

How business will succeed in the Emerging Connection Economy

By [Keith Coats](#)

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With the understanding that we are rapidly transitioning into an age when customers will not buy from you because of what you are selling, but rather because of who you are, a closer look is taken at the new economy we are moving into and what business will look like in this era.

In order to understand the next economy requires us to go 'back to the future'. By understanding how we have arrived at our current context and what the respective transitional points or triggers that prompted progress were, we are better positioned to understand and explore the next economy. A pattern emerges as the journey unfolds. It is a pattern that is vital in being able to predict the form and shape of the next economy.

Early economies

In the 'Hunter - Gatherer' economy which was clan based, it was about daily survival. The competitive advantage would have been created by those with a greater 'hunger and focus' in securing what it was that was required to ensure daily survival. Leadership belonged to the 'fittest and strongest' which predominantly would have meant that in this economy it was the men who led.

As we journey through history it is important to understand what precipitated the transition from one economy to the next. Understanding that this is a complex set of unique circumstances, and TomorrowToday.biz isolates the advancement in information technology as being a key point in providing the transitional momentum - information technology serving as the 'trigger' so to speak. In other words, as technology advances and we find 'smarter' ways to harness other means to do the work we once did, so society evolves and in turn it is those societal changes which drive history.

Agrarian economy

The 'information technology' that precipitated the exit from the Hunter - Gatherer economic era into the Agrarian economy would essentially have been the emergence of paper and writing - the ability to record data and not merely relying on memory. The theme that runs through all the information technology examples can be summed up by: more information, available to more people, cheaper and faster than ever before.

The Agrarian economy that emerged after the Hunter - Gatherer economy centred on land ownership. Clans formed into tribal affiliations and having staked out territory, the issue of who controlled the land became important. In fact the leadership in this economy had to do with who it was who owned the land. It is worth noting that once again, with few exceptions, men provided the leadership and for the most part women were precluded from owning land.

In order to create a competitive advantage in this economy, something more than what had sufficed in the previous economy ('hunger and focus') was required. Here another theme emerges. With each emerging economy, the previous competitive advantage becomes 'necessary but no longer sufficient'. This is an important lesson, as to ignore the critical preceding competitive advantages has the same effect of a ship at full throttle whose hull is holed.

Industrial economy

The technology trigger was the emergence of the printing press and the mid-Eighteenth century saw the emergence in the United Kingdom and Europe of what became known as the Industrial Revolution a.k.a. the Industrial economy. Cities emerged along with large factories. The pattern of work changed dramatically and essentially the 'corporation' was born. The legacy of the Industrial economy lives with us to this day, casting a long shadow on our understanding of corporate

structures, hierarchies, management and leadership.

In this economy competitive advantage was secured by practising the business basics better than anyone else. It is from this era that management as a science emerged, largely through the influence of Fredrick Taylor. 'If you could measure it - you could manage it' was the thinking; analysis and viewing the workplace as segregated parts were the popular mindsets of the day.

It is important to understand this worldview as being shaped by the science of the day (Newton and others) who understood the world as a giant machine made up of many parts. If one wished to understand how the world - the 'machine' - worked, one simply had to study each of the component parts.

Given the powerful legacy that this economy left, it becomes important to probe deeper in trying to understand exactly what remains in our current corporate mindsets and practices from this era. Without such understanding it makes change more difficult and leaves change initiatives exposed and stranded for their lack of an adequate 'worldview' or theory, that ought to underpin change initiatives. In other words we need to understand the why before rushing into the what and the how!

Information economy

The Industrial economy gave way to what has commonly been referred to as the Information economy. This process took place with the information technology that gave us the computer in the 1950's and which eventually become a revolution resulting in the 'the personal computer'. The rules of the game had changed. In fact the very game itself had changed. Perhaps for the first time leadership was not obviously in the hands of the male of the species and it is worth taking note that some of the top IT companies are led by women. The competitive advantage in this economy was created by those who were able to install communication infrastructure which enabled them to extract data quicker and more efficiently than their competitors. This in turn gave them a greater capacity for strategic decision making.

The 1990's Dot.com bubble burst' is a lesson when it comes to understanding that building on the previous competitive advantages and not ignoring them, is essential. Good (IT) ideas and capital were not enough to develop and sustain successful enterprises - one still had to pay attention to the business basics. This became the painful lesson to emerge from the ashes of the Dot.com era.

However the theme of 'necessary but not sufficient' applies to the Information economy as much as it did to the previous economies. It is true to say that there remain businesses which still need to fully enter the Information economy, but as they do so, it is likely that they will acquire their communication infrastructure and data capturing technology cheaper than those who were first in. Not only will it be cheaper but it will be 'smarter'.

This remains one of the paradoxes of the Information economy. But the ability to capture data alone is now necessary but not sufficient to stay ahead of the pack. Something else is required. Understanding the emerging new economy is the key to understanding just what that 'something' is.

ABOUT THE AUTHOR

□ Keith Coats is a founding partner in the consultancy Tomorrow Today.biz, where he is the Director of Storytelling. He has lectured in Leadership and Management at the Natal Technikon, is a fellow of the Salzburg Seminars and a sought after international speaker on leadership and human development issues. In this, the second article in a three part series, Coats continues to unpack how companies can arrive in tomorrow's world with all the requisite skills to survive, succeed and lead in the new economy.

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