

The Value Ecology Sketchbook

Introduction

Anything is simple in the beginning – in time a successful venture spawns greater demands on its resources in terms of product, complexity and support

The death spiral kills complex bureaucracies – the success spiral kills new companies by making them complex bureaucracies...

Mind-blowing 1: the stresses of chaos applies to both growth & decline phases.

Mind-blowing 2: Moore's law further stresses tech start-ups – riding the tiger

Organisational evolution is inevitable as the marketspace develops – success inevitably changes the value vendor

The value user becomes more demanding as the market grows, the product more complex, the risks increase in time (sell your history & self fund 2 major generational iterations)

It appeases my inner Marxist: man is a producing animal and value relationships (politics, law, culture, commerce etc) are inevitable

The big trick: the status quo in product iterations and spiraling value user needs – using CRM & marketing initiatives to practically do this

The second trick: re-invent the value vendor in order to break out of the increasingly demanding marketspace cycle

The third trick: make the process painless by fuelling growth, not resisting inevitable change and integrating the inner and outer worlds of customers, suppliers and the company infrastructure

The fourth trick: not all markets or products or product lines (in any arrangement) will be in the same stage of needs/wants spiral – understand that all of the customers do not inhabit all of the mindspace at the same time, but will inevitably end in the same general place (consensus) for a limited time

The fifth trick: read the macro-economics of your own venture diligently but keep the micro-economics close to basic business fundamentals

Another really big trick: aligning the inner of the value vendor to the outer of the value cycle

How to apply the bean micro-model successfully to the micro-economic, basic business components and management/macro-economic integration models? (4th generation warfare as a template for cellular organisational design?)

Where & how would a process of corporate transformation towards the value ecology begin? (how do you communicate the concept universally?)

Can a business theory exclude non-business? (whoopee – stating the obvious?)

Is there a universal business theory of everything (apologies to hawking) and what is the ideological model resulting?

The value ecology idea is inherently incompatible with the existing ruling classes' weltgestalt (idealism for the greater good vs the bottom line)

The Author's bias (not commendable and un-debated): the traditional corporate model (not the value ecology model) is inherently bound to fail because:

- external ideology: it does not reflect social realpolitik (democracy/civil society vs totalitarianism/rigidity) (corporate libertarianism + 4th generation warfare)
- internal ideology: false gestalt needed for operational efficiency creates an environment out of step with any market – from this environment future leaders are selected
- external complexity: humans don't naturally observe, understand or interact with the bigger picture (local areas needs = local area politic; me, myself & i)
- internal complexity: there is a hypothetical threshold on human structural complexity (we come from mini-tribe unequipped for the mega-tribe) (culture, identity, efficiency)

The value ecology is always under tension from external forces or dynamics (entropy/revenue vs needs' spiral/Moore's law) and internal forces or dynamics (o.o.d.a. Loops/strategy vs policy/methodology)

The impact of competitors is to escalate the needs' spiral – this is good if the value iteration offered is consistent with current & future needs but bad if the iteration is out of step

Having budget/profit surplus is no guarantee for ongoing in step activities with customer needs – a competitor can skip the evolution cycle neatly and immediately compete on the high-end of the market – deduction: small and large companies are equally vulnerable to each other

The model does not cater/allow for product loyalty – some products have strong followings despite not being marketed at all – perhaps in this lies the wisdom of the status quo between being able to deliver to what is expected from the delivery?

The million dollar question: if the above is true then success is destructive by nature – how to sustain market space and ongoing annuity?

Towards answering the above:

The key is the quality of the relationship with the value user, an ideal relationship being open, loyal and forgiving – this supports alignment, tempers rampant needs' spirals and allows grace for inevitable entropy – easy to say (& hype – see crm!) but requires an ideology of “being in the community”

Value ecology ask thyself “why engage in whatever value creation in the 1st place?”
Keep production pragmatic (do what you do well) but invest in presentation / shrink-wrapping / marketing to tame, capture & drive perceptions of need fulfillment (listen and interact)?

The value is composed of tangible (empiric and planned uses) and intangible (perceived or felt and unplanned uses) value. Though both are stressed to increase in time, the proportionate relationship is driven by the value user.

The killer app is the single iteration product with massive intangible benefit – it arrives on the market whole and in one single generation (footnote: no killer app has ever presented an equally original 2nd version, subsequent developments are primarily cosmetic)

All killer apps have massive socio-political intangibles & all have an influence and impact on how we socialize as a species life (e-mail, automobile, napster etc) – they also primarily service the selfish needs of the individual before any “greater good”

Killer apps, verily i say unto thee, understand fashions before you understand market research and understand the stick if thy seeketh true utility

The needs spiral is 3-dimensional, inter-related, inter-changeable and socially inclusive – requires development lateralism to deliver steady value thereto

Design lateralism – a design culture disloyal to industry but loyal to products and to means available to develop, eg cigar rolling equipment is easily modified into fish gutting equipment

Mantra 1: one man's value is another man's needs

Mantra 2: disillusionment breaks a needs spiral

Needs' spirals influence each other greatly – nothing prevents similar value creation exchanges between need's spirals and/or other value ecologies

Ecology clusters can be governments, lobbies, clubs, families, friends, interest groups, communities, companies etc. In short, any group that communicates in a common interest

More specific attributes of the killer app (what the Author thinks):

- Their use is apparent/obvious to the user (there is no adoption curve)
- First pass is the right pass (1st iteration works)
- Complexity is irrelevant to fulfilment (not satisfaction)
- They are designed practically and not economically
- They are not proselytised/evangelised/advocated
- They appear complete/whole on the market
- They are invented by some but exploited by others (the winner gets some fame, the runner up gets the prize)
- They are spoken about by everybody (not just trade press or special interest groups)
- The inventor seldom foresees the most popular use
- Nobody has consciously developed a killer app – their success is incidental
- They translate with no loss of value between cultures/languages/industries
- It is nearly impossible to fundamentally improve on them (the 1st generation value is lost or diminished in the development)
- Their success is expected in a tool using culture.

Design esotopia: the 1st iteration killer app establishes a (topographic) value pattern

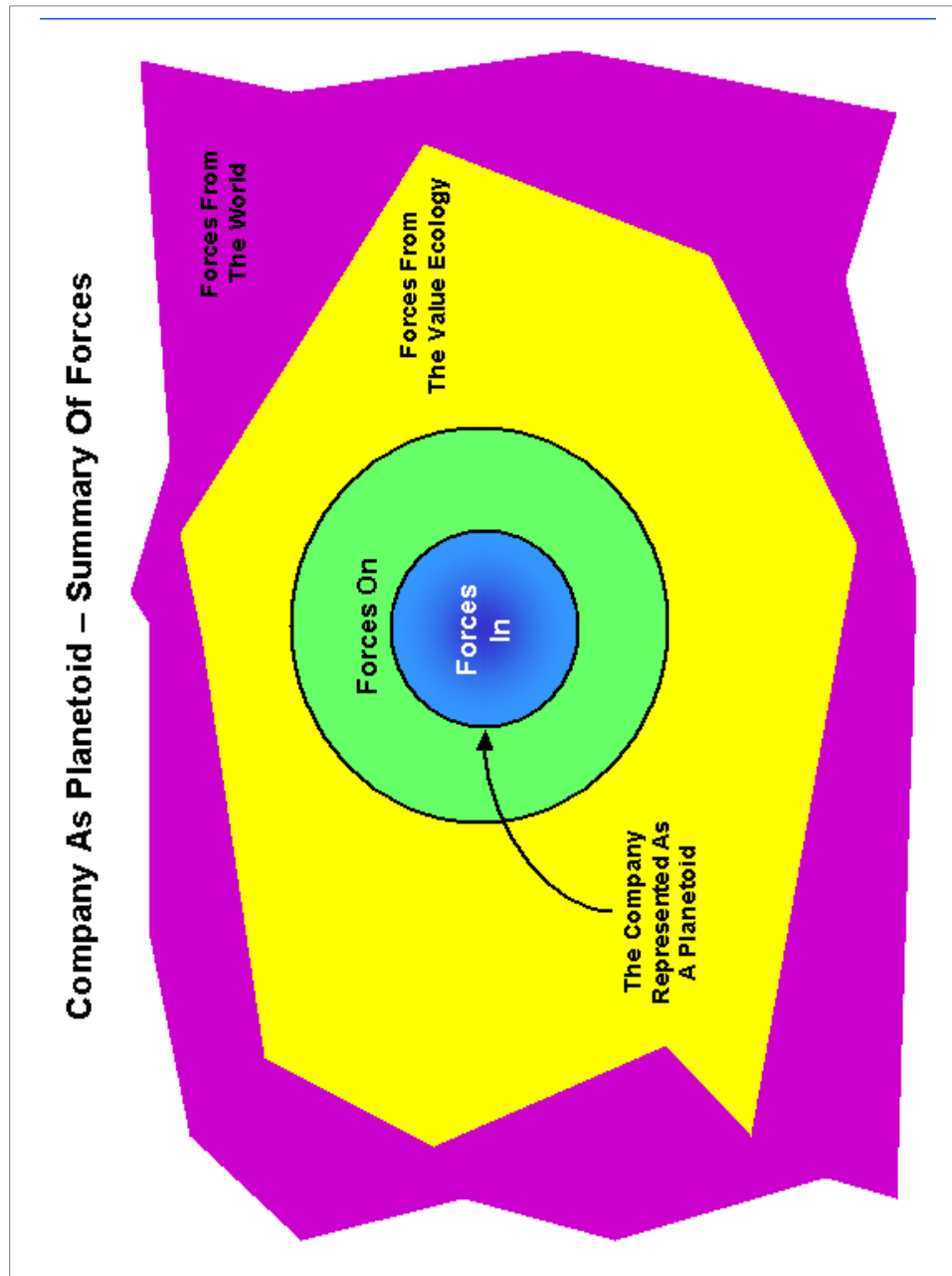
Some questions re: the value ecology:

- how does the model account for economics before the industrial revolution?
- what was the importance of personal wealth in ancient economies?

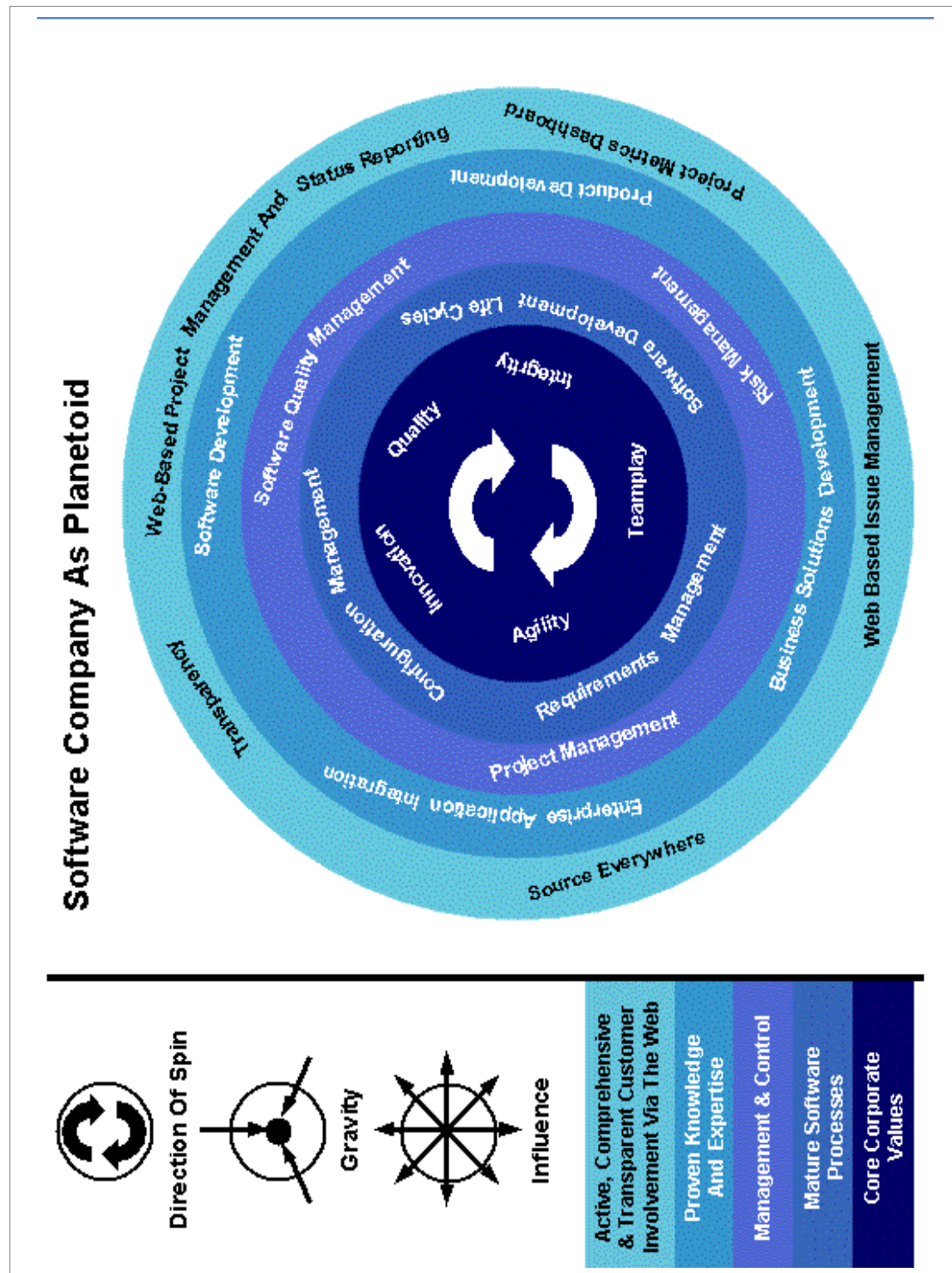
- why are we so slow to unlearn bad practice habits – and why does the killer app explode it?
- where lies the status quo of needs/wants and value propositions?
- is all value creation a question/application of resources?
- is ideology a formalized manifestation of a group of interrelated value ecologies?

Mantra 3: complexity is the cost of a lack of originality

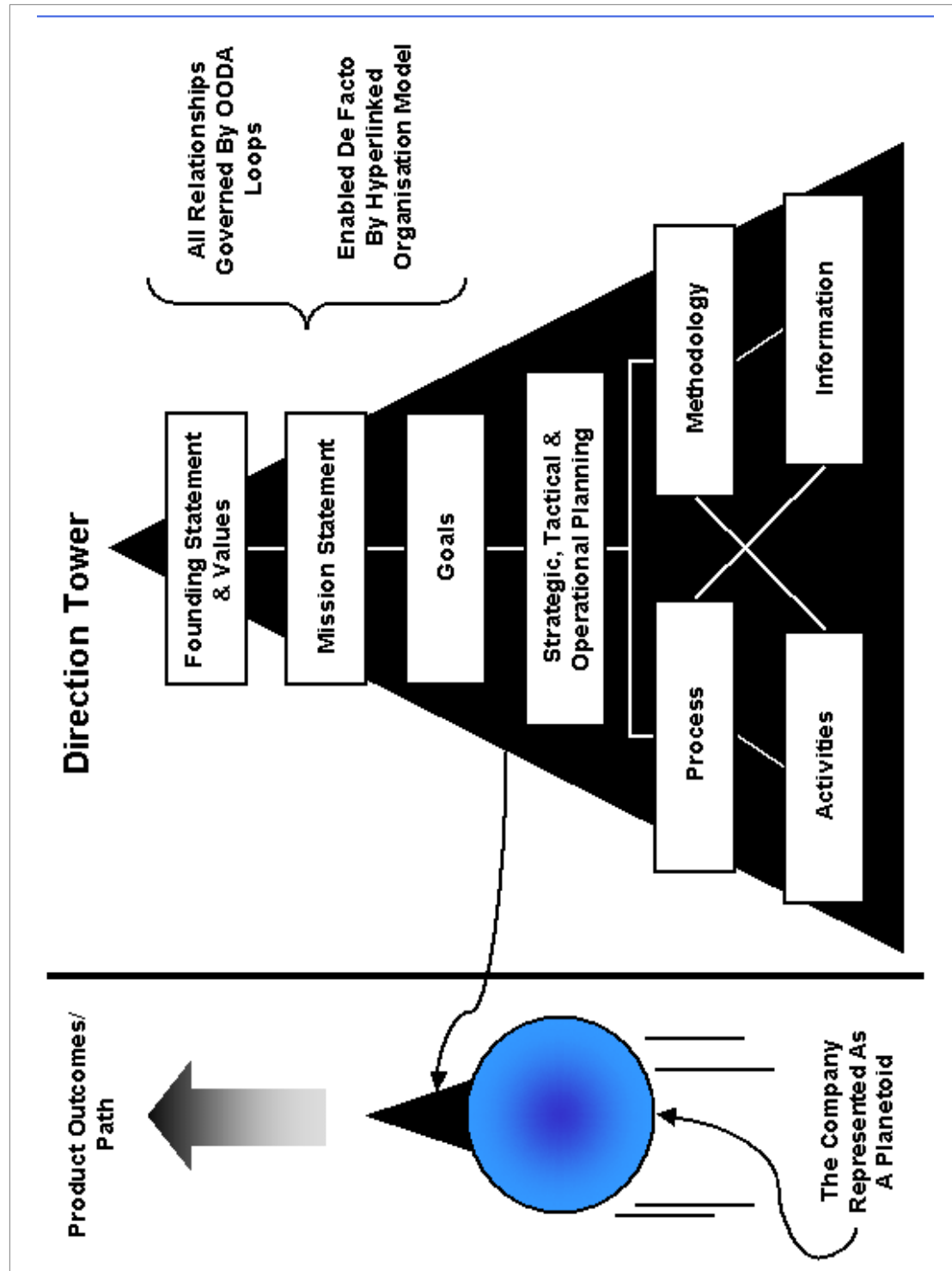
Company As Planetoid – Summary Of Forces



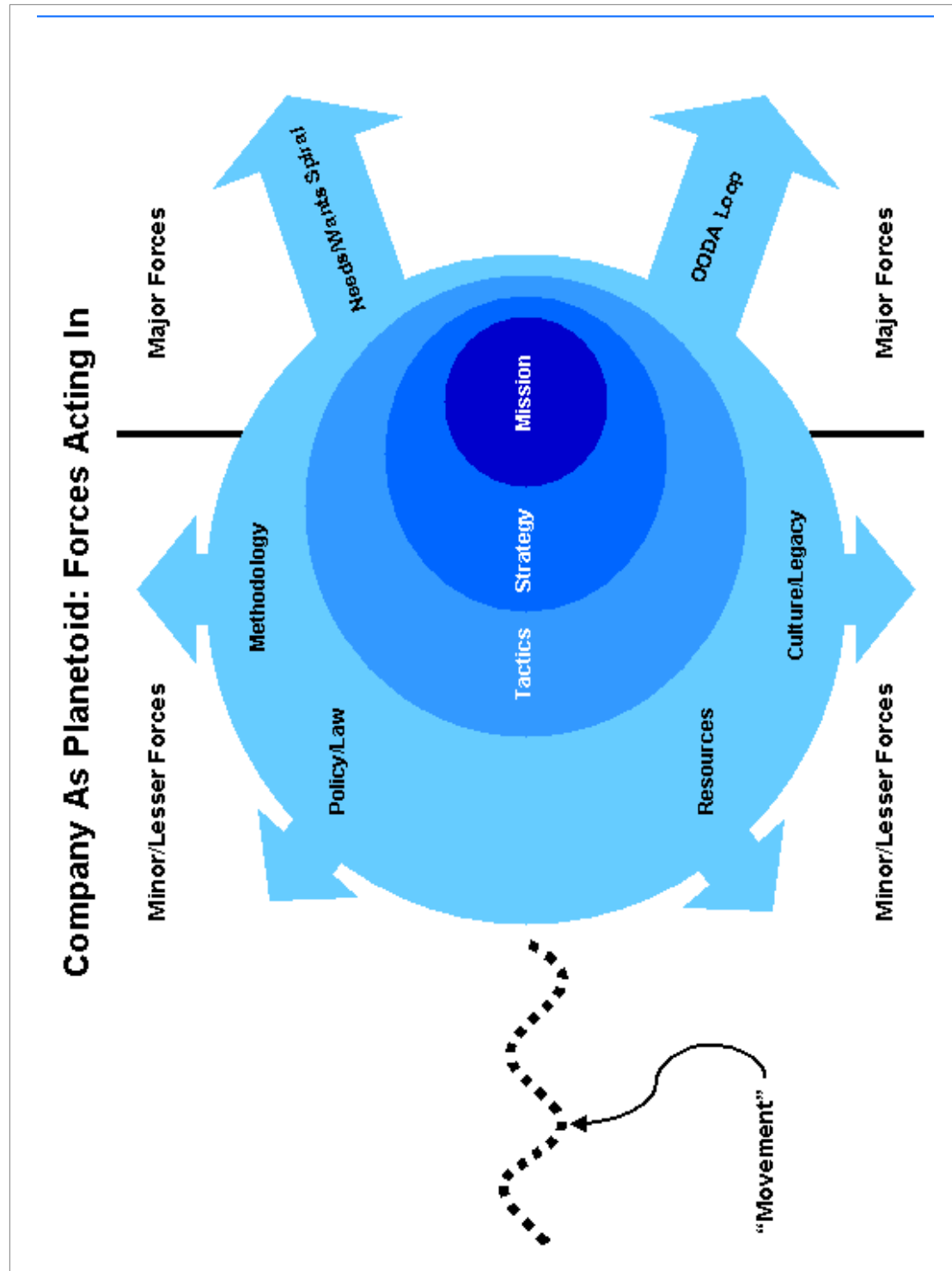
Software Company As Planetoid



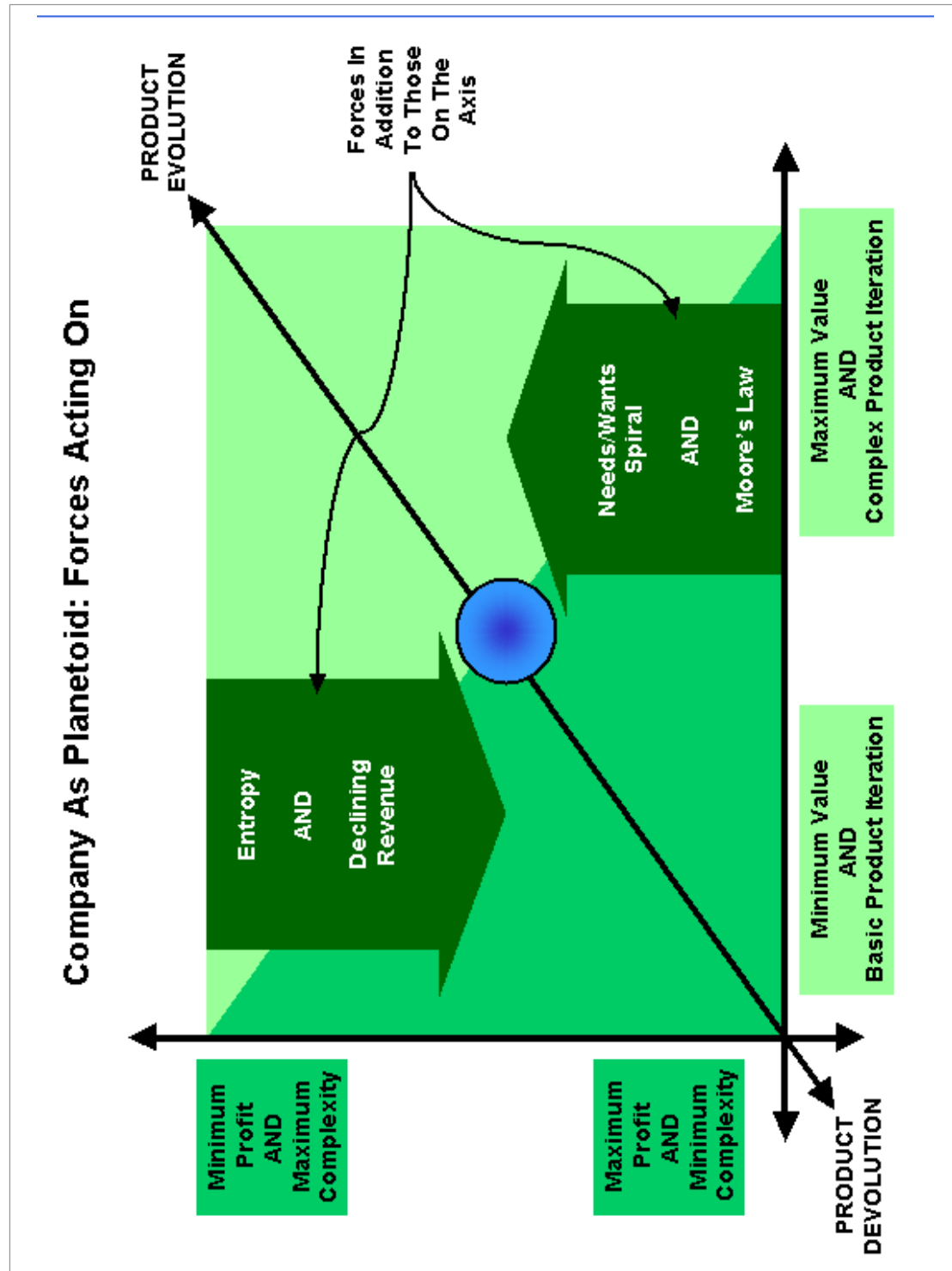
Direction Tower



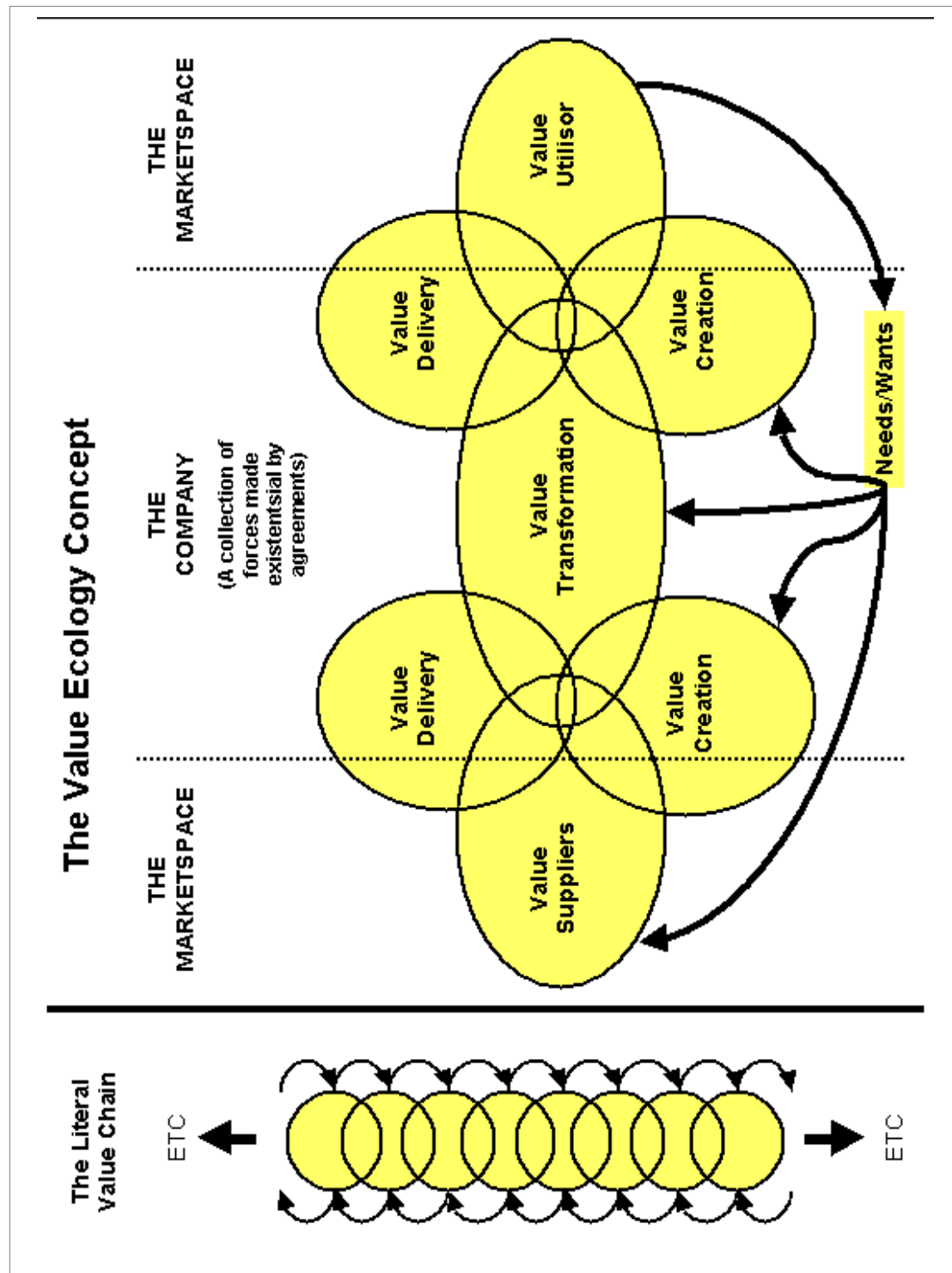
Company As Planetoid: Forces Acting In



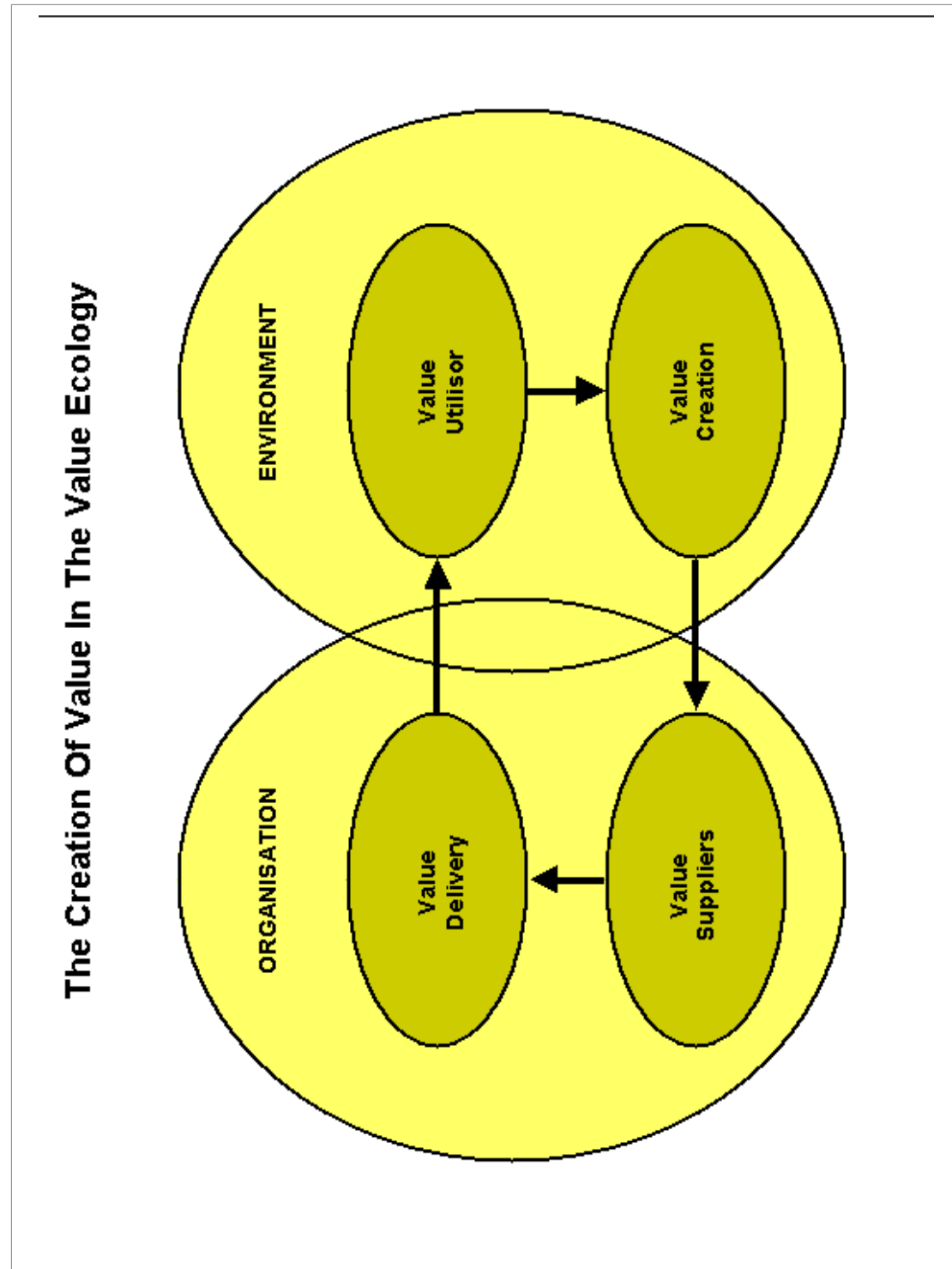
Company As Planetoid: Forces Acting On



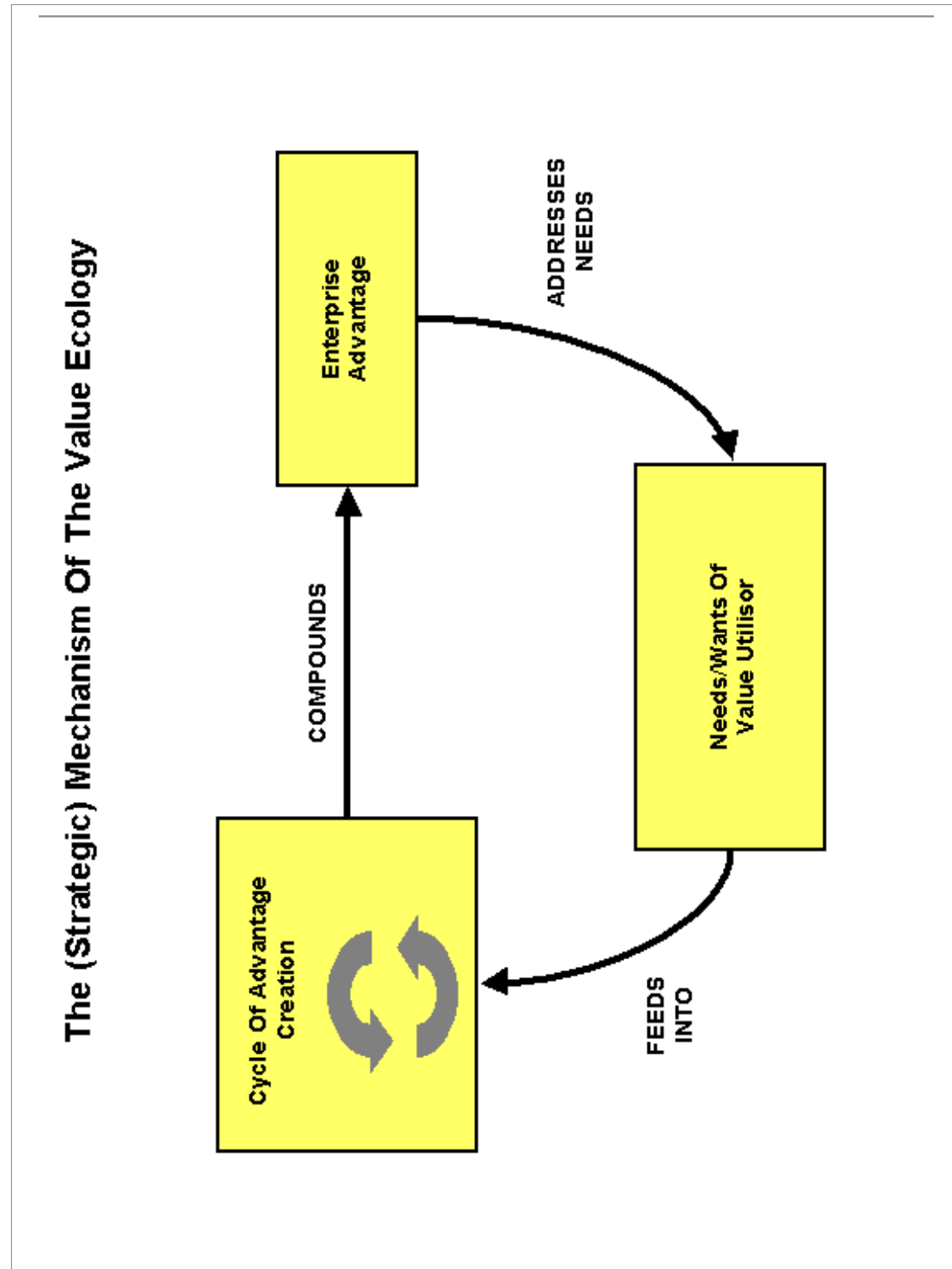
The Value Ecology Concept



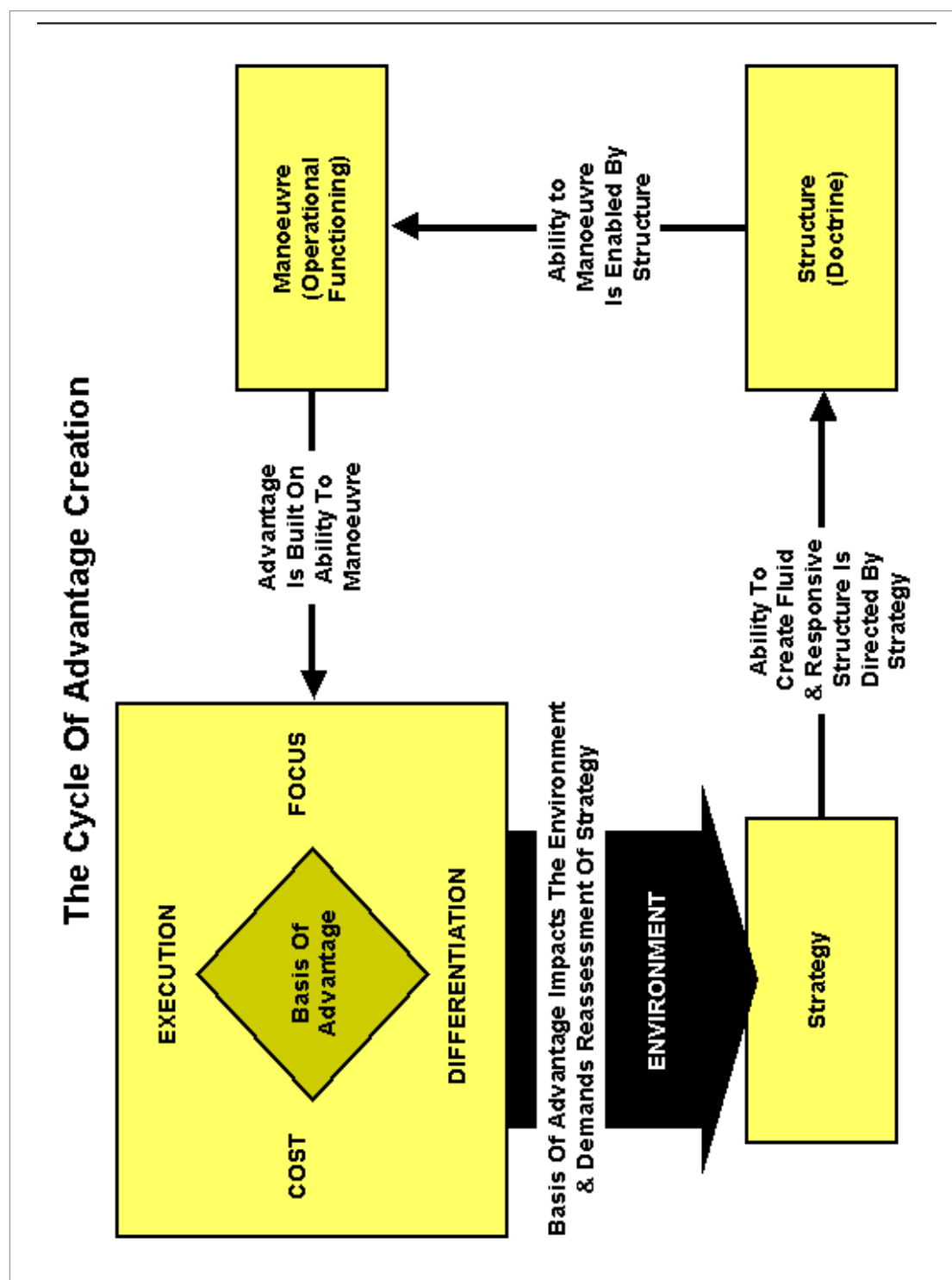
The Creation Of Value In The Value Ecology



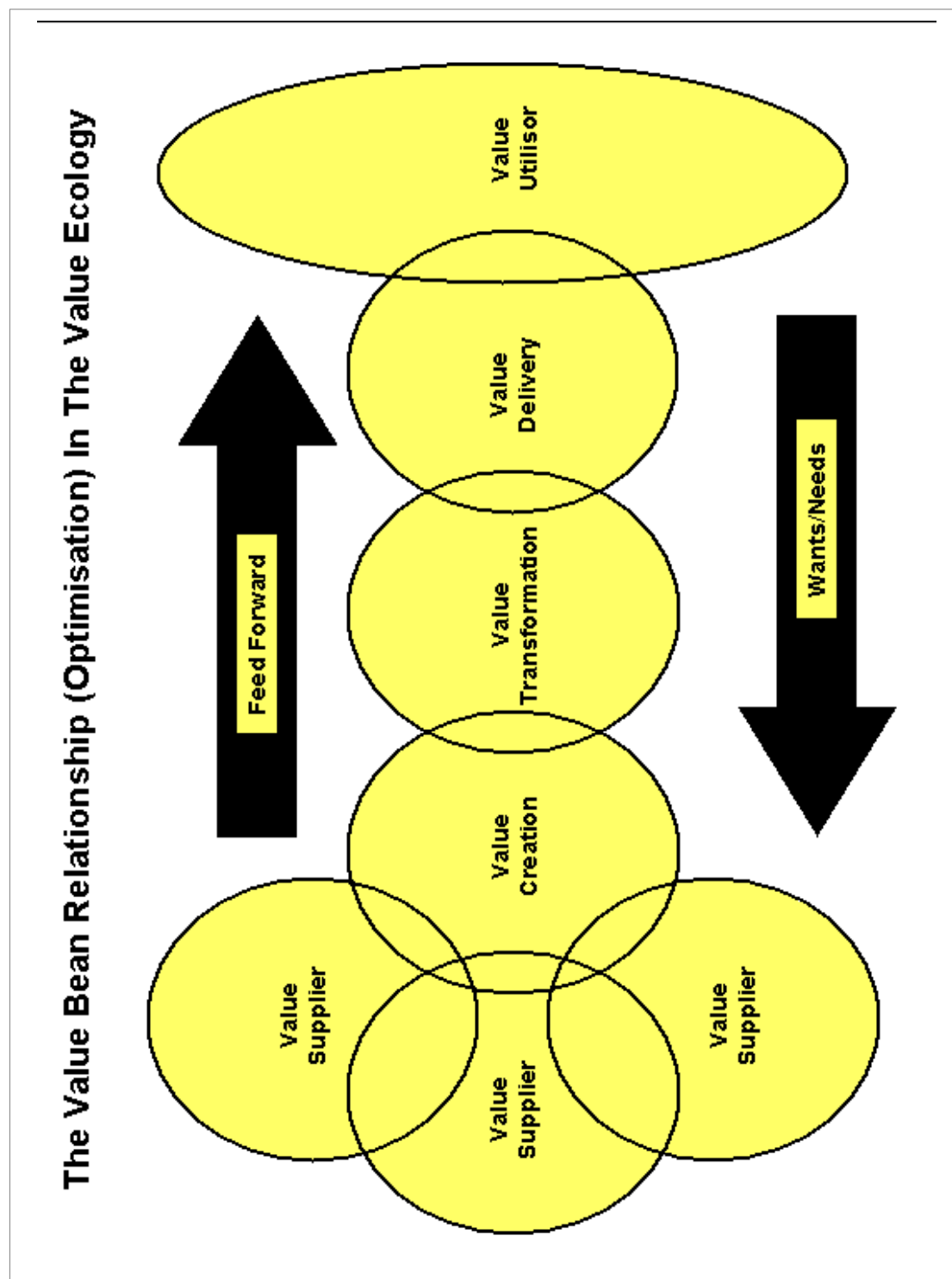
The (Strategic) Mechanism Of The Value Ecology



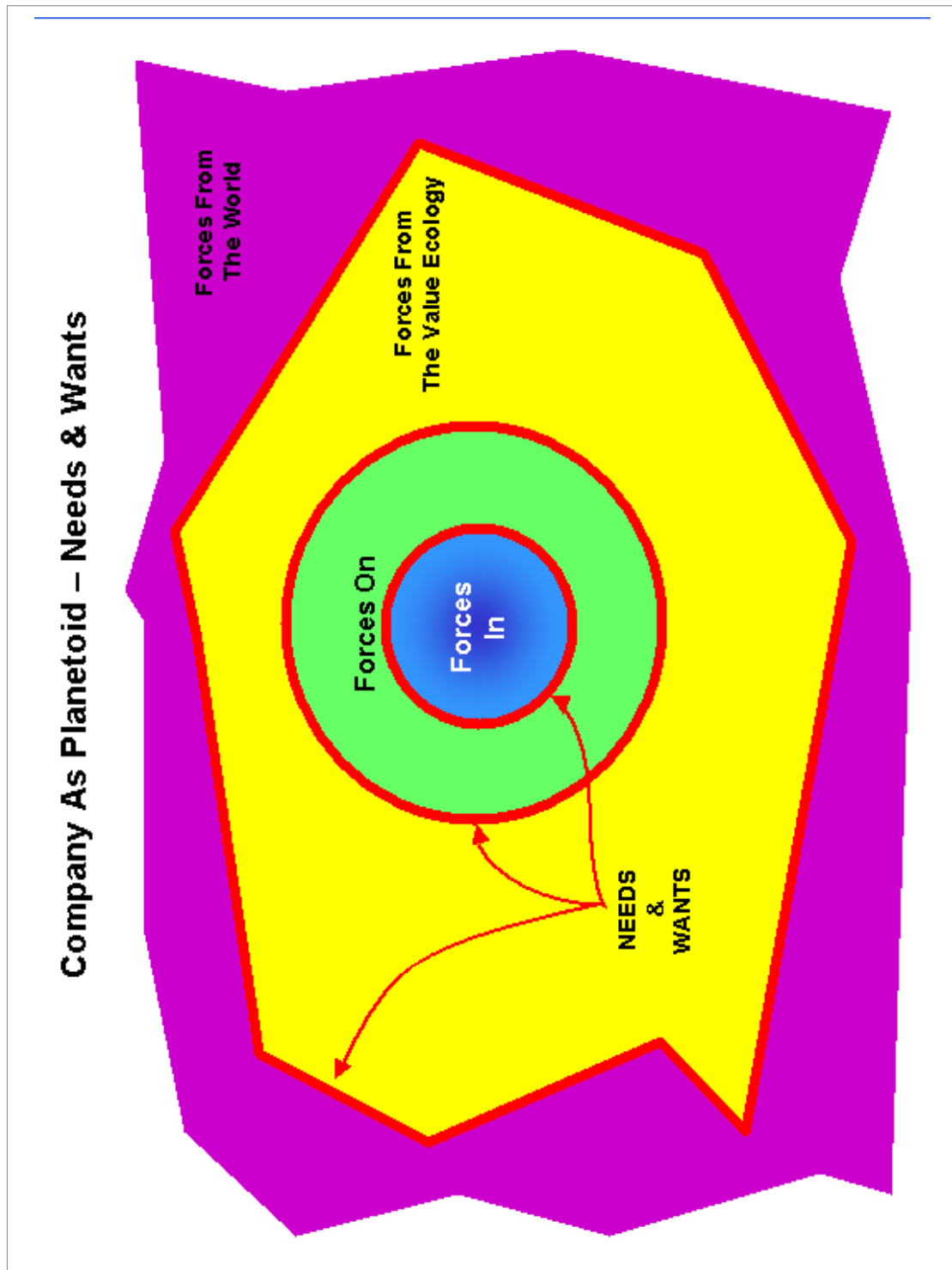
The Cycle Of Advantage Creation



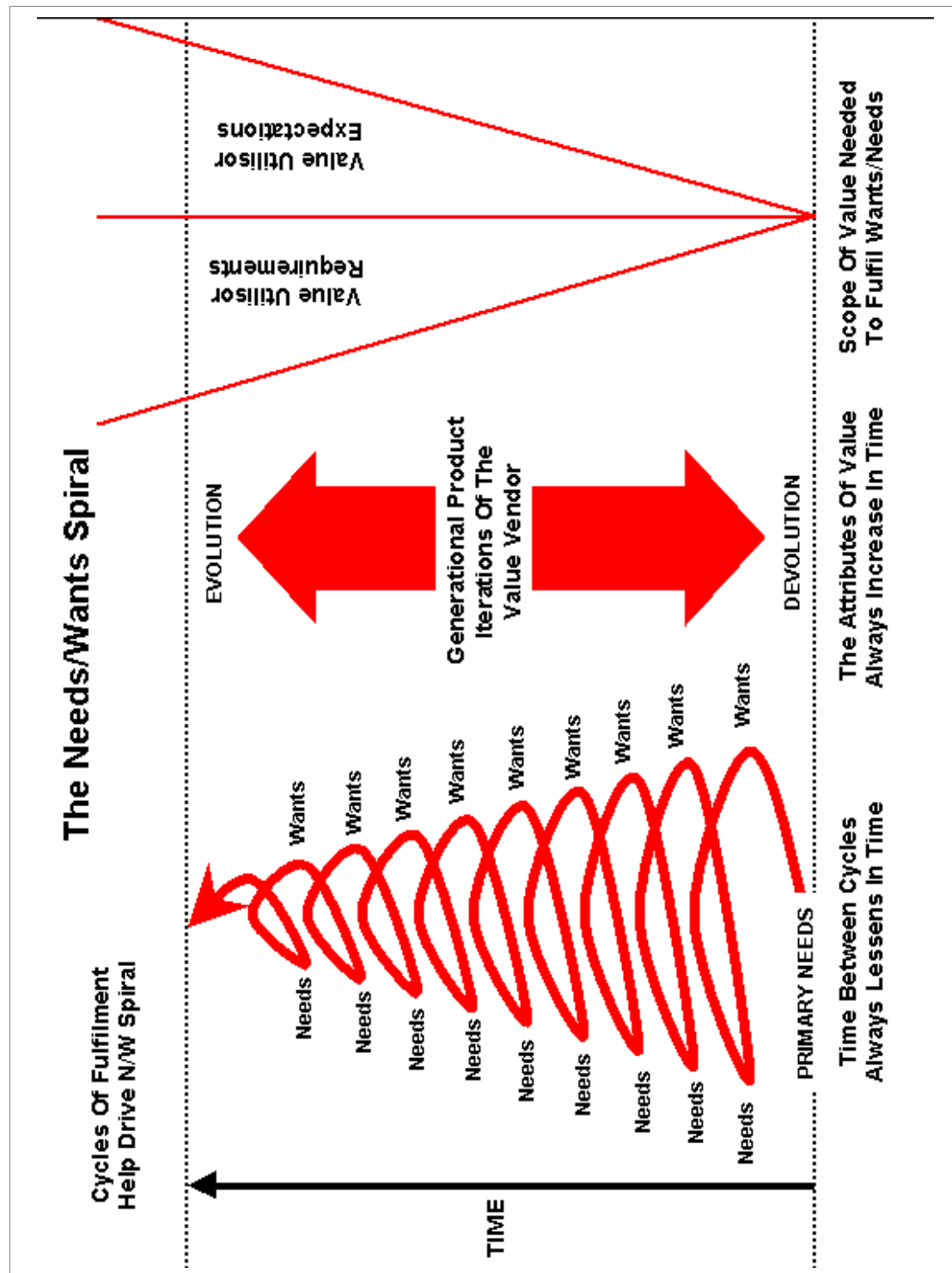
The Value Bean Relationship (Optimisation) In The Value Ecology



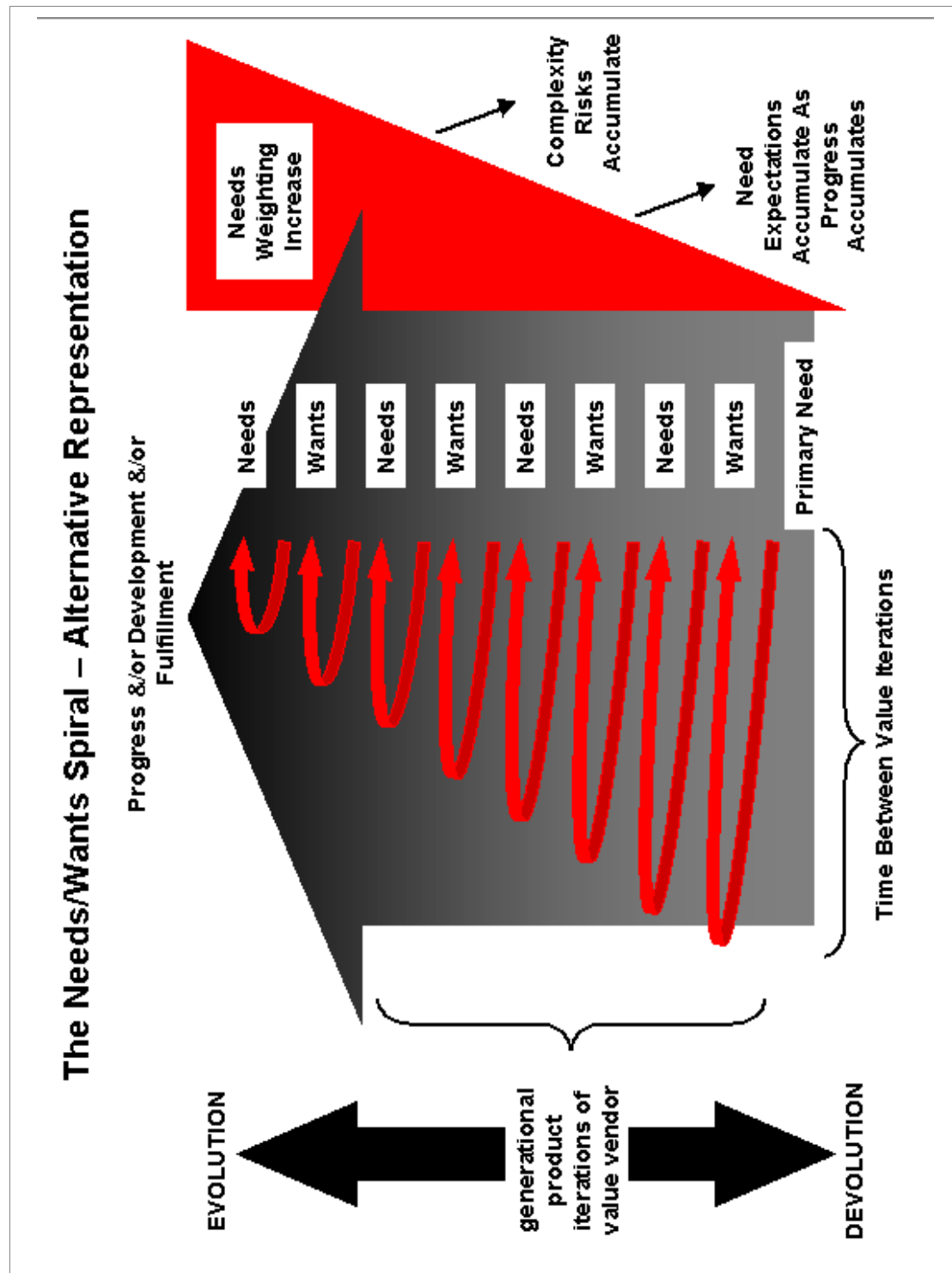
Company As Planetoid – Needs & Wants



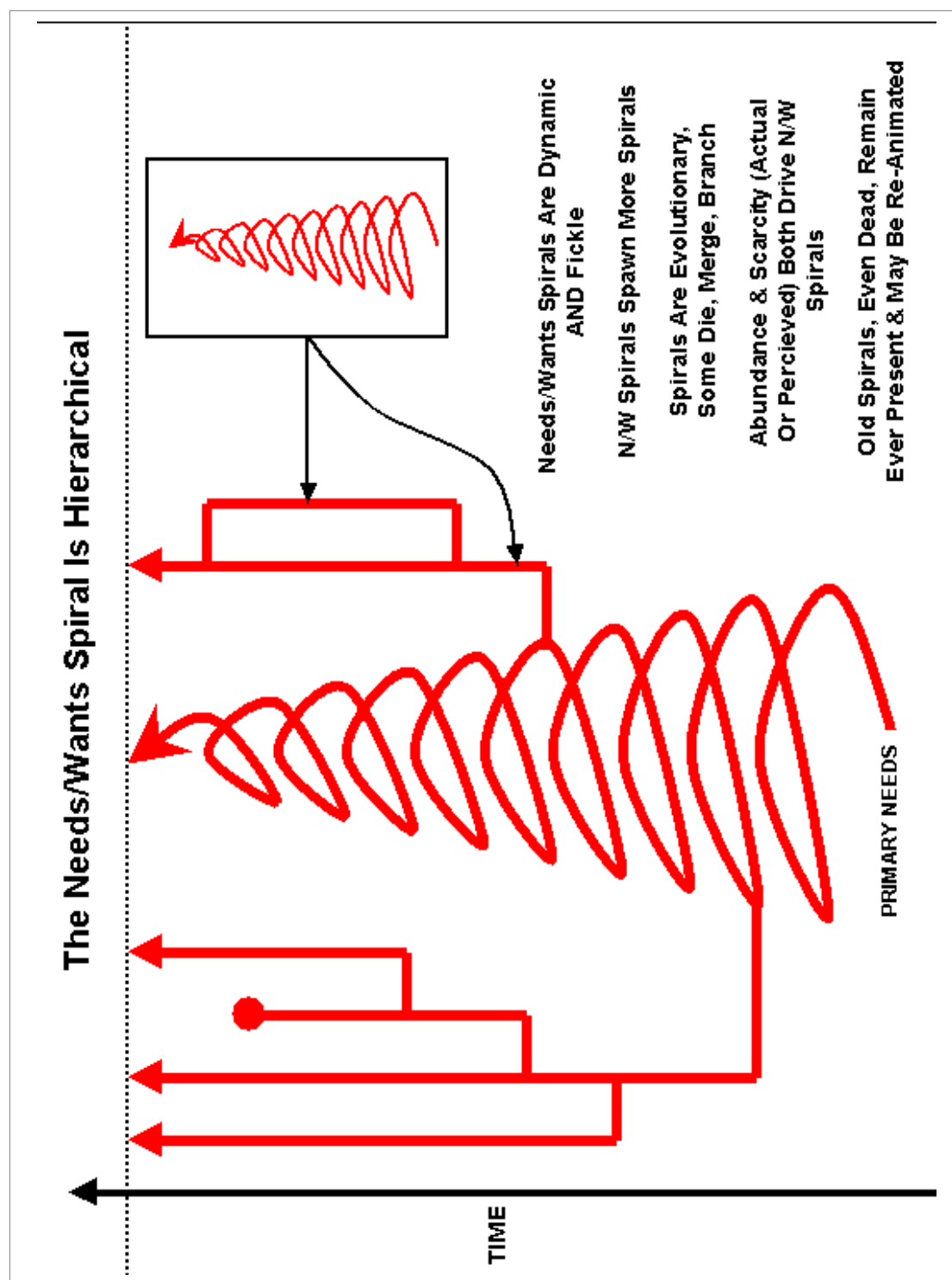
The Needs/Wants Spiral



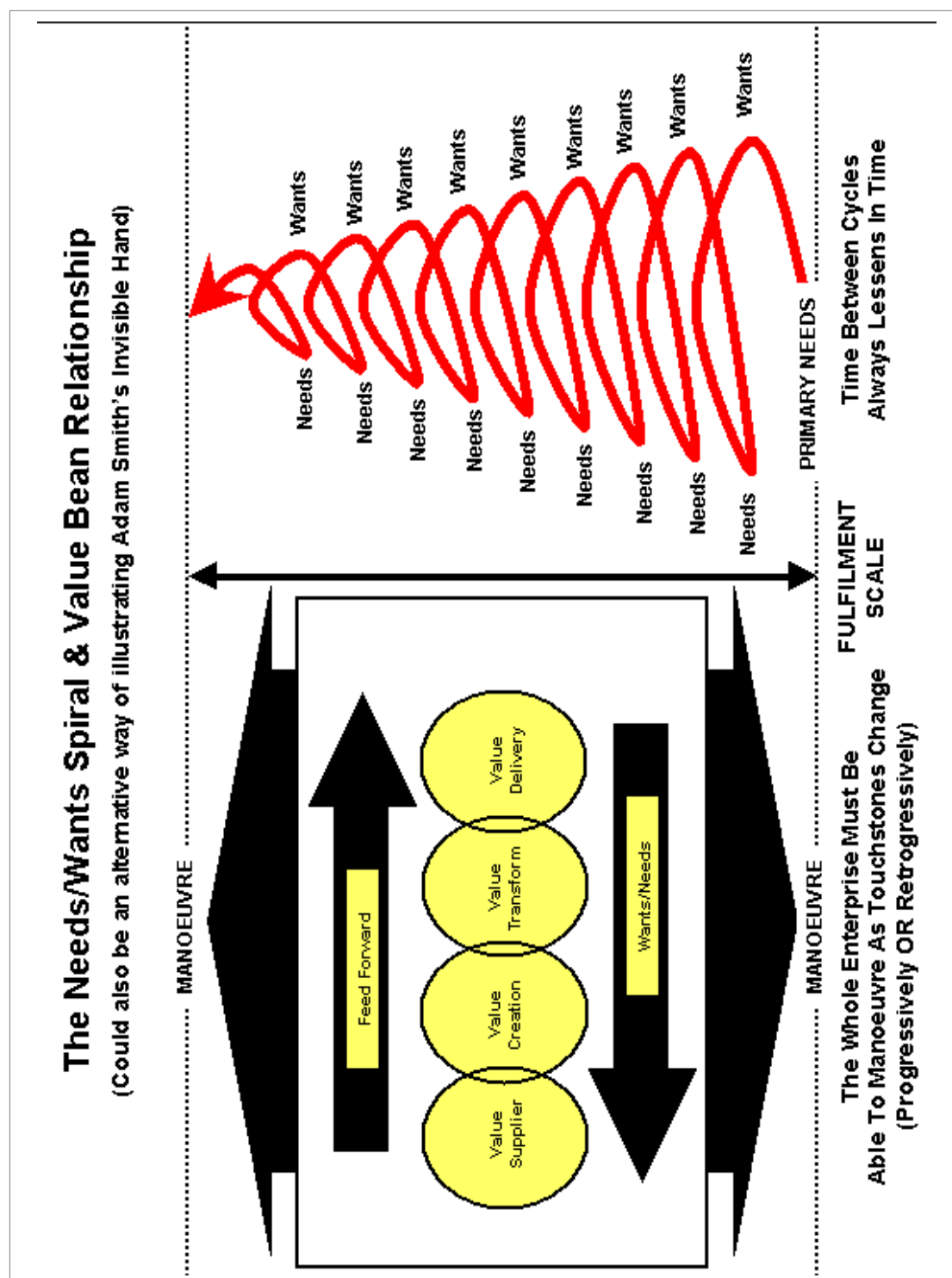
The Needs/Wants Spiral – Alternative Representation



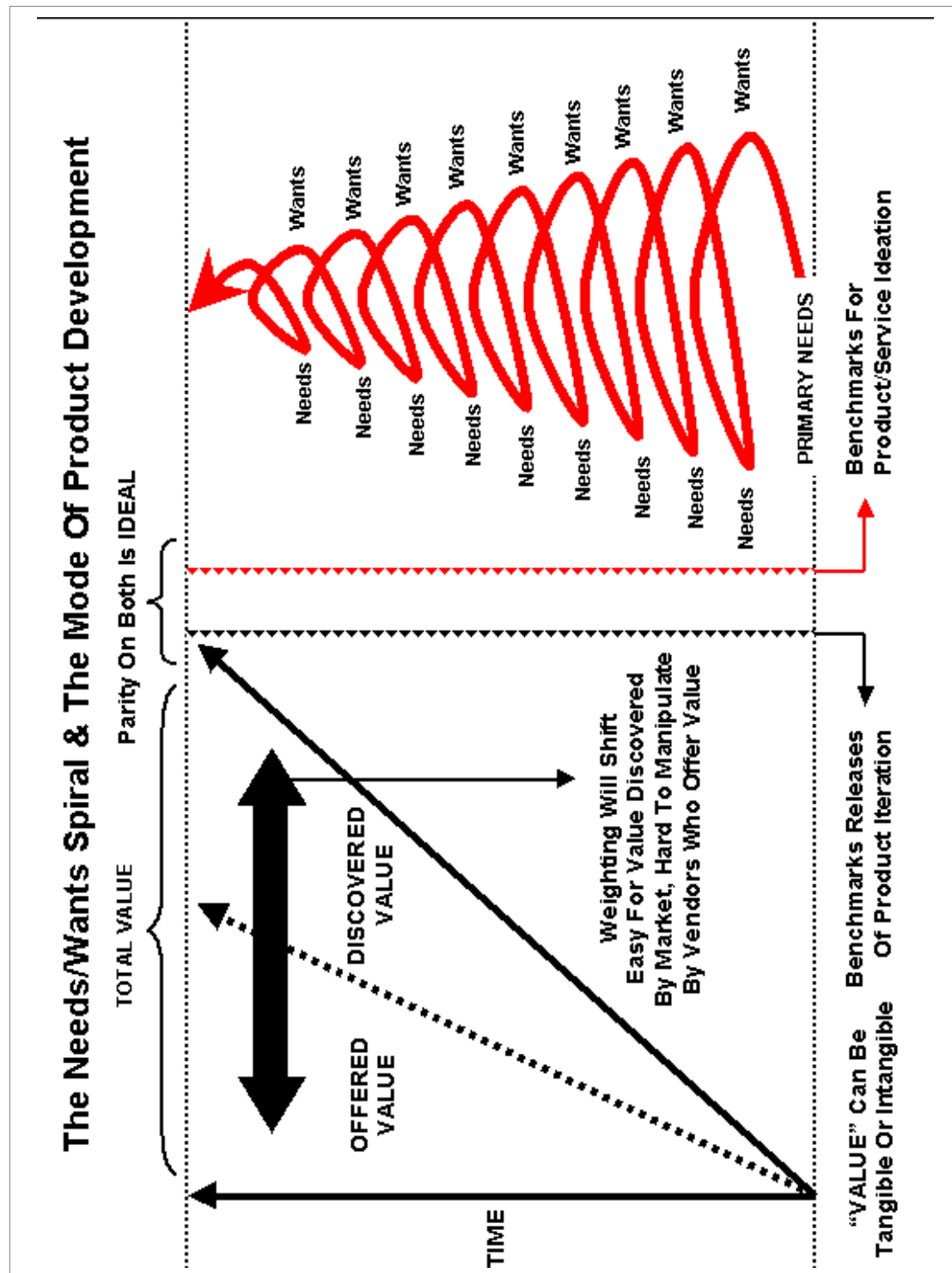
The Needs/Wants Spiral Is Hierarchical



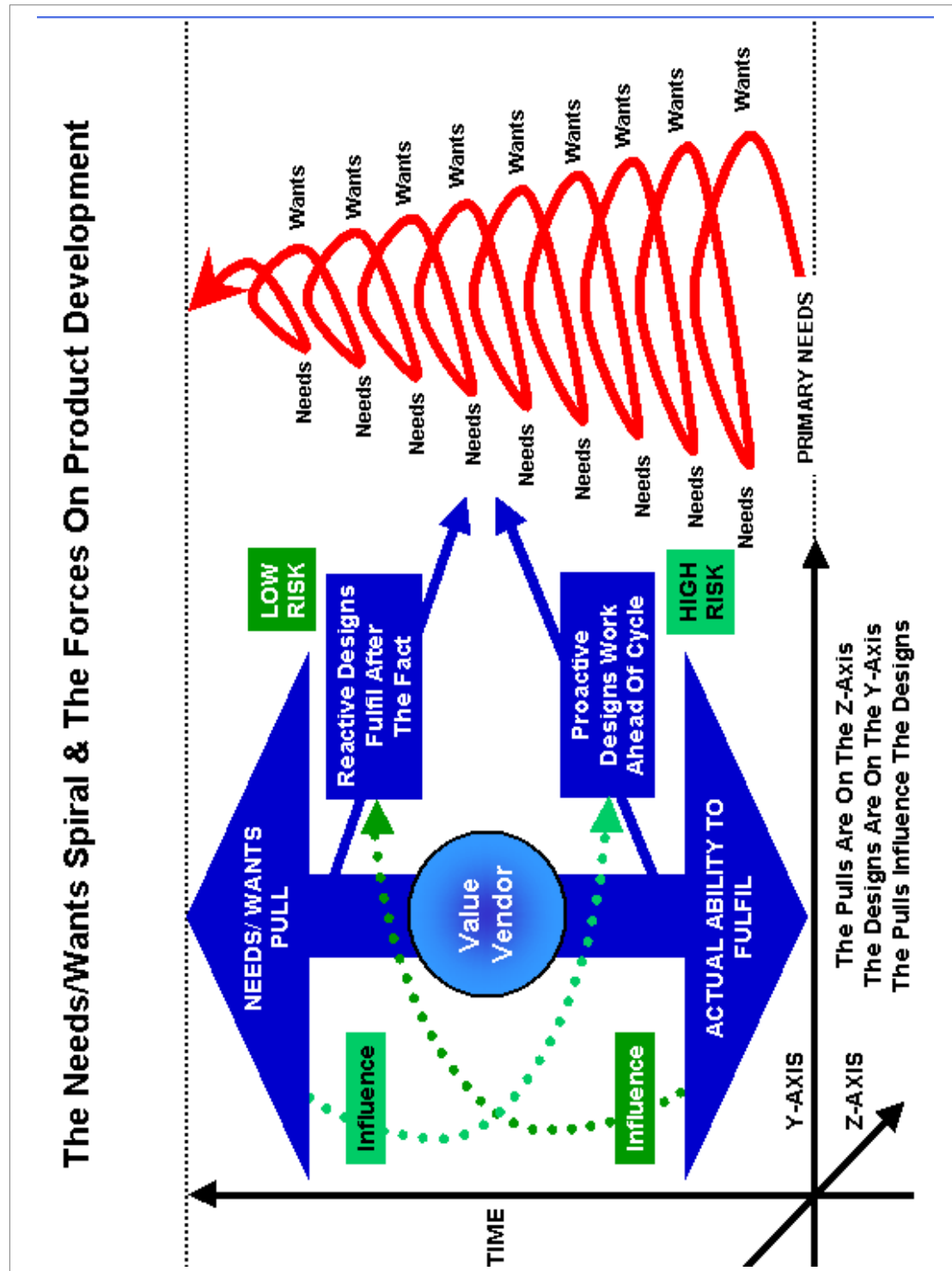
The Needs/Wants Spiral & Value Bean Relationship



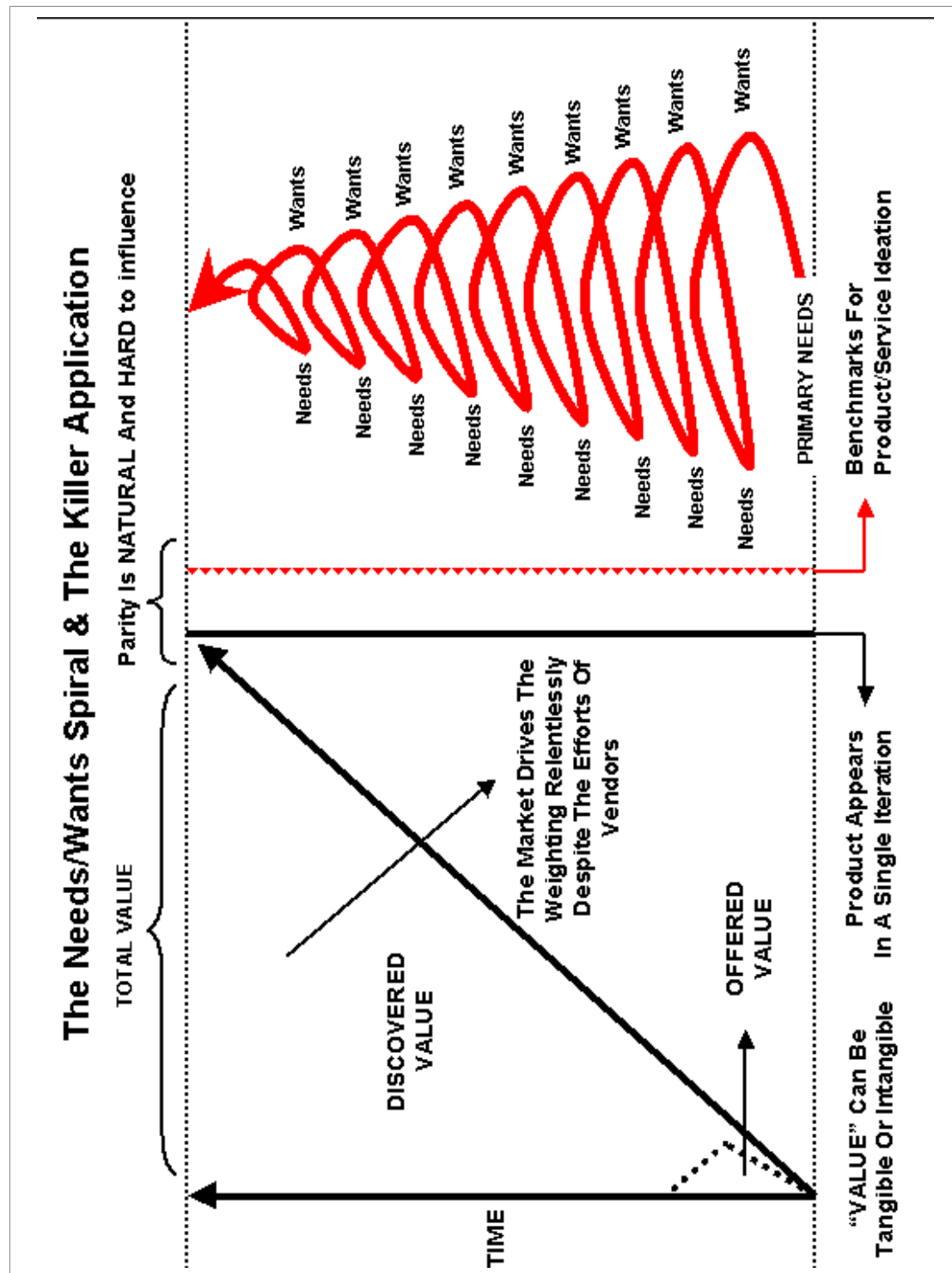
The Needs/Wants Spiral & The Mode Of Product Development



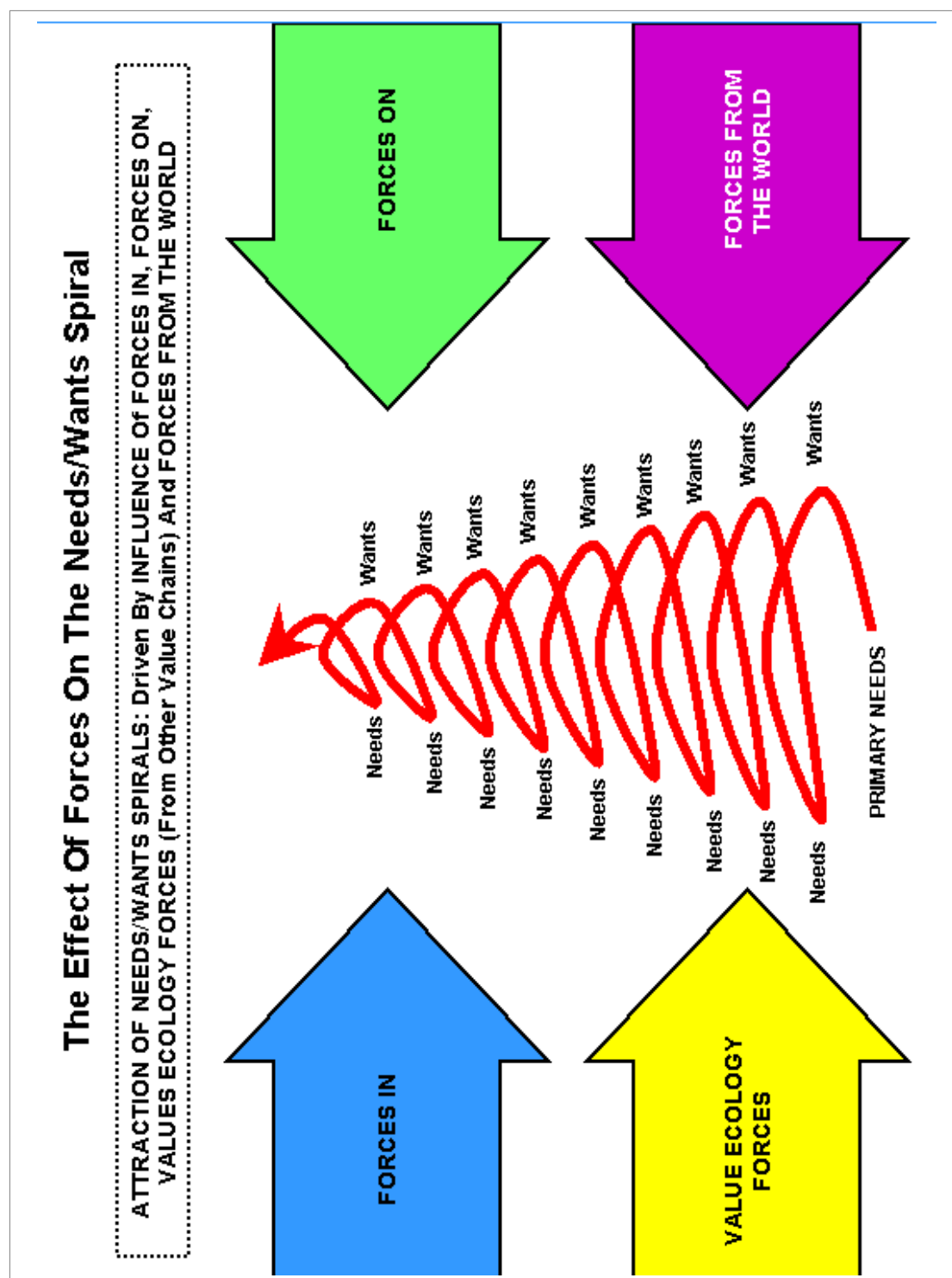
The Needs/Wants Spiral & The Forces On Product Development



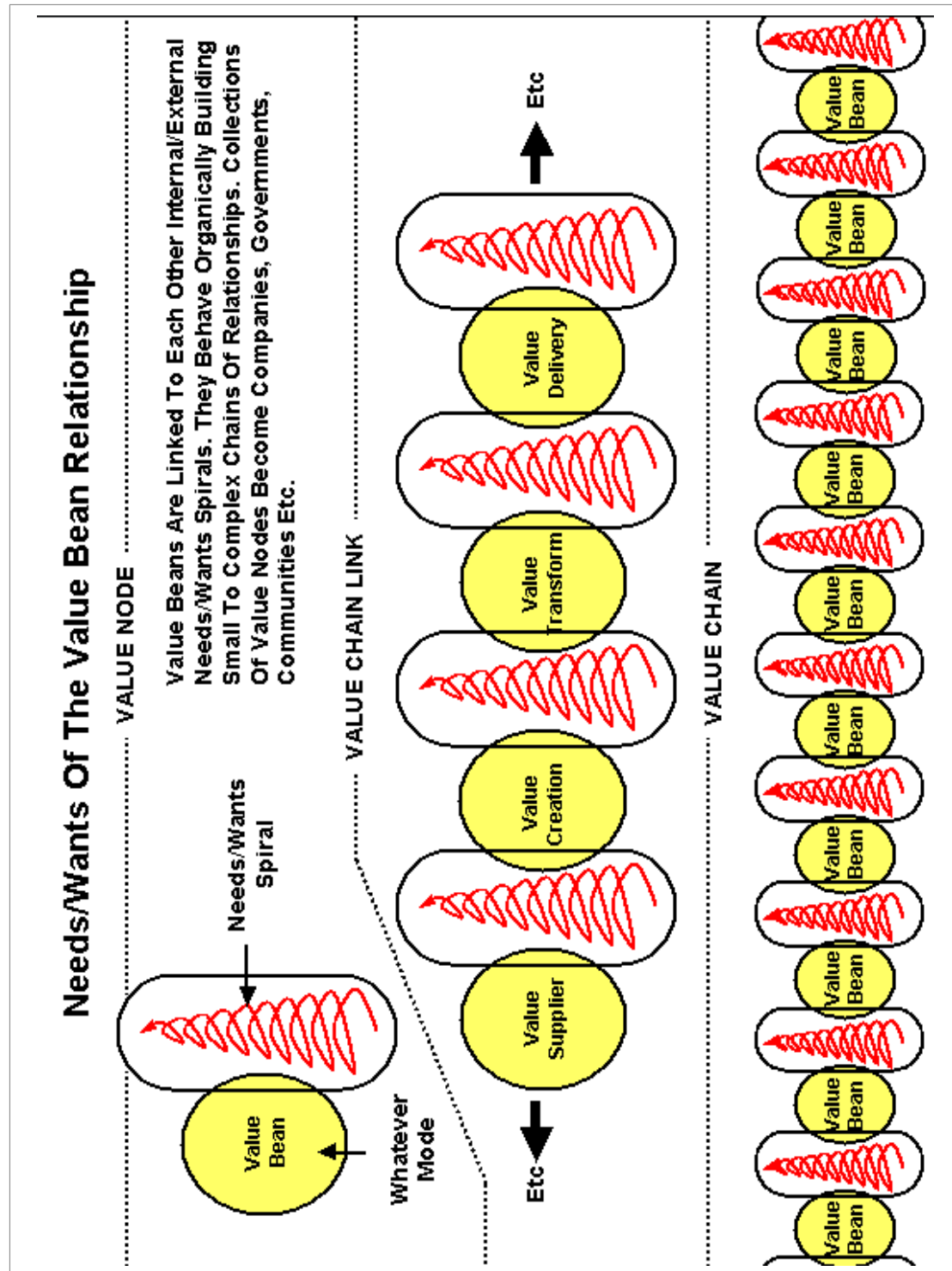
The Needs/Wants Spiral & The Killer Application



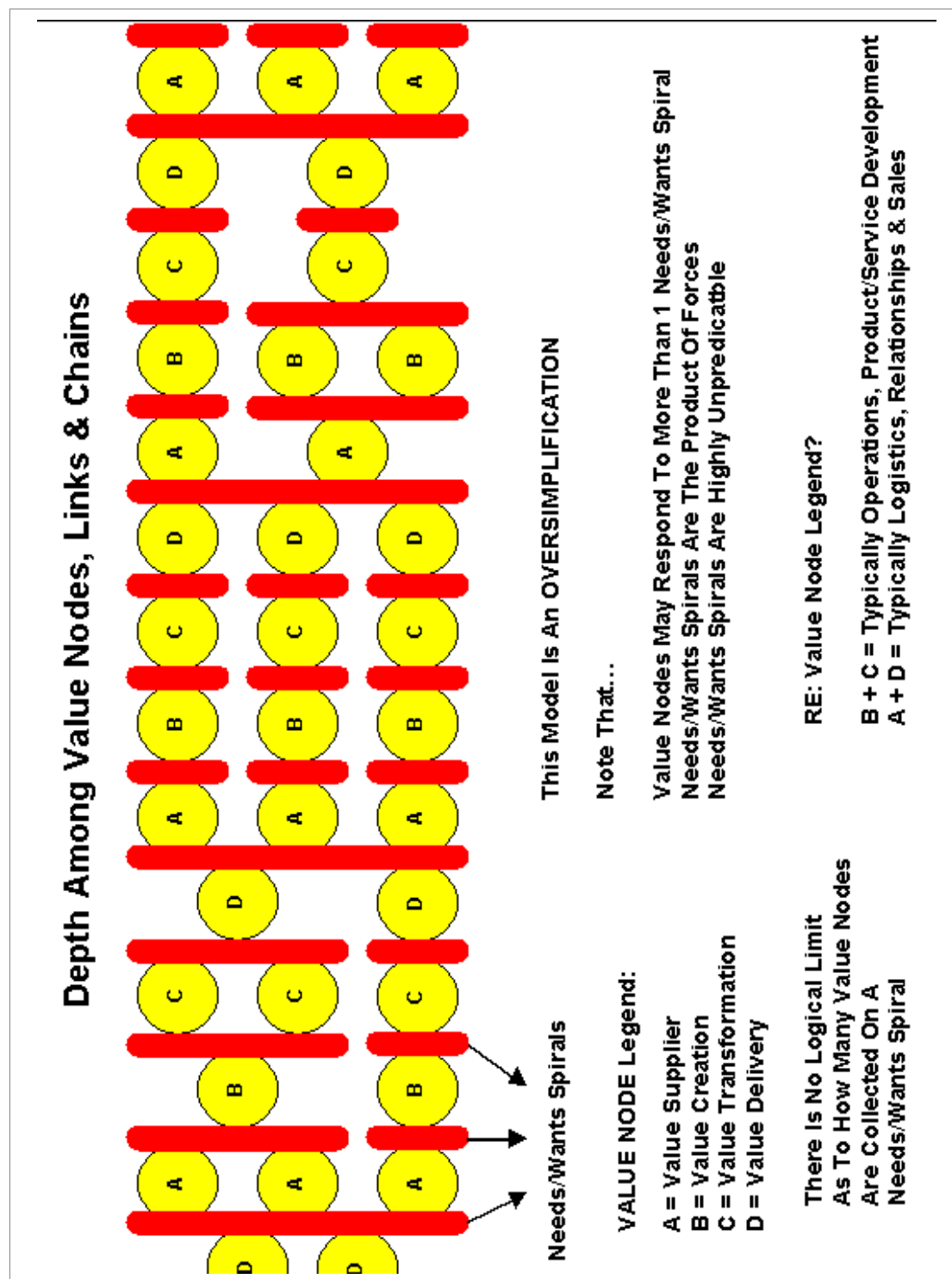
The Effect Of Forces On The Needs/Wants Spiral



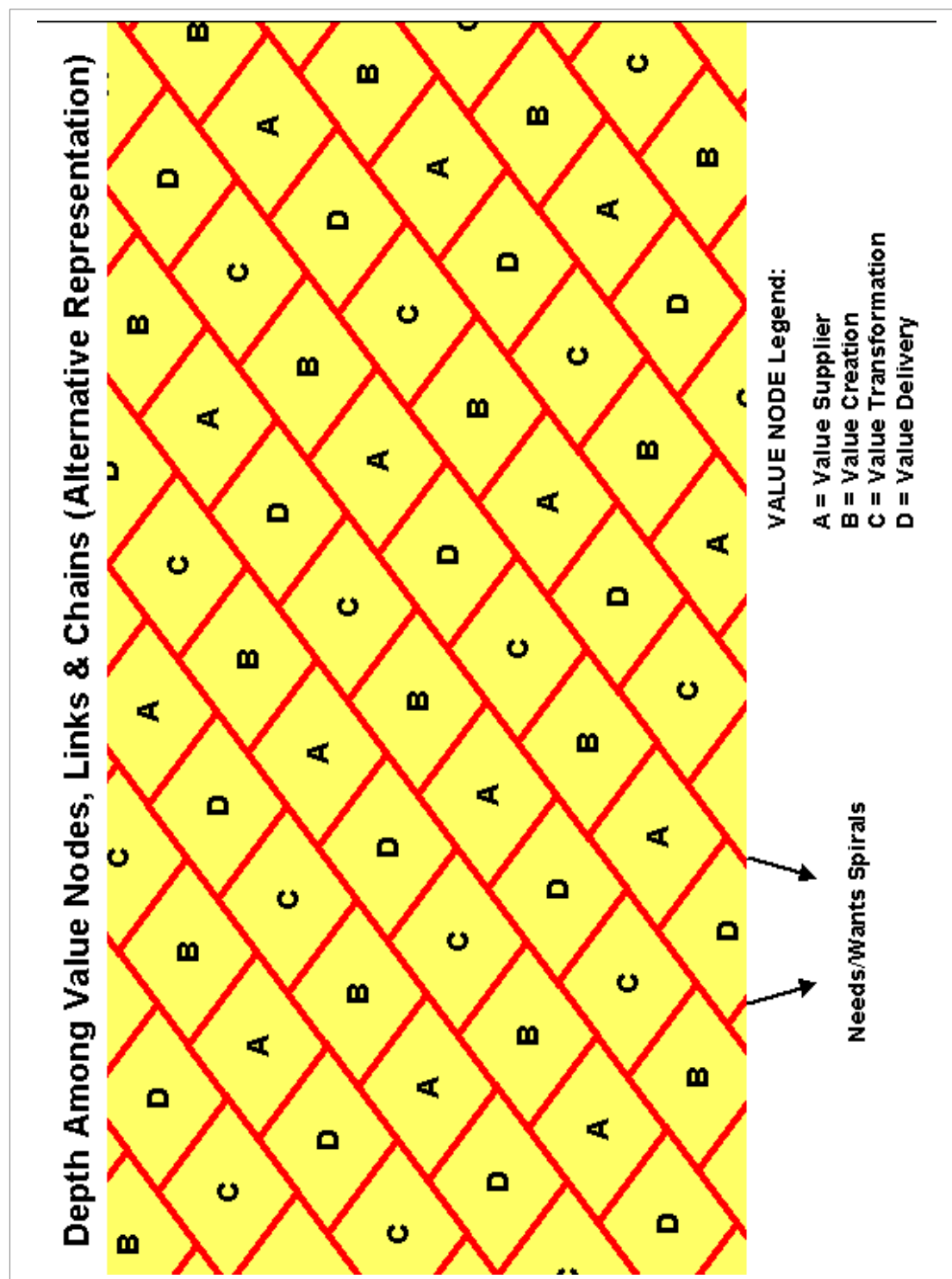
Needs/Wants Of The Value Bean Relationship



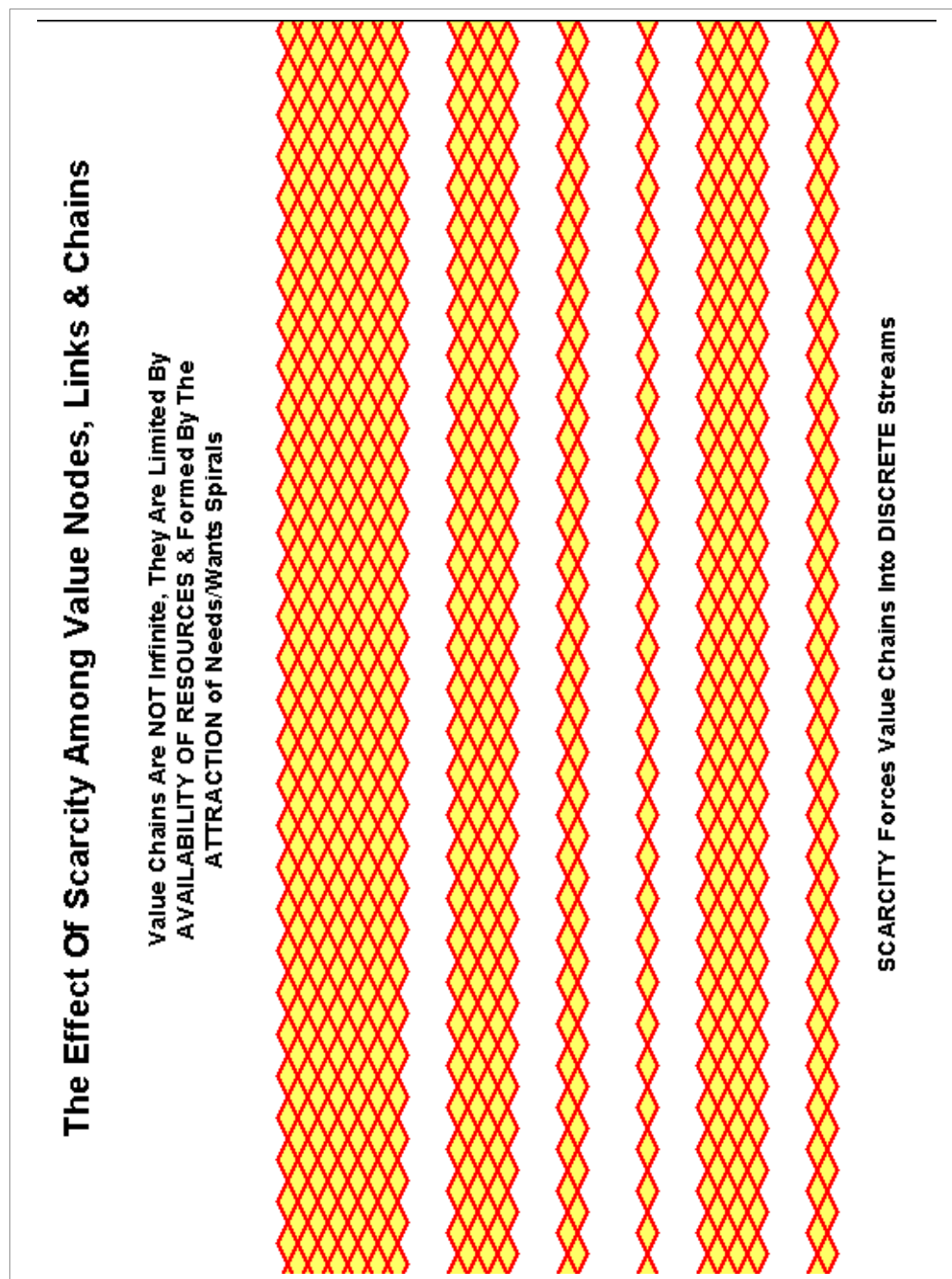
Depth Among Value Nodes, Links & Chains



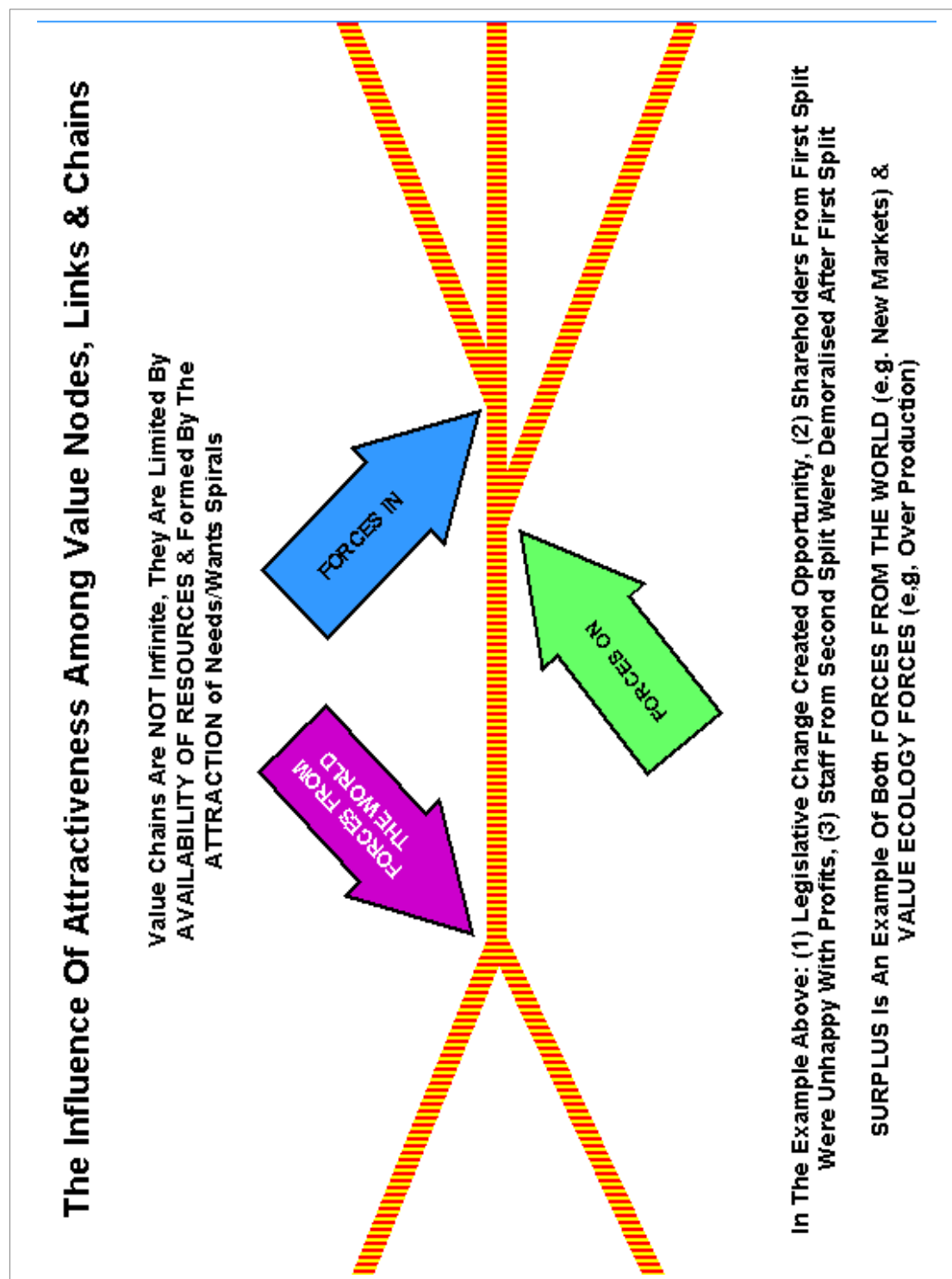
Depth Among Value Nodes, Links & Chains (Alternative Representation)



The Effect Of Scarcity Among Value Nodes, Links & Chains

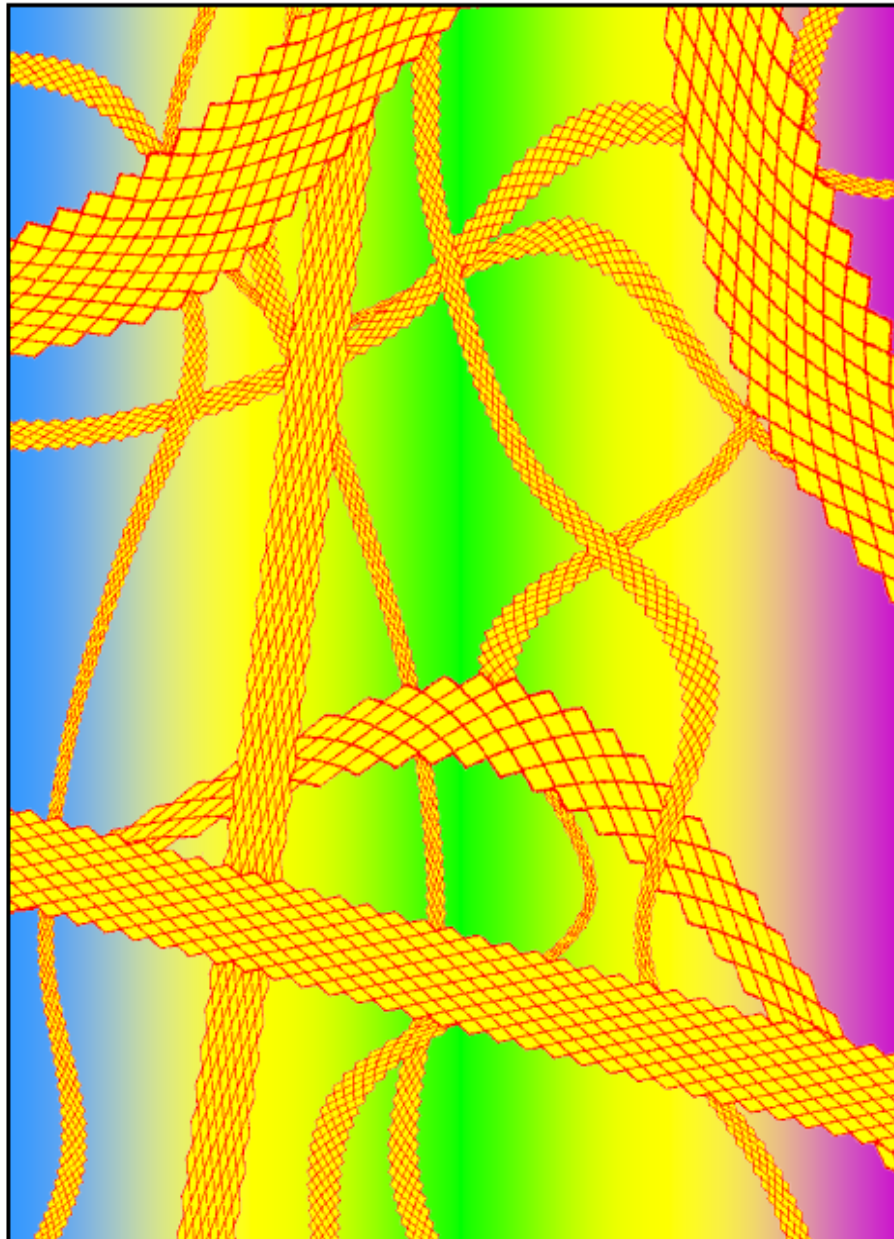


The Influence Of Attractiveness Among Value Nodes, Links & Chains

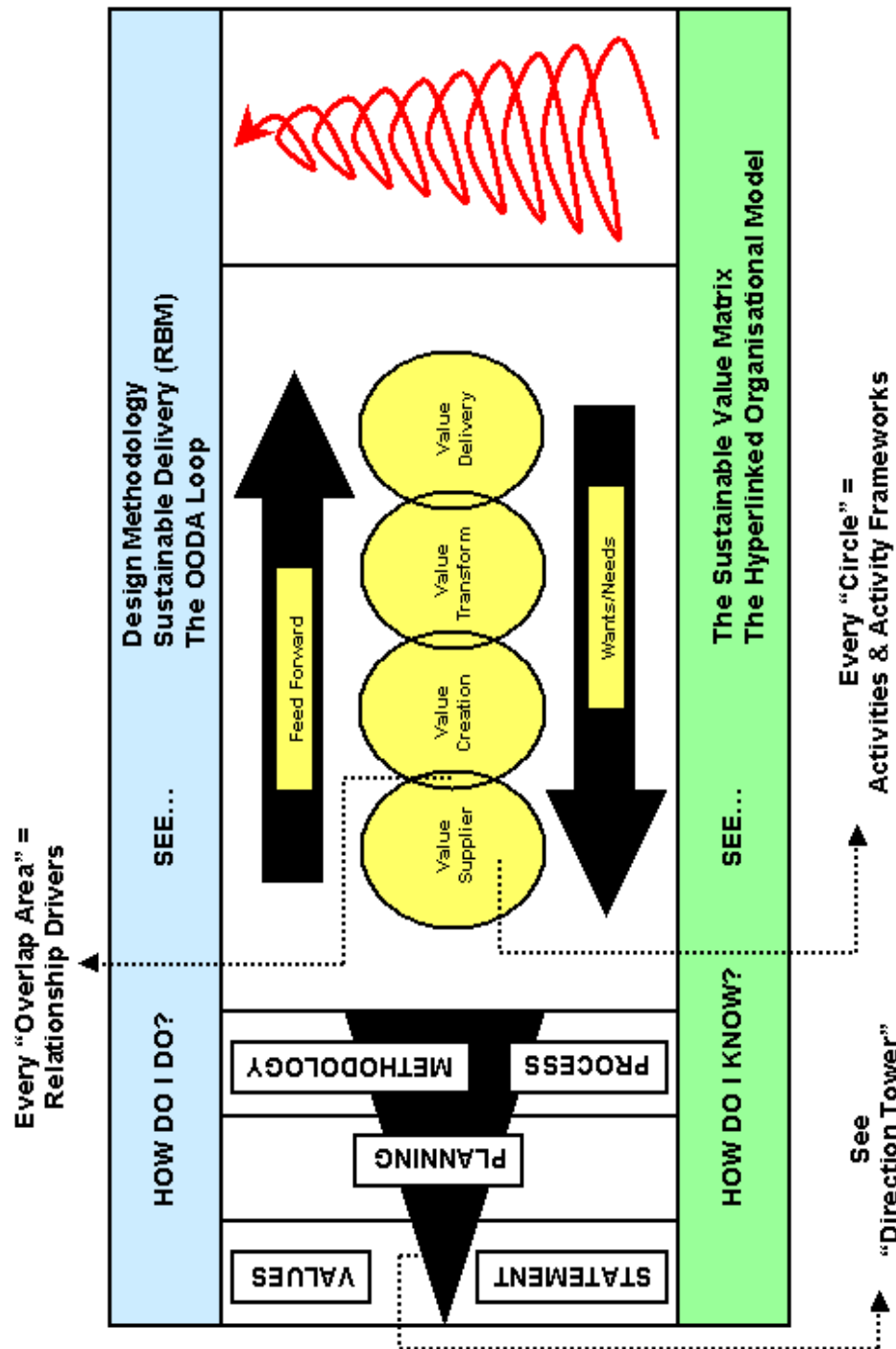


Representation Of The Economy (Value Chains & Forces)

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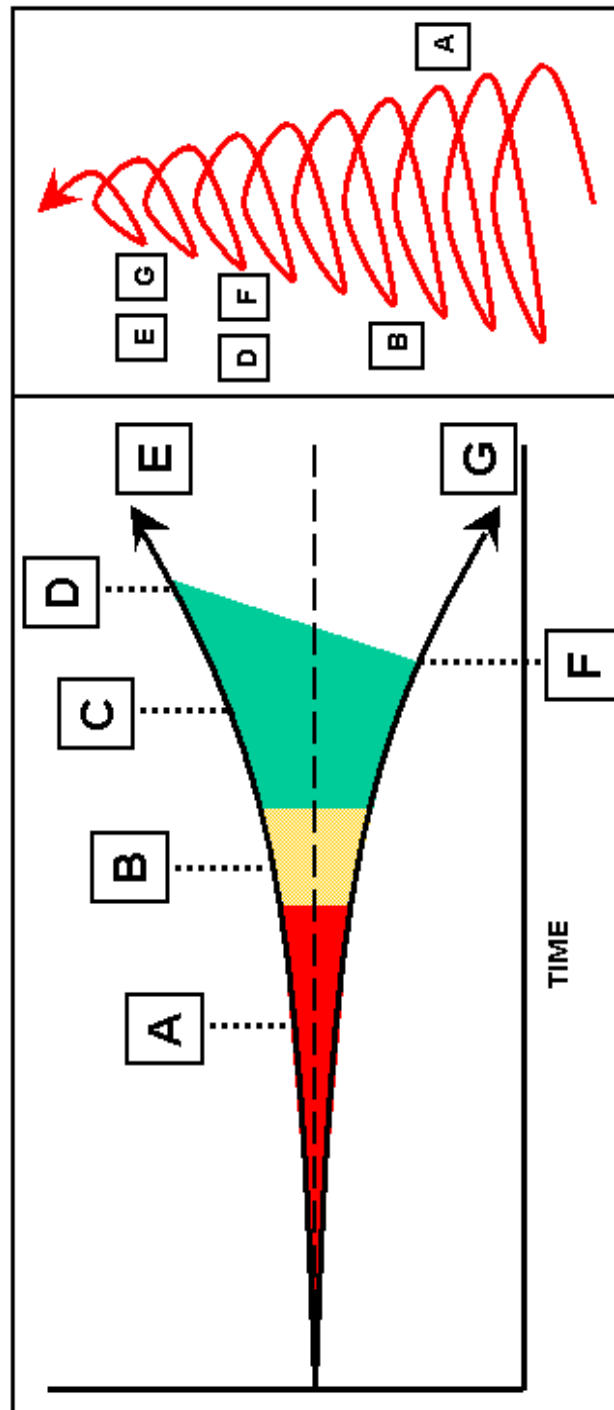


(Towards) Realpolitik Mechanisms For The Value Bean Relationship



Design Methodology: Responding To The Needs/Wants Spiral

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A = What The Market Expects

B = What The Market Would Like

C = Tactic: Proactive Design

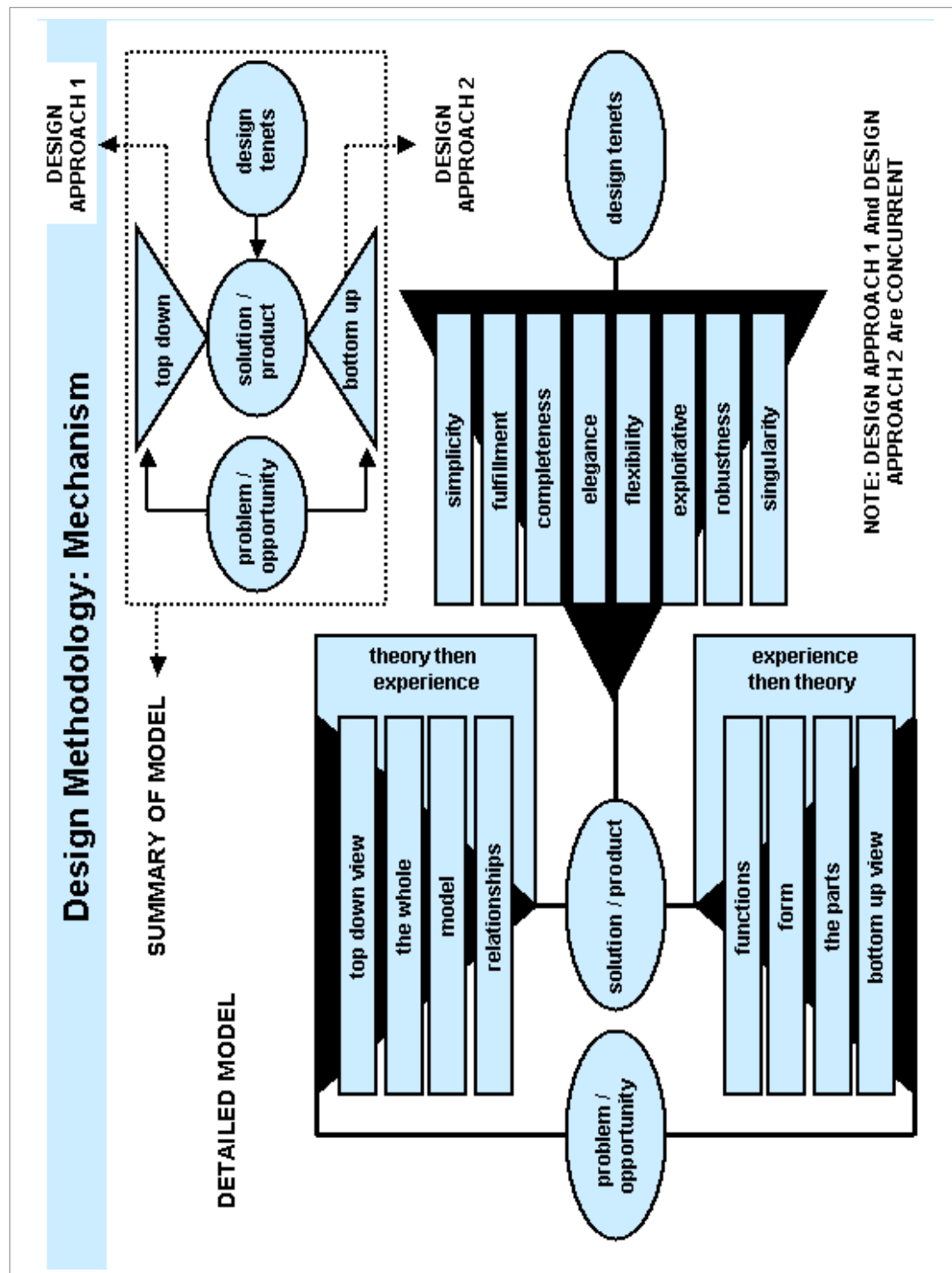
D = Offer To Here. Make It A Nightmare For Competitors & Push/Fuel Needs/Wants Spiral

E = Future Market Requirements From Product

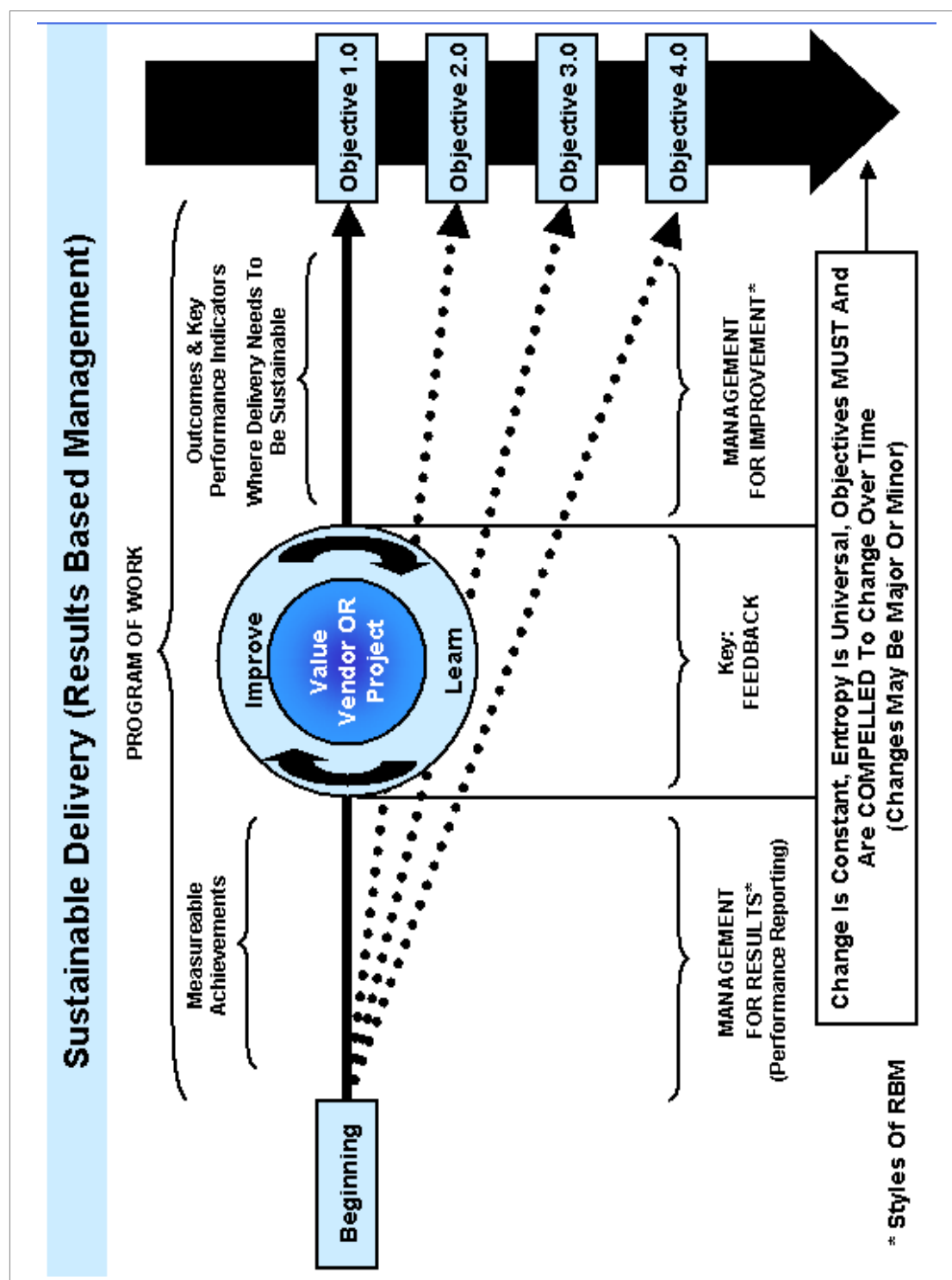
F = Price Here! Build Business Model On Leaner Markets Of Tomorrow

G = Increasingly Sophisticated Markets Have More Cash But Need To Do More For Less

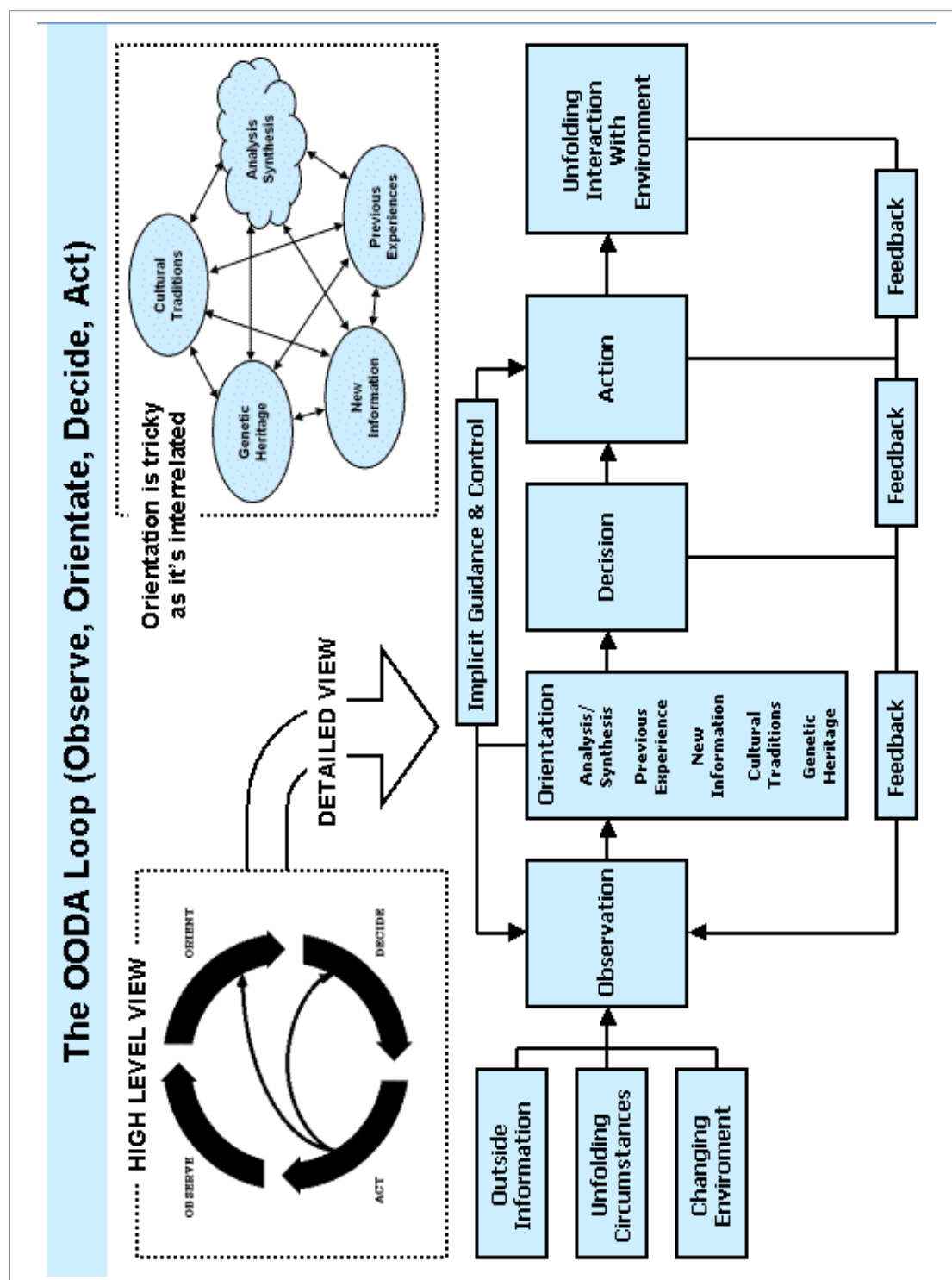
Design Methodology: Mechanism



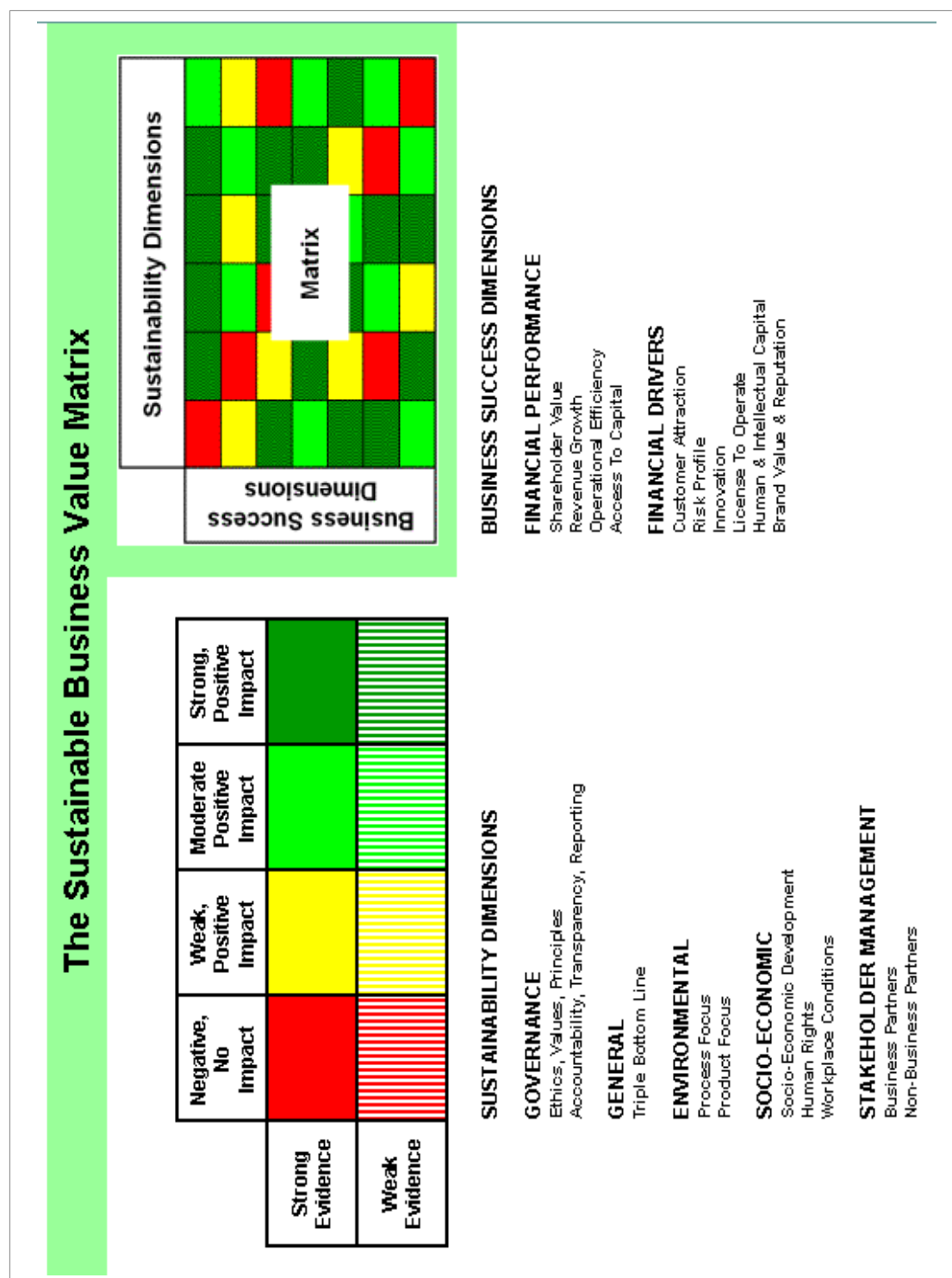
Sustainable Delivery (Results Based Management)



The OODA Loop (Observe, Orientate, Decide, Act)



The Sustainable Business Value Matrix



The Hyperlinked Organisational Model

