Survival Is Not Enough: Why Smart Companies Abandon Worry and Embrace Chan

Seth Godin
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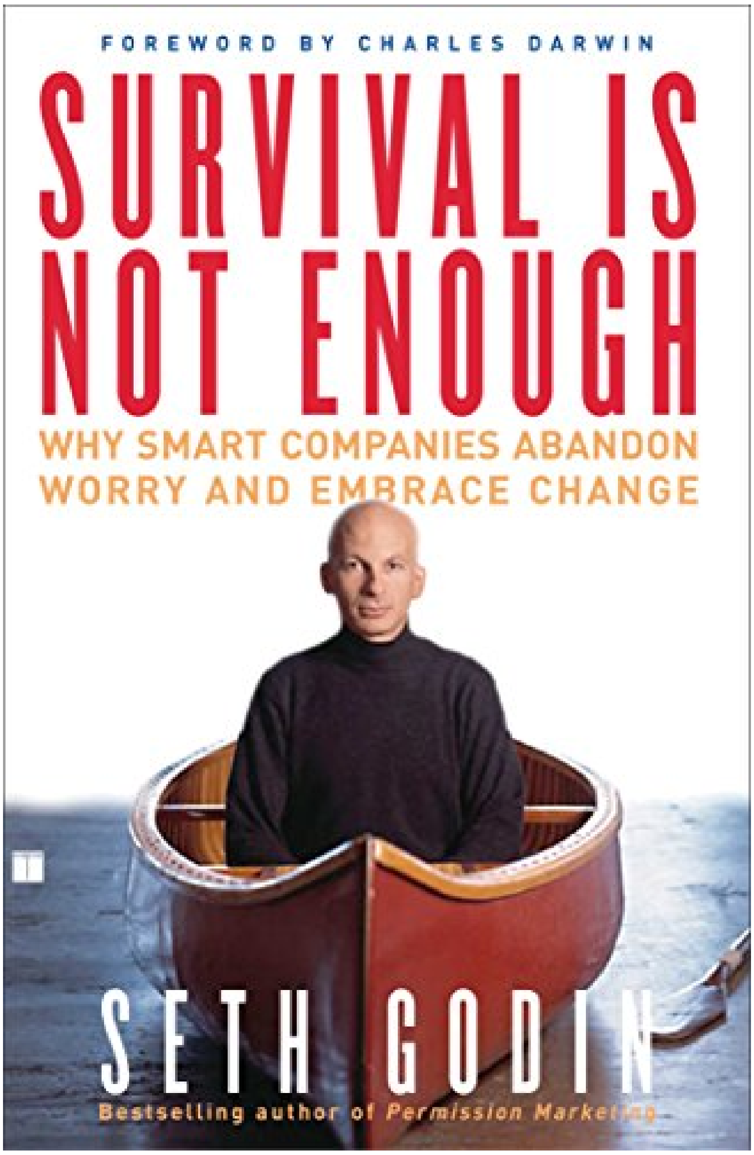

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Seth Godin : Survival Is Not Enough: Why Smart Companies Abandon Worry and Embrace Chan before purchasing it in order to gage whether or not it would be worth my time, and all praised Survival Is Not Enough: Why Smart Companies Abandon Worry and Embrace Chan:

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everyone should ask. Of course I've heard s lot of people say how one will not get much value out of these book due to they provide no direct action plan. But this worked really well for me. This served as a compass to me that I was able to reflect on where I was from and where I want to go. And especially where I am now. So I can know how to unleash myself into the world.6 of 6 people found the following review helpful. This is Seth's Personal Favorite Book: Here's Why - It's His Formula for EverythingBy Lee Smith, NDSeth Godin has become a prolific voice in business, church, and culture because of his unique blend of wisdom and humility.He's everywhere, and he's re-defining everything about publishing and writing.This wasn't one of his best selling books, but I read it because I heard him mention in an interview that it's his favorite "child."If you're a fan and have any aspirations toward increasing your own influence then take a step back in time to a 2001, when "SETH GODIN" was "seth godin."0 of 0 people found the following review helpful. The art of ZoomingBy larry loebigHow to Zoom - when survival is not enough.

You can't embrace change any faster...can't make time for the synergy training workshop...can't deal with one more change management seminar. So stop changing. Evolve.Evolution can be unleashed in your organization, effortlessly and gradually changing everything in its path. By teaching your company to "zoom" -- embrace change without pain -- you'll have a company that evolves and ultimately attracts people who drive it to evolve even faster.In up or down markets, for companies in any industry, embrace the organic approach detailed in Survival Is Not Enough and you will always outperform the competition.Here's practical advice on how to make the chaos we all must deal with an asset, not a threat.

Tom Peters Seth Godin, one of the world's most original thinkers, offers us a manifesto for change and growth. A landmark effort, equally valuable for individuals and enterprises. About the AuthorSeth Godin, Vice-President, Direct Marketing, Yahoo! Inc., is responsible for Yahoo!'s direct marketing, permission marketing and Internet promotions. Godin joined Yahoo! in 1998 from Yoyodyne, where he served as president and CEO. Yahoo! acquired Yoyodyne, a recognized leader in Internet-based interactive direct marketing, last year.Recognized as the pioneer of Permission Marketing, Godin is a sought-after speaker on the conference circuit, having presented at the Direct Marketing Association's annual conference, Jupiter events, and ICE, as well as international marketing forums. Last year, Godin was one of the highest ranked speakers, among 403 presenters at Internet World. He is a featured speaker at Fall, Spring and Summer I-Worlds. Godin is also the recipient of the 1998 Momentum Award, honoring outstanding Internet industry accomplishments.Godin received an M.B.A. from Stanford Business School in 1984. Prior to graduating from Tufts University in 1982 with a degree in both Computer Science and Philosophy, Godin co-founded and ran one of the largest student-run businesses in the coutnry. From 1983 to 1986 he worked as a brand manager at Spinnaker Software, where he led the team that developed the first generation of multimedia products, working with such forward-thinkers as Arthur C. Clarke and Michael Crichton. He managed 40 engineers and introduced more than 60 software and video products to the marketplace.Godin is the author and co-author of a number of top-selling business books, including E-Marketing, the first book ever published on how to do business online; The Guerilla Marketing Handbook, part of the best-selling Guerilla Marketing series; The Information Please Business Almanacm, a ground-breaking business reference book; and Permission Marketing: Turning Strangers into Freinds, and Friends into Customers.Excerpt. copy; Reprinted by permission. All rights reserved.Chapter 1: ChangeChange is out of our control, and the way we deal with change is outmoded and ineffective Our organizations assume that we live with a different, slower time cycle.Guillotine or Rack?My first job was cleaning the grease off the hot-dog roaster at the Carousel Snack Bar, near my home in Buffalo. Actually, it wasn't a roaster. It was more a series of nails that rotated under a light bulb. I also had to make the coffee and scrub the place clean every night. It very quickly became obvious to me that I didn't have much of a future in food service. I didn't have to make many decisions in my job. And the manager of the store didn't exactly look to me to initiate change. In fact, she didn't want anyone to initiate change. (My suggestion that we branch out into frozen yogurt fell on deaf ears, as did my plea that it would be a lot cheaper to boil hot dogs on demand than to keep them on the rack under the light bulb all day.) Any change, any innovation, any risk at all would lead to some terrible outcome for her, she believed. After I set a record by breaking three coffee carafes in one shift, my food-service career was over. I was out on the street, unemployed at the tender age of sixteen. But from that first job, I learned a lot -- and those lessons keep getting reinforced. Just about every day, I go to a meeting where I meet my boss from the snack bar. Okay, it's not really her. But it's someone just like her: a corporate middle-person who's desperately trying to reconcile the status quo with a passionate desire to survive. My boss didn't want to jeopardize her job. She viewed every day and every interaction not as an opportunity but as a threat -- a threat not to the company but to her own well-being. If she had a mantra, it was "Don't blow it."In her business, she faced two choices: to die by the guillotine, a horrible but quick death, or to perish slowly on the rack -- which is just as painful a way to go, if not more so, and guaranteed to leave you every bit as dead. But in her nightmares, only one of those two options loomed large -- the guillotine.I have to admit it. I have the same dream. Have you ever spent a night worrying about what your boss (or your stockbroker or a big customer) is going to say to you at that "In her business, she faced two choices: to die by the guillotine, a horrible but quick death, or to perish slowly on the rack -- which is just as

painful a way to go, if not more so, and guaranteed to leave you every bit as dead."meeting the next morning? Have you ever worried about some impending moment of doom? That's fear of the guillotine. But almost no one worries about the rack. We don't quake in our boots about a layoff that's going to happen two years from now if we don't upgrade our computer systems before our competition does. We're not afraid of stagnating and dying slowly. No, we're more afraid of sudden death, even though the guillotine is probably a far better way to die. For a long time, I was angry with my old boss and the people like her. I was upset that they were living through so much pain. Most of all, I was frustrated that they were slowing the pace of change at their companies. Now I realize that I was wrong. It wasn't her fault. She couldn't help being frantic and stressed. She didn't want to be that way. Management made her do it. They made her do it with their policies. With their inspection systems. With the command and control mindset that prevented her from making changes she knew were right.Nobody likes change. Real change, earth-shattering change, stay-up-all-night-worrying change isn't fun. At most companies, it's a huge threat, an opportunity for failure, a chance to see the stock plummet, to watch divisions get axed, to hear customers scream and yell. Our companies are organized as big machines, designed to resist big change at every turn. The problem is that today we don't have a choice. We can't leave innovation to the small guys, the startups that have nothing to lose. Either we change our businesses, or they die. Frantic at Work?Companies aren't organized for change. They've never needed to be. Growing and profiting from stable times was a terrific strategy.Forced into an era of rapid change, the response of companies organized for a stable environment is to ask managers and employees to act as a buffer between the company and the changing outside world. Alas, it's not working.Are you working longer hours than you used to? Most people do. And along with the long days, it often feels as if your day is filled with one emergency after another. We spend so much time putting out fires and nervously anticipating the next crisis that there's almost no time left to do our real jobs.While it's easy to find the reserves to deal with a temporary crisis (in fact, you might even enjoy the adrenaline rush that comes with a deadline) we can't keep this up forever. Accountants can deal with April 15 because they know it only comes around once a year. It's a temporary emergency. Unfortunately, being frantic at work is no longer a temporary phenomenon. Change is "We can't work more hours. We can't absorb more stress or endure more anxiety at work. We can, on the other hand, radically redefine what we do at work and create organizations that are designed to succeed regardless of what our ever-changing future produces." now constant, and the fundamental ideas we have built our companies and our careers upon are going out of style fast. They're disappearing so fast that for the first time, you have to deal with the implications of change instead of waiting for a retirement, a promotion or a new job. The world is changing on your watch, and it's not fun.Somewhere along the way, it was decided that it was our job to absorb the stresses that come with change. Our job to work longer hours, take more personal risks, absorb more stress. Your frustration and stress aren't atypical. They are, however, unnecessary.We can't work more hours. We can't absorb more stress or endure more anxiety at work. We can, on the other hand, radically redefine what we do at work and create organizations that are designed to succeed regardless of what our ever-changing future produces. Your job shouldn't be to stand between your company's old rules and the new rules of the outside world. Instead, your company needs to change from the inside out. Your company needs to learn to zoom.A company that zooms embraces change as a competitive opportunity, not a threat. A company that zooms is responsive to new opportunities and doesn't freeze in the face of an uncertain future.Every company zoomed when it was young. But success has spoiled most organizations, and they're now too fat, too stuck and too afraid to zoom again. If your company is under stress, it only has two choices. Either it changes or it requires people like you to absorb the stress. The first is productive, energizing and profitable. The second leads to an unhappy frenzy. Because the chaos we're facing came to us gradually, it's easy to believe that we can gradually adapt in the way we deal with it. It's not true. The way we used to do business -- dependent on highly profitable physical goods and manageable cycles of change -- is over. In Permission Marketing, I wrote about a major shift in the power between consumers and marketers. In the old days, marketers were in charge. They controlled how and when they communicated with consumers. We built our entire consumer culture around the idea that repeated television and print advertisements could profitably entice consumers to spend money. Businesses that invested in interrupting people became incredibly profitable. Marketers were in charge. They controlled the marketplace and consumers were sheep. Those days are over. Businesses can no longer manage consumer attention, consumer attention manages them.In this book, I'm making a much broader argument. In the old days, companies were in charge. Good managers managed change. They controlled how and when a company would respond to the outside world. Those days are over. You can't manage change. Change manages you.If you're unhappy, stressed, tapped out and/or losing money in our chaotic world, perhaps it's time to consider a radically different approach. It's possible to build a company that embraces change instead of fighting it. A company that attracts people who want to move fast, not slow. A company that changes faster than its environment, creating one landslide hit after another. Businesses That Don't Change Are in Danger Winners change; losers don't. Digital, Wang, Western Union, Compaq, Penn Central, PointCast, Infoseek -- all are on my list of losers, because all of them hesitated and lost huge opportunities. Every one of them was king of the hill until they toppled off, all the while struggling in vain to make the world stay the way it was. Federal Express is different. Talk to David Shoenfeld, former vice-president of worldwide marketing and customer service for FedEx, and sooner or later, ZapMail comes up. About fifteen years ago, someone at FedEx got the bright idea of putting very expensive fax machines at key FedEx offices and having those offices act as middle-persons for same-day fax delivery. They put David in charge of it. A big promotion for him at the time. Alas, ZapMail was a giant failure. By the time FedEx pulled the plug on it, ZapMail had reportedly cost the company as much as $300 million. You'd think that would have cured FedEx's management of the urge to embrace change -- that forevermore, whenever someone came up with a business-busting idea, someone else would mention ZapMail, and people would roll their eyes and walk away. You know what? The people at FedEx do exactly the opposite. They're damn proud of ZapMail, of their willingness to take risks, of the mistake that proved their willingness to change. At the Carousel Snack Bar, I learned three lessons that are just as valid now, twenty four years later, as they were then. The first is that you should never take a job that requires you to bring your own grease rag to work. Second, jobs in which you don't initiate change are never as challenging, fun or well paid as those in which you do. And third, companies that don't change, vanish (my snack bar is now a shoe store). It's easy to see those lessons at work on the Net, but change isn't just about the Internet. When the Internet is old news, companies will still be turning over. Remember DeSoto and Pierce-Arrow and Dusenberg and Packard and American Motors? How about Borland and Spinnaker Software and Ashton-Tate and (almost) Apple? Or AM Records? Or Orion Pictures?Is it possible to change too often? We all know someone like crazy Uncle Kenny, who has had forty different schemes over the last forty years. Juice bars, day trading, vitamins, carpet cleaning-Kenny is always changing. I don't think we're in any danger of becoming Uncle Kenny. There's a difference between flitting and changing, and most of us know the difference. Anyone who's been through the death of an industry knew what to do. They just weren't able to do it.Change Is the New Normal"Excellent firms don't believe in excellence -- only in constant improvement and constant change." That is, excellent firms of tomorrow will cherish impermanence -- and thrive on chaos.Tom Peters, Thriving on Chaos, 1987In the first chapter of Thriving on Chaos, Tom Peters rolled out a litany of turbulence that was hitting the world fifteen years ago. He wrote about Chrysler buying AMC, GE buying United Technologies, Hyundai's entry into the U.S.A., the influx of IPOs, the wild ride of People Express Airline, the craziness in the packaged-goods industry and the marvel of Minit-lube.Peter Drucker and other long-term thinkers would have us believe that every generation believes that it, and only it, is undergoing massive change. After all, we survived the Industrial Revolution, two world wars, the atomic bomb and Gilligan's Island. Surely today's change is no more radical than the changes we've already worked our way through.Computers and the networks that connect them are the reason that today's change is fundamentally different from the changes business has survived before. Change in a connected world always has more repercussions. Now, change leads to more change. Turbulence spreads. Bob Metcalfe, the inventor of Ethernet, coined a law that still stands: The power of a network increases with the square of the number of computers (or people) hooked up to it. Two people with a fax machine is interesting. Two hundred million people with e-mail changes the world.Fifty years ago, a recession in Tangiers wasn't felt in Tampa for years (if ever). Today, it takes minutes. When Tom Peters wrote about constant change fifteen years ago, he was feeling the beginning of a computerized marketplace. But there were no networks then. No Internet. No wireless. No computerized stock trading.Today, entropy rules. It's as much a law of the new economy as it is a law of science: Things rarely become orderly on their own. As Stephen Hawking has pointed out, while it's possible for a cup to fall off a table and break into a million pieces, it's pretty unlikely that those million pieces will ever leap back onto the table and reassemble themselves into a cup. Systems, of course, can fight entropy. People know how to take a bunch of random springs and turn them into a watch. The sun "knows" how to take a series of random solar flares and tame them into a coherent source of heat and light. While the world we're talking about is an organic system, that doesn't keep random acts from occurring. And they're occurring as often as they used to.Now, though, it's worse. Far worse. Because when a cup falls off that table, it affects every cup in the world. Which means that, like snow and rocks joining an avalanche, changes are happening far more often than they used to. Now we have to deal with their changes, not just our changes.There have been four significant structural changes in business over the last twenty years. These changes mean that we're not in the same boat we were then. They mean, instead, that we're facing permanent adjustments to the status quo:1. The speed at which we make decisions is now the factor that limits the speed of business. It's our decisions that are on the critical path for getting things done. The lead time for many of the things we need to do (from starting a company to getting a shipment of leather) has shrunk. Everything in the company waits -- not for a shipment or a process, but for a decision.2. The Net has made information close to free and close to ubiquitous, further fueling the need for speed. And we can deliver that information digitally, which means it doesn't degrade with distance or handling.3. A provincial worldview created islands of stability. Those islands are disappearing. There's only one market, and it's the whole world.4. Metcalfe's law (networks get more powerful when they connect more people) has reached infinity. The invasive network of phones, faxes, e-mails and the web now connects virtually all of us.In 1987, Tom Peters sensed an unraveling that continues to this day. Except it's getting more pronounced and there is no turning back. Change is the new normal, and organizations will either embrace this or fade away.What Happens When the Jaguars Die?I was reading The New York Times a few months ago and I came across an op-ed advertisement from Greenpeace. The headline read, "What happens when the jaguars die?"Not being particularly concerned with jaguars, I turned the page and continued reading. But after a few minutes, my curiosity wouldn't let go of the question. What did happen? So I turned back and read the ad.Jaguars, it turns out, live in Mexico. Their favorite food is rabbits. And when jaguars die (due to encroachment on their habitat by people), the rabbits multiply like, well, rabbits. And when the number of rabbits dramatically increases, the grassland turns to desert. In other words, a small change in the status of one animal (the jaguar) can lead to millions of acres becoming a desert.The ecosystem is very responsive. Kill off one crop and entire species that depend on it become extinct -- just like the ecosystem your business operates in. A small change -- say the availability of competitive pricing data to your customer base -- can have implications for the way your company must run all of its operations in order to succeed. For example, the commercial printing business is no longer driven by local printing shops and friendly salesmen. Because a client can discover what a job ought to cost, every printer (whether online or off) must respond to a dramatically different landscape.Unstable ecosystems are the enemy of traditional businesses, especially market leaders. Market leaders have optimized a plan for extracting the maximum value out of the ecosystem as it is today. When the ecosystem changes, not only does the company lose its ability to extract that value, but the size of the company actually begins to work against it. So, if you are going to make bets about the future of the ecosystem in which your company finds itself, do you feel comfortable betting that the system will stay stable? In 1963, the Bucyrus-Erie Company built the largest electric stripping shovel ever built, designed to extract coal from its mine in Kansas. This device was so large (it was 160 feet tall and weighed more than 9 million pounds) that it had to be built on site and from the beginning was designed to live and die on that one patch of land.The ecosystem for cheap coal mining in Kansas in 1963 was stable enough that Bucyrus-Erie felt it was a safe bet to invest the millions of dollars the device cost. This is the same reason it's so easy to buy an airplane from Boeing -- just about any commercial bank on earth will give you a loan, taking just the plane as collateral. The banks are confident that no one is going to invent something that makes that plane obsolete any time soon.But how many ecosystems are as stable as coal mining or aircraft? Ten years ago, no one would have bet against NBC or Merck or Sunbeam or Mary Kay Cosmetics or Knight Ridder. Yet today, the future of all of these companies is up for grabs.The Problem with FactoriesEver since we got serious about farming and factories, businesspeople have embraced the idea that investments in physical plant will pay off. Go to a meeting at Universal Pictures and they'll happily show you the back lot. Visit my dad's hospital crib factory and you'll see punch presses and paint lines. Harvard University has stately ivy-covered buildings. Random House is erecting a huge skyscraper in midtown Manhattan.At the very heart of capitalism is the idea that an entrepreneur can take money from investors and spend it on infrastructure that will pay dividends for years to come. Having a bigger, better factory was always the best way to get rich.There are two big problems with factories, though. The first is that in times of rapid change, infrastructure ceases to be an advantage and begins to be a drag. Keeping those factories busy and paying dividends often forces a company to hold back on innovation.The second problem is that the really profitable companies no longer rely on factories. Since 1970, the average weight of a dollar's worth (inflation adjusted) of exports from the United States has dropped by 50 percent. In other words, we're shipping ideas, not stuff. If a factory doesn't need to be near the end user (because of cheap shipping) and doesn't need to be near the client (because of "Being factory-centric doesn't increase your profits, it decreases them."the ease of long-distance communication), then location is not really a competitive advantage. A factory owner often finds himself in the commodity business. As I write this, I'm enjoying music from a group called Timbuk 3, based in Atlanta. The CD was manufactured by a Japanese company, in Indiana, and is being played on a Korean CD player through an amplifier made in Washington state. Finally, the music comes out of 150-pound solid-marble stereo speakers made in Thailand (which have tweeters that were made in Denmark). My guess is that at every step along the way, the "manufacturer" had a choice of factories he could use to make each component. And he probably didn't own them. Do we still need factories? Of course we do. How else are we going to make all this stuff? My point is that while the world still needs factories, that doesn't mean you have to own them. Owning a factory will probably become a profitable niche business, a way to make a nice living. But fast-moving, high-growth, zooming companies don't need to own them.Because factories are no longer local, because the ultimate provider is no longer the manufacturer, the model that was factory-centric is dead. Being factory-centric doesn't increase your profits, it decreases them. Being factory-centric doesn't decrease your time to market, it increases it.What's the Internet Got to Do with the Chaos?This is not a dot-com book. A year ago, the Internet was going to undo all that was done and change everything that needed to be changed. Old ideas like profit and loss and revenue were obsolete and we had better get used to a very different economy. Controltop.com (yes, it was a real company, and yes, they sold control top pantyhose) and others of its ilk were somehow going to rewrite the rules of economics.Now that we've all lived through the much-heralded correction, there is a new chorus of voices. That chorus reminds us that it was all hype, that things are now back to normal and that the voices of change were wrong, wrong, wrong.As with most dialectics, the future is somewhere in the middle. The Internet is changing everything, but the changes are going to be less visible than we expected. Consider this postcrash (March 2001) statement from The New York Times: "The Internet, with its myriad online connections, speeds the transmission of ideas, good and bad, and simplifies their reach. It has allowed business managers to peek into every link of the supply chain that feeds their manufacturing processes, and to change direction with a nimbleness that would have been unimaginable just a few years ago." The article is about eight thousand people at Solectron losing their jobs (in one day). In the old days, Solectron could have taken a year or more to adapt and adjust to a slowdown in the economy and the market for circuit boards. Now, with every company connected to every other, it takes minutes, not months or years, for the bad news to trickle in. In many ways, the supply chain is now as turbulent as the stock market. And companies that are at the end of that chain can get whipsawed all day long.There used to be slack in the systems that connect companies to one another. It took a long time to tally up the orders, a long time to deplete inventory, a long time for the purchasing department to figure out what the sales department was doing. All that slack is now being sucked out of the system. The networking of every department means that the guys in purchasing can find out about a sales slowdown within minutes, not months.The Internet is the reason that change is piling up exponentially. The Internet is the reason that this chaos is not like all the chaos that came before. Not because of one-click shopping at .com or searching for Turkish cab drivers on Yahoo! No, because the Internet connects every company and every consumer in an instantaneous web, where response times approach zero.Successful Businesses Hate ChangeIn stable times, businesses succeed when they get very good at something. Maximizing their ability to act like factories -- factories that take in raw materials and money at one end and spew out products and services at the other -- is the secret to success. Since the start of the Industrial Revolution, the goal of most companies has been to grow in size and to become more efficient as they do. These companies work to stamp out variability in the products they make, to avoid risk, to be reliable, predictable and scalable. They invest in infrastructure and policy manuals to reduce variability and increase efficiency.In changing times, however, the rules appear to be quite different. What worked in stable times is precisely what will lead to a company's demise when things are changing. Rather than being big and efficient and risk-avoiding, it appears that the companies that do best (in the long run) in times of change and volatility are small in size and risk-taking in profile. Efficiency takes a back seat to guts (and luck). The policy manuals have actually become a hindrance.Change is nothing new. Even stable companies lived with change. But it was like gravity -- it was always there, it was predictable and we could deal with it. Even the change was stable!We now live in turbulent times. Everything in our world -- from marketing to technology to distribution to the capital markets -- is changing faster than ever (and not always in the same direction). Yet most companies are clueless about what's causing the change, how the change might affect them, and more important, what to do about it.The company stock is falling, but we do nothing until it's too low. Then the board fires the CEO, the new CEO conducts massive layoffs and the company limps along until someone buys it. Or we see a new technology revolutionizing one industry after another, but ignore it and hope it will go away before it gets to us. One day, it does get to us, and our competitor uses it to trounce us with a breakthrough new product. Successful businesses hate change. People with great jobs hate change. They abhor confusion and chaos and shifts in the competitive environments. Market leaders seek out and cherish dependable systems.But upstarts and entrepreneurs love change. Turbulence scrambles up the pieces on the game board and gives them a chance to gain market share and profits. And since there are always more competitors than market leaders, there's a huge demand for change. More innovation. More competition. More change. It's not going to go away. It's going to get worse.Stable times force us to think of our companies as machines. They are finely tuned, easy to copy and scale and own. We build machines on an assembly line, following specific rules and focusing on how to make them cheaper and with ever-better reliability.If your company is a machine, you can control it. You can build another one, a bigger one. You can staff the machine with"Our organizations are not independent machines, standing in the middle of a stable field. Instead we work for companies that are living organisms. Living, breathing, changing organisms that are interacting with millions of other living, breathing, changing organisms."machine operators, and train them to run the machine faster and faster.In times of change, this model is wrong. Our organizations are not independent machines, standing in the middle of a stable field. Instead, we work for companies that are organisms. Living, breathing, changing organisms that are interacting with millions of other living, breathing, changing organisms.Managers and employees are looking for a way to make sense of this turbulence. We need a metaphor to help us not merely deal with external change, but embrace it in order to succeed.This is not business as usual. It's a new principle that is going to feel unnatural at first. We will need a new vocabulary to even discuss it. Borrowing from the field of evolutionary biology, I am going to try to outline a new definition of a successful business. We need to reinvent what it means to lead (or work in) an organization.The Promise of Positive Feedback Loops and RunawaySurviving change is a noble goal, but what if embracing change didn't just help us survive but actually gave us better results? Before working your way through the rest of the book, where I describe a different way of dealing with change, consider the upside. Instead of forcing you to put out fires and deal with emergencies, it's possible for change to present you and your organization with mammoth new opportunities.Scientists talk about positive feedback loops. These are systems in which the inputs are amplified and become the outputs -- and then go right back in and become the inputs again. That screeching sound that comes from a poorly designed microphone is called feedback because amplified sound from the microphone comes out of the speakers and goes right back into the microphone. Positive feedback loops can have beneficial outcomes, however.Money in the bank encounters a positive feedback loop like the one in this graph because you earn interest on your money, and then interest on your interest and then ever more interest on that interest.An avalanche starts on the top of a mountain, with just a few rocks falling off a precipice. But each rock starts a few more rocks rolling, and the avalanche increases in force until it is powerful enough to wipe out an entire village. This is a positive feedback loop.

A company succeeds in large part because it's successful. An early lead becomes an insurmountable lead, because the early advantage is itself a factor in the company's success.As markets become more chaotic, they create opportunities for new players to grab an early advantage. With planning and luck, that advantage can turn into a huge lead, especially if a positive feedback loop reinforces that lead. When people start interacting with each other in a positive feedback loop, the loop gets amplified, entering a stage called runaway. The evolutionary science pioneer Sir Ronald Fisher coined this term for an evolutionary system that races ahead, faster and faster, reinforced by sexual selection.We're all familiar with the runaway phenomenon. A book starts selling, and suddenly, people start to buy it just because other people are buying it. People sell items on eBay because that's where all the buyers are. But all the buyers are there because sellers know that's where to find them!Of course, runaway can work in the other direction as well. A stock on the NASDAQ starts to fall, which leads to news and gossip about the fall, which leads to even more investors panicking and selling their shares. The stock's price will decrease faster and faster, with investors fleeing and bargain hunters buying until it finally reaches equilibrium again -- sometimes at just 10 percent of what the stock was originally worth. This feedback loop sucked all the money out of the stock.During the Great Depression, many banks closed because of a run on the bank. Consumers have confidence in a bank as long as there's plenty of money on deposit and they believe that other consumers also have confidence. But once lines started to form outside the bank, previously unpanicked investors started to have second thoughts. After all, they thought, if everyone on this line gets their money back, there might not be enough left in the vault for me. Of course, if no one had felt this way, then there wouldn't be a line in the first place. As soon as some people start to have second thoughts, though, it reinforces the fear across the population, making the problem worse and amplifying it through a positive feedback loop of negative thinking.parThe marketing department would like your company to be fast enough to launch products that can take advantage of these positive feedback loops. Your CFO wants a company nimble enough to pile onto these successes, because it can transform your stock into a runaway hit. Runaway Can't Last Forever -- Nothing DoesCisco is a fine example. It established itself early on as the leader in Internet infrastructure. This meant that investors seeking to make a bet on this sector invested in the company, which drove up its stock. The increasing stock price gave Cisco a currency (a valuable stock) that it could use to buy other companies. In the last decade, it acquired hundreds of companies, which further reinforced its position as the leader, which attracted more investment and further drove the stock price up.Cisco stock peaked at eighty dollars a share. According to the New Yorker columnist James Surowiecki , that gave the company a valuation that assumed that the company would be bigger than the U.S. economy is today in just twenty-five years. Runaway had led people to want to buy Cisco at any price, ignoring the obvious fact that no company can grow forever at the speed of Cisco's early years. Once the market realized that mass hysteria had set in, the stock dropped more than 80 percent in a runaway decline.Despite the limits on runaway, Cisco returned an astonishing 89,000 percent (that's not a typo) increase in its stock price during the 1990s. Good work if you can get it! Runaway can't last forever, but it's fun while it lasts. If you can figure out how to trigger a runaway, you may be able do it again, creating a never-ending series of runaway successes.The Best Form Of Runaway Is the Least ObviousThere's a positive feedback loop that can change your company and the way it deals with change. Your company can attract a different sort of employee and create a runaway organization.I flew on TWA last week, and the entire experience was exhausting. The people behind the counter, beaten down by years of working for a company on the edge of bankruptcy, seemed tired. The planes, way behind on cosmetic maintenance due to a lack of investment, seemed tired. The flight attendant, who had stuck with the airline because she had seniority, seemed tired. By the time I got home, I needed a nap.What sort of person applies for a job at TWA today? Is it someone who wants to embrace change, move quickly and take risks? I doubt it. TWA is reinforcing its factory view of the world every time it hires someone.Compare this negative feedback loop with the one that was in place at Kinko's for years. What sort of person applied for (and got) a job as a manager at Kinko's? The company was able to reinforce its ground-up approach to change in the people it hired. The more zoomers they hired, the more likely they were to zoom. Unfortunately, new management is doing its best to eliminate the zoomers (they fired most of the kinkos.com division where the highest concentration of zoomers worked) and go to a factory-centric model.If you were a hotshot networking engineer during the 1990s, the obvious place to go to work was Cisco. If you were an entrepreneur building a networking company during the 1990s, the obvious place to sell your company was Cisco. Great people want to work for fast-growing companies. The power of this positive feedback loop is underrated, though. Just as markets gravitate to leaders, so do employees. And smart employees in a hurry are the building blocks of your future success.The Evolution AlternativeNow that we've seen the impact the changing environment is having on our organizations (and more important, on us), let me lay out a very different point of view. The rest of this book describes in detail this alternative way of doing business.As I've described, change is out of our control, and the way we deal with change is outmoded and ineffective. Our organizations are built on the assumption that we live with the slower time cycle of yesterday. We build factories and try to make them perfect.If we try to control something that is out of our control, we're going to fail. The failure is going to lead to frenzy, to stress and ultimately, to the demise of our organization.Perfect is impossible when there is rapid change, and thus we're forced to search for a different way and a better metaphor. Smart businesses can learn from animals, which respond to competition in the environment through evolution.Evolution (real evolution -- inheritable modifications over many generations) is the most powerful tactic available to us for dealing with change. Organizations and individuals can put this proven organic technique to use by permitting change to occur, not fighting it. A mutation is a mistake or random feature created when a gene or an idea is transferred. By finding positive mutations and incorporating successful new techniques into a company's makeup, organizations can defeat their slower competitors. It is our fear of changing a successful winning strategy (the tactics we use to succeed) together with our reliance on command and control tactics that combine to make us miserable.There's a different way. We start by bypassing our fear of change by training people to make small, effortless changes all the time. I call this zooming. Then we can build a company that zooms and that attracts zoomers. As the company gathers steam, it will enter runaway, distancing itself from its competitors and dominating markets by embracing the change that will inevitably come.