

increasing due to a long tail of unmet needs and the creation of new industry then financial capital is flowing away from past product vendors towards the new vendors and new companies serving those new markets. Now add in the co-evolution of new practice caused by the evolving act, the new forms of organisation that arise, the speed of change caused by a punctuated equilibrium, the inevitability of change (i.e. the Red Queen) and the inaction of past giants caused by inertia then what you have is destruction of the past at the same time as the future is being created. The combination of competition with basic climatic patterns such as inertia and co-evolution creates this constant pulse of new consumer needs, new vendors, new methods of production, new markets and new forms of organisation. This heart-beat was described by Joseph Schumpeter as “creative destruction” (see figure 145) and by the time it becomes obvious, it’s usually too late to react.

**Figure 145 — Creative destruction**