

The Economics of Cooperation

How Cooperation Creates Abundance

- *Does Cooperation Create Competitive Advantage?*
- *How the Economics of Cooperation Works*
- *What Analysts Should Look For*
- *Economics of Expandables & Abundance*

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Robert Porter Lynch, CEO

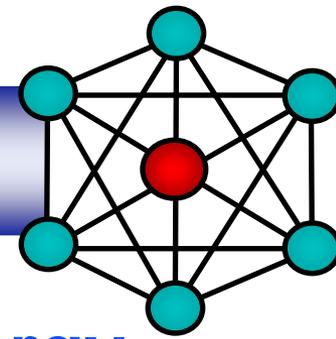
The Warren Company

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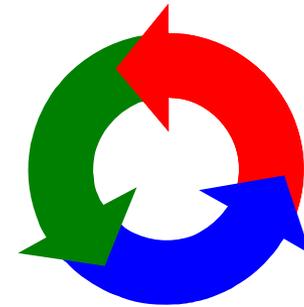
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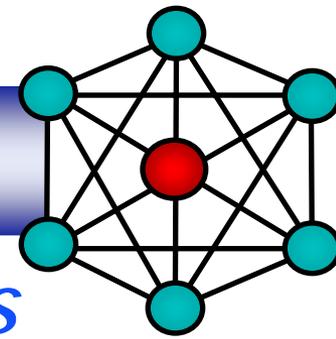
Alliances are Created to Produce Synergy

- ◆ **Synergy is the Interactive and Co-Creative Spiritual Force that enables More to flourish than each of the parts can produce independently**
- ◆ **Synergy requires at least four powerful elements**
 - Common Vision
 - Trust & Integrity
 - Respect for Differences
 - Culture of Collaboration & Discovery



*Focus on the
Synergy of
Compatible
Differences*

Mastering the Architecture of Co-Creative Synergy



How the Economics of Cooperation Works

◆ **Key Driving Forces:**

- Collaboration
 - Cooperation Enhances Inter-Organizational and Inter-Personal Velocity
 - » Elimination of Non-Value Added Transaction Costs
 - » Fast Time to Action
- Innovation
 - All Innovation is based on Differentials in Thinking (If two people think alike, no innovation occurs)
 - Synergy of Compatible Differences
- Integration
 - Alignment of Goals, Processes, and Action
 - Interaction transforms Conflict into Problem Solving and Thrives in Adversity

**Co-Creative
Synergy is a
Regenerative
System**

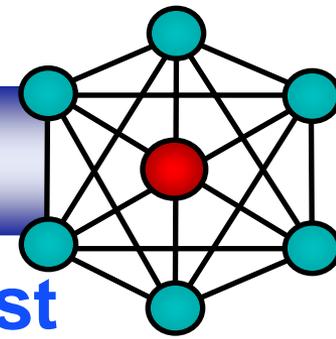
◆ **Asset Utilization:**

- Leverage Other People's Installed Assets & Capabilities

◆ **Risk Management**

- Shared Risk and Shared Reward
- High Trust Lowers Transactional Friction Costs
- Win-Win Environment Stimulates Innovative Co-Creation

Mastering the Architecture of Co-Creative Synergy



Alliances are based on Prudent Trust

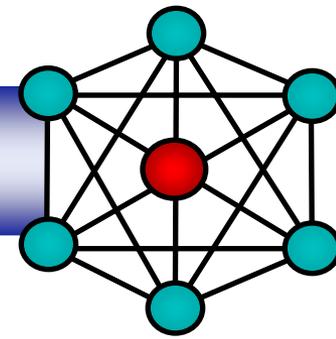
– Why Trust is Important –

◆ High Levels of Trust Enable:

- Very High Performance
- Greater Innovation, Creativity & Synergy
- Expansion of Possibilities
- Enhanced Problem Resolution
- Faster Action/Implementation and...
- Lower Transaction Costs

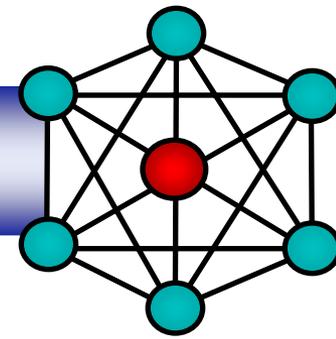
Results
in
Higher
Profits

Mastering the Architecture of Co-Creative Synergy



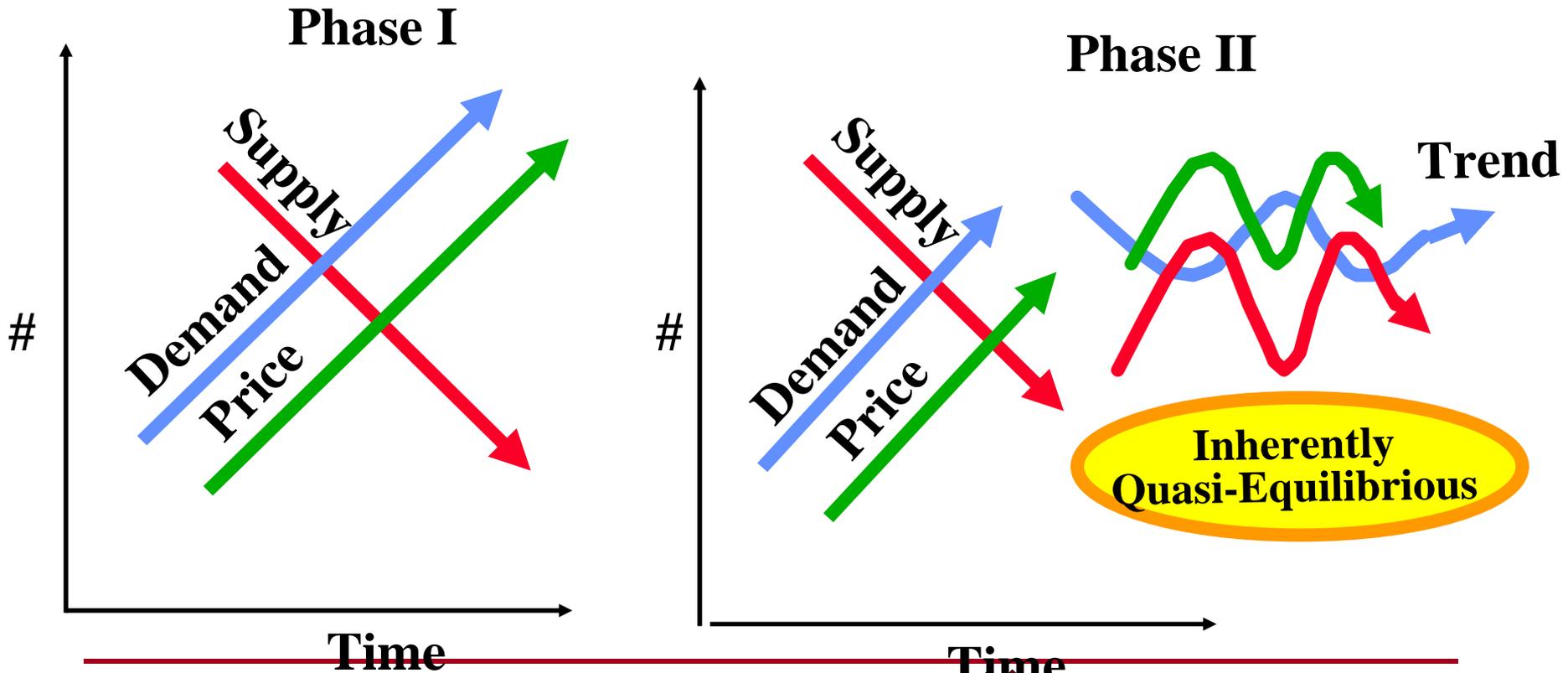
What will be Valued in the Future:

1. **“WISE INFORMATION”** will be the “Blood Stream” that Sustains the Networked Enterprise
2. **COLLABORATIVE STRATEGIC INTEGRATION** will be the Alignment Mechanism of human and organizational synergy
3. **SPEED OF DEVELOPMENT & IMPLEMENTATION** will become More Important than Cost as an Economic Currency
4. **CO-CREATION** will become the Basic Unit of Work
5. **INNOVATION** will become the most Valued Resource as the Primary Source of Regenerative Intellectual Capital

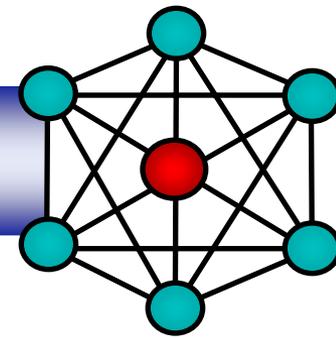


Traditional Economics

Economics of Limits and Expendables

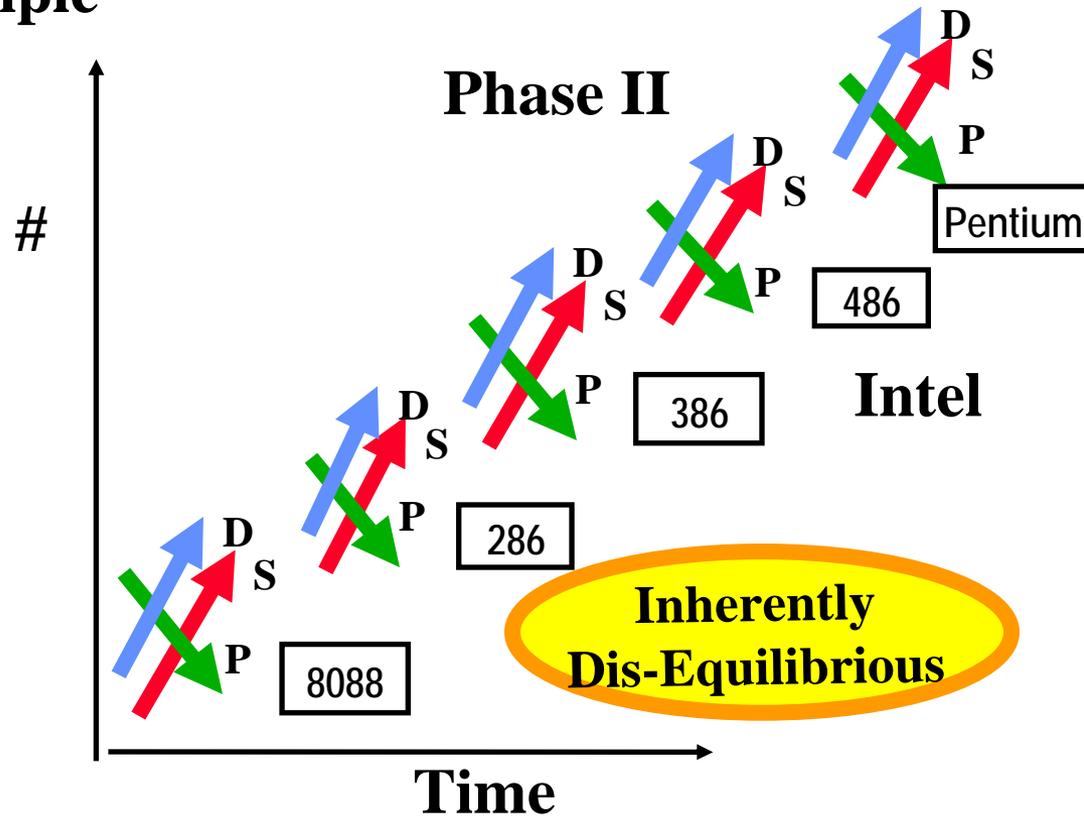
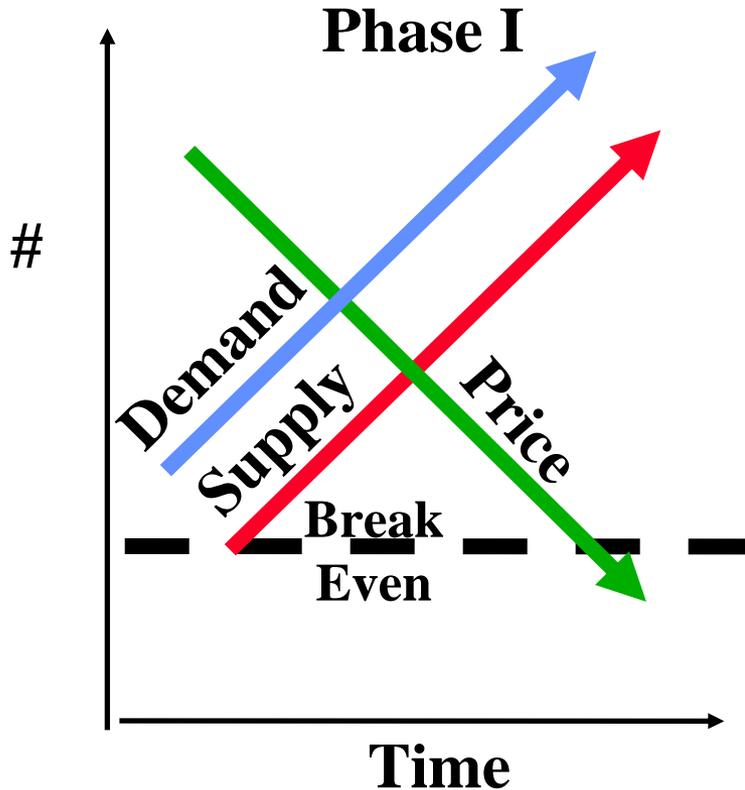


Mastering the Architecture of Co-Creative Synergy

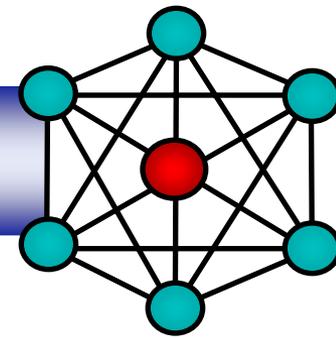


Economics of Abundance & Non-expendables The Revolution has Started!!

High Technology Example



Mastering the Architecture of Co-Creative Synergy



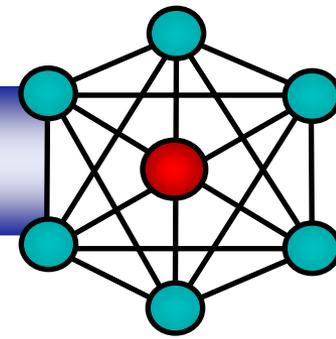
◆ **Things that are Expendable:** (they get used up or disappear, and are either inherently useless or have significantly diminished utility once it is gone):

- » Hardware and Equipment
- » Time
- » Commodities, Fuel, Electricity, etc.
- » Materials for Production
- » Money

◆ **Things that are Expandable:** (and don't get used up the more you use them):

- » Software
- » Technology
- » Networks & Information
- » Innovation and Breakthroughs
- » Teamwork & Cooperation
- » Communications
- » Caring, Happiness, Compassion
- » Co-Creative Innovation

Mastering the Architecture of Co-Creative Synergy

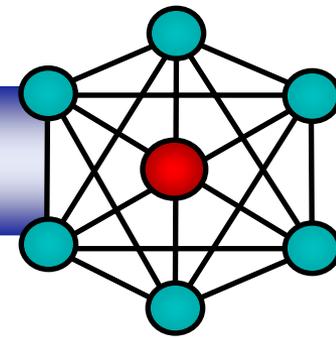


◆ **The Economics of Limits-Expendables exist side-by-side with the Economics of Abundance-Expandables**

- » Integration & Synergy require the measuring of effective use of resources in both economic models simultaneously
- » Tremendous Value Creation occurs when both economic models are working in harmony with each other.

- ◆ Because Abundant-Expandable Systems have economic Supply-Demand-Price relationships that are inherently Dis-Equilibrrious, they create a situation where stagnation and static behavior will not be sustainable in a highly competitive environment.
- ◆ Therefore, in fast changing strategic environments, only Dynamic, Regenerative, and Breakthrough behaviors will create sustainable competitive advantage.

Mastering the Architecture of Co-Creative Synergy



◆ The emergence of the Networked Enterprise is, fundamentally, the most **Revolutionary and Complex Shift** in organizational functioning & structure in the history of commerce.

◆ The Shift will radically transform:

- the nature of work
- organizational interaction
- leadership
- the very way we will think of business itself

