

No Harmony, All Flux (ch. 8)

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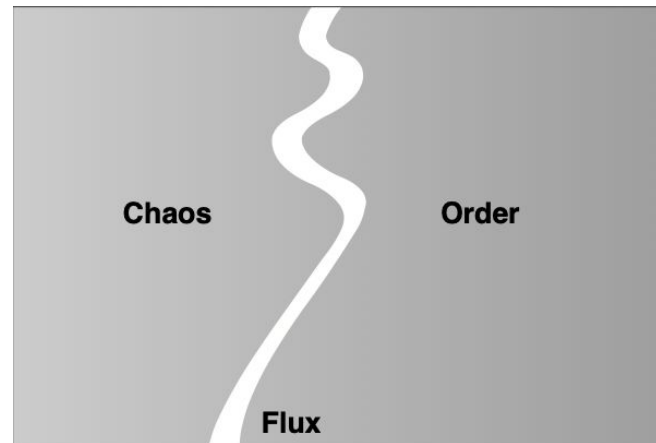
Change vs Flux

- “Change, even in its shocking forms, is rapid difference. Flux, on the other hand, is more like the Hindu god Shiva, a creative force of destruction and genesis (...) And its genesis hovers on the edge of chaos.”
- **Change:** Drop in the longevity of the businesses
Flux: Short expected life spans of businesses, but at the same time - the fastest-growing number of new jobs and the highest wages
- Conclusion: If you can stand the turmoil, flux triumphs.



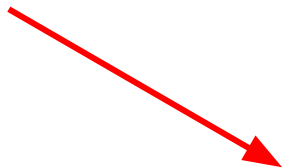
Good kind of innovation

- Ordinary change triggers yawns, at the other extreme, there is change so radical that it topples the tower
- A truly innovative step is neither too staid and obvious, nor too far out. The innovative step is change that is neither random direction-less churn, nor so outrageous that it can't be appreciated.
- A real innovation is sufficiently different to be dangerous and scary



Fake innovation (design trick)

BEFORE



AFTER



Car design

2017



2017 Toyota Corolla SE Special Edition ...
autoblog.com



2017 Toyota Corolla Prices, Reviews ...
cars.usnews.com



2017 Toyota Corolla Values & Cars for ...
kbb.com



2017 Toyota Corolla IM Review & Ratings ...
edmunds.com



2017 Toyota Corolla | Specifications ...
auto123.com



2017 Toyota Corolla
motortrend.com



2017 Toyota Corolla 2WAY STARTER ...
southpointtoyota.com



2017 Toyota Corolla First Drive & #8211 ...
caranddriver.com



2017 Toyota Camry Review & Ratings ...
edmunds.com



2017 Toyota Corolla - Interior Exterior ...
youtube.com

2020

small changes -
no new innovation



Toyota Corolla hybrid will join Prius ...
greencarreports.com



2020 Toyota C-HR Review | Expert ...
jdpower.com



Toyota 2020 Cars - Discover the New ...
driving.ca



The Best Toyota Models For 2020 | Autowise
autowise.com



2020 Toyota Highlander will haul the ...
cnet.com



2020 Toyota Corolla Reviews, Rating...
consumerreports.org



2020 Toyota Avalon TRD First Drive ...
motortrend.com



The 2020 Toyota Avalon...
media.toyota.ca



Toyota 2020 Cars - Discover the New...
driving.ca



2020 Toyota Corolla Pros and Cons: We ...
motortrend.com

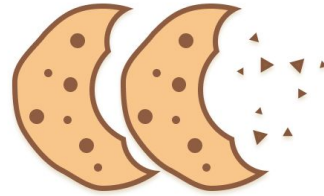


News Releases - Toyota Canada
toyota.ca

Rebranding (feel of progress/forget the past)

The Facebook logo, consisting of the word "FACEBOOK" in a blue, sans-serif, all-caps font.

After "Cambridge Analytica" scandal



Cambridge
Cookies

Scam companies

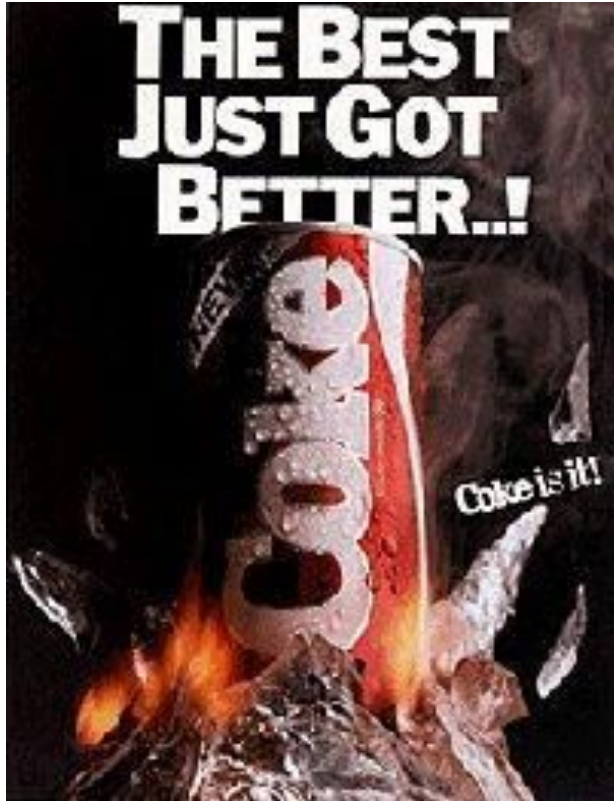
The Reebok logo, featuring the word "Reebok" in a bold, sans-serif font, followed by a red and white vector logo consisting of three curved lines forming a triangle.The Reebok logo, featuring the word "Reebok" in a bold, sans-serif font, followed by a red and white vector logo consisting of three curved lines forming a triangle.

Shift from Pros to Crossfit



Reset terrible reputation

Rebranding GONE WRONG (Coca-Cola 1985)



**Rebranding + changes to
century-old formula = tens of
thousands of angry customers**

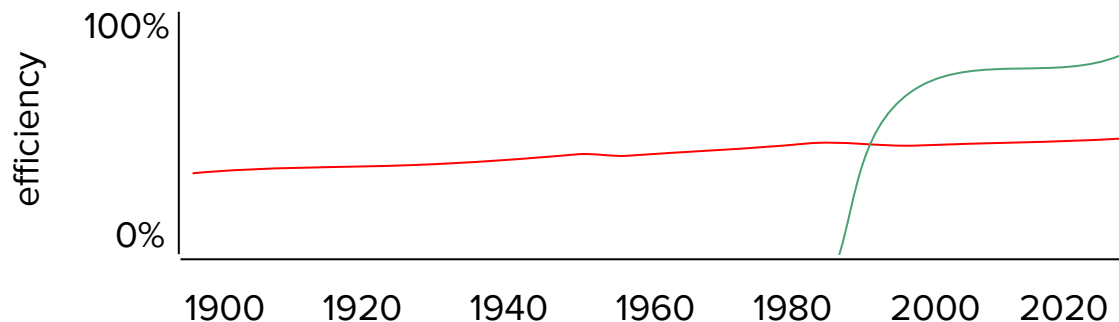


Real innovation - diesel vs modern electric engines

Electric motors: major market disruption

Diesel: up to 41% energy efficient (change)

Electric: up to **90% energy efficient** (flux)



Real innovation - electric car engine

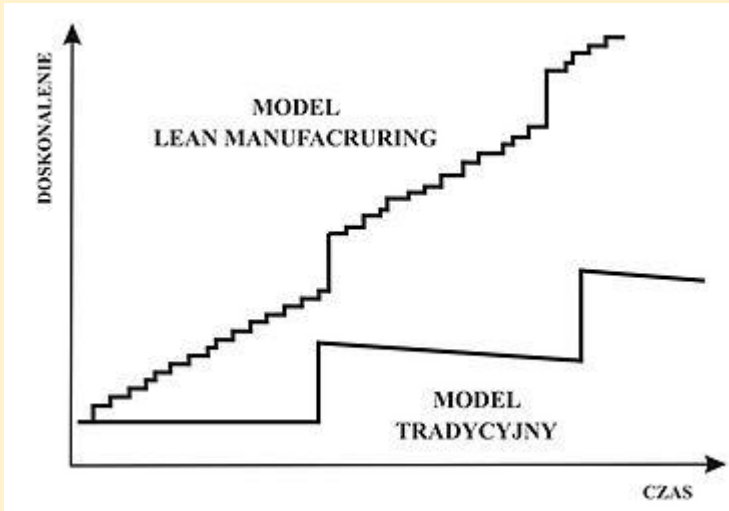


Small change vs Big change (kaizen)

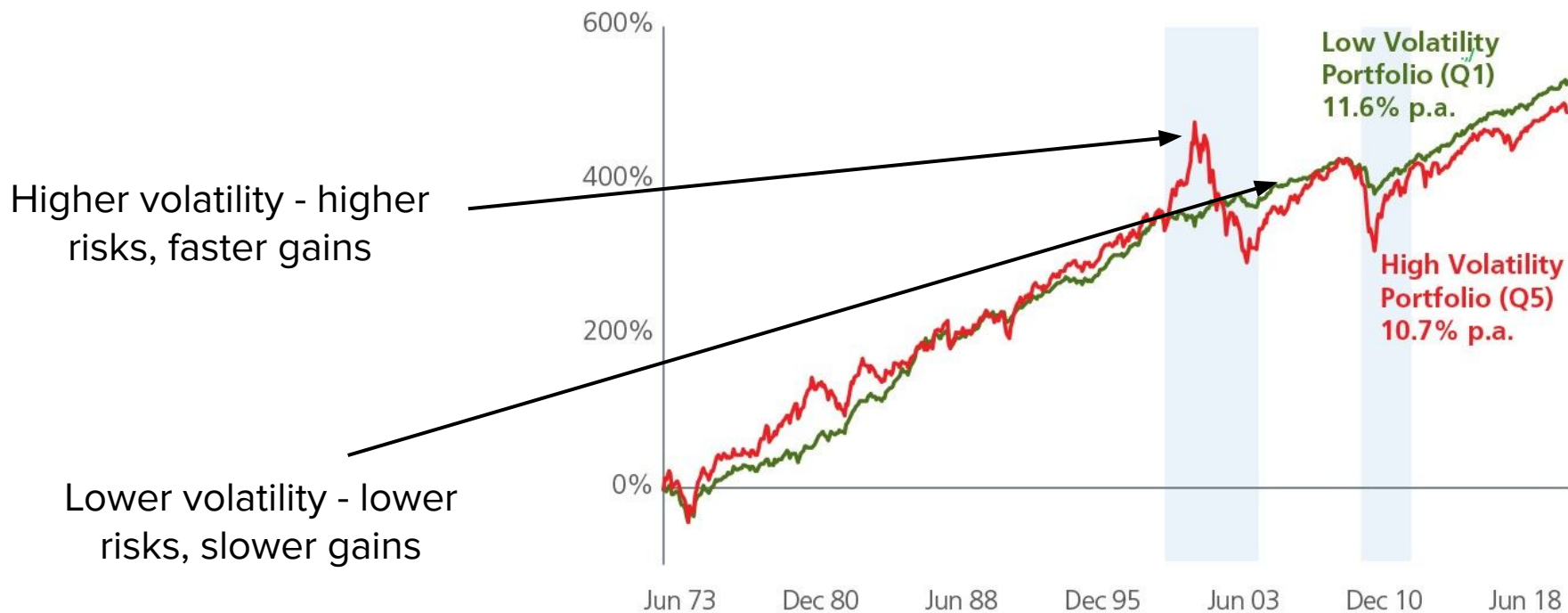
改善

New Rules for the New Economy

Counterexample



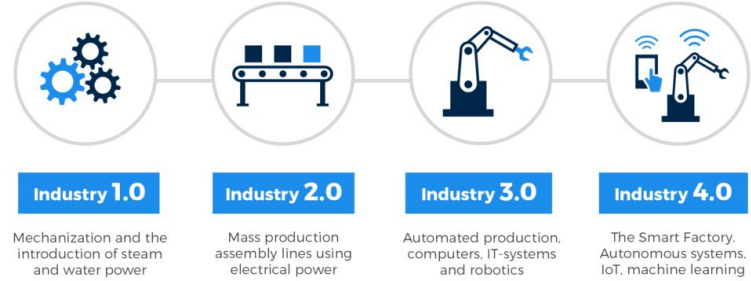
Low vs high volatility



Be lean to keep up



The Four Industrial Revolutions



Equilibrium leads to stagnation

- Robust growth sustains itself by balancing on the edge of constant chaos.
- The difference between chaos and the edge of chaos is subtle -> Apple's innovations may backfire
- "The ICE businesses rely on speed and flexibility (...) You can't alter bureaucratic structure fast enough, so don't even build one to begin with."



To seek persistent disequilibrium means that one must chase after disruption without succumbing to it, or retreating from it.

- A lot of people compare it to surfing: you ride a wave, which is constantly tumbling, and perched on top of this continually disintegrating hill of water, you harness its turbulence into forward motion.



Is near-death necessary for growth?



1996

- Apple was on the verge of bankruptcy
- Gil Amelio was CEO
- Apple was licensing its OS
- They were constantly adding new product lines



Not necessarily, see MSFT

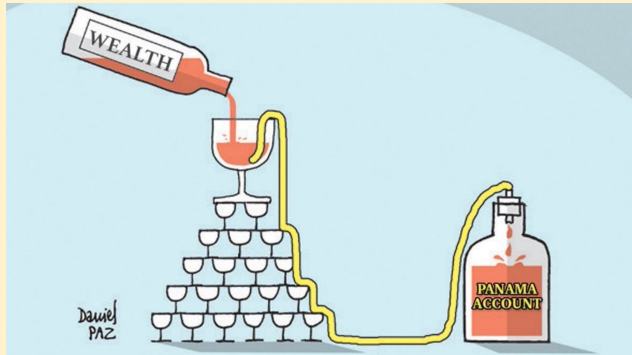
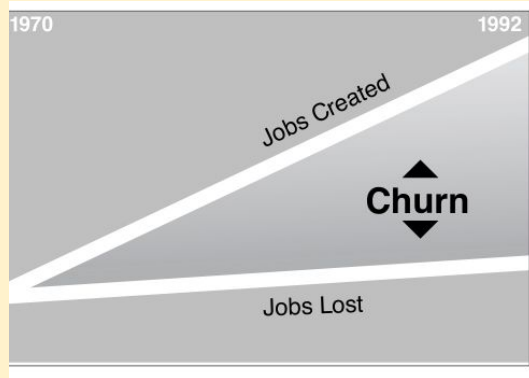


And sometimes near-death means actual death
(Enron)



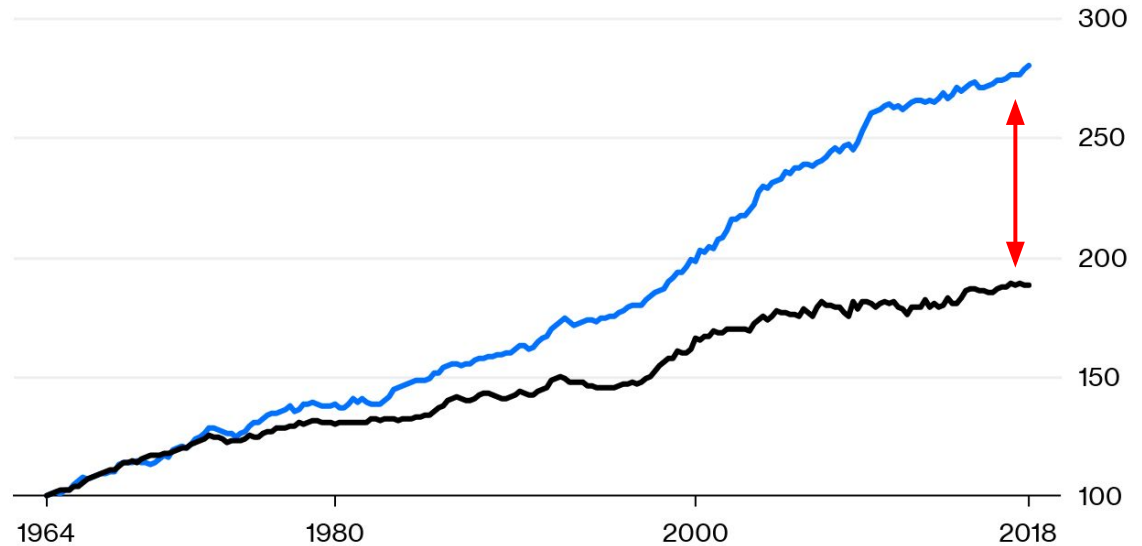
Rapid growth doesn't deliver to the people

Counterexample



Pay Hasn't Kept Pace

Real output per hour / Real compensation per hour



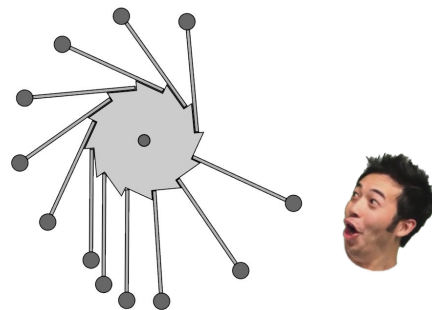
Index: 100 = 1964

Source: Federal Reserve Bank of St. Louis

BloombergOpinion

Different wavelengths of change

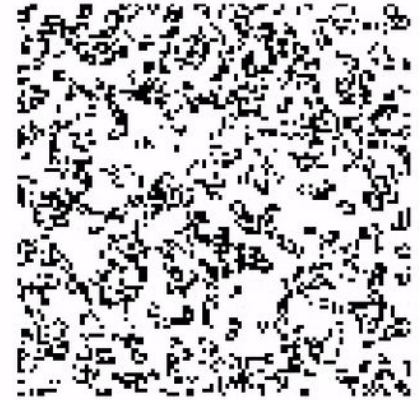
1. Changes in the game:
 - the kind of changes now visible: new winners and losers. New businesses. New heroes.
Społem -> Żabka
2. Changes in the rules of the game:
 - new kinds of business, new sectors of the economy, new kinds of games: Sklep -> Allegro
3. Changes in how change happens: change changes itself, change accelerates itself



Biology concepts as useful economic metaphors

Change in technological systems is becoming more biological:

- Networks actually grow.
- Evolution can really be imported into machines.
- Technological immune systems can be used to control computer viruses.
- This neobiologicalism seeps directly into our new economy.



Thank you for your attention :)

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