

## Reading *The Only Sustainable Edge*

*The Only Sustainable Edge* can be read at many levels:

- Pragmatic approaches help companies to compete successfully in a flattening world. On one level, our book is a great complement to Tom Friedman's new book, *The World is Flat* – Tom eloquently describes the challenges of a flattening world, while we focus in a systematic and pragmatic way on the actions required to address these challenges successfully. In fact, Tom was so excited by our book that he gave it a great plug in his column a couple of weeks ago. Anyone who reads Tom Friedman's book will want to read our book to find out what to do. Tom is a master story teller, eloquently laying out the challenges confronting business executives from globalization, but our book helps executives to develop winning strategies in the face of globalization, turning the challenges into opportunities. Rather than reducing the potential for strategic advantage, globalization in fact creates unprecedented opportunities for even more strategic advantage, if companies learn how to harness these trends to their advantage. Tom's focus is on leveling the playing field, while our focus is on how to play on that field so that you win. Tom devotes one chapter of 20 pages to suggest what businesses should do, admitting "I am not a business writer and this is not a how-to-succeed in business book" – so 95% of his book is focused on the challenge, while only 5% discusses approaches for business executives, almost as an aside.
- Traditional approaches to strategy are broken. On another level, our book deals with the need to adopt more dynamic approaches to business strategy, focusing on the trajectory and pace of capability building, rather than more static views of core competencies or structural sources of advantage. The only sustainable edge is the institutional capacity to get better faster by working with other specialized companies. In this context, we explore a variety of new management techniques including dynamic specialization, global process networks and productive friction designed to support these strategies. We also discuss a different approach to developing strategy that helps executives to both make sense of a rapidly changing environment and to make the difficult near-term choices required to build momentum.
- Western companies have become too complacent about innovation. On a third level, our book makes the case that most conventional approaches to business innovation are much too narrow and that the richest opportunities for innovation lie at the edges – the edges of business processes, the edges of enterprises, the edges of emerging

economies and the edges of new generations of tech savvy consumers and workers. As the rate of change accelerates on a global scale, companies gain more strategic advantage by positioning themselves at concentration points of flows of new knowledge, rather than focusing primarily on protecting existing stocks of knowledge. We discuss how new loosely coupled design techniques can be applied to business processes as well as product architectures to significantly expand the potential for rapid incremental innovation. Our book highlights the need to design performance fabrics that can help companies to work more effectively together in long-term relationships and push each other to accelerate their own capability building. Some of the most powerful techniques for business innovation are being developed and applied in Asia and we argue that many American executives are dangerously complacent in believing that “innovation is our birthright”.

- The value of information technology will shift from automating business processes to amplifying business practices. At even another level, our book explores the role of information technology in supporting new approaches to business strategy, distributed innovation and accelerated capability building. In particular, we focus on the convergence of service oriented architectures, virtualization architectures and interaction tools like social software in supporting collaboration on demand. In contrast to previous generations of technology that focused primarily on automating business processes within the enterprise, largely to reduce cost, this new generation of technology will shift to amplifying the practices of people, especially as they seek to collaborate across enterprises. For this reason, we believe that IT will actually increase the potential for strategic differentiation, rather than diminishing the potential, as Nick Carr argues.
- Public policy needs to be re-conceived to enhance global competitiveness. Finally, we also explore some of the public policy implications of our perspective in a prologue and epilogue, urging policy makers to re-examine a broad range of public policy issues in terms of the need to accelerate talent development. Of course, educational policy is an important component of this, but we also cover public policies as diverse as immigration policy, intellectual property policy and capital markets policies and suggest that they need to be re-evaluated through this different lens.

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