your inner circle of advisors who advise your organization and you personally.

Design the role for all those necessary to meet the vision that you and your organization have.

STAGE FOUR – RENEWAL OR DEATH

Stage three challenges yield inevitably to stage four results – renewal or death. Rising new ecosystems and innovations imperil mature business communities. Leaders and organizations may have slowed down the innovation process too quickly and not kept up with new technology. Customers may have changed buying patterns. Government regulations may have changed. For many reasons, stage three can leave companies in a position where it appears that they can not effectively compete any longer in the new world.

New leaders pop up in stage three. They bring primary colonization skills to an uncharted landscape. They purchase assets cheaply in a dying ecosystem and reuse them. They bring in increasingly vital talent to their organizations who seek to challenge the existing stage three survivors. Their organizations may be in stage one themselves, but they are a potent force.

In stage four an organization often has to aggressively refocus itself on those markets and economic micro environments that best suit it. By reducing overheads, by focusing resources, by targeting the appropriate niches, ecosystems may extend their life.

There are several key strategies for dealing with stage four issues:

Organizations need to survey the opportunity landscape and understand the current power players and their interests and assets. Assess their alternative visions for the future in the following ways:

What is the new regulatory situation? (e.g., Sarbanes-Oxley)

What is the overall condition of the sector of the economy?

Who are the customers? How are products/services sold today and in the foreseeable future?

How are offers made to customers?

What are the prevailing prices for goods and services both in your organization's supply chain and for the finished goods and services that your organization puts into the marketplace?

Develop valid information about the performance of the whole business ecosystem. The following questions must be answered:

What is needed and what value is to be create if this ecosystem succeeds?

How can this be measured?

What factors are required for success for all of the partners in the ecosystem?

How might these factors be influenced to improve performance?

Leaders must organize themselves and their campaign so that they can impact the critical aspects of the business ecosystem that require transformation. Leaders must address the whole problem and need a charter to take responsibility for the most important sets of co-evolving factors and actors. Leaders must rebuild their powerful platform of influence in the ecosystem.

In stage four, true breakthroughs come through investing in the collection of information and the generation of knowledge and insight that sit conceptually above organization-specific paradigms. They encompass the visions and expectations of how the future ecosystem in a particular area will develop and grow. Leaders must develop a strong analytic framework that helps them understand the evolving ecosystems, their relative strengths and predetermined picture of the future. Only by standing above the fray can

one be able to glean ways to invest to improve gains for customers and foster the conditions for renewal of the organization and the ecosystems.

In stage four, key questions for any analysis of a current ecosystem include:

How does our organization measure success?

How does our organization properly establish the scope or boundaries of the ecosystem being transformed?

How does our organization identify, understand, and affect the actual creation of value in each ecosystem?

How does our organization evaluate a portfolio of possible investments in ecosystems across the landscape?

PROFOUND KNOWLEDGE LETS YOU LOWER COSTS AND IMPROVE QUALITY

Stage four requires new measurements of success. It is a challenge to gather accurate measurements of the performance of an ecosystem. And it is an even greater challenge to measure the performance of an organization as a whole. Statistics measure discrete activities, not value or performance of an entire organization. How does your organization measure performance or value as the customer experiences it? How often does your organization have access to these measurements and at what is the cost of producing them?

IDENTIFYING LOCATIONS OF VALUE CREATION

Leaders create a business or nonprofit ecosystem, one that must be renewed to survive. It must gain new sources of innovation and value creation. These innovations must exceed the performance of the alternative ecosystems it will compete against. Informed leaders must describe how the new innovations will work, how they will create value. And leaders must decide how this innovation will lead to a continuous innovation trajectory that will drive the transformation and renewal of this ecosystem.

Leaders must consistently ask the question: Is the ecosystem reform worth the effort? Would time and money be better invested in a new and alternative ecosystem? Compare the costs and benefits of renewal and the costs and benefits of new and emerging business ecosystems based on dramatically different approaches. This comparative analysis allows us to make a determination of whether to invest in renewal or in alternative ecosystems.

In general, value is theoretically high, but practically low in stage one. Value is high in theory and practice in stage two. Value increases in early stage three, but at a decreasing

rate. Value is either renewed or plummets in stage four. (Note the huge losses that United Way suffered in early stage four over the past several years).

When an organization is in stage four, leaders must determine whether they, with the support of the remaining ecosystem, can turn up the value-improvement trajectory again. This will usually require either selective or wholesale insertion of new ideas, technologies, value propositions and approaches.

In order to organize for action in stage four, leaders must create a portfolio of initiatives, balancing investments in old and new ecosystems to maximize one's chance of effective positioning for the future. The old and new ecosystems may share resources, assets, and support each other. Thus, leaders take advantage of the creative opportunities presented by the coexistence and co-evolution of such multiple centers of synergy and vision-sharing ideas, stimulating constructive competition and adapting to varying market segments and economic microclimates.

CHANGE IN STAGE FOUR

Stage four change requires respect for the magnitude of the task and the investments required. One must be knowledgeable about the contributions the stage four organization has made to the world, yet understand fully that their methods are becoming obsolete. Strategic plans and strategic planners teach the organization how to succeed. They do not attack the old ways. They help organizations transform themselves to be ready to adopt new, higher value approaches.

Leaders in stage four must ask the question: What are the talents and resources required to accomplish large system change or reinvention? Leaders and strategic planners in stage four must undertake the following:

Detailed financial and technical analysis of sunk investments and their ability to contribute to the future of the organization.

Successfully present the organization's ability to change to other large-scale organizations interested in assisting the organization in implementing change, in persuading customers, vendors, new board members and other individual members to embrace the new paradigm for the organization. These are different skills from market development, people development, and management.

The sheer magnitude of the task of converting the old requires a person who can give hope and structure to the mission. Leaders in stage four must engage all of the stakeholders and participants to come together with a heartfelt devotion to doing something arduous. This can not be a time for excuses or "can't do" leadership. Resource constraints, including lack of money, human capital or strategic partners can not be used

as a scapegoat for the organization as it seeks to reinvent itself into something bigger and better than it ever was, when it had money, human capital and strategic partners.

Stage four leaders must find an organizational platform that lets them address the full dimensions of the ecosystem, as well as the wider opportunity environment. To lead and manage effective change, one must:

modify consumer attitudes and behavior

modify employee attitudes and behavior

reshape offers

reshape processes

reshape organizations

address and satisfy stakeholders

reshape markets

understand exactly the regulatory, policy environment and consider the relationship of the new ecosystem to society's values.

If educated consumers lead the way, who is there to educate the consumers? The answer, of course, is the stage four leader.

CHAPTER ELEVEN – THE PARADOX OF POWERLESS ACTIVISM

Strategy and strategic planning comprise the art of bringing values and resources together to influence and shape the future. Leadership is the new challenge. One's ability to influence the future is the measure of leadership.

Organizational learning and large system change requires a holistic approach based on a clear analysis of the most minute details of the organization, industry and ecosystem. All this leads to the paradox:

An organization can become more ambitious than it has ever been in changing itself and its ecosystem, effecting a large system change. At the same time when boldness is a minimum requirement, using this process reminds us, and humbles us, about our somewhat limited abilities to manage, change, transform these extended systems, ecosystems, interlinked, hyper-linked industries/governments/socio-political relationships, in any conventional manner. Leaders should be in awe of the magnitude of

the job, yet not deterred from seeking to find and exercise the right levers to drive major change.

Leaders are newly empowered in an era of environmental and social challenges and change due to new communication and analytical technologies. Leaders can now imagine wholesale improvements in an industry and ecosystem and create immense improvements in value for millions of people.

Some leaders may not yet have the authority or resources, yet want the responsibility to make the changes, to realize the vision. Every serious leadership position requires shouldering responsibility and then creating a campaign to achieve influence. No serious challenger initially comes with the authority on the scale required to achieve the change sought. There are too many independent players coevolving in networks. There are too many communities with varying levels of leadership (or non-leadership) governing or influencing their behavior. All must be moved into a new ecosystem to replace the previous ecosystem. This is the new role of a leader.

We are coming to the end of the supremacy of the engineering point of view that has dominated management thinking and has been so successful. “The best way to predict the future is to invent it,” says Alan Kay of Xerox. But, few can accurately predict the future and even those few need substantial assistance to invent it.

Leaders are now embracing pattern recognition, anticipation and shared responsibility and influence as key steps to influencing or inventing the future. They realize they need to take action on many dimensions and be more responsive to their environment, their ecosystems and the coevolving capabilities of other members of their ecosystems. They listen first, understand second, plan third and lead fourth. They use the new management formula: Recruit, Organize, Manage, Deploy (ROMD).

How do organizations and individuals balance their interest and their imperative to shape the future with a prudent respect for the limits of their abilities to do so? The answer lies in how organizations and leaders build a personal and organizational ecology of leadership.

The Relationship Between Strategic Planning and Personal and Organizational Leadership

Given that the business and nonprofit organizational environments are not going to slow down, leaders and strategic planners must ask, “How do I and how does my organization increase my personal (organizational) capacity to cope with the external environment, to lead it, to prosper in it?” “How does the leader and the organization develop a strategic plan to increase the organization’s ability to stay in the center of the game?” How does the leader and organization continually improve personal and organizational capacities for judgment, action and creation of value at an ever increasing pace?”

For the individual, Moore suggests that one important answer lies in creating a personal ecosystem – a way to take the spark of your own creativity and vision and gather others with whom one can share dreams and plans. This personal ecosystem should be an informal group of associates who allow a person to extend his or her range of learning and impact. How to select the people of your ecosystem and how to allow them to self select into your ecosystem are key questions. This personal ecosystem will be critical for leaders in the future to serve as sounding boards, advisors and mentors.

On an organizational level, the new ecosystem is created via a new board of directors, trustees or advisors, possibly a new accounting, auditing team, new customer feedback loops or consultants who Andy Grove calls “the objective set of eyes” that every leader and every organization needs.

Leaders will insure that their organizations have a kitchen cabinet – several trusted friends and associates with whom one can share dilemmas, challenges, bounce around ideas and develop hypotheses/strategies/constructs about how to move forward? These kitchen cabinets must be free of influence of the leader. They must be capable of telling the truth to the leader. The purpose of the kitchen cabinet is not to help a leader implement action, but to promote perspective and honest reflection. This is a network for getting the questions right and not necessarily for answering them. Moore believes that such a group is essential for success for leaders in today’s environment.

This personal ecosystem produces a learning system that joins idea exploration with rigorous analysis. Jim Moore credits much of the success of the founder of the Muppets, Jim Henson, with Henson’s ability to create, nurture and grow his kitchen cabinet throughout his career.

In addition to the kitchen cabinet, Moore states that leaders must nurture another group – the one that actually makes and implements the changes necessary to survive and grow. This group stretches from board members, to senior management all the way to the shop floor or service provider or volunteer in the nonprofit context.

Moore suggests that as a diagnostic exercise one should list who they have in their personal ecosystem. What areas of expertise are covered or are missing? Some areas may be sparsely populated. Some areas need extra personnel because the leader is better at one aspect than the other. Who have you known in your past that can be brought back and how? Can you define or even explain their role or give them the flexibility to play the part they want to play. How do you as the leader link up a state of the art information system with your personal ecosystem? How does your personal and organizational ecosystem assist you and your organization in developing excellent strategic plans?

How do you strengthen your personal or organizational ecosystem? Leaders can increase the effectiveness of their ecosystems by recruiting even a few strong new members to our personal or organizational ecosystem. Leaders can experiment with the composition and the framework and methods of communication. Thus, leaders can create an extended

organization around themselves, yet remain the fulcrum that is allowed, and even encouraged, to extend the leverage of the leader.

This requires investing personal time in experimenting with ways to leverage a personal or organizational ecosystem. The complexity of strategic planning and managing has outstripped the ability of any one person to carry out the mandate of leadership alone. Adding people to the conventional hierarchy will not work. One must have a new paradigm of working relations with others in the world. This new paradigm must be focused, but not hierarchical. It must be an ecosystem made up of independent, yet interdependent parts.

We need new models that better extend our scope of action and learning. “More companies die from indigestion rather than starvation,” says David Packard. Make sure that the elements that become part of a personal or organizational ecosystem work together and nourish both the leader and the organization.

As leaders put their personal and organizational ecosystems in a wider context, they must also invest in expanding and deepening personal and organizational learning systems. Leaders and strategic planners must begin to experience problems more holistically, looking over the edges of boundaries.

For example, there is no boundary such as business and society (or for religious people, religion and society). Businesses and non-profits depend on customers, regulatory policies, values of the society. Economic systems are subsets of the biological. Biological are dominant, necessary. Without them, there is no economic system.

Businesses concern themselves with forming economic ecosystems and innovative ideas. Business systems are formed by and become the embodiment of the interaction among the potentials of technology, the values of society and the preferences of individual customers.

Social ecosystems, like churches, non-profits follow the same rules with values more attuned to caring, mutual support and human development rather than profit making companies, though all must be attuned to economic innovation and competitive advantage.

The values of the biological ecosystem or environment are:

Diversity

Complexity

Richness

Competition within a frame of a wider co-evolutionary tapestry

The key question today is how our organizational ecosystem will relate to our social and biological ecosystems? How can we resolve value conflict going forward? How will non-economic values be represented?

Henry David Thoreau said “Obey the law that reveals, not the law revealed.” Look behind the ideas, the laws and ask where they came from. Moore’s book suggests that the study of ecology connects us with the multilevel, nested, constantly transforming nature of reality. It has great relevance for the world of business.

CONCLUSION

Today, our capabilities outrun our abilities to understand them. We are capable of destroying the world, but may not understand how not to. We can not turn back the clock on our capabilities. We must find ways of gaining a better understanding as leaders and strategic planners of business and economic ecosystems. Moore suggests we start by developing personal ecosystems, or by developing some other means, to embrace our powers in a positive fashion. We must develop ways to augment, improve, crystallize, enhance, replicate, communicate, revitalize, reenergize and speed-up our thinking and focus our great talent on thinking about the right things, the important things, the things that make a difference for the betterment of the planet. Moore says studying ecology and applying its principles to every strategic task is a good start down this road.

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