

CO-OPETITION

A Revolutionary Mindset That Combines
Competition and Cooperation

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MAIN IDEA

Co-opetition combines the advantages of both competition and cooperation into a new dynamic which can be used to not only generate more profits but also to change the nature of the business environment in your own favor.

Real long-term business success comes not solely from competing successfully within your current industry, but also from being an active participant in shaping the industry's future. That way, you can create opportunities for future success the way you want them to be, rather than simply making do with the way things currently are.

To actively change the game of business, you need a strategic framework within which to work, and co-opetition theory provides just such a framework. That way, you can change not only the way you play, but which game you play as well for maximum benefit.

Part 1 - Co-opetition and the Game of Business Page 2

In its purest form, business can be considered as a game in which money represents points won or lost. The person or company which gathers the greatest numbers of points wins. The biggest opportunities in business don't come from playing the game better than everyone else - they come from changing the fundamental nature of the game itself to your advantage.

Business strategy, and the concept of co-opetition, is designed to provide a framework by which companies can gain a sustainable competitive advantage by changing the game to their own advantage.

Part 2 - Changing the Game of Business Pages 3 - 7

ELEMENT #1: Players

Any time the players in a value net change, the overall market value of the entire net is either worth more or less. Therefore, before you enter any new value net, stop and ask "Which of the current participants in this value net has the most to gain by my participation?" Then find a way to get that player to pay for your participation.

ELEMENT #2: Added Values

Every value net has a total commercial value, which is made up of the sum of the added values of each participant in the value net. Therefore, if a new participant joins the value net, the amount by which the value of the whole net increased is that participant's added value. The objective, in business, is to maximize your own company's added value.

ELEMENT #3: Rules

Many people simply assume the rules of business - both formal and informal - are set in stone and are not subject to negotiation. That's incorrect. There's no reason why you should blindly follow the rules - you can change them at any time. But, keep in mind that works both ways. At any time, your competitors, customers, suppliers or complementors can change the rules as well. They don't necessarily have to follow the same rules you do. In the marketplace, whichever party has the most power gets to make the rules.

ELEMENT #4: Tactics

Tactics are actions players take to shape the perceptions of other participants in the value net. The game can be changed, inadvertently or deliberately, by changing people's perceptions. Everything you do and everything you don't do sends signals, from which others form perceptions. The collective sum of those perceptions is the game. Most business is conducted in a fog of uncertainty, snippets of information, deliberate misinformation and partial facts. Tactics can be used to:

- 1. Clear up the fog
- 2. Preserve the existing fog
- 3. Stir up new fog

ELEMENT #5: Scope

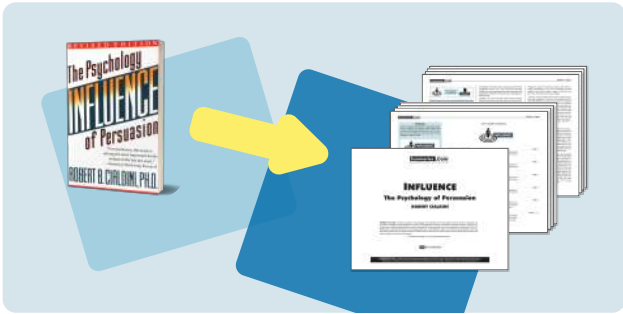
In the real world, no value net exists in isolation. Each value net is linked to other value nets through common players, a common location and so on. And each value net can exert influence on other value nets by virtue of those links. In the final analysis, the boundaries of any particular value net are not physical, only mental. There are no real boundaries, only those a person chooses to create. Every value net operates in the context of the bigger picture, and boundaries can be moved, expanded or altered at any time. Understanding those common links that exist between value nets and using them to your benefit is the fifth and final element of business strategy.

Part 3 - Applying Co-opetition Theory in Practice Page 8

The real payoff in learning about co-opetition theory comes when it is applied. Therefore, you need to develop some practical systems for applying co-opetition theory to everyday business. One way to do that is by using a set of self-diagnostic questions built around the PARTS elements of co-opetition theory.

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