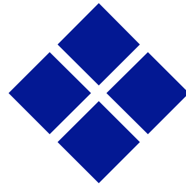


Chapter 3.
Learning The New Rules Of The Game

And how am I to face the odds
of man's bedevilment, and God's?
I, a stranger and afraid,
in a world I never made.

A. E. Housman

There is a great deal of hand-wringing these days about the turbulent business environment. Company fortunes rise and fall, products die or get eclipsed by others, technology tears traditional markets apart, strange alliances emerge among ex-competitors, bold business strategies fail and others succeed. A person who is inclined to be fearful or pessimistic will have no difficulty finding a reason.

And yet, all is not chaos. Some would have you believe that confusion is the order of the day, and that success in business is now just a crapshoot. But that worldview is not supported by the evidence. One just has to know how to read the signals and find the patterns that will be the new drivers of success in a new business environment. One has to learn the new rules of the game.

Did you ever have one of those strange dreams in which you showed up with your tennis racket to find your friends standing on a baseball diamond; and to make it worse, they were all carrying golf clubs? And the dream was all about trying to figure out what game you were supposed to be playing? It's a bit like that in business these days. The old playing field, the old players, the old equipment, and the old rules for scoring points don't always work now. It's becoming more and more important to re-think the game you're playing. Actually, the increasing change and upheaval in the business environment offer more possibilities than threats to those who are willing to take an innocent new look at how things work.

Finding The Driving Patterns

Although it isn't possible to reduce the rapidly changing business environment to a

© Karl Albrecht. All rights reserved.

simple formula, we can still discern some basic realities that can get our feet back on the ground. We can find some patterns and a crude logic of sorts, that can help make sense of what's going on. What follows may seem slightly theoretical at times, but you will probably see, as the discussion progresses, how these patterns can affect your business.

In Chapter 1 we considered some of the shockwaves that are tossing the boats of business organizations these days. Sharing the figurative ocean with those shockwaves are various other "surface waves," that is, gentler but equally insistent movements that are also restructuring the business environment by changing the options open to enterprise leaders. By taking note of these surface waves, and understanding the way they change options, we can begin to perceive a new order to things, even if it is a dynamic and changing order.

Let's trace some of these surface waves and see what effects they may be causing:

Population dynamics. Demographic shifts, such as the increase in the proportion of older people, change the demand for medic al services, change the tax base, and change buying patterns for a range of options such as leisure and vacations, housing, and travel. Increases at middle age ranges can cause "career pile-up" problems as an oversupply of experienced people compete for higher jobs. A decline in the number of adolescents and teenagers reduces demand for discretionary purchases such as rock music, movies, toys, and video games. Increasing economic stress and social deterioration in inner cities increases crime rates, with enormous direct and secondary impacts. Virtually all businesses are affected in some way by demographic shifts, and every strategy process should look closely at them.

Fracturing of mass markets. As demographic and psychographic differences become apparent among customers for many products and services, suppliers offer more and more differentiated versions; this has the effect of causing so-called mass markets to disintegrate into separate sub-markets. Witness the example of magazine publishing: in the 1960s there were relatively few mass-circulation magazines. As advertisers discovered they could target their messages better with television, the decline in ad revenues led to the decline of mass print media and the rise of many very specialized magazines. Magazines for female bowlers, teenage skateboarders, runners, golfers, photographers, and woodcarvers have replaced mass-circulation magazines. Food products, clothing, music–almost all the so-called mass markets you can think of–are breaking down into their constituent sub-markets. Customer access becomes much more a matter of careful targeting.

Pluralism as the new customer reality. Any one product or service draws different responses from different kinds of customers; there is no one "customer" any longer. These differences in response have always been there; it is only recently that firms are realizing the implications of the differences, and learning to tailor their offerings more directly. Hotels find that frequent business travelers have different priorities from honeymooners, who have different wants from families with children, who have different wants from retired couples, and so on. Firms are now talking about "micromarketing"

and "mass customizing," that is, customizing the offering to the individual; the ultimate market segment is becoming one individual customer.

Increasing complexity of customer entities. The standard, statistical customer described in the marketing textbook is less and less common; many businesses now realize that their customers also have customers. For example, the hospital can no longer consider the doctor the only customer; the patient is the customer's customer. The third-party paying organization also wants to be treated as a customer. Insurance companies sell policies through agents and brokers; who is the customer, the agent or the person who buys the policy? The answer: both. Airlines sell their tickets both directly to the flier and also through travel agencies; they must win and keep the business of

Breaking up of traditional megacorporations. As mass markets disintegrate and product differentiation breaks up the playing field, the large single-product firms lose their traditional advantages of concentration of capital and economics of scale. It sometimes becomes a case of "dis-economics" of scale. Huge firms like IBM, General Motors, Kodak, Procter & Gamble, and others have trouble sustaining their market power. More and more, mega-size will become a handicap as shockwaves and surface waves restructure business realities.

Migration of labor-intensive industries. As labor intensive, low-value-added industries tend to migrate outward from the developed countries to third-world countries with low labor costs, the traditional industrial bases of the formerly manufacturing economies begin to disintegrate and lose their economic clout. When sugar growers find their production costs 150 percent more than the world price for their product, they can no longer produce it in first-world labor environments. The same is true of other labor-intensive food processing operations such as pineapples, coconuts, and other exotic foods. Complex, inter woven partnerships that ignore national boundaries cause manufacturing operations to shift according to cost structures and political influences. This leaves the more knowledge-intensive and skill-intensive processes in the advanced economies, and the dislocation of low-skilled manual workers there creates many social side effects.

Acceleration of digital information technology. With high speed, low cost communication made possible by digital technology, and the developing marriage of computers and communications in a digital world, we have the rise of "virtual organizations," which exist only by virtue of the communication pathways that link the participants to a common purpose. There are virtual organizations inside most large firms, and virtual organizations that operate globally, such as international stockbrokerages, currency traders, and import-export firms. The major share markets of the world are linked through the effects of instantaneous news reporting and worldwide quotation and order-placing systems. Corporations are taking advantage of global communications to give themselves worldwide presence. The island-nation of Singapore has recognized the potential impact of fiber-optic communication technology and has decided to transform itself into an "intelligent island," with coast-to-coast communication pathways, digital information utilities, and a huge data utility that will give businesses a competitive edge in world markets.

Globalization of business dealings. A person in Stockholm who instructs a bank to transfer funds to another person's bank in Helsinki may not realize that the transaction goes into outer space, with electronic signals bounced off satellites, transfer red through a computer network in Brussels, and ending up at its destination. The shoes bought by a person in Montreal may have gone from a leather producer in Texas, to a tanning operation in Argentina, to an assembly factory in Italy, to an exporter in Spain, to an importer in New York, to a wholesale distributor in Ontario, and finally to a retail store in his or her neighborhood. Commerce now largely ignores national boundaries. American trade unionists who push for restrictions on imported Japanese cars are befuddled to learn that most of the parts on the car they are attacking are manufactured in the United States, and it may be assembled there as well. It is no longer clear what someone means who says a product is Japanese, American, German, or French.

Some of these surface waves may be powerful enough in certain industries to qualify as shockwaves for some enterprises, that is, they force a restructuring of the basic realities that enterprises must face. Others are at least strong enough to change the dynamics of markets, and can shift the fortunes of one competitor relative to another.

New Structural Options

Now we need to ask another, very crucial question: what basic structural changes in business dynamics are taking shape, caused by the environmental changes just enumerated? What is happening on the macro scale that is driving so many organizations toward anew model of doing business, and what is the essence of that new model?

Here we enter into the realm of conceptual speculation and I'll acknowledge that the answer offered here to the questions just presented is my own particular worldview. I'll be content to leave it to those who read this to make up their own minds whether it offers a valid basis for understanding the new business realities.

The germ of an explanation, and the elements of a new model, come at least partly from the view developed by Peter F. Drucker in his landmark book *Post-Capitalist Society.* Drucker skillfully traces the long sweep of commercial history through three stages: (1) the old days of the craft-based industries in which *secret knowledge* and skill were the primary asset, (2) the “capitalist” period in which *encoded knowledge* and skill (i.e., technology) could be transferred and used to organize very large and complex capital-based business operations, and (3) the now-emerging post-capitalist period in which the *deployment of knowledge* itself supersedes the control of capital in importance.

In the post-capitalist period, Drucker believes, it makes little difference who owns the factories, the real estate, the heavy machinery, or the facilities. Whereas the capitalist objective was maximizing the economic return on owned capital, the post-capitalist objective is maximizing *return on knowledge.*

Whereas the contribution of management was formerly to organize and direct the deployment of labor and capital, in the post-capitalist era it is becoming the creation of

value through the deployment of knowledge. Whereas power and influence in organizations formerly derived from the amount of capital and labor under one's control, that is, the size of one's department, power and influence now stem increasingly from the control of value-creating knowledge.[1]

There is an intriguing motif threading through many of the newly emerging business practices, that seems to validate this notion of knowledge-based organizations and the notion of technology as displacing capital in fundamental importance. Let's look at some of the new structural options being presented by the surface waves previously described:

Outsourcing. Organizations are separating whole parts of their operations and having them done by outside providers; this goes beyond simply purchasing traditional services. Demographer shave identified a growing "contingent workforce," composed of people who work part-time through agencies or who work as outside contractors for particular services. "Tele computing" firms, for example, persuade large customers to virtually close down their internal data processing departments, get rid of their computers, and do all of their computer work over dedicated phone lines to a computer center many miles away. Many businesses emerging from the cost-cutting agony of a recession find it more economical to hire out various services rather than restaff their organizations.

The move from ownership to partnership. There is no longer a compulsion to own all resources under one roof, as with the traditional corporate structure. Outsourcing is one component oft his trend, but there are others. These days it is much more common for firms seeking to get into new ventures to seek out alliances, coventures, and partnerships with other firms already established in the game. Often this is a way to get going more quickly, reduce the costs of the learning process, and avoid the risks of irreversible resource commitments. The company organization chart, if drawn to show the complete operation, looks more like a flatter, network-type chart now than a hierarchical command structure. The formal boundaries of the company are not necessarily distinct any longer.

The change form capital manipulation to knowledge manipulation. Owning large chunks of "frozen" capital, such as factories, manufacturing facilities, retail outlets, corner banks, ships, trains, and trucks is becoming more and more a liability than an advantage as the shockwaves change the rules of the game. The customer mailing list is a higher-cost and higher-value asset than the mainframe computer that stores and manipulates it. Leasing capital items from others, buying into part of someone else's capacity, and paying royalties or commissions to others who create part of the value can keep the organization more agile. It can shift the deployment of its resources much more rapidly when the primary resource is knowledge, and not massive chunks of depreciating plant and equipment.

The displacement of “thing” organizations by knowledge organizations. The three changes just enumerated–outsourcing, partnership versus. ownership, and knowledge manipulation versus capital manipulation–means that the focus of attention in defining

the organization is no longer strictly capital and output; the focus is less on what the enterprise has and produces, and more on how it adds value. The emerging success motif is to leverage the capital resources owned by various other firms by "wrapping" it with a conceptual "envelope" that adds value synergistically through knowledge. As technology becomes more sophisticated, and the kinds of value that businesses can deliver becomes more imaginative and diversified, an increasing proportion of the people in the organization are dealing with knowledge instead of things. Manufacturing firms have always had to have "knowledge departments" such as finance, purchasing, and personnel, but now the "knowledge overhead" required in most organizations is growing as the nature of the value they create changes. And, of course, there are many organizations that are almost totally information-intensive, like banks, insurance companies, brokerages, data processing units, consulting firms, research organizations, educational institutions, and government agencies. Clearly, thing organizations and thing workers are now in the minority.

The displacement of resource power by knowledge power. With more complex organizations, the simple equation of political power with resources under control is breaking down. It is no longer axiomatic that the executive who has the largest bloc of employees under his or her command, or the most expensive plant and equipment, will make the most money and have the most clout. Other factors now enter into the power formula, in particular the leverage one exerts over the value creating processes, which may involve very few people and little or no hard capital.

The shift of organizations from static forms to chaotic forms. Scientists refer to "chaos theory," which is a mathematical method for describing how systems such as organizations evolve and change. A static organization is one that changes very little, and one whose operating state of affairs is very predictable at a given time on a given day. For example, if we were to visit a soft-drink bottling plant and be shown around the place by the plant manager on a certain day, and then visit again a month or so later, or even a year later, we could probably predict fairly accurately what we would see on the subsequent visits. It is likely that not very much would change. A chaotic organization, on the other hand, is one whose structure and processes are in a state of flux, or metamorphosis. What it looks like on one particular day is not a very good basis for predicting what it will look like twelve months later, or perhaps even a few months later. The static organization makes its best contribution through minimizing change, variation, and ambiguity. The chaotic organization may have to *maximize* change, variation, and ambiguity to accomplish its ends. Neither is necessarily better; they are just different kinds of solutions.

The change in work from compliance to contribution. Fewer and fewer workers now fall into the category of task doers, that is, those who perform tasks that are fully pre-designed and require little or no added value in the form of knowledge judgment, creativity, or strategy. There are still jobs like that around, but they are progressively being replaced with technology solutions such as computers, robots, and automatic tellers machines.

With the ever increasing sophistication of the value-creating processes used in

business, "labor" is no longer an adequate definition. The operative word is becoming "people." The concept of *discretionary effort* is emerging as a key element of value creation, in which the employee must be free to use his or her own commonsense skills and ideas to solve problems and exceed customer expectations. The difference between labor and people is in the differences between people themselves–their skills, experience, ideas, know-how, work styles, career ambitions, and motivators. Just as we have to learn to see an individual in every customer, we have to learn to see and individual in every working person. One of the main jobs of leadership is to help people understand the contributions they can make, help them realize what they're really good at as individuals, and help them grow toward the contributions they are capable of making.

Increasing the emphasis on stewardship and responsibility. Jan Carlzon, chief executive of Scandinavian Airlines System, claims that capitalizing on people-energy depends on creating a contract for personal responsibility. And that responsibility, he believes, starts with knowledge and information. "A person without information," Carlzon asserts, "cannot act responsibly. A person with information cannot help acting responsibly." The age-old problem of "how to motivate the employees" will never be solved as long as executives think of motivation as something they are supposed to do to people. Once they understand that motivated behavior is a response to perceived meaning and value, and that people will take charge of results when they believe in what they are doing, they leave behind archaic concepts like motivation. They move toward more powerful concepts like the creation and management of meaning.

Three Business Models: Pre-Capitalist, Capitalist, And Post-Capitalist

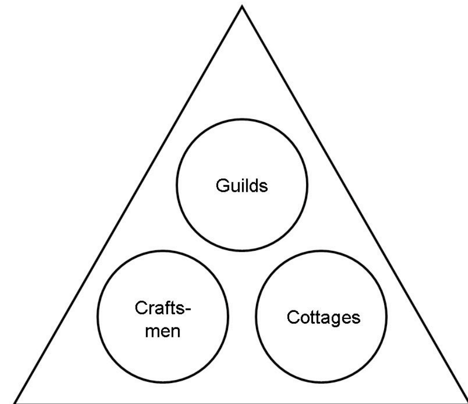
Each of the three economic eras mentioned by Drucker, that is, the pre-capitalist, capitalist, and post-capitalist, brought its own thinking processes about how business should be structured. It is this evolution in the structuring of resources and relationships that is causing havoc with many businesses, and causing confusion in the minds of many business leaders.

The picture gets quite a bit clearer when you put the three structural models side by side: the pre-capitalist model, the capitalist model, and the post-capitalist model, as shown in Figure 3-1. Let's look at each one briefly, and then compare them.

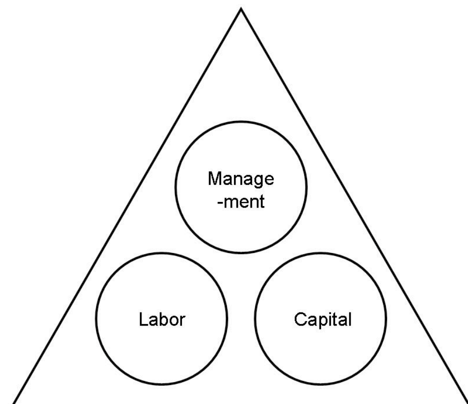
1. ***The pre-capitalist, or cottage industry, model,*** which arose during the middle ages and prevailed for hundreds of years; once agriculture had become sufficiently productive that many people were freed from working the land, they began to make and sell useful things to one another. As shown in the first part of Figure 3-1, the triangular combination of the craftsman (a skilled person), the cottage (the primitive home-factory), and the craft guild formed a miniature political-economic model. People at first sold their products willy-nilly in unsophisticated local marketplaces, but with the rise of the craft guilds they became more sophisticated marketers, able to do business on a larger scale. The cottage model is still alive and well today in a number of industries. Even the

guilds have survived, in many cases evolving into trade associations.

a. Pre-capitalist model
(cottage industry)



b. Capitalist model
(self-contained corporation)



c. Post-capitalist model
(value-creating enterprise)

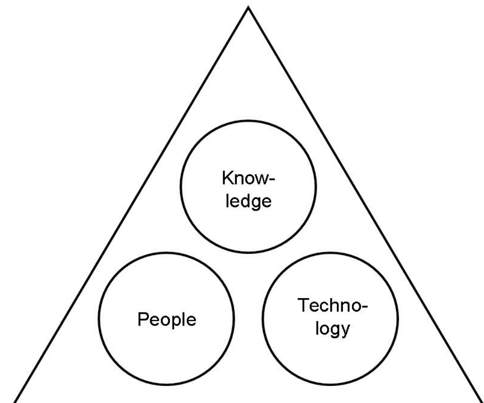


Figure 3-1. Three Business Models.

2. ***The capitalist, or corporation, model,*** doing business on a huge scale by concentrating vast amounts of capital and labor in one place, that is, the factory. A number of developments had to appear to make this possible, such as the concept of standardized products with identical, interchangeable parts; mass production methods; large-scale energy transformation systems like the steam

engine; teachable skills and methods that circumvented the secrecy and parochial turf-ism of the trade guilds; the concept of management as the job of organizing and directing labor and capital on a large scale; and the advent of merchant banks and fractional-reserve banking that permitted the deployment of money as a form of capital. All of this led to the corporation as a *self-contained organization,* with all of the functions of product design, development, manufacturing, and marketing, and support under one entity. As shown in the second part of Figure 3-1, the triangular combination of labor, capital, and management form the essence of the capitalist model.

2. ***The post-capitalist model or the value-creating enterprise,*** with a much more diversified network of resources, often with less-distinct boundaries than self-contained corporate structures. Ownership of capital gives way to partnerships that leverage resources, regardless who has custody of them. As Figure 3-1c shows, the triangular combination of people, technology, and knowledge transcends the conventional labor-capital-management model. Conventional "management" gives way to knowledge-based leadership; conventional "capital" gives way to technology and the treatment of capital as simply one part of the value creation arrangement; and conventional "labor" gives way to" people" in the sense that a great deal of work now requires more than manual process, engaging as it does various inter personal skills, knowledge and initiative, situational judgments, and "emotional labor" such as dealing with customers who may be distressed, angry, ill, or mentally disturbed.

If all of this so far seems a bit too theoretical for you, please hang on: we're almost there. We're coming to the key questions: (1) How does the post-capitalist model apply to your business? (2) What part can it play in formulating your strategic success model? and (3) What structuring options might it provide to help you surf the shockwaves, exploit the trends, and manage the events in the business environment your enterprise will face in the future? We need to understand the post-capitalist model just a bit better in order to answer those questions.

Referring again to Figure 3-1 , let's simplify the comparison of the three models. First, bear in mind that the post-capitalist model is not pushing the other two off the stage. It is merely joining them in the limelight. It is an additional option for structuring resources. Likewise, the capitalist model joined the cottage model on the stage rather than getting rid of it. For example, parts of the huge travel industry work on the pre-capitalist cottage model. Thousands of mom-and-pop travel agencies around the world, typically staffed by fewer than ten people, sell billions of dollars worth of airline tickets, cruise vacations, hotel bookings, and car rentals. Certainly there are large corporate agencies, but even those operate at least partially as cottage producers.

The same applies to most of the insurance business. Although a few large carriers supply the underwriting resources for the policies, thousands of small agencies sell the "product" and service the customers. Much of the tax and accounting business works the same way. Despite the existence of vast megaretailers, much of the retail industry also works on the cottage model.

Indeed, the 11,000 McDonald's restaurants operate more like cottage businesses than like one giant corporation. They are absolutely local in their customer communities, and many of them are privately owned as franchises.

At the same time however, McDonald's is also probably an ideal example of the post-capitalist model of the value creating enterprise. The difference between 11,000 unrelated hamburger stores and the total McDonald's franchise is in two essential ingredients: (1) worldwide brand recognition, and (2) the integrated supply of raw materials and services to the stores with tremendous economies of scale. The reason a business owner pays two or three times as much for a McDonald's franchise as he or she might pay for a similar unbranded hamburger store is that on opening day there is a virtual guarantee of a full stream of customers who have no doubt about the value they can expect to receive. Most studies show that franchise businesses have a first-year survival rate at least three to five times higher than those that start from scratch.

Think about the example of McDonald's for a moment, and you'll see that the post-capitalist model which it represents can actually incorporate both the pre-capitalist and capitalist models all in one. The individual stores are the cottages, the supporting logistical and marketing structure is the corporate component, and the franchise concept extends the model to the level of a value creating enterprise. The value creating enterprise can make use of networks or relationships of cottage producers, large corporate structures, and an intangible third element: *the enhancement of value through knowledge.*

At this point, an element of confusion might set in. One could ask: don't most industries fit the definition of value creating enterprises with their relationships of suppliers, distributors, sellers, and value-adding middlemen? Aren't they all working together to enhance value? The answer is: in most cases, no, although they could be.

Returning to the example of the travel industry, we can see that it is mostly just an assortment of individual businesses that buy and sell from, to, and through one another. Some are huge corporations such as airlines, cruise lines, and hotel operators, and others are small cottage players like local tour operators and travel agencies. But nothing like the McDonald's franchise concept exists to connect them together synergistically. In almost every industry, trade associations try to create synergy by promoting cooperation and pushing political interests, but they are still acting more like the pre-capitalist guilds than enhancing value through knowledge. Most industries have enormous opportunities for enterprise thinking that goes beyond their traditional structures and relationships for commerce.

From Organization To Enterprise

Do you begin to see the implications of the post-capitalist, value-creating enterprise for the new business environment? It goes beyond the individual structuring options such as out sourcing, partnering, strategic alliances, and organizational reengineering. Those are really just options for arranging the processes. The really important concept is the shift from self-contained organization to value creating enterprise. The traditional

organization chart gets replaced by something like an enterprise map, as in Figure 3-2.

More and more leaders, especially those who operate inter nationally, are learning to think in enterprise terms. In the process of "reinventing government," some public-sector leaders are adopting enterprise models for the total community they serve. For example, the government of Singapore holds a major interest in a development company that has plans to virtually clone the design of the city as an economic enterprise in Suzhou, China, near Shanghai. Using the "software" of the Singapore concept, that is, the social and commercial models, political partnership between government and business, and city-state management practices, the developers hope to create a successful first-world enterprise with the best of Singapore's unparalleled growth and managed economy.

Another interesting example of a company that has redefined its business concept and its operating relationships in terms of a value-creating enterprise is the Swedish furniture firm IKEA. Starting with the elegantly simple idea of selling assemble-yourself furniture made in attractive Scandinavian designs at substantially lower prices than conventional furniture, IKEA has expanded beyond its home market to a worldwide network of over 100 stores.

With revenues of over $4 billion and recession-defying rates of growth in sales and profitability, the firm has reinvented the whole constellation of roles that exist between the customer, IKEA as the retail supplier, and a network of over 1800 item suppliers around the world.

IKEA's concept is an excellent example of the deployment of knowledge in an enterprise model. It has used the simple driving objective of creating quality furniture at low prices to develop a unique network of designers, suppliers, warehouses, and retail stores all keyed to the same principle. The firm's success model revolves around several critical points of focus:

1. Design. IKEA utilizes clever, careful, well-executed designs that can be manufactured at low costs, while still providing high value in style, finish, and durability. IKEA designers work relentlessly to find ways to reduce the costs of fabrication, assembly, shipping, warehousing, and retailing. They work with a wide range of suppliers, many in Eastern Europe, helping each one develop the necessary orientation to cost-conscious, high-quality design.

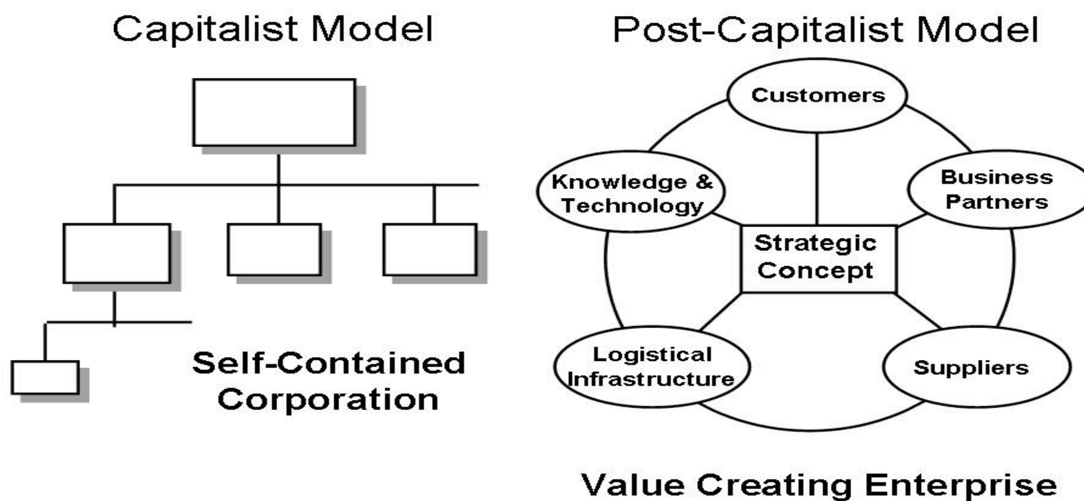


Figure 3.2. From Organization to Enterprise.

2. Distribution. While many experts advise that a firm reduce its suppliers to the smallest number possible, IKEA succeeds by having the right product made by just the right supplier. Indeed, IKEA designers may select several different firms to produce the individual parts of a single item of furniture. They bring all finished products together into an ultra-sophisticated network of fourteen warehouses. Using the latest techniques of inventory control and distribution planning, they make sure products are available when and where needed to meet customer demand.

3. Information technology. By linking all sales outlets into a sophisticated communication system, IKEA planners can track sales almost instantaneously, analyze demand patterns, and optimize the use of transport and warehouse facilities. This enables them to match supply more closely with demand and thereby minimize the amount of inventory in the pipeline. All of these techniques help to hold down operating costs, thereby strengthening the price advantage over conventional furniture.

4. Customer participation. The IKEA business concept views the customer as a key player in the overall creation of value. Going beyond the prosaic definition of knock-down furniture, the company carefully educates its customers in the ways of getting maximum value. At the retail stores, everything humanly possible is done to make it easy for the customers to play their part. This includes a pleasant shopping environment with coffee shops and child-care facilities, realistic display of furniture in natural "n-use" settings, easy-to-use order forms and notepads for sketching and planning, easy pick-up and carry-out of products in cartons, and even the loan of car-top carriers so customers can easily get their products home.

Note that virtually all of these critical dimensions of the IKEA business model revolve around two basic precepts: *value* and *knowledge.* By distributing the necessary information and knowledge throughout the enterprise network, including all the way out to the customer, the company has put together a value-creation concept that capitalizes on that knowledge. Instead of the standard self-contained corporation model of business, IKEA has developed a value-creating enterprise model, making best use of the cottage-industry model (suppliers), the corporate model(design, warehousing, distribution, and retailing), and the enterprise model (information and knowledge that links together the whole system).

According to Goran Carstedt, head of IKEA's North American operation and formerly head of Volvo Sales in Sweden:

> ***The problem of creating superior value these days calls for original thinking. You can't just drift along and hope for the best. The game is changing, and you must learn the new rules of the game. At IKEA, we want to think of ourselves as in a perpetual learning process, sort of a "virtuous circle" of experience, learning from that experience, and then evolving our value premise to ever higher levels.***

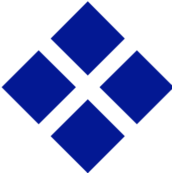
Swedish Management consultant Richard Normann, director of the SMG Group in Paris, comments on the IKEA business concept:

> ***The work-sharing, co-productive arrangements the company offers to customers and suppliers alike force both to think about value in a new way–one in which customers are also suppliers (of time, labor, information, and transportation), suppliers are also customers (of IKEA's business and technical services), and IKEA itself is not so much a retailer as the central star in a constellation of services, goods, design, management, support, and even entertainment.***
>
> ***The result: IKEA has succeeded, arguably, in creating more value per person (customer, supplier, and employee) and in securing greater total profit from and for its financial and human resources than all but a handful of other companies in any consumer industry.***[2]

This enterprise concept is a new and unfamiliar way of thinking for many traditionally-raised business leaders. Long accustomed to thinking in terms of corporate models with fixed boundaries, many of them are just beginning to sense the implications of this new way of deploying knowledge and resources.

For the remainder of the discussion in this book, the word enterprise, used to describe business operations, will serve to emphasize the value creating synergy of the post-capitalist model. n focusing about your own enterprise, and on the northbound train concept that will make it a success, it is up to you to think through the possibilities and

choose a strategic concept for deploying resources that is right for the business environment you intend to exploit.



Chapter Notes:

1. Peter F. Drucker, *Post-Capitalist Society.* (New York: Harper Business, 1993.)

2. Richard Normann, and Rafael Ramirez. "From Value Chain to Value Constellation: Designing Interactive Strategy." *Harvard Business Review*, July-August 1993.