

New Business Realities of the 21st Century

Five Driving Forces

Driving Forces Shaping Business and Society	20th Century (Business Mechanism)	21st Century (Business Organism)
Driving Force #1 <i>Knowledge:</i> Primary Source of Wealth	Industrial Capital	Intellectual Capital
Driving Force #2 <i>E-Business Systems:</i> The New Infrastructure	Managing Tangible Assets	Managing Information Assets
Driving Force # 3 <i>Net Communications:</i> New Communities	Management Control and Mass Market Persuasion	Enabling Networked Communities of Practice
Driving Force #4 <i>System Dynamics:</i> Transformative Change	Planned Stability and Incrementalism	System Dynamics of Continuous Change
Driving Force #5 <i>Social-Cultural Expectations:</i> New Stakeholders	Material Value Transactions	Meaningful Value Relationships

I. Driving Force #1 Knowledge – Primary Source of Wealth

Knowledge, as the intangible asset of "Intellectual Capital", has now become the primary source of wealth and power in business and society in general. This displaces in large degree the tangible assets "Industrial Capital" of plant, equipment, energy, financial capital. Business management and leadership must be rethought to account for the different and surprising characteristics of knowledge, the new primary capital.

II. Driving Force # 2 E-Business Systems – The New Infrastructure

E-Business Systems are the new primary infrastructure of networked organizations. These new electronic infrastructure systems both replace and leverage the traditional physical infrastructure of business, such as warehouses, central offices, paper-based transactions, etc.

III. Driving Force #3 Net Communications – New Communities

Extensive networked communications in business and society are enabling new forms of community. Conversations - in the new networked communications of email, chat, voice, and visual media - are changing both the messages and the messengers in newly formed communities of communications.

IV. Driving Force #4 System Dynamics – Transformative Change

New system dynamics are at work in the economy - everything is speeded up. Now change is faster, unrelenting, and more transformative than at any time in history. In addition, a new understanding of the process of change is emerging as the new sciences of chaos and complexity develop. Business and society need to be rethought in terms of rapid transformative change, using the new insights of the hidden order in the chaos of complex adaptive dynamic systems.

V. Driving Force # 5 Social-Cultural Expectations – New Stakeholders

Social and cultural expectations are changing in rapid and transformative ways, which need to be recognized for wise management and leadership of organizations. These new social and cultural expectations take the form of a new and expanded set of stakeholders, who now believe they have a legitimate stake in the conduct and performance of private and public organizations impacting society.