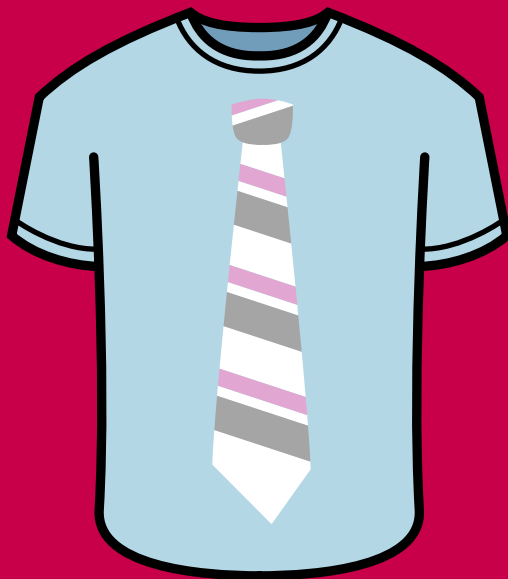


1

Creativity and Business

- This first chapter challenges the apparent contradiction between Creativity and Business and suggests how they can be combined – creatively.
- It asks fundamental questions about why you are in a creative business or plan to be.
- It also discusses different approaches to business and the importance of being clear about your values and goals.



Creativity versus Business ?

Some people regard creativity and business as being like oil and water – they just don't mix. They think it's a question of choosing between creativity or business. I disagree.

At a conference I attended on the theme of creativity, some people understood creativity to mean 'art', done by artists of one kind or another – all of them wearing T-shirts. These artists realised that sometimes (unfortunately) they had to speak with beings from a parallel universe, ie the business world – people in suits who think differently and speak in strange tongues – and inevitably don't understand them. I reject the idea that business and creativity are incompatible opposites. At that conference I pointed out that I am both a published poet⁵ and an MBA,⁶ which perhaps unsettled a few people for a moment. I went on to say that my best creativity is not my poetry but my inventiveness within the business world, adapting ideas and methods to new circumstances across the boundaries of industries, sectors and cultures internationally. Other delegates confirmed that they had seen far more creativity in engineering firms than in some advertising agencies. Creativity is not the monopoly of the 'artist': it is much wider than that and can be found in education, science and elsewhere. Creativity is in and around us all.

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creativity
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‘artist’
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“
successful
creative
entrepreneurs
embrace
both
creativity
and
business
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Creative Alchemy

The most exciting creativity, I believe, is the alchemy of blending apparent opposites, what we often call ‘art’ and ‘science’, recognising that they are not opposites at all, from which we have to choose either/or in a binary fashion, but the yin and yang of a whole. This book is about bringing together creativity and business as allies. It’s about combining the best ideas of both ‘T-shirts’ and ‘Suits’ in the business of creativity, turning creative talent into income streams.

Successful creative entrepreneurs embrace both creativity *and* business. Perhaps they don’t use business jargon and maybe profit is not their primary aim. Sometimes they will proceed on a hunch, or put their success down to good luck, but there is nevertheless a method behind their apparent madness, whether they recognise it or not.

The art of business is to select from a palette of infinite choices to draw together a specific product or service, with specific customers’ needs, in a way that adds up financially. The resulting picture is a **unique business formula** for a successful enterprise.

Naturally, creative businesses tend to have a high concentration of new ideas in their product or service. Successful organisations of all kinds combine all the essential business elements creatively. Successful creative enterprises need to have a creative product or service; they also need to invent a special and workable formula which combines all the essential ingredients of business.

The Art of not ‘Selling Out’

I am often asked whether making a business out of art or creativity inevitably means compromising artistic integrity or in other words, ‘selling out’. My answer is that it *can do*, but it doesn’t *have to*. The solution is in the formula mentioned above which refers to *specific* products/services and *specific* customers who, if chosen carefully, are essential ingredients in the formula for success. If you combine the wrong customers with your product or service there will be a mismatch leading to a choice between selling out or going

Business Formula
see page 97

Selecting the right customers
see page 36

bust. You cannot sell all of your products to all customers all of the time, but if we apply some creativity to **selecting the right customers**, choosing appropriate products from our portfolio, whilst making the books balance at the same time, we can devise a feasible business formula.

Success

The meaning of ‘success’ is for you to define, not me. There are no value judgements here about what exactly ‘success’ might mean. Bigger is not necessarily better; often small is beautiful. You must decide where you want your creative enterprise to be in the future. As they say: “if you don’t know where you want to be, then you will never figure out which road to take”. So your road to success depends on your destination – where you want to be in the future – your **Vision**.

Vision
see page 11

Profit ?

Profit is not always the point – though even not-for-profit organisations cannot survive if expenditure exceeds total income. As well as spanning 13 sub-sectors,⁷ there are different economics models adopted in the creative and cultural industries sector: commercial businesses seeking profit, not-for-profit or charitable organisations and social enterprises. That’s why I refer to ‘the desired financial result’ rather than necessarily ‘making profits’. Many arts organisations are constituted as charities and their income includes grants and subsidies. Social enterprises define success with the **Triple Bottom Line** approach, measuring success on three counts: financial, social and environmental. Some creative entrepreneurs are also ‘social entrepreneurs’.

Triple Bottom Line approach
see page 99

Lifestyle

‘Lifestyle businesses’ succeed by delivering both a healthy income and a rich quality of life for their owners. For others, success means building a profitable business that eventually doesn’t need them, so they can sell it and move on. And some people want their creativity to sit alongside another career as a hobby rather than a business.

Why do it ?

For those about to embark on a journey into creative enterprise, the first question must be: Why do it? Why build a business around your creative passion? The obvious answer is to express your creativity and make a good living at the same time. But is it that simple? This book outlines a range of challenges affecting businesses and offers some pointers towards solutions. There are many hurdles to overcome, compromises to be made and tough decisions to make along the way. So first it's worth taking stock of what's at the heart of your creative enterprise and why you do it – or plan to do it.

take
stock
of
why
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Though the intention is to allow your creativity 'free rein' by doing it full-time as a business, some people complain that now they are in business they have *less* time for their creative passion, not more. Others have considered changing to a conventional job to earn money so as to be able to indulge their creativity in a pure way, free of the constraints and pressures of business.

Perhaps it is better to separate earning a living on the one hand and creativity on the other so as to do each one to the utmost, rather than doing neither one properly. Is there a risk that your creativity will be curbed by business? You may consider this suggestion inappropriate in a book like this, but it is better to deal with this issue frankly now if it is a matter you are facing – or likely to face in the future.

Yes, there is a risk of compromising your creativity with business – and compromising your business profitability by indulging your creativity – if you don't get the **business formula** right. For example a financial formula that works for a hobby usually does not work for a business when higher prices need to be charged to cover the real costs of labour and other expenses.

Business Formula
see page 97

 **Vision**

Where ?

Where do you want to be in the future? Pick a significant future date or milestone in your life (it doesn't have to be 'in five years time', though it could be). Describe what your business will look like. Who will be your clients? How many people will be involved? What level of income will you achieve? Draw up a blueprint for your goals. Be ambitious. Select a destination which is out of reach but not out of sight. This is your **Vision**.

What ?

What business are you in? The best people to answer this are your customers. You might think you're in the website design business but your customers see you as their marketing consultant; you might describe yourself as a theatre company but what your customers are buying is a medium for communicating messages about social issues.

Listen to customers to find out what they *really* value about you. What is the value to add for customers and your contribution to a better world? Answer the customer's question 'What's in it for me?' to find out what it is you really do for them. This is your **Mission**. You don't need to have a 'mission statement' (especially not a glib one), but you *do* need to understand what customers value about your business and what they really pay you for.

Listening to customers
see page 38

 **Mission**

How ?

How do you do business, ie what are your beliefs, morals and ethics? Your **Values**. Sometimes these are so much a part of us we cannot see them, or just take them for granted. For example, my clients pointed out that my ability to listen, respect others' views and help them achieve their goals in their own way were my special values; but they were so much an integral part of me that I couldn't see them. I had missed the point and my publicity highlighted my professional qualifications instead. Ask other people: associates, friends, colleagues and especially customers in order to see yourself and your business more clearly.

See Chapter 2: Know Yourself.

 **Values**

Vision, Mission and Values

Vision describes *where* we are going – the ‘promised land’. The Vision is the enterprise’s ‘dream’ of the future, a picture painted in words (and numbers) which is intended to inspire people by appealing to the heart as well as the head.

Mission describes *what* we are going to do to achieve our Vision. A mission statement is simply a specific description of what the organisation actually does – its contribution to the world and society – so that employees, customers and other stakeholders understand what the business needs to excel at.

Values describe *how* we are going to conduct ourselves along the road to success.

Ideas in Action — see page 14

When ?

Is the time right? Are you ready to go into business now or should you wait until a better time? **Sharon Mutch** left her photographic art under dust covers for nine years before setting up in business.

When you have put together the answers to the Where, What, How and When questions, the next matter to consider is whether or not it all adds up into a workable business formula, a business model that’s realistic and achievable. Later in the book, the **Feasibility Filter** will help you to examine the feasibility of different options.

Feasibility Filter
see page 89

This book will help you to achieve success in two ways:

- 1 Challenge you to define success in your own terms, in other words to **specify your goals**.
- 2 Find a **route to success** which is realistic and workable.



Key Points

- 1** Some people think that creativity and business don't mix. I disagree. Think of business and creativity as partners, not opposites.
- 2** Combine the best ideas of both T-shirts and Suits to turn your creative talent into income streams.
- 3** Creative talent does not automatically 'deserve' business success. Not all creative ideas make feasible businesses.
- 4** Making a business out of creativity does not involve selling out – so long as you invent the right business formula.
- 5** As well as a creative product or service, you will need to create a unique and feasible business formula.
- 6** Be clear about your own definition of success. Know where you want to get to – your Vision.
- 7** Clarify your specific business Mission.
- 8** Recognise and hold on to your Values.
- 9** Decide whether now is the right time to start or expand.
- 10** These principles apply to not-for-profit organisations as well as commercial businesses.

Ideas in Action

Sharon Mutch Photographic Artist

Sharon Mutch is an artist with a passion for her work and a head for business.

Her artistic passion is born of her experience. “During the second year of my Fine Art degree I suffered an ectopic pregnancy and nearly died. I began to incorporate this experience into my photographic art and many of my works are images of women: *Feminae in Vitro* (Women within Glass) is the name of the collection of my work,” she said.

After graduation, Sharon exhibited at several high-profile photographers’ galleries. “However, the timing was not right for me. I recognised immediately that my work was strong in both imagery, content and depth of meaning. I also realised that the emotive symbolism of my work hit a raw nerve with many women regardless of social status, views and personal experience. Even though my work was receiving quite a bit of attention, I felt as though I didn’t belong in the ‘art world’, that it was happening too quickly,” she recalled.

Nine years later she unwrapped the dust sheets from her work and felt the time was right to go into business and she set up as a sole trader. “I am the artist and I am also my manager / agent, my business brain is the ruling factor when it comes to commission rates, gallery representation and marketing,” she explains. Her business brain decided to

approach the top art markets in the world: New York, London and Paris. She was prepared to ‘say no’ to lesser opportunities so as to concentrate all her efforts on breaking into New York City’s Chelsea and Soho area despite being advised by the British Consulate that this is “the most difficult art scene in the world for finding gallery representation”.

Sharon was aware of the challenge but she also knew that if she could succeed here, then other exhibitions and sales would follow. Having devised her strategy she researched the selected markets, at first through desk research, trawling websites and examining galleries’ submissions criteria. With the help of UK Trade and Investment’s ‘Passport to Export’ scheme, and the assistance of the British Consulate in New York, she attended the New York Art Expo and visited galleries with her portfolio. This resulted in offers of exhibitions from two galleries and she chose the Viridian Artists Gallery. Her work was exhibited there in July / August 2005.

This success – which will no doubt lead to other exhibitions and sales – was the result not only of artistic passion and talent but also of using a business head to break into the difficult yet lucrative New York market.

www.sharonmutch.com



Links to related ideas and topics in book:

- * **Combining the best of 'T-shirts' and 'Suits'** (see pg 8)
- * **The timing of setting up in business** (see pg 12)
- * **Targeting specific markets / customers** (see pg 36)
- * **Market Research** (see pg 38)
- * **Saying No** (see pg 92)

2

Know Yourself

- In this chapter we look at a technique for objectively assessing your own strengths and weaknesses as part of the process of finding your feasible business formula.
- We look at the core competencies on which you can build your creative enterprise.
- In addition there are some thoughts about learning, training and continuing professional development.



know
the
enemy
and
know
yourself

In *The Art of War*, Chinese military strategist Sun Tzu wrote: “If you know the enemy and know yourself, your victory will not stand in doubt”.⁸

Whether or not you regard business as a kind of warfare,⁹ his point is that knowing one’s own strengths and weaknesses will help you to decide when, how and where to proceed. It will help you recognise the customers, competition and conditions that are most likely to suit you – or not. Yet ‘knowing ourselves’, in the sense of making objective and critical assessments of our shortcomings and special qualities, is very difficult. It is much easier to assess another enterprise than our own and that’s why it is useful to get outsiders’ views if we are to get a clear picture of ourselves.

Knowing yourself applies not only to your personal creativity, skills and aptitudes. We need to understand the strengths and weaknesses of our business or organisation taking into account all the people involved in the core team and wider ‘family’ of stakeholders including associates and advisers. We also need to assess our assets, reputation, knowledge of the market and intellectual capital.

Evaluating Strengths and Weaknesses

Rather than simply attempting to write down all the strengths and weaknesses we can think of on a blank sheet of paper, the **PRIMEFACT checklist** on the following page provides a useful structure for a comprehensive analysis.

I devised this checklist specifically for the creative and cultural industries and have used it successfully with a range of clients.

Intellectual Property

see page 54

Market Research

see page 38

Values

see page 11

Finances

see page 64

The PRIMEFACT Checklist

People

What are the strengths and weaknesses of our people? Employees, directors, members, associates, advisers and other stakeholders.

Reputation (or Brand)

What is our reputation with our target customers? What are the strengths – or weaknesses – of our brand or brands?

Intellectual Property

What intellectual property do we have? How is it protected? How easily can it be turned into income streams?

Market Research / Market Information

What information do we have about market segments and market trends? What do we know about individual clients and their specific needs?

Ethos (or Values or Culture)

What is our ethos, our values and our organisational culture? Do all stakeholders subscribe to this same ethos?

Finances (ie Money)

What is the current state of profitability, cashflow and assets? How much money do we have to invest or can we borrow?

Agility (or Nimbleness or Change-ability)

Are we agile enough to seize new opportunities?
Are people prepared to change and ready for change?
Are there barriers to change?

Collaborators (Alliances, Partnerships and Networks)

What are the strengths and weaknesses of our associations with other businesses and organisations (including government)?

Talents (Competencies and Skills)

What are our core competencies?
What skills do we have available and what gaps are there?
How will we learn new skills?

Competitive Advantage
see page 45

 **Core Competencies**

Ideas in Action — see page 24

Be frank about your weaknesses too. Remember that not all weaknesses need to be fixed. Maybe you can find a new market position where your weaknesses are not so significant. The important thing here is to recognise your strengths and weaknesses *in relation to competitors*. You may have a particular strength, but if your competitors have it too, or are even better, then it does not give you **Competitive Advantage**.

Core Competencies

Your **Core Competencies** are the key skills on which you base your business success. These are often ‘deeper’ than first thought.

For example Canon recognised that their core competencies were not in cameras, but more fundamentally in optics and this allowed them to see that they could transfer their expertise into the photocopier market. Similarly Sony’s core competency is not electronics but miniaturisation; Honda’s is not cars but engines – which helped them see beyond cars into motor boat and lawnmower markets. Richard Branson’s Virgin brand is fundamentally about customer service, so it can be applied not only to music but also to airlines, trains, financial services and mobile phones.

Some theatre companies view their core competency as ‘communicating a message’ using drama – rather than drama in its own right. In some cases web designers have a core competency in branding and marketing consultancy. **Peppered Sprout’s** core competency is not publishing but ‘delivering ideas to clients’.

Deep down, what are your core competencies?

The Hedgehog

One of the reasons to assess your competitive strengths is to answer the question: What can your business be world-class at? Note that the question is not what you *would like* to be world-class at, but what you *can* be. Knowing this, and then playing ruthlessly to your key strength, is part of a successful **Hedgehog Strategy**.¹⁰

The fox, renowned for his cunning, has many strategies for killing the hedgehog.¹¹ On the other hand, the hedgehog has only one strategy for defending itself. Whenever the fox attacks, from whatever direction, the hedgehog rolls itself into a ball of spikes. It works every time. The hedgehog is supremely good at one thing, and it survives by sticking to its winning strategy. Identifying your own enterprise's Hedgehog Strategy flows from a thorough and objective understanding of what you can (and cannot) be world-class at.

The 95:5 Rule

When searching for opportunities and threats, the knack is to pick out the important few from the trivial many, because here, as elsewhere, the Pareto Principle applies. Based on economist Wilfredo Pareto's observation that 80% of the wealth was owned by 20% of the population in Italy at the time, the Pareto Principle is also known as the '80:20 Rule'. I find it's usually more of a **95:5 Rule**.

The 95:5 Rule describes the way that an important few things are responsible for most of the impact on events. For example 95% of sales can come from 5% of products. 95% of profits can come from 5% of customers. Or 95% of your competitive advantage could be derived from just 5% of your strengths. (Also, 95% of headaches are caused by 5% of colleagues!) Etcetera...

recognise
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strengths
and
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in
relation
to
your
competitors

Weaknesses may be plentiful and can be found in any area of the PRIMEFACT checklist. The good news is that they don't all need to be fixed. Playing to your strengths also includes playing away from your weaknesses. Your business formula includes deciding what *not* to do. Only weaknesses which could jeopardise your business strategy need to be rectified. **See Chapter 11: Your Route to Success.**

Skills: Training or Learning ?

There are many more ways of learning than attending training courses. As well as recognising your enterprise's key skills (core competencies), there will be areas where skills need to be improved, and given the changing external environment and changing needs of customers, constant learning is inevitably an ingredient of success. A training needs analysis can be undertaken to assess the gaps in skills and knowledge essential to the business strategy, though personally I prefer to focus on 'learning needs' rather than 'training needs'. Learning is much wider than training. A culture of encouraging learning is much more important than a budget for training.

Lifelong learning is not just a buzzword but a fact of life and a programme of **Continuing Professional Development** (CPD) is essential for all individuals playing a part in the enterprise to ensure that their skills and knowledge are kept up to date for the benefit of the business and its customers. Each person could have a Personal Development Portfolio or plan (PDP), as do staff members at **The Team**.

 **Continuing Professional Development**

Ideas in Action — see page 86

 **Learning Organisation**

Ideas in Action — see page 86

Business Dashboard
see page 99

The Learning Organisation

At a corporate level there needs to be a philosophy of building a **Learning Organisation**, which I describe as a company or other institution within which everybody continuously learns: from customers, from the competition and from colleagues. See **The Team**. Just as important is a culture where this learning is shared with colleagues and through systems this knowledge is embedded within the organisation as 'structural intellectual capital'. This is the know-how in the firm which is more than the sum total of individuals' expertise and belongs to the organisation rather than (or as well as) the people working within it.

In a creative enterprise, constant learning and the build-up of knowledge should be part of a **Business Dashboard** and monitored as closely as financial measures of success. Crucially, the priorities for learning must be aligned to the overall business strategy, rather than individuals' personal preferences.

“
learning
is
much
wider
than
training
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Key Points

- 1** Assess the strengths and weaknesses of yourself and your business, including all stakeholders.
- 2** Use the PRIMEFACT checklist.
- 3** Ask outsiders to help – they may see weaknesses and strengths you don't.
- 4** Remember that not all weaknesses need to be fixed.
- 5** Identify the core competencies at the root of your success.
- 6** Think of the hedgehog's strategy to find out what you can be world-class at.
- 7** Use the 95:5 Rule to identify the most important 5% of your strengths and weaknesses.
- 8** Identify the additional learning and skills needs required to support the business strategy.
- 9** A culture of encouraging learning is much more important than a budget for training.
- 10** There are many more ways of learning than attending training courses. Think 'learning' rather than 'training' so as to open new possibilities for increasing knowledge and skills.



Ideas in Action

Peppered Sprout / Plastic Rhino Advertising

“We liked the product so much, we shredded it.”

This was (almost) what Chris Morris said when he was telling me about how they set out to win new business from Puma UK for his company Peppered Sprout. Chris and business partner Peter Kellett decided that Puma was one of their target clients and decided to impress them with their outrageous creativity, publishing photos of Puma shoes shredded into hairpieces in their magazine *Plastic Rhino*. They won the account.

Deliberately following in the footsteps of David Ogilvy, founder of world-famous advertising agency Ogilvy and Mather, Chris doesn't fit the stereotype of the striped shirt and braces Manhattan executive. His casual clothes and easy manner disguise a shrewd business brain. Like David Ogilvy, Chris and Peter have a target list of clients they intend to work with and they actively pursue them. They don't advertise. They don't do tendering. They go for the jugular.

Plastic Rhino, their magazine, was originally “a folly”, confesses this advertising man, but in practice it has turned out to be the most effective way of promoting themselves – a showcase for the ideas generated by their 8 staff and international database of freelance artists. With distribution in 15 countries, *Plastic Rhino* is a success in its own right.

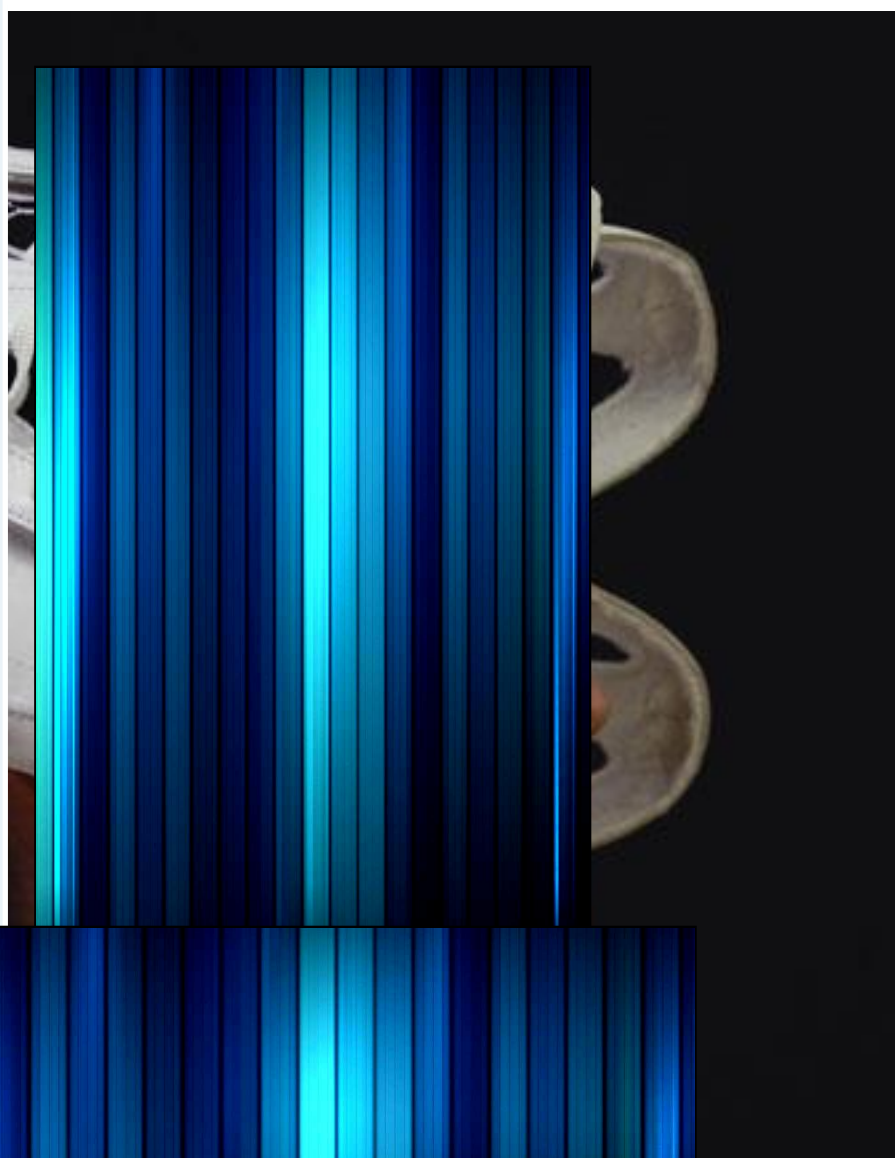
“The best thing we did was to set out our stall,”

says Chris as he told me how he and Peter worked out clear aims for the business in the early days. They had been publishers and could have focused on publishing *Plastic Rhino*, defining their business as publishing. Instead they recognised that their core competencies are in delivering ideas to clients and the magazine is just one manifestation of that capability. And so it sits under the umbrella of Peppered Sprout which provides advertising for clients through in-store installations, photography and illustration, packaging and bespoke publishing.

The team at Peppered Sprout know where they're going, play to their strengths, are clear about what business they are in, and which clients they intend to win to develop their creative enterprise in the chosen direction.

www.pepperedsprout.com

Photograph: Mark McNulty

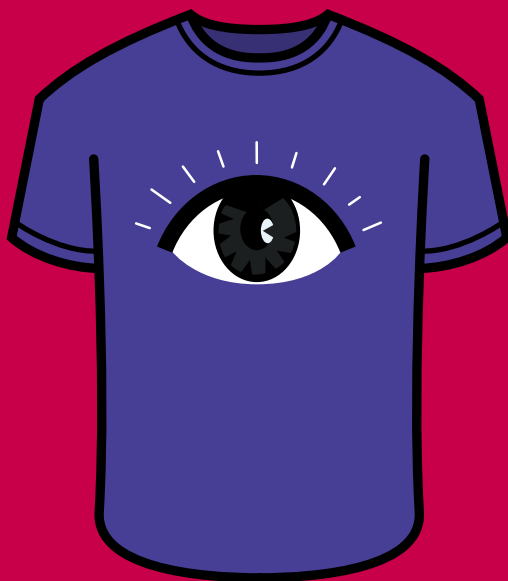


s and topics in book:
ht customers (see pg 36)
are going – Vision (see pg 11)
Competencies (see pg 19)
s and freelancers (see pg 84)

3

Keeping a Lookout

- This chapter outlines the benefits of using a business ‘radar’ to monitor the changing world for opportunities and threats which could affect your enterprise for better or worse.





Watch out! There's stuff going on out there that can make or break your business. It's a rapidly changing world and the changes taking place are outside our direct control – changes in technology, economics and regulations for example. Such changes in the external environment can have dramatic effects on businesses and organisations, indeed on whole industries.

Mobile phones have altered the way we communicate in the last few years, the Internet has opened up global markets. European Union regulations affect a growing number of national governments and every citizen living inside its expanding borders. Change is constant.

Using 'Radar'

To stay ahead of the game we need to anticipate changes, not just react to them. This requires constant 'scanning' of the external environment and I liken this to a ship's radar, constantly looking out for both hazards and help, picking up on its radar screens approaching ships and impending storms in good time. Naturally, we are in touch with the world we live in and we constantly learn about new developments from TV, friends, publications and a host of other sources. But to have an effective 360° **Business Radar**, it pays to be more systematic in scanning for opportunities – and threats. This scanning can be called an **External Audit** (or Environmental Analysis). A **PEST Analysis** simply invites us to look in four directions: political, economic, social and technological for threats and opportunities. A more thorough approach is to look in eight directions using the **ICEDRIPS checklist** overleaf, an acronym I invented which I have used with many organisations to help them identify opportunities and threats to their businesses or social enterprises. See [The Windows Project](#).

 **Business Radar**

 **ICEDRIPS checklist**

Ideas in Action — see page 102

Ideas in Action — see page 32

Forces of Competition

see page 47

Ideas in Action — see pages 78, 102

Co-opetition

see page 48

The ICEDRIPS checklist

Innovations

include computer technology and the Internet (of course) but other developments in the biosciences and transportation.

Competition

not only from rivals but threats from other **Forces of Competition** such as new entrants and substitute products.

Economics

includes factors such as inflation, exchange rates, downturns in the industry, public spending etc.

Demographics

include the ageing of the population, migration, trends in employment, social class etc.

Regulations

such as new laws, protocols, agreements, conventions and industry regulations eg Ofcom regulations and school inspections via Ofsted.

Infrastructure

such as telecommunications networks, transport, public services and utilities.

Partners

Strategic alliances with other companies or organisations (see also Co-opetition).

Social trends

including acceptance of technology, use of leisure time, fashions and changing beliefs.

The factors above are not in order of importance, the checklist merely provides an easy to remember acronym.

The best way to use the checklist is to produce a long list of 100 or so things going on in the world – and things likely to happen. (Imagine all the things you would have to tell a colleague who'd been in outer space for ten years!)

This will produce a generic list, useful for all organisations. The Competition and Partners elements will apply more specifically to the business or organisation in question.

Then add any special external factors relevant to your sector. This might include technical developments, government initiatives or industry matters for example.

Write all of them down and then sift carefully through them for the factors that could represent opportunities and threats for your business.

For example, low-cost international flights (infrastructure) and downloadable music files (innovation) provide opportunities for some enterprises, whilst on the other hand the increasing possibility of litigation (regulations) and new entrants to the market from new European states (competition) represent threats for other businesses.

Depending on your position, changes can produce progress or disaster; changes can be forces for good or bad depending on how they affect you; changes can present either opportunities or threats, depending on how you deal with them. For example, the Disability Discrimination Act in the UK affects architects, web designers, advertisers and other creative businesses. Whilst some will see it as a problem for their businesses, those who are 'ahead of the game' will adapt to new requirements quickly and gain competitive advantage.

Remember that there are other **Forces of Competition** as well as your immediate rivals, including the relative power of buyers and suppliers as well as new entrants and substitute products, that can present either opportunities or threats, depending on how you manoeuvre in the changing competitive environment.

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changes
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Forces of Competition

see page 47

Co-opetitionsee page 48

Ideas in Action — see page 32

95:5 Rulesee page 20

Risk Analysissee page 100

Business Radarsee page 27

On the other hand, apparent competitors can become co-operators in certain circumstances, transforming rivals into partners and threats into opportunities, using the idea of **Co-opetition**.

Timothy Chan, Chairman of Shanghai-based computer games manufacturer Shanda Entertainment, operates in a culture where pirating software is rife. Software pirating was a threat but he turned it into an opportunity when Shanda changed their business model so that clients have to pay to play games online. So the distribution of pirate copies of the software actually encourages more people to log on and become paying customers.¹²

Online Originals took advantage of changes in the external environment (especially Innovation) to launch the very first Internet-only e-book publishing venture.

Having used the checklist to identify as many positive and negative factors, the next step is to identify the important few of each, using the **95:5 Rule**. It may be just 5% of external opportunities that lead to 95% of your future success. Just one major threat could be twenty times more significant than several other threats identified.

As for threats, anticipate the worst possibilities – then decide how to deal with them or avoid them. See also **Risk Analysis**.

The counterpart of Risk Analysis is **Opportunity Analysis**. Using similar principles as Risk Analysis, Opportunity Analysis is the technique of assessing which opportunities are most likely to present business benefits, and the possible positive impact of each of them, in order to prioritise the most significant opportunities.

In conclusion, the ICEDRIPS checklist enables you to devise your **Business Radar** as an early warning system to avoid or defend against threats whilst identifying emerging opportunities before your competitors do.



Key Points

- 1** External forces beyond our control can affect our businesses positively or negatively.
- 2** We need to anticipate changes, not just react to them.
- 3** Use the ICEDRIPS checklist as a 'business radar' to scan the external environment for forces that could affect your enterprise.
- 4** Sift the external environment for the one or two special opportunities – and for potential threats.
- 5** Threats can be turned into opportunities.
- 6** Remember the 95:5 Rule and separate the important few from the trivial many.
- 7** Anticipate the worst possibilities – then decide how to deal with them or avoid them.
- 8** Constantly keep a lookout.

Ideas in Action

Online Originals

Internet Publisher of Electronic Books

Online Originals, the world's first Internet-only e-book publisher, took advantage of several changes in the technological environment to become the pioneer of Internet e-book publishing. They were responsible for many 'firsts' in the sector: the use of PDF files as the standard format for e-books; the issuing of ISBN numbers for e-books; and reviews of e-books in the mainstream press. They also published the first e-book to be nominated for the Booker Prize. Their list includes original works of book-length fiction, non-fiction and drama.

In 1995, David Gettman and co-founder Christopher Macann saw an opportunity for a new kind of publishing venture, taking advantage of the Internet as an ecommerce distribution channel to readers using PCs, Apple Macs and Palm personal digital assistants to read digital files of their authors' works.

At a time when most published authors were locked into contracts with traditional publishers which excluded electronic publishing rights, Online Originals were quick-witted and agile enough to negotiate 'electronic rights only' deals with authors, including best-selling writer Frederick Forsyth. This arrangement leaves authors free to negotiate other contracts with conventional book publishers.

Online Originals redefined publishing and created a new business model which cuts out most of the costs associated with traditional publishing including printing, warehousing, physical distribution and the remainder of unsold

stock, based instead almost entirely on intangible assets. This new 'business formula' makes it economically feasible to publish short print run titles that would not be commercially attractive to the publishing conglomerates. What's more, their new economic formula pays a full 50% of net sales income as royalties to authors, who retain copyright in their works.

Whilst traditional publishers are wary of the potential of e-books to undermine sales of paper copies, as an electronic-only publisher Online Originals takes a different view. Encryption technology is rejected for both philosophical and business reasons, encouraging the sharing of digital books between friends, which acts as a form of viral marketing spreading the word about Online Originals itself as the e-book is passed from one reader to another.

With the help of venture capital investment, Online Originals now use the latest technology to automate many of the business processes of publishing – even the handling of manuscript submissions and their reviews. This automates their unique peer-review system for submissions, whereby the community of current authors serves as the 'gateway' for admitting new titles. It's also a virtual organisation (there's no mention here about where it's located because it doesn't matter) which does its business mainly in cyberspace, without the need for corporate headquarters, storage facilities or retail outlets.

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being the subject falls upon mere a dichotomy. However, this divergence of being for itself and being for others does not mean that the self represents a sort of itself, and so cannot be known itself as it is for itself. Rather, the essence of the point of view of the other when the being, initially, of an objectification of the self, that is, a pointing of the self as it is seen for this other as the other. Other has for all others in general, that is, for all those others which are capable of relating to with regard to determine the point of view of another. In pointing to self as an object of knowledge, the self becomes different of the fact that it is itself the very subject who observes, or rather, who has already observed itself. This objectification of the self by itself takes the form of an objectification of the subject, on the one hand, and of behavior, on the other.

The psyche is that which any self is for itself as it is for as it is a itself. Behavior is that which any self is for others in as far as it is a itself. Thus, in coming to understand what it is 'in itself', the self actually only objectifies the final result of being for itself and being for others, the final result which was initially created by the objectification of the self with what it is for others.

The objectification of the self by itself is however a transcendence process. For in the course of objectifying itself, the subject makes itself to what it is not, namely an object, and this is the final result of a psyche and a behavioral complex. Namely, neither the objectification of the psyche nor the objectification is possible without the reciprocal introduction of both a subjective and an objective component. The psyche as the immediacy of the self, the modification of the self to itself in consequence, the objectification of the psyche involves an objectification of the subject by itself. Behavior, on the other hand, is the

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immediacy of the self, the modification of the self to others. For the immediacy of behavior could not take the form of an appropriation of the self if the behavior was not related to its underlying event that is, other than, a physical event. Just as the analysis of the psyche assumes the form of a tacit objectification of mental events, so the analysis of behavior assumes the form of a tacit 'objectification' of the physical movements of the body. Through this tacit, a reciprocal exchange, so to speak, of two modalities of subjectification and objectification, the connections provided in the process of cognitive self-knowledge goes forward, not with the result that both the psyche and behavior goes on up to beginning and self-consciousness of objective reality. We shall consider each of these two domains in turn with a view to determining the kind of self-knowledge which follows thereafter.

Before we enter into an examination of the psyche, we should first note some of an experience which lies in the core of the very conception of a psyche. The psyche is an 'internal' object, consisting essentially of mental events and their content. In its form being called in question, the immediacy of the mind is simply where the ground is an intrinsic. Awareness of the subject, that very subject which underlies the process of objectification. And yet, as we have seen, the objectivity of the empirical object manifests itself in the other characteristics of clarity, publicity and immediacy, of which the latter two at least are common to the procedure of knowledge. The empirical object must be so constituted as to be experientially accessible as any object under all normal circumstances for an empirical object, that is, an object of a distinctive kind, the psyche never does, neither in the terms of empirical objectivity. How then is the immediacy of the psyche object to be produced

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