

NEW RULES FOR THE NEW ECONOMY

10 Radical Strategies
For a Connected World

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MAIN IDEA

Every business will ultimately come to obey the logic and economics of networks. Specifically, industries that now cluster around “hard” or tangible goods and services will ultimately come to be governed by the same economic principles and dynamics that currently govern just the “soft” or intangible industries. Therefore, to stay ahead of the pack, understand how the soft world works at present and apply those same principles now before you’re forced to apply them in less favorable competitive circumstances.

The new economy is all about communication becoming deeper, more cost effective and wider than ever before. As a direct consequence, commercial transactions can now take place without face-to-face or any type of physical contact existing between the parties. Suddenly, all types of new and innovative commercial arrangements have become feasible. New economic functions are emerging as the network economy is gradually and steadily drawing all commercial activities within its reach and influence.

The result? Everything will very soon take place within the context of the network rather than the local conditions and circumstances which have historically been important. In other words, the future of the network is the future of the planet’s economic system.

Those who understand and apply the principles of network economics now have a sustainable competitive advantage over anyone that ignores those principles -- even at this early stage of the growth of the network economy.

Strategy #1 -- Embrace Decentralization Page 2
 Competitive advantage once belonged to those who could build a strong center point. Today, it is flowing towards those organizations that can most effectively decentralize decision making.

Strategy #2 -- Increasing Returns Generate Positive Feedback Page 2
 As the network grows, a positive feedback cycle takes hold -- where early successes are self-reinforcing and self-feeding rather than self-limiting.

Strategy #3 -- Abundance Rather Than Scarcity Page 3
 As the cost of making copies is lowered or eliminated altogether, value is created by abundance rather than scarcity -- the complete opposite of traditional business thinking.

Strategy #4 -- Generosity Begets Wealth Page 4
 Since the price of everything is going to fall over time, the only factor which is going to become more scarce in the future is human attention.

Strategy #5 -- Focus On and Build The Web Page 5
 As networks become embedded within companies, the focus shifts from maximizing the firm’s value to maximizing the network’s value -- because unless the net survives, the firm perishes.

Strategy #6 -- Let Go While Still At The Top Page 5
 Successful companies do something exceptionally difficult well -- they make their own products and services obsolete before someone else does it to them.

Strategy #7 -- From Places To Spaces Page 6
 As the network (spaces) supersedes physical proximity (places) opportunities for intermediaries increase dramatically.

Strategy #8 -- Innovation Is The Best Survival Strategy Page 6
 As the business norm becomes turbulence and instability, the best way to survive will be by being a good innovator.

Strategy #9 -- Relationship Tech Page 7
 As the soft supersedes the hard, the most powerful technologies of all will be those that extend and amplify soft relationships of all types.

Strategy #10 -- Opportunities Outweigh Efficiencies Page 8
 The greatest opportunities to create wealth in the network economy lie in discovering and creating new opportunities -- not in training machines to be more efficient at doing what has always been done.

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