



Destructive Recreation



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Capitalism, Socialism And Democracy (1947)

Joseph A. Schumpeter

Economies evolve, produce wealth, and remain vital when the process of ever-changing markets, offerings, and enterprises “incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.”

“This process of Creative Destruction is the essential fact about capitalism.”

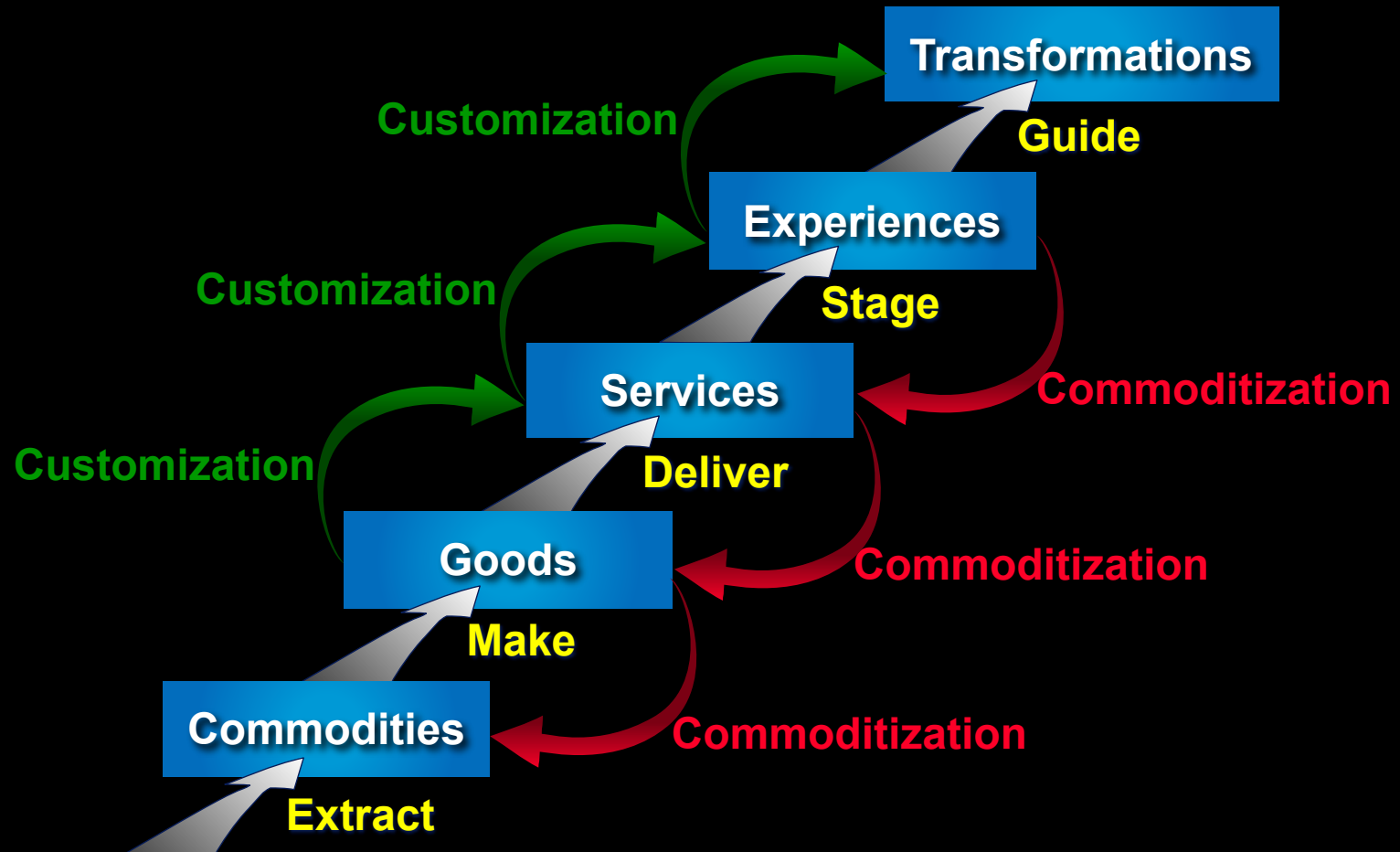
Destructive Recreation

We used to think. . . Now we must. . .

∞ goods and services were
enough

∞ stage experiences and
guide transformations

The Progression of Economic Value



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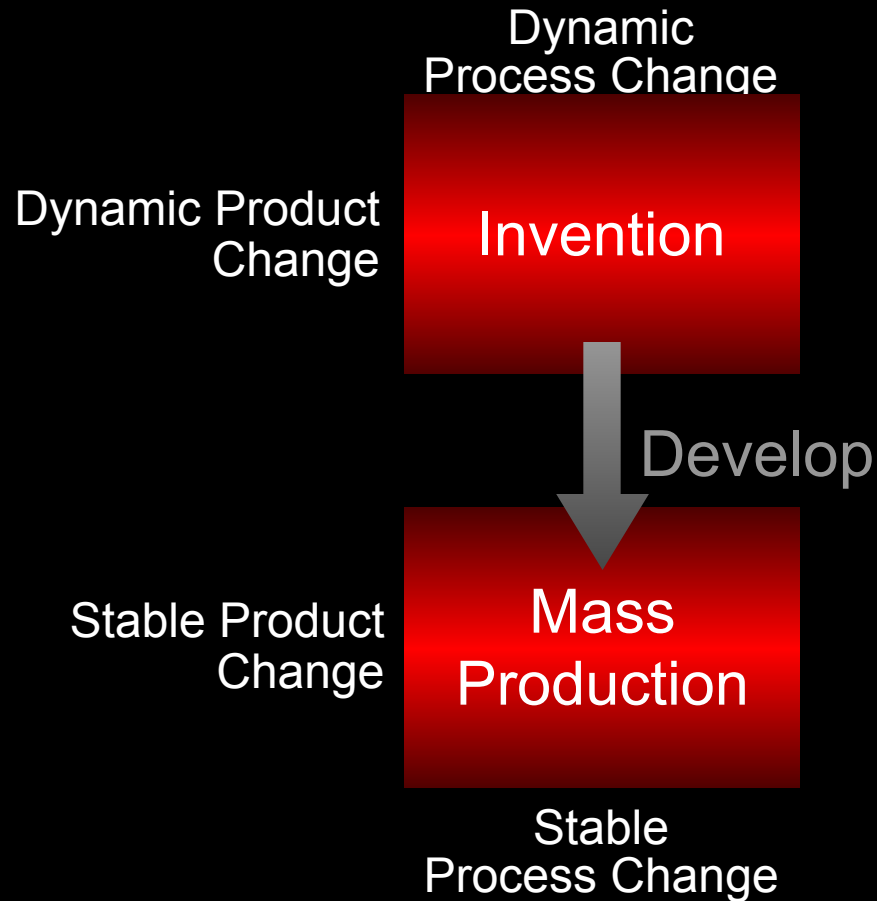
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- ∞ we could invent great products & mass produce them for years

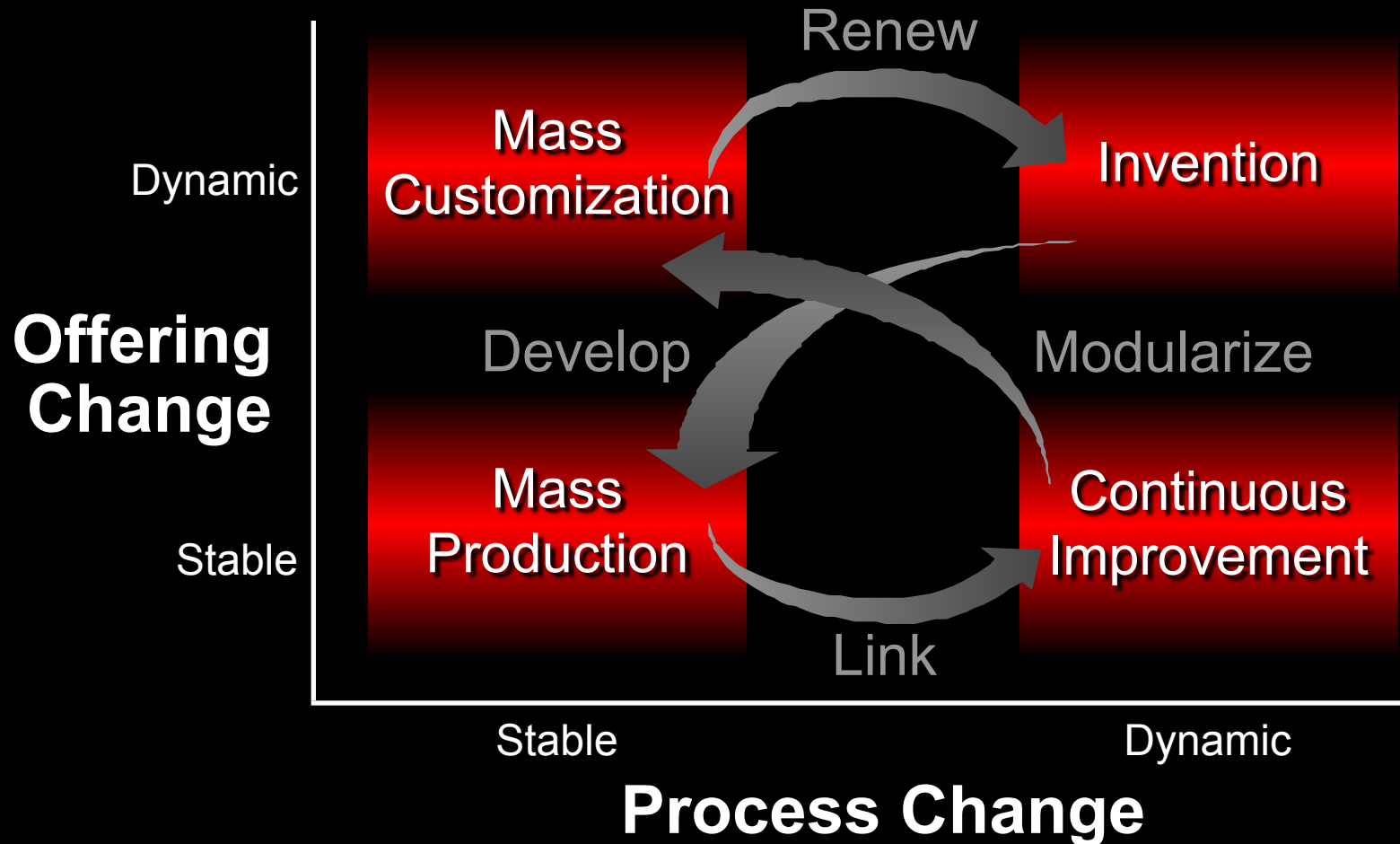
Now we must. . .

- ∞ stage experiences and guide transformations
- ∞ mass customize & constantly renew our offerings

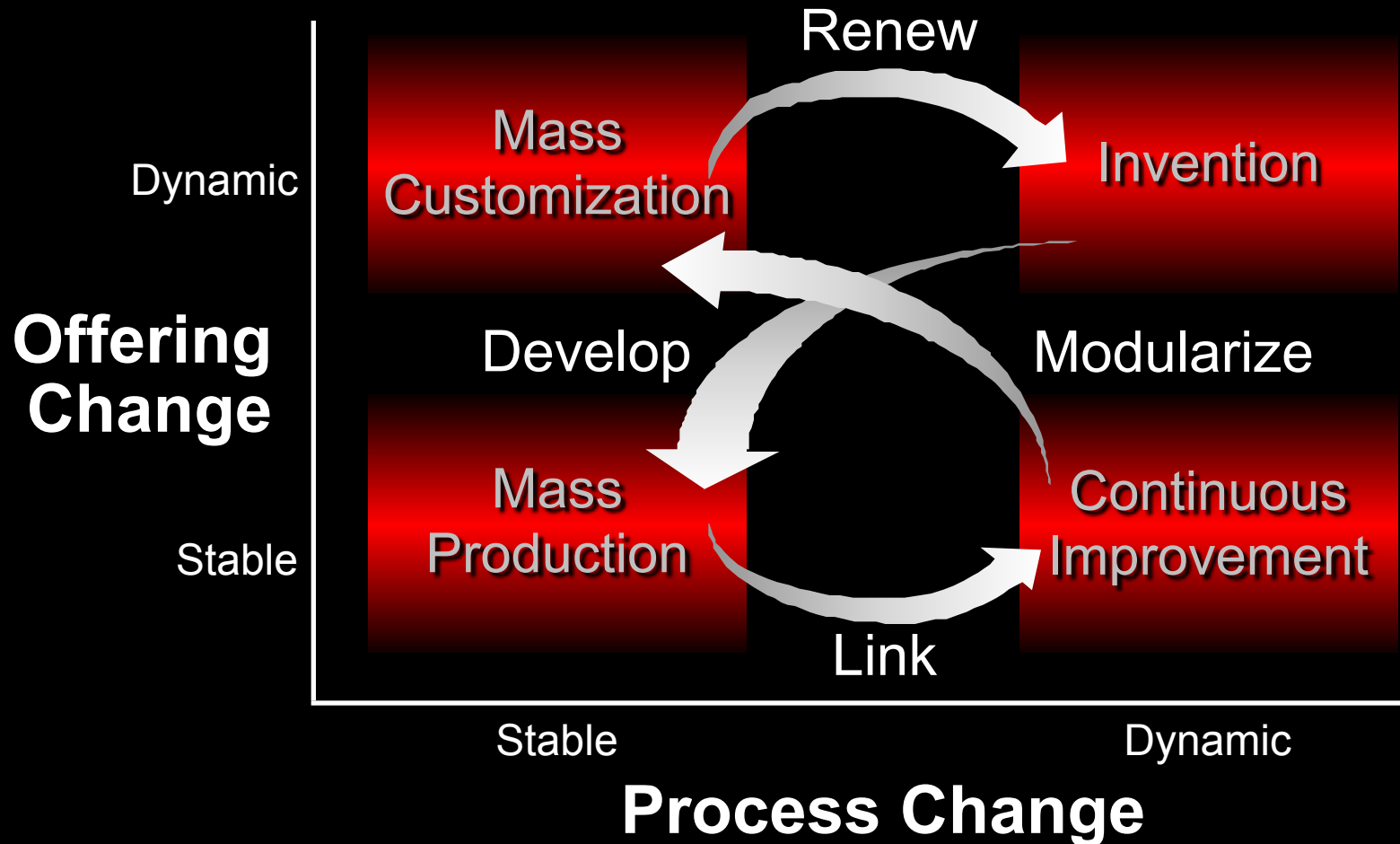
The Old Competitive Reality



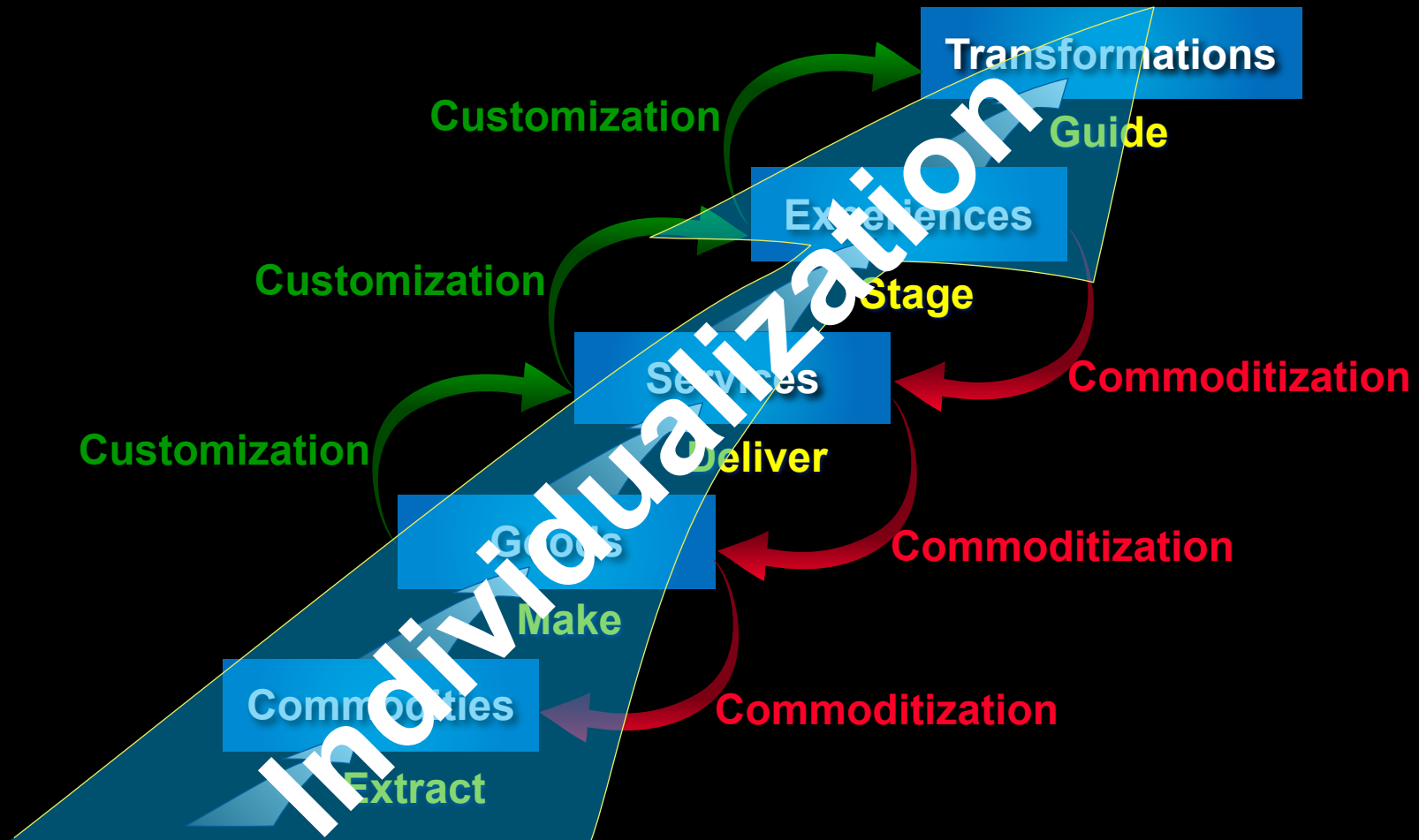
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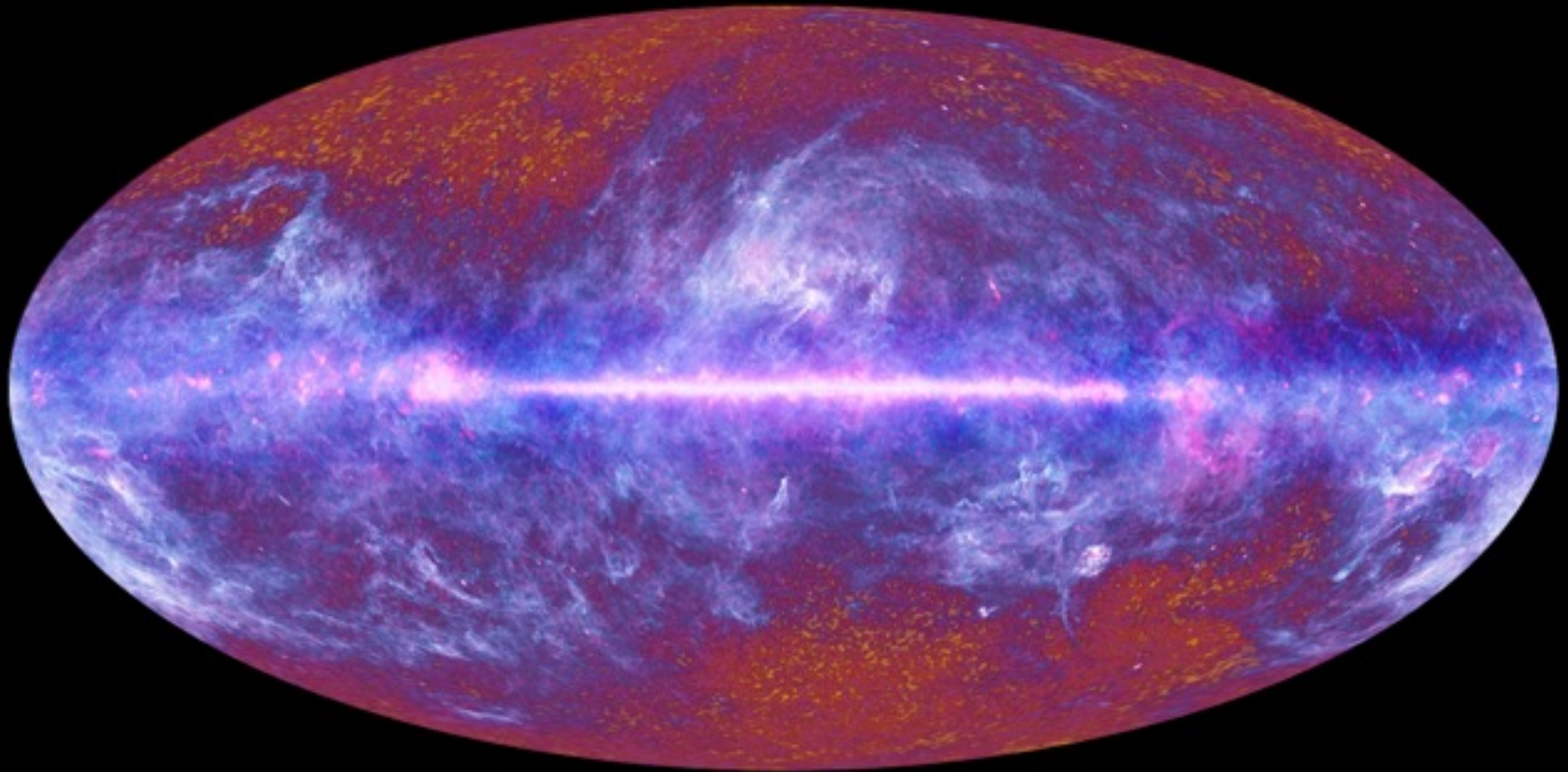
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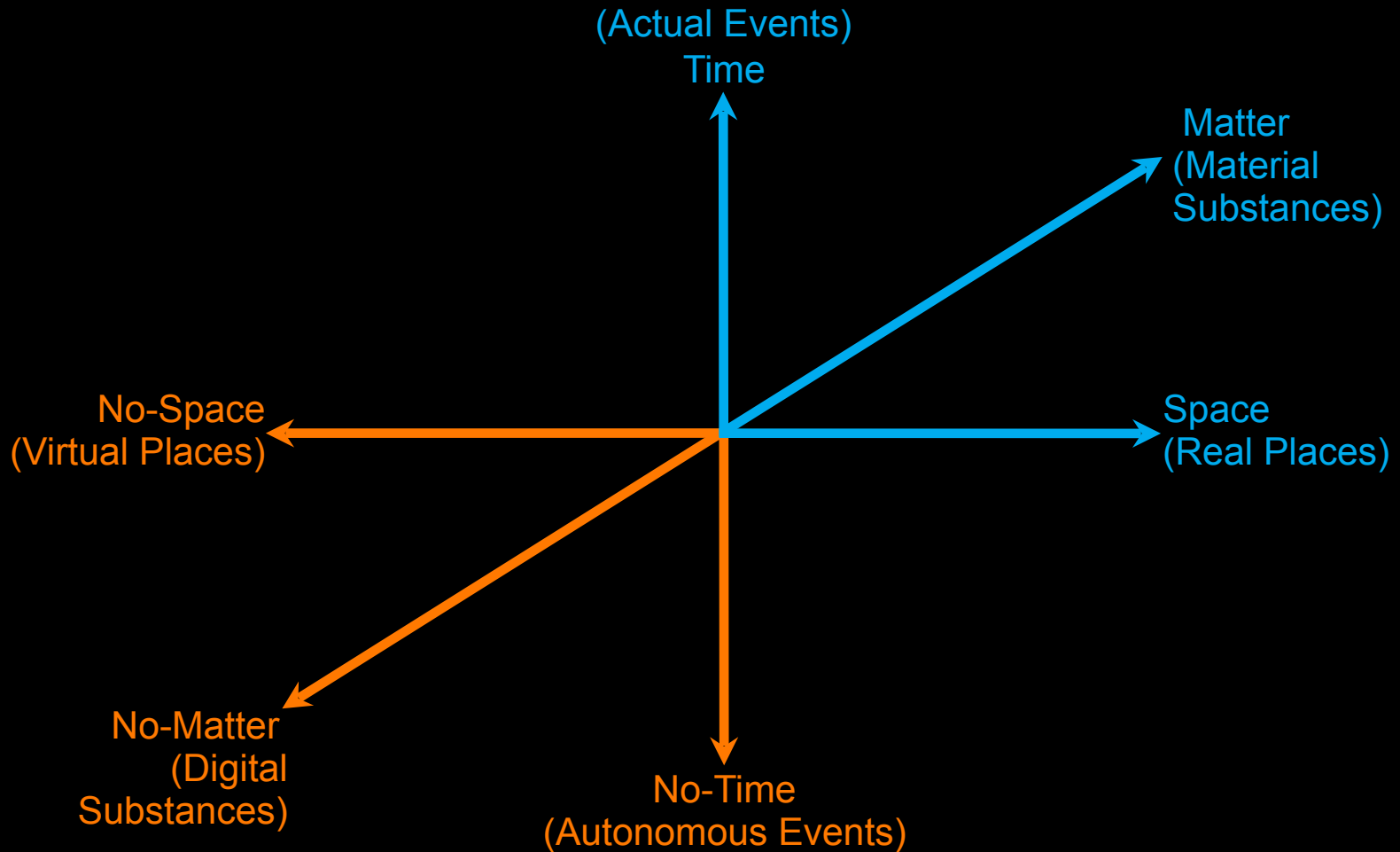
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- ∞ embrace digital technology

The Known Universe

(Actual Events)



The Multiverse



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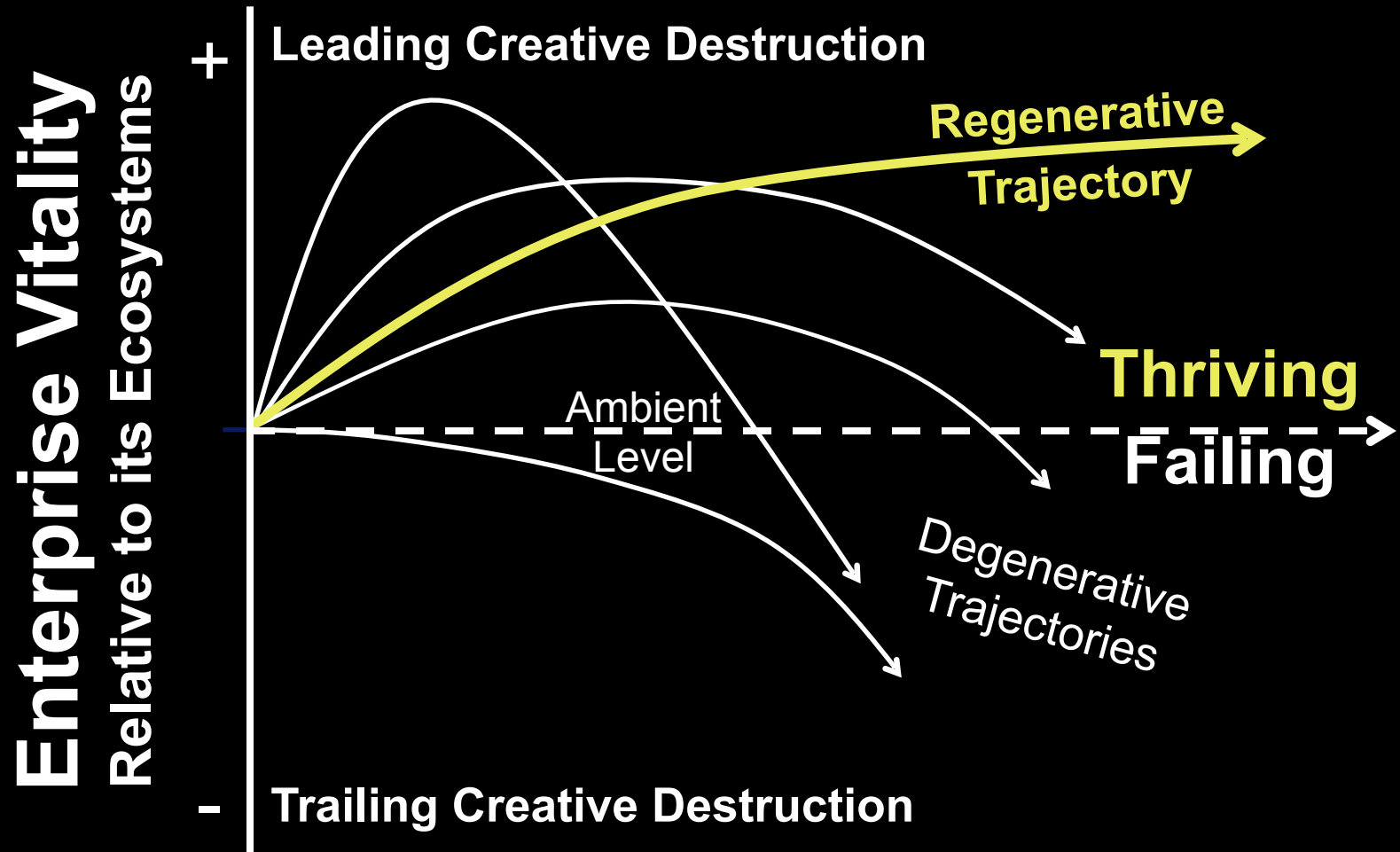
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- ∞ materiality conferred advantage
- ∞ the way to manage was to optimize the enterprise
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- ∞ mass customize & constantly renew our offerings
- ∞ fuse the real with the virtual
- ∞ adopt a way of managing with the intent to vitalize the enterprise

THE LAWS OF MANAGING



To withstand the Schumpeterian gale of creative destruction, the enterprise must be “destructively recreating itself over and over again by innovating within the enterprise at least as much as is going on in its ecosystems. Anything less and the enterprise will eventually get blown over by others moving faster, operating better, and creating greater value.”

Enterprise Trajectories



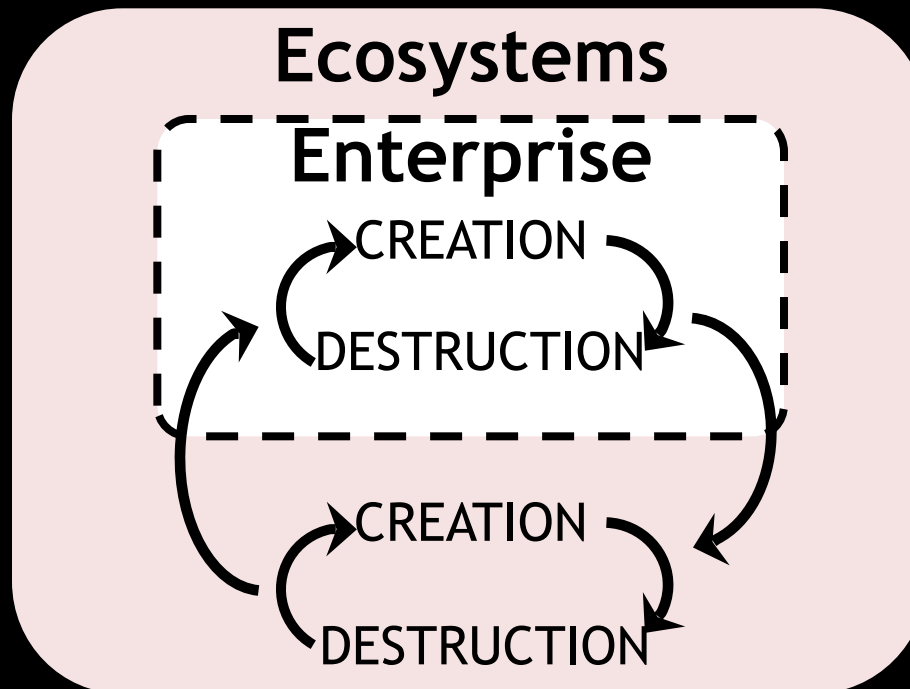
THE LAWS OF MANAGING



The Law of Vitality

Only the enterprise that attains vitality, through its incessant destructive recreation, produces the wealth necessary to survive.

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